

**A SPECIAL PERFORMANCE AUDIT  
OF THE  
DEPARTMENT OF AGING**

***OLDER ADULT DAILY LIVING CENTER  
PROGRAM***

**OCTOBER 2009**

**Bureau of Departmental Audits**

October 1, 2009

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
Room 225 Main Capitol Building  
Harrisburg, PA 17120

Dear Governor Rendell:

This report contains the results of the Department of the Auditor General's special performance audit of the Older Adult Daily Living Center Program within the Department of Aging (department) for the period of July 1, 2002 through December 31, 2007, including follow-up procedures performed and concluded as of June 25, 2009. The focus of the audit was on the duties and responsibilities of the department with regard to older adult day care. This audit was conducted pursuant to Sections 402 and 403 of the Fiscal Code and in accordance with generally accepted government auditing standards (GAGAS). The aforementioned standards, issued by the Comptroller General of the United States, 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.

The department cooperated fully with our auditors throughout the performance of our audit. While detailing certain deficiencies, our report would be remiss by not acknowledging the department's adherence and compliance with other significant performance standards. For example, the department responded adequately to consumer complaints and unusual incident reports. It also demonstrated the use of acceptable methods for resolving such complaints and reports. In addition, we found that the department's share of the cost of subsidizing adult day care services provided to consumers, based on financial eligibility, was accurately calculated. Furthermore, management was receptive to our overall audit and expressed agreement with our findings.

Our audit did find licensing deficiencies for older adult daily living centers. Specifically, we found incidents of the backdating of a license, untimely inspections of centers, centers operating without a license, and licenses exceeding the 12-month legally mandated licensing period. Moreover, oversight deficiencies were uncovered in the Older Adult Daily Living Center Program, including a failure to ensure that county agencies perform on-site monitoring at centers on an annual basis, as well as a failure to provide guidance to county agencies regarding what procedures should be performed during their on-site monitoring. Finally, the department did not require signatures to acknowledge participants' attendance at the centers and it did not monitor program waiting lists at the county agencies.

We offer nine recommendations to alleviate identified deficiencies and strengthen the department's policies, controls, and oversight of the Older Adult Daily Living Center Program. The department affirmed that it is in agreement with all nine recommendations. While the older adult population in Pennsylvania will continue to increase, we look with confidence to the Department of Aging to ensure the prompt and effective implementation of our recommendations, to better enhance the quality of life for older adults and provide much needed comfort and relief to their families.

We will follow up at the appropriate time to determine whether and to what extent all recommendations have been implemented.

Sincerely,

JACK WAGNER  
Auditor General

## TABLE OF CONTENTS

	<u>Page</u>
<i>Results in Brief</i> .....	1
<i>Background</i> .....	3
<i>Audit Objectives, Scope, and Methodology</i> .....	7
 <i>Findings and Recommendations:</i>	
<i>Finding No. 1 –Licensing Deficiencies Found for Older Adult Daily Living Centers</i> .....	11
Recommendations.....	14
<i>Finding No. 2 – Oversight Deficiencies Found in the Older Adult Daily Living Center Program</i> .....	15
Recommendations.....	19
<i>Appendix A – Agency Response and Auditors’ Conclusions</i> .....	21
<i>Distribution List</i> .....	31



**DEPARTMENT OF AGING**  
**OLDER ADULT DAILY LIVING CENTER PROGRAM**  
**JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**RESULTS IN BRIEF**

The Department of the Auditor General conducted a special performance audit of the Older Adult Daily Living Center Program within the Department of Aging for the period of July 1, 2002 through December 31, 2007, including follow-up procedures performed and concluded as of June 25, 2009. The focus of the audit was on the duties and responsibilities of the department, with regard to adult day care for older Pennsylvania residents.

The Department of Aging cooperated fully with our auditors throughout the performance of our audit. While detailing certain deficiencies, this report would be remiss by not acknowledging the department's adherence and compliance with other significant performance standards. For example, the department responded adequately to consumer complaints and unusual incident reports. It also demonstrated the use of acceptable methods for resolving such complaints and reports. Furthermore, we found that the department's share of the cost of subsidizing adult day care services provided to consumers, based on financial eligibility, was accurately calculated.

