



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
BUREAU OF FINANCIAL OPERATIONS
525 Health and Welfare Building
Harrisburg, Pennsylvania 17105-2675

KEVIN M. FRIEL
DIRECTOR

DEC 30 2009

TELEPHONE NUMBER
(717) 772-2231
FAX NUMBER
(717) 705-9094

Ms. Carol Fager
Executive Director
Rosehill School
320 Llewelyn Road
Chester Heights, Pennsylvania 19017

Dear Ms. Fager:

I am enclosing the final report of the audit of Rosehill School resident's funds recently completed by this office. Your response has been incorporated into the final report and labeled as an Attachment.

I would like to extend my appreciation to all the courtesy extended to my staff during the course of fieldwork. I understand that you were especially helpful to Nyanquoi Jones in expediting the audit process.

The report will be forwarded to the Department's Office of Developmental Programs (ODP) to begin the Department's resolution process concerning the report contents. The staff from the ODP may be in contact with you to follow-up on the action taken in consideration of the report's findings.

Sincerely,

A handwritten signature in cursive script that reads "Kevin M. Friel".

Kevin M. Friel

Enclosures

c: Mr. Kevin T. Casey
Ms. Vicki Stillman-Toomey
Mr. Joseph Church
Ms. Kathy Sykes
Ms. Dorothy Klein

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.



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Mr. Kevin T. Casey
Deputy Secretary for Developmental Programs
Health and Welfare Building, Room 512
Harrisburg, Pennsylvania 17120

Dear Mr. Casey:

In response to a request from the Office of Developmental Programs (ODP), the Bureau of Financial Operations (BFO) has completed an audit of Rosehill School (Rosehill). The audit was requested to verify proper accounting of resident's funds for the period July 1, 2008 to September 30, 2009.

The report is currently in final form and therefore contains Rosehill's views on the reported findings, conclusions or recommendations. The data used to prepare the report's findings were discussed with Rosehill management at a closing conference held on November 5, 2009. Rosehill management did not request an exit conference. However, Rosehill submitted a response to the draft report which is included as an Attachment.

Rosehill
Executive Summary

Rosehill is a family owned and operated Private Licensed Facility (PLF) located in Chester Heights, Pennsylvania. The organization provides a 24 hour residential program for individuals with disabilities serviced by Philadelphia and Delaware Counties. Rosehill has a licensed capacity of 30 beds and currently provides services to 22 residents.

The objective of the audit was to verify the proper accounting of residents' funds for the period July 1, 2008 to September 30, 2009. The report details \$52,343 in funding to be refunded either to County programs or residents. The report findings and recommendations for corrective action are summarized below:

Rosehill School
July 1, 2008 through September 30, 2009

FINDING	SUMMARY
<i>Finding No. 1 – Maintenance Of Financial Records Needs To Be Improved.</i>	Financial records for residents did not include all invoices and documentation from funding sources to provide sufficient and complete information. As a result, the errors noted in Findings 2, 3 and 4 went undetected.

HIGHLIGHTS OF RECOMMENDATIONS
Rosehill should: <ul style="list-style-type: none"> • Take steps to ensure invoices and payments are complete and correct and ensure that invoices and other documentation from funding sources are kept in monthly files.

FINDING	SUMMARY
<i>Finding No. 2 – A Delaware County Payment For \$17,328 Was Remitted to Rosehill In Error.</i>	A check for the amount of \$17,328 issued on October 30, 2009 was a duplicate payment. Another check for similar amount was paid on October 2, 2009.

HIGHLIGHTS OF RECOMMENDATIONS
Delaware County should: <ul style="list-style-type: none"> • Recover the \$17,328 overpayment.

FINDING	SUMMARY
<i>Finding No. 3 – Rosehill Inadvertently Invoiced For Two Deceased Residents Resulting In Overpayments Totaling \$17,080.</i>	A Delaware County funded resident who died on August █, 2009, was billed for the remaining █ days in August resulting in an overpayment of \$966. Additionally, a Philadelphia County funded resident who died on January █, 2009, was billed for the remaining █ days in January and subsequently in February, March, May, June, July, August and September resulting in an overpayment of \$16,114.

