



July 15, 2013

Mr. Tunji Ogunmola
S. G. Isaacs, Inc.
1310 West Roosevelt Boulevard
Philadelphia, Pennsylvania 19140

Dear Mr. Ogunmola:

I am enclosing for your review the final audit report of S. G. Isaacs, Inc. as recently prepared by this office. Your response has been incorporated into the final report and labeled as an Appendix.

I would like to express my appreciation for all of the courtesy extended to my staff during the course of the fieldwork. I understand that you were especially helpful to Timothy Rausch in completing the audit process.

The final report will be forwarded to the Department's Office of Developmental Programs to begin the Department's resolution process concerning the report's contents. The staff from ODP will be in contact with you to follow-up on the actions taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact Mr. David Bryan, Audit Resolution Section, at 717-783-7217.

Sincerely,

A handwritten signature in black ink that reads "Tina L Long". The signature is written in a cursive, flowing style.

Tina L. Long, CPA
Director

Enclosure

c: Ms. Karen Deklinski
Ms. Vicki Stillman-Toomey
Mr. Timothy O'Leary
Ms. Deborah Donahue
Ms. Patricia McCool

bc: Mr. Alex Matolyak
Mr. Daniel Higgins
Mr. David Bryan
Mr. Michael A Sprow
Ms. Shelly L. Lawrence
SEFO Audit File (S1207-R51)

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DPW's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65 P.S. §§ 67.101 et seq.) The DPW RTKL Office can be contacted by email at: ra-dpwtkl@pa.gov.



July 15, 2013

The Honorable Beverly Mackereth
 Secretary of the Department of Public Welfare
 Health & Welfare Building, Room 333
 Harrisburg, Pennsylvania 17120

Dear Secretary Mackereth:

In response to a request from the Office of Developmental Programs (ODP), the Bureau of Financial Operations (BFO) initiated an audit of S. G. Isaacs Enterprises, Inc. (Isaacs). The audit was designed to investigate, analyze and make recommendations regarding the reimbursements from the Provider Reimbursement and Operations Management Information System (PROMISe) for client care. Our audit covered the period from July 1, 2011 to December 31, 2012 (Audit Period).

This report is currently in final form and therefore contains Isaacs' views on the reported findings, conclusions and recommendations.

Executive Summary

Isaacs provides services to consumers who are enrolled by ODP. Isaacs works with developmental disability organizations in Philadelphia, Montgomery, Lehigh and Bucks Counties to provide in-home personal care services to consumers and families with special needs.

Isaacs provides services through participation in the Home and Community – Based Services (Consolidated, Person/Family Directed Supports and Autism) waiver programs.

The report findings and recommendations for corrective action are summarized below:

FINDING	SUMMARY
<p>Finding No. 1 - PROMISe Reimbursed Claims Were Not Adequately Documented</p>	<p>A statistical valid random sample (SVRS) of PROMISe claims was tested for adequacy of supporting documentation. The result was that 7.64% of the ODP claims were unsubstantiated. Extrapolating these variances over the entire population of reimbursed claims results in a disallowance of \$43,746. Additional audit procedures resulted in additional disallowances of \$1,400.</p>

HIGHLIGHTS OF RECOMMENDATIONS

ODP should:

- Recover \$45,146 from Isaacs due to unsubstantiated claims.
- Continue to ensure that Isaacs complies with programmatic and regulatory guidelines for paid PROMISE claims.

Isaacs should:

- Only claim reimbursements for services rendered and retain adequate documentation for each claim submitted to PROMISE.
- Not accept or approve Progress Notes submitted by care-givers that are identical day after day.

FINDING	SUMMARY
<p>Finding No. 2 - Progress Notes Were Rarely Descriptive of Home and Community Habilitation. The Care-Givers Seldom Listed Specific Goals Activities, Pursuits or Barriers.</p>	<p>For Home & Community Habilitation (HCH) consumers, the Progress Notes were often generic in nature such that it could not be determined whether habilitation, home health aide and/or companionship services were provided. From the descriptions given, it appeared that each service was rendered for a part of any given day; however, many times only habilitation services were reimbursed.</p>

HIGHLIGHTS OF RECOMMENDATIONS

ODP should:

- Ensure care-givers prepare Progress Notes (Daily Logs) that detail the activities of each day. This includes describing the respective companionship and/or habilitation services rendered. This should be a point of emphasis during any monitoring activity.

Isaacs should:

- Require care-givers to prepare Progress Notes (Daily Logs) that are specific to each day's activities and that distinguish the nature of the services(s) rendered.

