

# PERFORMANCE AUDIT REPORT

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## Human Resources Center, Inc.

Costs reimbursed by the  
Pennsylvania Department of Human  
Services

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December 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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EUGENE A. DePASQUALE  
AUDITOR GENERAL

December 18, 2020

Ms. Darlene Glynn  
Chief Executive Officer  
Human Resources Center, Inc.  
294 Bethel School Road  
Honesdale, PA 18431

Dear Ms. Glynn:

This report contains the results of the Department of the Auditor General's performance audit of the Human Resources Center, Inc. (HRC) with regard to costs that were reimbursed by the Pennsylvania Department of Human Services (DHS). This audit was conducted under the authority of Sections 402 and 403 of The Fiscal Code (Code), 72 P.S. §§ 402 and 403, and in accordance with the 2019-2020 Budget Implementation provision of Article XVII-J, Subarticle B, Section 1715-J of the Code, 72 P.S. § 1715-J. This audit was not conducted, nor required to be conducted, in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The performance audit covered the period July 1, 2017 through June 30, 2018, with updates through the report date. Our audit objective was to determine whether services for which the costs were reimbursed by DHS were rendered. We planned and performed audit procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that the evidence obtained provides a reasonable basis to support our results, finding, and conclusions.

We selected and reviewed 60 claims that were reimbursed by DHS and found through our evaluation of service notes and other service-related documentation that the documents supported the services rendered for 58 of the 60 claims. Two claims, however, lacked sufficient documentation to support all service dates claimed resulting in a combined total of \$485 in reimbursements from DHS for which services could not be substantiated. We also found weaknesses in management controls in which 17 claims, totaling \$4,118, lacked evidence of supervisory review and approval. These exceptions and weaknesses are addressed in the finding within this audit report.

Ms. Darlene Glynn  
December 18, 2020  
Page 2

Our audit report offers six recommendations for HRC to strengthen its management controls over its process for reviewing service documents and submitting claims to DHS for reimbursement in order to reduce the risk of error and potential for fraud related to public funds.

In closing, I want to thank HRC officials for their cooperation and assistance during this audit. HRC is in agreement with our finding and our recommendations, and its response, along with our auditor's conclusion, is included in this audit report. We may follow up at an appropriate time to determine to what extent all recommendations have been implemented.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale  
Auditor General

**A Performance Audit**

**Human Resources Center, Inc.**

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**TABLE OF CONTENTS**

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**Background** ..... 1

**Audit Procedures and Results** .....4

**Finding: Reimbursements totaling \$485 did not have adequate documentation to substantiate that services were rendered**.....6

**Recommendations** .....8

**HRC’s Response and Auditor’s Conclusion**.....9

**Appendix A – Objective, Scope, and Methodology**.....13

**Appendix B – Distribution List**.....18

## A Performance Audit

### Human Resources Center, Inc.

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## Background

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The Human Resources Center, Inc. (HRC), a non-profit organization, incorporated in October 1973, provides services to individuals with Intellectual and Developmental Disabilities (IDD). Currently, with a staff of 260 employees, HRC provides residential, vocational, home-based, and community support services in Wayne, Carbon, Monroe, Pike, Lackawanna, and Susquehanna counties. HRC locations are in Honesdale, Hawley/Lords Valley, and Effort, Pennsylvania.<sup>1</sup>

HRC is governed by a Board of Directors (Board) providing management oversight of the programs at HRC. According to HRC's bylaws, the Board will include no less than 7 and no more than 15 board members.<sup>2</sup> HRC's executive team is led by a chief executive officer, who together with a chief financial officer, senior director of human resources, and administrator of residential and employment services run the day-to-day operations of the facility.<sup>3</sup>

HRC's mission is:

*To provide individualized support to all people, regardless of their 'abilities.' To promote meaningful life choices, encourage self-advocacy, independence, and community inclusion.*<sup>4</sup>

## Programs

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### *Residential Services*

#### Supervised Community Homes

HRC provides licensed community home or "Group Home" services to adults in the six counties it serves. Each community home provides: (1) 24-hour supervision with trained agency staff; (2) individualized service planning; (3) assistance in all aspects of daily living; (4) coordination of medical services; (5) transportation; (6) involvement in community integrated activities; and (7) other services. While receiving assistance and support at home, residents of the community homes also engage in activities that include work, attendance at day programs, outings to shows, and shopping.<sup>5</sup>

#### Home and Community-Based Services

HRC also provides home-based waiver services to eligible families. According to HRC's website, "The intention of this program is to provide various supports to families with

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<sup>1</sup> <https://www.hrcinc.org/about-us> (accessed June 4, 2020).