Management was also receptive to our overall audit and expressed agreement with our findings. It is our hope that the department corrects the identified deficiencies promptly and continues to promote the well-being, satisfaction, and safety of Pennsylvania's older adult population.

The findings and recommendations summarized below are discussed at length in the main body of this report.

Our examination found the following:

- **Finding No. 1.** We discuss licensing deficiencies involving older adult daily living centers. Specifically, we found incidents of the backdating of a license, untimely inspections of centers, centers operating without a license, and licenses exceeding the mandated 12-month licensing period. Untimely inspections may delay the department in identifying safety or other violations at the centers, which may prolong the violations and place the safety and care of older adults in attendance at these centers at greater risk.

We recommend that the Department of Aging implement procedures to ensure that the backdating of license effective dates does not occur. In addition, we suggest that the department add the issuance date to the face of the license certificate. Moreover, the department should improve its existing systems for tracking inspection and licensing dates to ensure that it performs inspections timely and issues licenses timely. Finally, the department should ensure that appropriate resources are available to complete inspections timely and to ensure that licenses do not have effective dates greater than a 12-month period, as required by law.

**DEPARTMENT OF AGING**  
**OLDER ADULT DAILY LIVING CENTER PROGRAM**  
**JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**RESULTS IN BRIEF**

- **Finding No. 2.** We discuss the oversight deficiencies that were uncovered in the Older Adult Daily Living Center Program, including a failure to ensure that county area agencies on aging performed on-site monitoring at day care centers on an annual basis, as well as a failure to provide guidance to these county agencies regarding what procedures should be performed during their on-site monitoring. Moreover, the Department of Aging did not require signatures to acknowledge participants' attendance at the centers and it did not monitor program waiting lists at the county agencies.

We recommend that the Department of Aging require county agencies to submit completed monitoring reports to the department to ensure that county agencies perform on-site monitoring at the centers on an annual basis as required. It should also develop guidelines regarding what procedures, at a minimum, county agencies should perform during on-site monitoring of centers. These guidelines should include monitoring for accuracy of attendance records. The department should review monitoring reports to ensure that any concerns uncovered are properly addressed and timely resolved. Furthermore, the department should require the centers to use participants' or their representatives' signatures as documentation to support attendance at the center, rather than completing the attendance records prior to the arrival of the expected participants for the day and then crossing off the names of those who do not arrive.

**DEPARTMENT OF AGING**  
**OLDER ADULT DAILY LIVING CENTER PROGRAM**  
**JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**BACKGROUND**

The Pennsylvania Department of Aging (department) advocates for the interests of older Pennsylvanians at all levels of government and in the community at large. The Pennsylvania General Assembly created the Department of Aging in 1978 with the passage of Act 70. The law established the department and prescribed its functions, powers and duties. It also bestowed the agency with the distinction of cabinet-level status within the executive branch of state government. The Governor of the Commonwealth, as head of the executive branch, appoints the Secretary of Aging. The appointment is subject to confirmation by a majority of the members in the state Senate of Pennsylvania.

While state and federal funds supplement a portion of the department's budget, the greater part of its financial support comes from the Pennsylvania Lottery. According to the Pennsylvania Lottery, it remains the only state lottery that designates all of its proceeds to programs that benefit older residents, contributing approximately \$17.4 billion to assistance programs since its inception more than 35 years ago. Major state programs that receive lottery funds and benefit older Pennsylvania residents include Pennsylvania's low-cost prescription drug plans, known as the Pharmaceutical Assistance Contract for the Elderly (PACE) and PACE Needs Enhancement Tier (PACENET), the Shared and Free Ride Program, Property Tax and Rent Rebates, Long-Term Care Services, and the Area Agencies on Aging (AAA) and Senior Centers.

**Area Agencies on Aging**

The Department of Aging is responsible for the oversight of 52 Area Agencies on Aging, including approximately 600 full- and part-time senior community centers throughout Pennsylvania. Because Pennsylvania ranks third in the nation in percentage of population over the age of 65 and fourth in the growth rate of people 85 and older, the department, through its coordinated local network of AAAs, is able to provide much-needed services and information to older residents. Presently, the 52 AAAs serve all 67 counties in the Commonwealth and should be the first point of contact at the county level for services and information. The department provides funding for services through cooperative grant agreements with the AAAs. According to the annual Economic and Benefit Impact Report, published by the Pennsylvania Lottery, in fiscal year 2007-2008, the Department of Aging received more than \$223 million from the Pennsylvania Lottery to support its AAAs and Senior Centers.