Rosehill School
July 1, 2008 through September 30, 2009

HIGHLIGHTS OF RECOMMENDATIONS

Rosehill should:

- Take steps to improve its invoice preparation procedures so as not to include billings for residents who do not receive services.

Delaware County should:

- Recover the \$966 overpayment.

Philadelphia County should:

- Recover the \$16,114 overpayment.

FINDING	SUMMARY
<p><i>Finding No. 4 – Delaware County Invoices Were Not Reduced By Resident SSI Payments.</i></p>	<p>SSI payments made by residents in July, August and September of 2009, did not reduce amounts invoiced to Delaware County resulting in an overpayment of \$15,665.</p> <p>Additionally, Rosehill inadvertently charged Delaware County a lower daily rate in August 2009 which resulted in an underpayment of \$7,640.</p> <p>The net effect is an overpayment of \$8,025.</p>

HIGHLIGHTS OF RECOMMENDATIONS

Rosehill should:

- Take steps to improve its invoice preparation procedures and ensure that all SSI payments made by residents are used to reduce revenues from county funding sources; furthermore, ensure the billing rate is correct.

Delaware County should:

- Recover the \$8,025 overpayment.

FINDING	SUMMARY
<p><i>Finding No. 5 –Rosehill Charged Resident Accounts For Expenses Related To The Facility Resulting In Questioned Costs Of \$9,910.</i></p>	<p>Ten residents were charged a total of \$8,111 for painting and carpet replacement. In all instances, residents' files did not contain written consent.</p> <p>Another resident was charged \$1,799 for the purchase of a television for a community room used by all clients.</p>

Rosehill School
July 1, 2008 through September 30, 2009

<i>Finding No. 5 - Continued</i>	The renovations to the resident's rooms and the purchase of a television for the community room resulted in questioned cost of \$9,910.
HIGHLIGHTS OF RECOMMENDATIONS	
Rosehill should: <ul style="list-style-type: none">• Refund all amounts charged to residents for facility renovations and the television purchased for the community room. ODP should: <ul style="list-style-type: none">• Take steps to ensure that funds are processed to the effected residents.	

Background

Rosehill is a Private Licensed Facility (PLF) located in Chester heights, Delaware County, Pennsylvania that provides a range of mental retardation services to residents funded by Philadelphia and Delaware Counties as well as by private sources. The operation of the facility is governed by Pennsylvania Code Title 55 Chapter 4300, Title 55 Chapter 6200 related to room and board, and is licensed by Title 55 Chapter 6400 regulations.

Rosehill, a family owned and operated entity established in 1927; it has a licensed capacity of 30 beds and currently has 22 residents.

Objective, Scope and Methodology

The audit objective, developed in concurrence with ODP was:

- To verify proper accounting of residents' funds.

In pursuing the audit objective, the BFO interviewed Rosehill management staff and conducted on site audit procedures. The BFO also reviewed accounting and financial records including invoices, receipts and bank statements, as well as other pertinent data necessary to complete our objective.

We conducted this performance audit in accordance with generally accepted government audit standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Government auditing standards also 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, no material deficiencies came to our attention. Areas where we noted an

Rosehill School
July 1, 2008 through September 30, 2009

opportunity for improvement in management controls are addressed in the findings of this report.

Fieldwork for this audit took place between November 3, 2009, and November 5, 2009. The report, when presented in its final form, is available for public inspection.

Results of Fieldwork

As a result of our audit, the following findings and observations have been identified:

Finding No.1 – Maintenance Of Financial Records Needs To Be Improved.

Financial records pertaining to billing and payment were either misplaced or incomplete. As a result, management was unaware of the errors detailed in Findings 2, 3 and 4. Documents detailing monthly billing to counties as well as payment remittances are not maintained in a monthly file. Such method of record-keeping is important in that it presents the opportunity for billing and/or payment errors to be easily detected and corrected.

Rosehill management acknowledges this deficiency and indicated that it plans to take the necessary step to improve record-keeping.