<sup>2</sup> Human Resources, Inc., "Amended & Restated Bylaws Of," page 3, rev. January 28, 2016.

<sup>3</sup> Human Resources, Inc., "Organizational Chart," provided to the Department in April 2020.

<sup>4</sup> <https://www.hrcinc.org/> (accessed June 4, 2020).

<sup>5</sup> <https://www.hrcinc.org/residential-services> (accessed June 4, 2020).

## **A Performance Audit**

### **Human Resources Center, Inc.**

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intellectually disabled children/adults living at home.”<sup>6</sup> These services are provided in home or community settings to assist participants in acquiring, maintaining, and improving the skills necessary to live in the community, to live more independently, and to participate meaningfully in community life. Available services include respite, transportation, adaptive equipment support, physical adaptations to the individual’s home or vehicle, and companion services.

#### Lifesharing Services

Lifesharing is a residential services option for individuals with IDD. Individuals referred to this service are matched with families whose life style and interests are similar to their own. A Lifesharing host family can be a single adult, a couple, or a family unit, supporting up to two individuals in their home. These families play an active role in a person's life, offering assistance, support, and guidance in daily living. For example, these families assist in home management; healthy lifestyle; personal and financial resources management; socialization; safety; self-advocacy; community access; decision-making; communication; and transportation.<sup>7</sup>

#### *Vocational and Day Services*

##### Community Participation Support

Community Participation Support services allow recipients to participate in activities with others in the community. Examples include participating in community activities, organizations, groups, associations, clubs, social networks, hobbies, adult learning, and volunteer opportunities.

##### Community Integrated Employment Program

This program helps individuals find, secure, and maintain employment in the community. Specifically, according to HRC’s website, this program matches job seekers with a job, assisting in the application and interview processes and provides one-on-one job coaching once a job is attained.

##### Vocational Training Centers through HRC Manufacturing

HRC’s goal in its Vocational Training Centers through HRC Manufacturing is to provide participants the skills and abilities to reach their vocational potential. Essentially, all participants in this program are employees who receive pay for their work performed in their respective jobs.<sup>8</sup>

## **Funding**

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HRC receives funding for these programs through the Center for Medicare & Medicaid Services within the U.S. Department of Health and Human Services and the Pennsylvania Department of

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<sup>6</sup> Ibid.

<sup>7</sup> <https://www.hrcinc.org/lifesharing> (accessed June 4, 2020).

<sup>8</sup> Ibid.

## A Performance Audit

### Human Resources Center, Inc.

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Human Services' (DHS) Office of Developmental Programs.<sup>9</sup> Through the Medicaid Home and Community-Based Services (HCBS) waiver program authorized by the federal Social Security Act, a state may offer a multitude of home and community-based services that allow Medical Assistance (MA) recipients to remain in the community and avoid becoming institutionalized.<sup>10</sup> The state may design its waiver program to meet the needs of its targeted population.<sup>11</sup> HRC participates in Pennsylvania's waiver program and submits claims to the Commonwealth on a fee-for-service basis through the DHS PROMIS<sup>e</sup>™ system pursuant to federal and state regulations.<sup>12</sup> For the fiscal year ended June 30, 2018, HRC received \$12,157,676 for services provided to MA-enrolled individuals through the HCBS waiver program.

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<sup>9</sup> <https://www.dhs.pa.gov/providers/Providers/Pages/Developmental-Programs.aspx> (accessed January 8, 2020).

Note that Lifesharing Services are billed under another site location not within the scope of this audit, while OBRA is a DHS-OLTL program and not part of the HCBS waiver program.

<sup>10</sup> Social Security Act of 1935, former 42 U.S.C. § 1915(c) (relating to “Waiver respecting medical assistance requirement in State plan...”)(amended 1983), which was transferred to and re-codified at 42 U.S.C. § 1396n(c).

<sup>11</sup> [https://www.dhs.pa.gov/Services/Disabilities-Aging/Documents/Alternatives\\_to\\_Nursing%20Homes/PFDS%20Waiver%20Amendment%20July%201%202017.pdf](https://www.dhs.pa.gov/Services/Disabilities-Aging/Documents/Alternatives_to_Nursing%20Homes/PFDS%20Waiver%20Amendment%20July%201%202017.pdf) (accessed January 23, 2020).