Provisions of Pennsylvania's Act 70, as well as the federal Older Americans Act of 1965, as amended, authorized the establishment of AAAs for each defined planning and service area. Each AAA is required to develop and provide a coordinated and comprehensive plan describing the methods it will employ to ensure the delivery of social and other services for older persons within its planning and service area, as the department may prescribe by regulation. AAAs must submit to the department for approval an area plan 90 days prior to the start of the agencies' fiscal year. Before forwarding any plan, each AAA must hold a public hearing on its individual plan. AAAs are also required to submit to the Department of Aging an annual report describing and evaluating its programs and services. AAAs must submit reports within 30 days after the close of their fiscal year. When preparing plans, provisions are to be made for:



**DEPARTMENT OF AGING**  
**OLDER ADULT DAILY LIVING CENTER PROGRAM**  
**JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**BACKGROUND**

- Information and referral, advocacy programs;
- Social service case management and casework services, including protective placement and services;
- Transportation services;
- Legal counseling and representation;
- In-home services, including residential repair, homemaker, home chore services, and congregate and home delivered meals;
- Assistance to secure adequate housing and health services;
- Establishment of an affiliated network of multiservice centers and neighborhood centers for older persons; and
- Other services required by federal law and other services deemed necessary by the department or the local AAA.

Through its Bureau of Program Integrity, the department assesses the internal administration and provision of services provided by the AAAs by conducting reviews and on-site visits, measuring and monitoring overall program integrity, effectiveness, and efficiency. The department is required to submit any written reports containing its findings on AAAs to each area agency subject to an evaluation and make the findings available to the public within 30 days.

**Older Adult Daily Living Center Program**

The department collaborates with individual AAAs to administer the Older Adult Daily Living Center Program. The program includes services provided or arranged for part of a 24-hour day to assist in meeting the needs of older adults, including, but not limited to, personal care, social, nutritional, health, and educational needs to individuals 60 years of age or older. The centers also provide services to individuals under age 60 who have dementia-related disease as a primary diagnosis. The department works with the various AAAs to ensure that adequate funding is available for older adult residents who need financial assistance in order to attend an older adult daily living center. As of December 31, 2007, there were 243 centers statewide.

With the passage of Act 118 of 1990, the Older Adult Daily Living Centers Licensing Act, the General Assembly intended to ensure that the Commonwealth would undertake the inspection of any premise, operated for profit or not-for-profit, in which older adult daily living services are administered to Pennsylvania residents. The law defined the aforementioned facilities as those that simultaneously provide for four or more adults who are not relatives of the operator of such a facility. The law prohibits individuals from maintaining, operating, or conducting any center without having a license issued by the department.

Those applicants seeking licensure to operate an older adult daily living center must meet and comply with certain requirements outlined in the law, including being a responsible person, as well as ensuring that the place used for the facility is suitable for such a purpose. In addition, the facility must be appropriately equipped. Moreover, the applicant and the facility must meet all of the requirements of Act 118 or any other applicable statutes, ordinances, and regulations.

**DEPARTMENT OF AGING  
OLDER ADULT DAILY LIVING CENTER PROGRAM  
JULY 1, 2002 THROUGH DECEMBER 31, 2007**

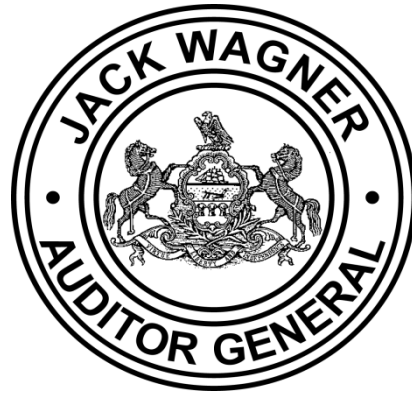
**BACKGROUND**

The department may initially grant an interim license, not to exceed six months, to an applicant seeking to operate a center for the first time. An interim license is not renewable. If the department determines that the applicant complies with all laws and regulations regarding the operation of an older adult daily living center, it may issue a regular license to the facility. However, if it is determined that the facility is not in complete compliance with applicable laws and regulations, the applicant must take appropriate steps to bring the facility into compliance. Upon a follow-up inspection by the department, if substantial but not complete compliance is established, the department is required to issue a provisional license for a period not to exceed six months. A provisional license may be renewed two times. The department is required to withdraw the provisional license and issue a regular license if it determines that all deficiencies have been corrected and the facility is in complete compliance.