Recommendation

The BFO recommends that Rosehill take the necessary steps to ensure that invoices and other documentation from funding sources are kept in monthly files, after the reconciliation process has been completed.

Finding No.2 – A Delaware County Payment For \$17,328 Was Remitted To Rosehill In Error

A payment issued by Delaware County on October 30, 2009 for the amount of \$17,328 was a duplicate. Another payment for a similar amount was paid on October 2, 2009. Based on the documents analyzed by the BFO and County input, the \$17,328 represents a duplicate payment on the part of Delaware County.

Rosehill management acknowledges the overpayment made by Delaware County and agrees to return the \$17,328.

Recommendation

The BFO recommend that Delaware County recover the \$17,328 overpayment.

Finding No.3 – Rosehill Inadvertently Invoiced For Two Deceased Residents Resulting To Overpayments Totaling \$17,080.

A Delaware County funded resident who died on August [REDACTED] 2009, was billed for the entire month of August resulting in an overpayment of \$966. This overpayment represents billing for the last [REDACTED] days in August.

Additionally, a Philadelphia County funded resident who died on January [REDACTED] 2009, was billed for the remaining [REDACTED] days of the month. Rosehill also invoiced Philadelphia County for the months of January, February, March, May, June, July, August and September totaling 232 days and resulting to an overpayment of \$16,114.

Rosehill management acknowledges that the Counties were billed in error and agrees to retribute the \$17,080 overpayments. Management explained these errors resulted from a less experienced staff taking a lead role in the preparation of invoices.

Recommendation

The BFO recommends that Rosehill take steps to improve the invoice preparation procedures so as not to include billings for residents who do not receive services.

The BFO recommends that Delaware County recover the overpayment of \$966.

The BFO recommends that Philadelphia County recover the \$16,114 overpayment.

Finding No.4 – Delaware County Invoices Were Not Reduced By Resident SSI Payments

SSI payments made by residents in July, August and September of 2009, did not reduce amounts invoiced to Delaware County resulting in an overpayment of \$15,665. Pennsylvania Code Title 55, Chapter 6200.16, states in part that "*if a client is funded through the county mental retardation program exclusively, the client's share of the room and board shall be 72% of the SSI maximum rate*". Rosehill received a total of \$15,665 in SSI payments from the residents for the time period specified, but did not reduce the invoice amounts by these payments.

During the same time period, Rosehill charged lower daily rates in billings submitted to Delaware County. The allowable rate should be \$87.81 per day but a Rosehill staff erroneously used \$69.87 during the month of August 2009. This resulted in an underpayment of \$7,640.

When the \$7,640 underpayment is deducted form the \$15,665 overpayment, the net effect is an overpayment of \$8,025.

Rosehill management acknowledges this as an error which resulted from a less experienced staff taking a lead role in preparation of invoices; Rosehill agrees to refund the \$8,025 overpayment.

Recommendation

The BFO recommends that Delaware County recover the \$8,025 overpayment.

The BFO also recommends that Rosehill take steps to improve the invoice preparation procedures and ensure that all SSI payments made by residents are used to reduce revenues from county funding sources, and ensure the rate invoiced is correct.

Finding No.5 – Rosehill Charged Resident Accounts For Expenses Related To The Facility Resulting In Questioned Costs Of \$9,910.

Ten residents were charged a total of \$8,111 for painting and carpet replacement in each of their respective rooms. The records and files examined did not contain documentary evidence that the residents consented to any of the renovation work.

Another resident was charged \$1,799 for the purchase of a television for a community room. The television is located in a general area used by all clients. There was also no documentary evidence that the resident gave consent for the purchase.

Pennsylvania Code Title 55, Chapter 6400.22 (c) states "*Individual funds and property shall be used for the individual's benefit.*" The renovations and television purchase resulted in total questioned cost of \$9,910.

Recommendation

The BFO recommends that Rosehill refund all amounts charged to residents for renovations and for the television purchased for the community room.

The BFO also recommends that ODP take steps to ensure that all residents are properly refunded.