Background

Isaacs is a Pennsylvania for-profit business corporation formed on April 24, 2002. Its sole office is in Philadelphia, PA. Isaacs provides services to consumers who are enrolled by ODP. Isaacs works with developmental disability organizations in Philadelphia, Bucks, Lehigh and Montgomery Counties to provide Home and Community-Based services to consumers and families with special needs.

Isaacs assists consumers to acquire and maintain the highest possible level of independent living by providing home and community habilitation, behavioral support, companionship and other services such as respite.

ODP funds the waiver eligible services through the PROMISE reimbursement process.

Objective/Scope/Methodology

The audit objective, developed in concurrence with ODP was:

- To determine if Isaacs has adequate documentation to substantiate its claims as reimbursed by PROMISE for home and community-based services.

The criteria used to ascertain the adequacy of substantiation was 55 Pa. Code Section 1101.51, 55 Pa. Code chapter 51, ODP Bulletin #00-07-01 dated April 26, 2007 and pertinent Federal Waiver requirements.

In pursuing this objective, the BFO interviewed ODP personnel and Isaacs' management. We also reviewed books, payroll records, care givers' time sheets, progress notes, bank statements, bills, receipts, PROMISE reimbursement data, electronic records available in the Home and Community Services Information System (HCSIS) and other pertinent data necessary to pursue the audit objective.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on our understanding of the controls, certain material deficiencies in the recording of transactions and in completion and retention of documentary evidence came to our attention. Areas where we noted an opportunity for improvement in management controls are addressed in the findings of this report.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The BFO's fieldwork was conducted from February 12, 2013 to March 21, 2013. This report is available for public inspection.

Results of Fieldwork

Finding No. 1 – PROMISE Reimbursed Claims Were Not Adequately Documented

Analysis of the PROMISE reimbursements' underlying documentation revealed that some of the ODP claims tested were unsubstantiated, incomplete or the same from day to day.

A SVRS of paid claims was analyzed to verify the delivery of services. In order for claims to be valid, each one must be supported with documentation of care-giver time and quantity of service, type of service and a daily, descriptive progress note. BFO's analysis found that 7.64% of the ODP claims were unsubstantiated. As a result, a disallowance of \$43,746 was determined through extrapolating these variances over the entire population of paid claims. Analysis of paid claims outside of the SVRS resulted in an additional disallowance of \$1,400.

Nature of errors found:

- Some claims tested could not be supported by timesheets because the hours/units attested to on the timesheets were different than the number reimbursed. Some reimbursements were over billed and some were under billed. The shortages were charged as variances and the overages were credited as variances.
- Daily progress notes were very similar or identical, with only the dates changed. For one consumer, every case note presented was identical over a period of months. Claims supported by identical/duplicate progress notes were disallowed for two consumers.
- In one instance, the PROMISE reimbursement was not supported by adequate progress notes. The ODP standard is that adequately descriptive daily progress notes are required. In this case, the progress note was short, vague and did not adequately describe the particular services rendered.

Isaacs' management was aware of the duplicative nature of the two consumers' time sheets and had previously advised the care-givers to provide better descriptions of services that were delivered. However, both care-givers are parents of the consumers and both consumers were already established with their parental care-givers when Isaacs began to provide service. Isaacs' management stressed that both consumers are very well taken care of at levels of service above and beyond those provided for in their respective ISPs. Nonetheless, the reimbursements were disallowed because the notes were not descriptive of habilitative activities that occurred on a specific day.

Recommendation

The BFO recommends that ODP recover \$45,146 for unsubstantiated claims.

The BFO also recommends that ODP continue to monitor Isaacs to ensure compliance with programmatic and regulatory guidelines, particularly for paid PROMISE claims.

Additionally, the BFO recommends that Isaacs only claim reimbursement for services rendered and retain adequate documentation for each claim submitted to PROMISE.

Finally, the BFO recommends that Isaacs only claim reimbursements for services rendered and retain adequate documentation for each claim submitted to PROMISE.

Finding No. 2 - Progress Notes Were Rarely Descriptive of Home and Community Habilitation. The Care-Givers Seldom Listed Specific Goals, Activities, Pursuits or Barriers.

Daily progress notes are required to document the delivery of services. The noted descriptions of activities should be based upon the goals, methods and expected outcomes listed in the current ISPs. The daily descriptions of activities and results are evidence of the progress (or lack thereof) toward the outcomes specified in the ISPs. Isaacs' internal procedures are such that the progress notes are entered on what is known as the "Daily Log".

S. G. Isaacs Enterprises, Inc.

The entries in Isaacs' Daily Logs seldom listed specific activities in support of habilitation. The logs were usually general descriptions of planned or expected activities rather than itemized descriptions of habilitation acts, efforts or endeavors and their resulting effect on the goals of the customer.