The department must license all older adult daily living centers for a period not to exceed 12 months. After licensure expires, a center must renew its license. According to department regulations, the department can issue a license to a center, if, after an inspection by the department, it is determined that the license requirements have been met. The department's Bureau of Provider Support conducts all licensing functions associated with adult day care centers, including annual on-site compliance checks.

**Aging Trends**

The Department of Aging cites U.S. Census statistics, indicating that, by the year 2020, Pennsylvania's population of citizens age 60 and older will increase to more than three million people. Over two million Pennsylvania residents will be older than age 65 and the number of residents 85 years and older will have reached 363,000. According to the department, advances in medical technology and a shift toward much healthier lifestyles are contributing factors to the increase in longevity. With the individuals living longer and the retirement of the baby boom generation, Pennsylvania's services for the aging are likely to increase in demand.



**DEPARTMENT OF AGING  
OLDER ADULT DAILY LIVING CENTER PROGRAM  
JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY**

**Objectives**

The objectives of this special performance audit were to determine:

- Whether the Department of Aging complied with applicable regulations for licensing of adult day care centers and had adequate procedures to ensure that all centers were properly licensed on an annual basis (See Finding 1);
- Whether the Department of Aging performed annual inspections of adult day care centers and had procedures to ensure that inspection deficiencies were timely and properly addressed before issuing a license (See Findings 1 and 2);
- Whether the methods designed for resolving consumer complaints were adequate (No Findings noted); and
- Whether the calculation in subsidizing adult day care services for consumers, based on financial qualifications, was accurate (No Findings noted).

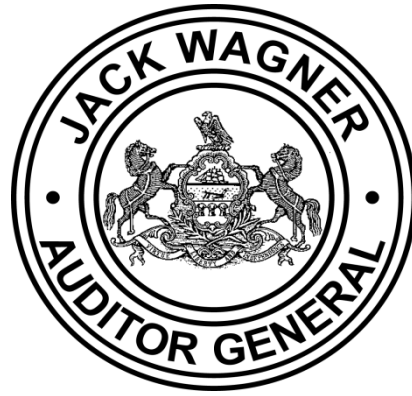
**Scope**

Our audit covered the department's duties and responsibilities with regard to these objectives for the period July 1, 2002 through December 31, 2007, including follow-up procedures performed and concluded as of June 25, 2009.

**Methodology**

The methodology in support of the audit objectives included:

- Interviewing and corresponding with department management, as well as officials at Area Agencies on Aging (AAA) and older adult daily living centers, to gain an understanding of policies, procedures, and regulations of the Older Adult Daily Living Center Program;
- Conducting site visits to older adult daily living centers to observe the daily functioning of the facilities;
- Obtaining and reviewing select case file documentation; and
- Obtaining and reviewing a sample of licensing and inspection documents, as well as documentation pertaining to the handling of consumer complaints and the calculations of consumer subsidies.



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***FINDINGS AND RECOMMENDATIONS***

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**DEPARTMENT OF AGING  
OLDER ADULT DAILY LIVING CENTER PROGRAM  
JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 –Licensing Deficiencies Found for Older Adult Daily Living Centers**

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**Condition:** As part of administering the Older Adult Daily Living Center Program (program), the Department of Aging (department) is required to inspect each older adult daily living center (center) at least once every 12 months and then license the center for up to 12 months. This inspection encompasses the safety of the center, including fire safety, sanitation, staff-to-client ratios, and storage/administration of medications. A center is a location in which older adult living services are provided to four or more clients for part of a day. As of December 31, 2007, there were 243 centers state-wide.