<sup>12</sup> PROMIS<sup>e</sup>™ is the Provider Reimbursement and Operations Management Information System in an electronic format. It is DHS' claims processing and management information system that incorporates the claims processing and information activities of the following DHS program areas: (1) Office of Medical Assistance Programs; (2) Office of Developmental Programs; (3) Office of Mental Health and Substance Abuse Services; (4) Office of Long-Term Living; (5) Special Pharmaceutical Benefits Program; and (6) Healthy Beginnings Plus.



## A Performance Audit

### Human Resources Center, Inc.

#### **Audit Procedures and Results – Determine whether services for which the costs were reimbursed by the Department of Human Services were rendered.**

The Human Resources Center, Inc. (HRC) is a registered Medical Assistance (MA) services provider with the Pennsylvania Department of Human Services (DHS). In order to perform our procedures, we obtained a file from DHS' Office of Developmental Programs (ODP) listing the individual reimbursement claims approved for HRC during the fiscal year ended June 30, 2018. The table below shows that HRC received nearly 100% percent of its MA reimbursements through the DHS Home and Community-Based Services - Intellectual Disabilities (HCBS-ID) Waiver programs for individuals with Intellectual and Developmental Disabilities (IDD).<sup>13</sup>

<b>Human Resources Center (HRC) MA Reimbursements by Program</b> (For the Fiscal Year Ended June 30, 2018)		
<b>Program</b>	<b>Amount</b>	<b>Percent of Total</b>
HCBS-ID Waiver Programs <sup>a/</sup> (Bethel School Road location ONLY) <sup>b/</sup>	\$ 7,119,858	58%
HCBS-ID Waiver Programs <sup>a/</sup> (All other locations) <sup>c/</sup>	\$ 5,037,818	41%
All Others <sup>d/</sup>	\$ 123,140	1%
<b>Total</b>	<b>\$12,280,816</b>	<b>100%</b>

<sup>a/</sup> HCBS-ID Waiver programs provide an array of services to MA-enrolled individuals with IDD to enable them to live in their own home and communities.  
<sup>b/</sup> Address associated with the services provided for the HRC provider number selected for this audit.  
<sup>c/</sup> Includes services provided through the remaining (29) HRC provider numbers not selected for this audit.  
<sup>d/</sup> Adult Autism Waiver program for individuals age 21 or older with autism spectrum disorder and Base Funding, which is a small amount of state funds that DHS allocates to county mental health services' offices that can be used at the counties' discretion.  
*Source: Produced by Department of the Auditor General staff from information provided by DHS.*

Of the HCBS-ID Waiver program reimbursements, we limited our population, which totaled more than \$7.1 million, to all DHS-approved reimbursements for the selected HRC provider number in our data file.<sup>14</sup> These services were provided through the HRC offices in Effort, Pennsylvania and its main office in Honesdale, Pennsylvania. The services included Companion

<sup>13</sup> Waivers under this program include the consolidated, person/family directed support, and community living waivers.

<sup>14</sup> To satisfy our audit requirements pursuant to The Fiscal Code, 72 P.S. § 1715-J, we selected HRC and other MA providers from the DHS listing of active Medical Assistance providers. For HRC, we specifically focused on Home and Community Habilitation Program services provided through its main facility in Honesdale, Pennsylvania and a secondary office located approximately 60 miles away in Effort, Pennsylvania, but not other HCBS-ID Waiver programs or HRC locations throughout northeast Pennsylvania.

## A Performance Audit

### Human Resources Center, Inc.

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Services, In-Home and Community Supports Services, Community Participation and Habitation Services, Prevocational Services, and Behavioral Support Services.<sup>15</sup>

In order to determine whether the services were rendered for which HRC submitted claims and DHS approved for reimbursement during the fiscal year ended June 30, 2018, we developed audit procedures based on our review of applicable laws, DHS regulations and policies, as well as HRC policies, inquiries of management, and evaluation of management controls. From the population of individual claims noted above, we analyzed the claims according to the types of services provided.<sup>16</sup> To ensure audit coverage over each type of service provided, we randomly selected 60 claims, totaling \$24,850, for review, prorated by type of service.<sup>17</sup>

Based on our evaluation of service notes and other service-related documentation for the 60 selected claims, we concluded that the documents supported the services rendered for 58 of the 60 claims we reviewed. We found, however, that two claims lacked sufficient documentation to support all service dates claimed resulting in unsubstantiated reimbursements from DHS totaling \$485. We also found weaknesses in management controls in which 17 claims, totaling \$4,118, lacked evidence of supervisory review and approval. These deficiencies are addressed in the finding within this audit report.