It is important to note that detailed descriptions are particularly relevant where a consumer has been approved for more than one kind of service. For instance, a consumer who has been approved for both companionship and habilitation services needs narrative descriptions of both services, the details of the descriptions would differ by nature because the level of the services are different, as is their respective reimbursement rates. In many cases, BFO could not distinguish one service from another, even where both were reimbursed.

Recommendations

The BFO also recommends that ODP ensure that care-givers prepare progress notes (Daily Logs) that detail the activities of each day. This includes describing the respective companionship and/or habilitation services rendered. This should be a point of emphasis during any monitoring activity.

The BFO also recommends Isaacs require that care-givers prepare progress notes (Daily Logs) that are specific to each day's activities and that distinguish the nature of the service(s) rendered.

Exit Conference Summary

On June 14, 2013, an Exit Conference was held at Isaacs' offices to discuss Isaacs' response to the draft audit report. Isaacs' management reiterated that proper and necessary services were rendered to the two customers referred to in Finding No. 1 despite the admitted fact that the time sheets and progress notes in question were duplicated or essentially identical. Management emphasized that it was proactive in communicating to the parent care-givers the quality and detail necessary to constitute adequate progress notes.

Conclusion on the Objective

In conclusion, Isaacs did not always have adequate documentation to substantiate its claims for home and community habilitation based services. As such, the BFO recommends that ODP recover \$45,146 and that Isaacs continues to consult with ODP and their care-givers to ensure that appropriate services were delivered and those services are supported with adequate documentation.

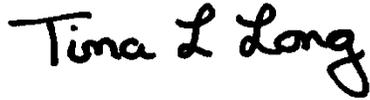
In accordance with our established procedures, an audit response matrix will be provided to ODP. Once received, ODP should complete the matrix within 60 days and email the Excel file to the DPW Audit Resolution Section at:

RA-pwauditresolution@pa.gov

S. G. Isaacs Enterprises, Inc.

The response to each recommendation should indicate ODP's concurrence or non-concurrence, the corrective action to be taken, the ODP staff responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Sincerely,

A handwritten signature in black ink that reads "Tina L Long". The signature is written in a cursive, slightly slanted style.

Tina L. Long, CPA
Director

c: Ms. Karen Deklinski
Ms. Vicki Stillman-Toomey
Mr. Timothy O'Leary
Ms. Deborah Donahue
Ms. Patricia McCool

bc: Mr. Alexander Matolyak
Mr. Daniel Higgins
Mr. David Bryan
Mr. Michael A. Sprow
Ms. Shelly L. Lawrence
SEFO Audit File (S1207-R51)

S. G. ISAACS, INC.
RESPONSE TO THE DRAFT REPORT

APPENDIX A

June 3, 2013
Mr. Daniel Higgins
Audit Manager
Division of Audit and Review
Bureau of Financial Operations
Department of Public Welfare
801 Market Street, Suite 5040
Philadelphia, PA 19107-3126

Dear Mr. Higgins,

Response to the draft performance audit report of S.G. Isaacs Enterprises, Inc (July 1, 2011 - December 31, 2012)

We write to respond to the draft performance audit report dated May 9, 2013 written by Tina L. Long, CPA regarding the audit conducted by your office of our agency between January and March 2013. Having read the draft report, we do not concur with the findings of the said report that recommends that ODP should recover \$45,146 from our agency for "unsubstantiated claims".

According to the draft report, "claims supported by identical/duplicate progress notes were disallowed for two consumers". These consumers, [REDACTED] a female living in [REDACTED] County and [REDACTED] a male living in [REDACTED] County are individuals who receive home and community habilitation services provided to them by their biological parents who work for our agency. These special needs individuals and their parents were introduced to our agency by the Mental Retardation Support Coordination agencies in their respective localities at the time of their referral to us.

Before our agency agreed to hire the parents who are the legally responsible individuals to the consumers, we were satisfied by their academic qualifications, one being a PhD holder in Statistics and the other one with an Associate degree in Psychology. These parents did not want outside staff, noting that they would provide habilitation services to their loved ones better than any outside staff could, mainly because of their superior understanding of the special needs of the consumers. They also maintained that they were prepared for criminal background checks, are willing to carry out the services in the ISP, and also undergo necessary training from S.G. Isaacs to implement the ISP. Following this discussion and the inputs of the Support Coordinators, our agency ran the criminal backgrounds for the parents and proceeded to give them orientation trainings in Mental Retardation services, Individual Support plan and CPR/1st Aid.

[REDACTED] mother began to provide habilitation services to her on [REDACTED]. [REDACTED] father started working with him on [REDACTED]. Beginning from the respective start dates, the Support coordinators for these consumers and representative from our agency have visited severally to monitor the services delivered to these consumers mainly to ensure quality in respect to ISP outcomes and consistency of services that these consumers receive from their relatives who double as their habilitation workers. What we found is that these consumers require ongoing consistent and intense supervision from these relatives to sustain their activities of daily living.