We selected 36 centers to determine if the department had properly inspected and licensed these centers in accordance with state law. For each center, we reviewed license and inspection documentation for the period July 1, 2002 through December 31, 2007, and found the following deficiencies:

- **The effective date of one license was backdated due to an untimely inspection performed by the department**

During our review, we noted one license with an effective date of December 2, 2005, but the inspection was not performed until December 13, 2005, or 11 days later. The previous license for this center had expired on December 1, 2005. In response to our inquiry, the director for the department's Division of Licensing stated that this license was not issued prior to the inspection; rather, the license effective date was backdated to December 2, 2005, to give the appearance that there were no days during which the center was operating without a license. According to the director, the license had actually been issued on December 22, 2005, based on the date the license was sent to the center. There is no issue date on the license certificate.

- **Licensing delays found for 24 centers**

Of the 36 centers reviewed, we found 24 instances in which a center was operating without a license, which is in violation of the law. Table 1 identifies the calendar years in which these licensing delays occurred and how long each center was operating without an effective license:



**DEPARTMENT OF AGING  
 OLDER ADULT DAILY LIVING CENTER PROGRAM  
 JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**FINDINGS AND RECOMMENDATIONS**

*Finding No. 1*

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**Table 1  
 24 Centers Operating Without Effective Licenses**

Days Unlicensed	Calendar Year		
	2004	2005	2007
Up to 7 Days	-	4	-
From 8 to 14 Days	1	4	1
From 15 to 21 Days	-	2	-
From 22 to 28 Days	-	10	-
From 29 to 35 Days	-	2	-
Total Centers	1	22	1

The licensing delays noted in Table 1 ranged from 5 to 29 days. Of the 24 total instances in our sample, 22 (92 percent) occurred during 2005. According to department management, staff shortages caused the 2005 licensing delays. Based on our test results, we found no licensing delays during calendar years 2002, 2003, or 2006.

- **Annual inspections at 35 centers were not performed timely**

During the audit period, we found that 81 inspections at 35 of the 36 centers in our sample were not performed by the department within a 12-month period as required. Overall, the untimely completion of these inspections ranged between 1 day and 76 days beyond the 12-month requirement. Delays in conducting inspections may result in the failure to identify and address violations in a timely manner and/or may delay in the issuance of licenses.

- **14 licenses exceeded the 12-month licensing period**

Of the 36 centers reviewed, we found 14 instances between July 1, 2005 and December 31, 2007 in which the department issued licenses to 13 centers that were effective for more than the 12-month limit allowed. Of the 14 instances, 13 were effective for up to 30 days beyond the 12-month limit and one was effective for 91 days beyond the 12-month limit.

**DEPARTMENT OF AGING  
OLDER ADULT DAILY LIVING CENTER PROGRAM  
JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**FINDINGS AND RECOMMENDATIONS**

***Finding No. 1***

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**Criteria:** According to department regulations, the department can issue a license to a center, if, after an inspection by the department, it is determined that the license requirements have been met.<sup>1</sup> Furthermore, the regulations require the department to conduct an onsite inspection of a center at least once every 12 months.<sup>2</sup> According to Act 118 of 1990, known as the Older Adult Daily Living Centers Licensing Act, the department shall issue a license of not more than 12 months.<sup>3</sup> Furthermore, the law makes clear that a license is required to operate a center.<sup>4</sup>

**Cause:** Regarding the backdating of a license effective date for one center, the Division of Licensing Director stated that he had just assumed this position and the first couple of months were “very hectic.” He explained that the initial workload had resulted in the department performing inspections in the month during which the centers’ licenses had expired rather than two months in advance. In this instance, by the time he received the list of centers that would expire in December 2005, this center’s license expiration date of December 1, 2005 had already passed. Once the inspection was completed and no citations were found, he decided to backdate the license effective date in lieu of giving the appearance that the center was operating without a license. We strongly disagree with this decision. Having a center operate without a license is unacceptable and should be avoided; however, backdating a license effective date to cover up the fact that a center was operating without a license is not appropriate.

With respect to the licensing delays and the untimely inspections, department management stated that they were the result of inadequate recordkeeping and staff turnover prior to the arrival of the Division of Licensing Director on November 1, 2005.