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<sup>15</sup> These are the DHS program/service names, under which the HRC services described in the *Background* are included.

<sup>16</sup> See service descriptions in the *Background* section of this report.

<sup>17</sup> Each claim includes a service code that identifies the service provided. The claims within our audit population included 26 different service codes that represented between .01% and 57.38% of the total number of claims. We prorated our selection of 60 claims using these percentages to ensure coverage of every service code. We also ensured that an individual was not associated with more than one selected claim within each service code grouping in order to maximize the number of individuals represented.

## A Performance Audit

### Human Resources Center, Inc.

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#### **Finding – Reimbursements totaling \$485 did not have adequate documentation to substantiate that services were rendered.**

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The Human Resources Center, Inc. (HRC) lacked effective management controls over the documentation of services provided to individuals with Intellectual and Developmental Disabilities (IDD) through the Pennsylvania Department of Human Services' (DHS) Home and Community-Based Services (HCBS) Waiver programs resulting in \$485 of unsubstantiated services. DHS regulations require MA providers to submit accurate claims.<sup>18</sup> To be a valid MA claim, the documented service must be authorized for the MA-enrolled individual by DHS and the duration of the service must be accurate, which when multiplied by the DHS-established rate determines the reimbursement amount. Further, according to DHS' policy, MA providers must maintain a record of services-related documentation that supports each claim submitted to DHS for reimbursement for four years.<sup>19</sup>

The accuracy of HRC's MA claims depends on properly documenting the HCBS services provided on the required *daily service notes* (service notes). The service notes must demonstrate that the service was authorized as documented on the Individual Support Plan (ISP) for the MA-enrolled individual.<sup>20</sup> Proper supervisory reviews of these service notes assist to ensure the accuracy of the claims.

DHS approved reimbursements for 19,839 claims totaling more than \$7.1 million between July 1, 2017 and June 30, 2018, for services provided through the HRC offices in Effort, Pennsylvania, and its main office in Honesdale, Pennsylvania, on which our audit is focused. We randomly selected 60 claims, totaling \$24,850 to determine whether services for which the costs were reimbursed by DHS were rendered.<sup>21</sup> We also evaluated the design and effectiveness of HRC's management controls in place during the audit period related to its procedures used to document the services provided and process MA claims according to DHS regulations and policies. Based on our evaluation of service notes and other service-related documentation for the 60 claims reviewed, we found the following deficiencies for 18 claims:

- **Two claims** lacked sufficient documentation to support all service dates claimed resulting in unsubstantiated reimbursements from DHS totaling \$485.

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<sup>18</sup> 55 Pa. Code § 1101.68(b) (pertaining to Time frames and submitting invoices correctly).

<sup>19</sup> 55 Pa. Code § 1101.51(e) (pertaining to Record keeping requirements and onsite access); DHS' Office of Developmental Programs Bulletin 00-17-02, issued July 21, 2017.

<sup>20</sup> The Individual Support Plan (ISP) is developed for individuals with developmental disabilities to document their personal preferences, dreams and wishes, medical history, and other information meant to be used by everyone involved in the individuals' network of support so services can be structured to meet the individuals' needs based on their own choices. The ISP is updated annually or sooner, if the individuals' circumstances/preferences change.

<sup>21</sup> Using auditor's judgment, we ensured that the 60 selected claims were associated with different individuals, where possible, and prorated the number of claims selected based on frequency of the program services approved for reimbursement, including: companion services, pre-vocational, home and community habilitation, adult training, behavioral support, and respite care services.

## A Performance Audit

### Human Resources Center, Inc.

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These two claims, totaling \$1,164, contained inadequate service notes for a portion of both claims. Together, the two claims represented services provided on 12 different dates. The service notes, however, did not adequately document that services were provided for 5 of the 12 dates. As a result, HRC received a combined \$485 in reimbursement from DHS for services that were not adequately documented, including 12 hours (or 48 units) amounting to \$388 on one claim and 3 hours (or 12 units) amounting to \$97 on the second claim.<sup>22</sup> Additionally, the lack of sufficient service notes inhibits periodic service assessments required to ensure services effectively meet the individuals' needs and desires according to their ISPs. We also found that for one of these claims totaling \$679, no supervisory review and approval signature was present. This is addressed in the next bullet.