Provider Response/Exit Conference

Rosehill provided a response to the draft audit report. This response has been included as an Appendix to the report. Rosehill did not request an exit conference.

Accompanying their response, Rosehill provided original documents to support that the facility has fulfilled the following requirements:

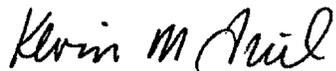
- Regarding Finding No. 2, Delaware County has made an adjustment in the November billing to recover the \$17,328 overpayment.
- Regarding Finding No. 3, Philadelphia County has made an adjustment in the November billing to recover \$10,647 billed for a deceased resident.
- Regarding Finding No. 5, Rosehill has reimbursed various residents a total of \$6,716.

Rosehill School
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Except for Finding No. 5, Rosehill has given assurance that it intends to implement all recommendations. As of the preparation of this final report, a total of \$17, 652 remains to be refunded to residents and various funding sources. Pertaining to Finding no. 5, Rosehill presented letters from three residents stating they requested a service or item be purchased. The letters were dated subsequent to the audit period. As such, the BFO defers to ODP as to the acceptance of these letters.

In accordance with our established procedures, an audit response matrix will be provided to your office. Once received, please complete the matrix within 60 days and email the Excel file to the DPW Audit Resolution Section at: RAPwauditresolution@state.pa.us. The response to each recommendation should indicate your office's concurrence or non-concurrence, the corrective action to be taken, the staff from your office responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Sincerely,



Kevin M. Friel

Attachments

**ROSEHILL'S
RESPONSE TO THE DRAFT REORT
ATTACHMENT**

Rosehill School

A YEAR ROUND, PRIVATE BOARDING SCHOOL



FOUNDED 1927

P.O. BOX 298
320 LLEWELYN ROAD
CHESTER HEIGHTS, PA 19017
(215) 459-2389

Mr. Daniel Higgins
Division of Audit and Review
Bureau of Financial Operations
Department of Public Welfare
801 Market Street Suite 5040
Philadelphia, Pa. 19107

December 11, 2009

Dear Mr. Higgins:

In response to your audit of July 1, 2008 through September 30, 2009
we have addressed your findings:

Finding No. one:

A system and experienced employee has been implemented to maintain
documentation that ensures services rendered are appropriately billed
and services billed are reimbursed.

Finding No. two:

Delaware County has acknowledged overpayment and substracted that
amount from the November billing. (see enclosed copy).

Finding No. three:

Philadelphia County has adjusted payment in November to collect the
amount of Rosehill's overbilling. Additional amount due will be
substracted in the next check in the amount of \$5,685.81. (see
enclosed copy).

Attachment
Page 1 of 2

Finding No. four:

Delaware County will reduce Rosehill's payment in the amount of \$8,025.00 in the next payment to be sent. However Delaware County has acknowledged that two clients were not billed for in October in the amount of \$5,685.42 and they have been resubmitted. This would reduce the amount due to Delaware County fo \$2,339.58. (see enclosed figures).

Finding No. five.

We interpreted that we were within the regulations for purchases that were made for carpet for individual's rooms. However, within the spirit of the audit was conducted, we have chosen to reimburse all client's accounts. (see receipts). In reference to the purchase of the television, the client asked for a large TV that he could see. Should he leave the facility for any reason, the client would take the TV as his property. (see notes)

In reference to the painting contracted by two clients who wanted a different color in their room, it was at their request and negotiated with the contractor without Rosehill's participation.

We would like to assure you that steps have been taken to implement all your recommendations. Thank you again for your polite, courteous and professional manner in which you conducted the audit.

Respectfully,



Carol J. Fager C.E.O.

**Rosehill School
Summary of Findings
For The Period July 1, 2008 to September 30, 2009**

Duplicate payment made by Delaware County	\$17,328
Deceased resident billed Delaware County	\$966
Deceased resident billed Philadelphia County	\$16,114
Net Delaware County billing adjustments	\$8,025
Total questioned costs related to residents' charges	\$9,910
Total dollars related to audit findings:	<u>\$52,343</u> a

- a) Resident detail specific to each finding will be provided to the appropriate party under separate cover.