[REDACTED] has diagnoses of Mental Retardation, Pervasive developmental disorder and Autism. [REDACTED] on his part is diagnosed with Mental Retardation, Cerebral Palsy, Seizure disorder and he is G-tube feeding dependent. Both of these clients are non verbal and they depend on the intuition and judgment of their workers to understand and meet their needs. Service delivery to these consumers go beyond mere supervision or companionship as it requires on-going hand over hand teaching of the most basic skills around health and safety, establishing routines, personal care, socialization, transfer, feeding including G-tube, decision making and choices, grooming, toileting, cleanliness, sensory stimulation, traffic safety, laundry, hygiene, behavior management, communication, meal preparation, community integration and recreation, helping them to learn, retain and improve skills in these areas. These consumers cannot be left unattended for any length

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of time without putting their wellbeing in jeopardy. Upon close monitoring of the level of care that the two consumers currently receive, it is safe to say that the two parents go above and beyond the call of a habilitation staff to provide appropriate care for the two consumers.

In our agreement to provide home and community habilitation services under the Office of Developmental Programs of the Department of Public Welfare, S.G. Isaacs Enterprises, Inc is committed to the delivery of the highest possible level of support to individuals with intellectual disabilities entrusted in our care with view to enhancing their well being by meeting the individualized outcomes identified in their ISPs. Our agency strives to achieve the best quality in service delivery to our consumers particularly as it relates to compliance with regulatory guidelines. We strive for best practice in our screening of potential providers of service to our consumers and also in staff development through on-going training in ISP implementation, understanding of intellectual disability, documentation protocols and the respect and compassion with which we treat our consumers and their families. We also continue to screen all our potential staff members for regulatory background checks. Furthermore, our agency strives to ensure that we only claim reimbursement for services rendered.

On the documentation that were submitted for reimbursements for Consumers [REDACTED] and [REDACTED], our agency took note of the repetitive nature of the progress notes that were submitted to us and we alerted the workers and proceeded to discuss with them and their support coordinators and we re-trained them on best practice documentation protocols. However, the parent of [REDACTED] even though she agreed with us, still maintained that she was court ordered by a judge who was handling a litigation between her and the County of [REDACTED] over [REDACTED] MR services to maintain the way she was writing her notes in order to establish the routines justifying the supports that [REDACTED] needed in the home and community. The supports coordinator concurred with [REDACTED] mother and she approved the notes that we sent to her office and also during monitoring meetings on the supposed strength of the "court order". Since the conclusion of your audit and the discussions we had with [REDACTED] mother and the support coordinator, we have seen an improvement and less repetitiveness in the progress notes that are submitted to us documenting the services for [REDACTED].

[REDACTED] father has a repetitive set of notes that he continues to submit to us. We have met with [REDACTED] father severally to provide re-training for appropriate documentation of services rendered. Even though he provides excellent service to support his son, he believes that fancy notes are unnecessary since he keeps the same routine of support to [REDACTED] from day to day for the non-intermittent services that he provides to him. He has spoken to the County and his support coordinator and he seemed not prepared to change his position. Our agency could have opted out of this case because of the documentation issue but leaving him could be negligent on our part because this gentleman is not prepared to let go of the support of his son, and it could take a long time to get another agency to provide supervision for the supports that he provides to [REDACTED]. More importantly, [REDACTED] is receiving excellent support from his father.

Our agency does not condone unsubstantiated claims and or services not adequately described for content and context. What we find is that some intellectual disability staff have the zeal for one on one delivery of appropriate support to consumers but not as zealous when it comes to documenting the services that transpired. This is why we continue to support our staff with on-going training, monitoring and quality control intervention in all areas of service including documentation and supervision. In our effort to further simplify the documentation process, we are currently revising our progress note format to reflect the continuum of supports and interventions in simple to recognize boxes that our staff could check off to provide rich and adequate narration of the level of services that was provided to our consumers during any particular session of one on one service encounter.

In view of the foregoing, we hereby request an exit conference to discuss the issues raised in your draft report with view to confirm that our agency did not set out to compromise the regulatory standards set forth by the Office of Developmental Programs and DPW. Also, all the claims that we filed for reimbursement were for services that we labored to provide to our consumers and our agency did not set out to file claims for services not provided. We therefore call on your office to reverse the recommendation contained in your draft report for ODP to recover \$45,146 from this agency as any attempt to implement this recommendation is a direct attempt to snuff life out of this agency and deprive our consumers the quality services that we provide to them.

Sincerely,



Tunji Ogunmola, MSW
President/CEO