- **Seventeen claims**, totaling \$4,118, lacked evidence of supervisory review and approval on the service notes.

Of these 17 claims, 10 claims related to services provided to individuals in HRC's Community Participation Support (CPS) program and 7 claims were associated with three other HRC programs. We noted that the service notes form for the CPS program did not contain a signature line for the program specialists to sign indicating supervisory review and approval of the service notes. Additionally, while the other programs' service notes forms did include a line for the program specialist's signature, the forms for the seven claims in question were not signed. Regardless of the program, HRC's policy requires program specialists to review the service notes and sign off to evidence their review and approval.

In response to the above deficiencies, HRC management indicated that human error caused these oversights during the service notes review process. HRC management speculated that the program specialists did not take appropriate care as they reviewed the service notes because they had a large work load. As a result, the deficiencies were overlooked. HRC management also stated that the program specialists' responsibilities are included in their job descriptions and duties. Management however stated that there are no regulatory requirements for supervisory review of service notes. While we agree that there are no explicit regulations requiring supervisory reviews of service notes, we emphasize that DHS regulations require submitted claims to be accurate and be supported by service documentation that must include specific information about the provided service.<sup>23</sup> As such, management has the responsibility to develop, document, implement, and evaluate controls designed to produce desired outcomes efficiently.

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<sup>22</sup> DHS reimburses MA providers for each completed 15-minute period of service time called service units. For example, one hour and nine minutes of service time would be converted to four units, which is multiplied by the DHS-established rate for the service type provided to determine the reimbursement amount.

<sup>23</sup> 55 Pa. Code § 1101.51(e) (pertaining to Record keeping requirements and onsite access); DHS Office of Developmental Programs Bulletin 00-17-02, issued July 21, 2017.

## **A Performance Audit**

### **Human Resources Center, Inc.**

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A well-designed supervisory review process should allow management to monitor the quality of MA services provided while effectively ensuring the service documentation complies with DHS regulations and policies. It should also reduce the risk of submitting inaccurate or unsubstantiated claims, as we found for two of the claims tested.

Subsequent to our audit period, HRC stated that it implemented an electronic record system on July 1, 2020. Management stated that missing signatures will not occur with the system utilization, since the system's integrated monitoring controls are designed to detect such errors. We note that although management indicated that the new system will require signatures in order to process claims, we reiterate the vital importance of supervisory review. Because this system was not implemented until after our audit period, we did not evaluate this system.

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### **Recommendations**

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We recommend that HRC:

1. Coordinate with DHS to determine and arrange the return of \$485 in reimbursements previously received for services that are not adequately documented.
2. Ensure going forward that service notes adequately document and support services rendered for all dates being claimed for reimbursement.
3. Provide periodic training to program specialists regarding the process of properly reviewing service documentation to ensure HRC complies with DHS regulations and policies.
4. Develop and implement monitoring procedures to evaluate the program specialists' documentation and conclusions at least on a sample basis.
5. Update the CPS program service notes form to include a signature and date evidencing the program specialists' review and approval.
6. Ensure the new electronic record system has written supervisory review procedures and review periodically to ensure procedures are functioning as intended, updating as necessary.

## **A Performance Audit**

### **Human Resources Center, Inc.**

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#### **Human Resources Center, Inc.'s Response and Auditor's Conclusion**

We provided our draft audit procedures and results, and finding and related recommendations to Human Resources Center, Inc. (HRC) for its review. On the pages that follow, we included HRC's response in its entirety. Following HRC's response is our auditor's conclusion.

## A Performance Audit

### Human Resources Center, Inc.

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## Audit Response from Human Resources Center, Inc.

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December 16, 2020

Mr. Scott D. King, CPA  
Assistant Director  
Bureau of Performance Audits  
302 Finance Building  
Harrisburg, PA 17120-0018

Dear Mr. King,

This letter is in response to the draft audit report issued by the Pennsylvania Department of the Auditor General Bureau of Performance Audits. We have addressed each recommendation as follows:

**AG Recommendations**

- 1) Coordinate with DHS to determine and arrange the return of \$485.00 in reimbursements previously received for services that are not adequately documented.

Reimbursement has been made to DHS for the 2 claims that were identified totaling \$485.00.

- 2) Ensure going forward that service notes adequately document and support services rendered for all dates being claimed for reimbursement.

Program Directors will conduct monthly sample audits to review adequate documentation of service notes. The Program Specialists' will review and verify that all service notes comply to DHS standards prior to submission for billing.

- 3) Provide periodic training to Program Specialists regarding the process of properly reviewing service documentation to ensure HRC complies with DHS regulations and policies.

The Human Resources Center will conduct training for Program Directors, Program Specialists and Program Coordinators in all departments upon hire and annually thereafter.

- 4) Develop and implement monitoring procedures to evaluate the Program Specialists, and documentation and conclusions at least on a sample basis.

HRC's updated Compliance Program includes the completion of periodic, internal audits of billed claims. These internal audits include the review of service documentation,

## A Performance Audit

### Human Resources Center, Inc.

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supervisory approval of service notes, the number of billed units, and the reimbursement received for each claim.

- 5) Update the CPS service notes form to include a signature and date evidencing the Program Specialists' review and approval.

Service Note documentation is completed in SETWORKs. The Electronic Visit Verification System compiles service note information for HRC services in a uniform, consistent manner. The format currently includes data fields to document the Program Specialists' review and approval of service notes.

- 6) Ensure the new electronic record system has written supervisory review procedures and review periodically to ensure procedures are functioning as intended, updating, as necessary.

The EVV System has written policies and procedures for supervisory review and will be reviewed to ensure compliance and updated as necessary.

We truly appreciate the understanding and support that was extended to us throughout this process in the midst of the Covid - 19 pandemic.

Should you have any questions please contact me.

Sincerely,



Darlene Glynn

Chief executive Officer



Darlene Glynn  
CEO  
Human Resources Center, Inc.  
phone: (570) 253-3782 ext. 102  
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## **A Performance Audit**

### **Human Resources Center, Inc.**

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#### **Auditor's Conclusion to Human Resources Center, Inc.'s Response**

Human Resources Center's (HRC) management agrees with our finding and recommendations and states that it will be implementing or has already addressed the recommendations. We have not evaluated these corrective actions taken by HRC as part of our current audit. We commend HRC's commitment to improving its service documentation process by adopting additional policies and procedures, and training its staff accordingly. We believe in doing so, HRC will strengthen its management controls necessary to help ensure that Medical Assistance claims submitted to the Pennsylvania Department of Human Services (DHS) for reimbursement are valid, accurate, and properly documented in compliance with DHS regulations.

## A Performance Audit

### Human Resources Center, Inc.

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#### Appendix A

#### Objective, Scope, and Methodology

The Department of the Auditor General conducted this performance audit of the Human Resources Center, Inc. (HRC) under the authority of Sections 402 and 403 of The Fiscal Code (Code) of the Commonwealth of Pennsylvania, and in accordance with the 2019-2020 Budget Implementation provision of Article XVII-J, Subarticle B, Section 1715-J of the Code.<sup>24</sup> This audit was limited to the objective identified below and was not conducted, nor required to be conducted, in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We planned and performed this audit to obtain sufficient, appropriate evidence to the extent necessary to satisfy the above audit objectives. We believe that the evidence obtained provides a reasonable basis to support our results, finding, and conclusions.

#### Objective

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Our audit objective was to determine whether services for which the costs were reimbursed by the Pennsylvania Department of Human Services (DHS) were rendered.

#### Scope

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The audit objective covered the period July 1, 2017, through June 30, 2018, with updates through the report date.

#### Methodology

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Claims selected for testing within this audit were based on a combination of random selection procedures and auditor's professional judgment. The results of our testing, therefore, cannot be projected to, and are not representative of, the corresponding population.

To address the audit objective, we performed the following procedures:

- Obtained a data file from the Department of the Auditor General's Bureau of Information Technology Audits (BITA) summarizing Medical Assistance (MA) claims that received DHS approval by MA provider and federal account code for the period July 1, 2017, through June 30, 2018. This data file was created by BITA utilizing monthly data files obtained from DHS and evaluated as part of the Commonwealth's annual Single Audit performed by the Department of the Auditor General. See further details in the *Data*

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<sup>24</sup> 72 P.S. §§ 402, 403, and 1715-J.

## A Performance Audit

### Human Resources Center, Inc.

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*Reliability* section below. We utilized this file to judgmentally select MA providers to audit, including HRC, pursuant to Article XVII-J, Subarticle B, Section 1715-J of the Code to ensure coverage of MA programs and geographic location throughout the Commonwealth.

- Reviewed the following laws, regulations, policies, and procedures applicable to HRC operations related to services provided for MA-enrolled individuals to determine legislative, regulatory, and policy requirements related to our audit objective:
  - *Grants to States for Medical Assistance Programs*, Title XIX of the Social Security Act of 1935, as amended (42 U.S.C. § 1396 *et seq.*).<sup>25</sup>
  - *Home and Community-based Services: Waiver Requirements*, Subpart G, Part 441, Title 42 of the U.S. Code of Federal Regulations (42 CFR § 441.300 *et seq.*).<sup>26</sup>
  - *Medical Assistance Manual*, Part III, Title 55 of the Pennsylvania Code (55 Pa. Code § 1101 *et seq.*).<sup>27</sup>
  - *Office of Developmental Programs (ODP) Home and Community-based Services*, Part I, Subpart E, Title 55 of the Pennsylvania Code (55 Pa. Code § 51.1 *et seq.*).<sup>28</sup>
  - *ODP Bulletin 00-17-02*, Claim and Service Documentation Requirements for Providers of Consolidated and Person/Family Directed Support Waiver Services and Targeted Services Management.<sup>29</sup>
  - *ODP Bulletin 00-17-03*, Individual Support Plan (ISP) Manual for Individuals Receiving Targeted Support Management, Base Funded Services, Consolidated or P/FDS Waiver Services or Who Reside in an ICF/ID.<sup>30</sup>
  - *Home and Community-Based Services Provider Handbook*, Department of Human Services, effective January 2014.<sup>31</sup>

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<sup>25</sup> [https://www.ssa.gov/OP\\_Home/ssact/title19/1900.htm](https://www.ssa.gov/OP_Home/ssact/title19/1900.htm) (accessed June 22, 2020).

<sup>26</sup> <https://www.govinfo.gov/content/pkg/CFR-2000-title42-vol3/pdf/CFR-2000-title42-vol3-part441.pdf> (accessed September 3, 2020).

<sup>27</sup> <http://www.pacodeandbulletin.gov/Display/pacode?file=/secure/pacode/data/055/partIIItoc.html&d> (accessed September 1, 2020).

<sup>28</sup> <http://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol42/42-23/1043.html> (accessed March 24, 2020).

<sup>29</sup> DHS Office of Developmental Programs Bulletin 00-17-02, issued July 21, 2017.

<sup>30</sup> DHS Office of Developmental Programs Bulletin 00-17-03, revised February 23, 2018.

<sup>31</sup> <https://www.dhs.pa.gov/providers/Providers/Documents/LTC%20Providers/Provider%20Handbook.pdf> (accessed February 26, 2020).

## A Performance Audit

### Human Resources Center, Inc.

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- Interviewed HRC management to gain an understanding of the organization and programs offered in order to identify which programs are associated with our population of claims that DHS approved during the audit period.
- Obtained HRC management’s description of its internal controls and written procedures of its billing processes in order to design audit procedures.
- Reviewed the relevant professional education or licensure documentation evidencing that HRC’s behavioral specialist met the criteria to perform services for program recipients in HRC’s Home and Community-Based Services-Intellectual Disability (HCBS-ID) Waiver programs.<sup>32</sup>
- Met with DHS staff from the Office of Developmental Programs (ODP) to gain an understanding of the HCBS-ID Waiver program and the service codes that represent the eligible services. We also discussed how MA providers submit claims for services provided for MA-enrolled individuals using the PROMISe™ system, which verifies the individuals’ MA eligibility before a claim is approved for reimbursement.<sup>33</sup>
- Obtained a data file from DHS-ODP containing all HRC’s HCBS-ID Waiver program claims that DHS approved during the period July 1, 2017 through June 30, 2018, encompassing 36,954 claims and totaling \$12,157,676.
- Analyzed the HCBS-ID Waiver program claims and identified our audit population as claims only related to Companion Services, In-Home and Community Supports Services, Community Participation and Habitation Services, Prevocational Services, and Behavioral Support Services provided through HRC’s main office in Honesdale, Pennsylvania, and through a second office in Effort, Pennsylvania. Our audit population included 19,181 claims totaling \$7,119,858.

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<sup>32</sup> According to HRC’s Behavioral Support Qualification document, behavioral specialists providing Residential Habilitation services must meet the professional education or licensure criteria in one of the following three sets of requirements: (1) Master’s Degree or higher in Psychology, Special Education, Counseling, Social Work, Education, Applied Behavior Analysis or Gerontology; (2) a Pennsylvania Behavior Specialist License; and (3) a Bachelor’s Degree and work under a professional who has a Master’s Degree or higher in the topics listed in (1), or who is a licensed psychiatrist, psychologist, professional counselor, social worker (master’s level or higher) or who has a Pennsylvania Behavior Specialist License. Behavioral specialists must also complete training in conducting and using Functional Behavioral Assessment and positive behavioral support.

<sup>33</sup> PROMISe™ is the Provider Reimbursement and Operations Management System in an electronic format. It is DHS’ claims processing and management information system that incorporates the claims processing and information activities of the following DHS program areas: Office of Medical Assistance Programs; Office of Developmental Programs; Office of Mental Health and Substance Abuse Services; Office of Long-Term-Living; Special Pharmaceutical Benefits Program; and Healthy Beginnings Plus.

## A Performance Audit

### Human Resources Center, Inc.

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- Randomly selected 60 claims from our audit population. We ensured that the selected claims were associated with 60 different individuals and included a representative number of claims for every program included in the file.<sup>34</sup>
- Developed and performed the following procedures to test the selected claims for compliance with laws and policies and to ensure management controls were operating effectively based on our understanding of HRC’s procedures and review of example documentation:
  - Reviewed service documents associated with each selected claim to verify the service was provided and properly authorized based on the Individual Support Plans.<sup>35</sup>
  - Ensured HRC staff who provided the services signed and dated the service documents as required by DHS ODP policy.<sup>36</sup>
  - Used HRC’s employee attendance records to verify that its staff who provided the service and completed the service documentation was present on the service date.
  - Verified the data associated with each MA claim selected for testing from the DHS ODP file agreed with the claim’s source documents in accordance with DHS ODP policy by agreeing the individual’s name, date of service, number of units (duration of provided service), and claim amount.
  - Recalculated the claim reimbursement amount using DHS’ established reimbursement rate for the respective specific service.<sup>37</sup>

### Data Reliability

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We performed an assessment of the sufficiency and appropriateness of computer-processed information that we used to support our findings, conclusions, or recommendations. The assessment includes considerations regarding the completeness and accuracy of the data for the intended purposes.

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<sup>34</sup> See additional details in the *Audit Procedures and Results* section within this report.

<sup>35</sup> The Individual Support Plan (ISP) is developed for individuals with developmental disabilities to document their personal preferences, dreams and wishes, medical history, and other information meant to be used by everyone involved in the individuals’ network of support so services can be structured to meet the individuals’ needs based on their own choices. The ISP is updated annually or sooner, if the individuals’ circumstances/preferences change.

<sup>36</sup> DHS’ Office of Developmental Programs Bulletin 00-17-02, issued July 21, 2017.

<sup>37</sup> [https://www.dhs.pa.gov/Services/Disabilities-Aging/Documents/Historical%20Rates/Fee%20Schedule%20Rates%20for%20Community-Based%20Services%20Effective%20July%201,%202017%20\(c\\_283982\).pdf](https://www.dhs.pa.gov/Services/Disabilities-Aging/Documents/Historical%20Rates/Fee%20Schedule%20Rates%20for%20Community-Based%20Services%20Effective%20July%201,%202017%20(c_283982).pdf) (accessed March 24, 2020).

## A Performance Audit

### Human Resources Center, Inc.

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- To assess the completeness and accuracy of the data file of DHS-approved MA claims summarized by MA provider and federal account code for the period July 1, 2017 through June 30, 2018, BITA reconciled the data file to DHS data provided and evaluated as part of the Commonwealth's Single Audit for the fiscal year ended June 30, 2018 conducted by the Department of the Auditor General jointly with a certified public accounting firm.<sup>38</sup> Based on the procedures performed, we concluded the data to be sufficiently reliable for the purposes of selecting MA providers to audit, including HRC.
- To assess the completeness and accuracy of the data file received from DHS ODP containing individual HRC claims approved by DHS during the period July 1, 2017 through June 30, 2018, we reconciled the total of this file to the data file created by BITA utilizing monthly files of DHS-approved claims obtained from DHS and evaluated as part of the Commonwealth's Single Audit (described in the bullet above). Additionally, we randomly selected 60 claims from the DHS ODP data file and agreed the data to source documents maintained by HRC as described in the *Methodology* section above. We therefore concluded the DHS ODP data file was sufficiently reliable for the purposes of this engagement.

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<sup>38</sup><https://www.budget.pa.gov/PublicationsAndReports/Documents/SingleAuditReports/june-30-2018-single-audit-report.pdf> (accessed February 18, 2020).

## A Performance Audit

### Human Resources Center, Inc.

#### Appendix B

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