Finally, regarding the department issuing licenses for an effective period greater than 12 months, management indicated that this was done to have all the licenses expire conveniently at the end of a month instead of in the middle of the month. However, these actions resulted in the department violating the law. If this was the desired outcome, the department should have made these license periods expire at the end of the prior month. For example, the department issued one center’s license to be effective from October 4, 2005 through October 31, 2006, or 27 days beyond the 12-month limit. In that case, the department should have made the effective date of the license from October 4, 2005 through September 30, 2006 to remain in compliance.

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<sup>1</sup> 6 Pa. Code § 11.261.

<sup>2</sup> 6 Pa. Code § 11.241.

<sup>3</sup> 62 P.S. § 1511.7 (1).

<sup>4</sup> See 62 P.S. §§ 1511.3, 1511.11-1511.13.

**DEPARTMENT OF AGING  
OLDER ADULT DAILY LIVING CENTER PROGRAM  
JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**FINDINGS AND RECOMMENDATIONS**

***Finding No. 1***

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**Effect:** Failing to perform annual inspections timely delayed the licensing process and allowed centers to operate without a valid license for up to 29 days. Operating a center without a license gives the appearance that the center is not in compliance with regulatory requirements. Furthermore, untimely inspections may delay the department in identifying safety or other violations at the center, which may prolong the violation and place the safety and care of older adults in attendance at these centers at greater risk.

**Recommendations:** We recommend that the department:

1. Implement procedures to ensure that the backdating of license effective dates does not occur;
2. Add the issuance date to the face of the license certificate;
3. Improve its existing systems for tracking inspection and licensing dates to ensure that inspections are performed timely and licenses are issued timely;
4. Ensure that adequate resources are available to complete inspections on a timely basis; and
5. Ensure that licenses do not have effective dates greater than a 12-month period as required by law.

**DEPARTMENT OF AGING**  
**OLDER ADULT DAILY LIVING CENTER PROGRAM**  
**JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**FINDINGS AND RECOMMENDATIONS**

***Finding No. 2 – Oversight Deficiencies Found in the Older Adult Daily Living Center Program***

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**Condition:** The Department of Aging (department) provides funding through cooperative grant agreements with the 52 county area agencies on aging (county agencies) to provide services, programs, and activities for the aging. With respect to the Older Adult Daily Living Center Program (program), funding is provided to older adult citizens who need financial assistance in order to attend one of the 243 older adult daily living centers (centers) in Pennsylvania.

Our audit found a hands-off approach by the department to oversee the administration of this program. We noted the following deficiencies:

- **Failure to ensure that county agencies perform on-site monitoring at centers on an annual basis**

Although the department requires county agencies to annually perform on-site monitoring of centers, the department acknowledged that it does not verify that on-site monitoring is performed by the 52 county agencies. According to management, the department does not require county agencies to submit copies of their monitoring reports. As a result, the department was not able to identify county agencies not complying with annual on-site monitoring and was not aware of deficiencies found as part of on-site monitoring.

To determine if county agencies were timely in completing annual on-site monitoring, we selected five county agencies and requested from each of them the three most recent on-site monitoring reports for a related center. The following summarize deficiencies found with regard to the department not ensuring that county agencies performed inspections:

- The Cumberland county agency did not perform on-site monitoring in 2006. Furthermore, management stated that no previous on-site monitoring reports were available.
- The Dauphin county agency did not perform on-site monitoring in 2005 and 2007. According to management, this was due to the existence of other operational priorities other than completing monitoring reports for the Older Adult Daily Living Center program.
- The Lancaster county agency did not perform on-site monitoring in 2005, 2006, and 2007. According to management, this was due to an extensive workload and other priorities with other Aging programs.

**DEPARTMENT OF AGING  
OLDER ADULT DAILY LIVING CENTER PROGRAM  
JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**FINDINGS AND RECOMMENDATIONS**

***Finding No. 2***

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- The Philadelphia county agency performed annual on-site monitoring timely over the past three years.
- The York county agency did not perform on-site monitoring in 2005 and 2006, according to management.

The department's failure to ensure that annual on-site monitoring is being timely conducted has resulted in four of five county agencies not conducting on-site monitoring of centers every year, as required.

- **Failure to provide guidance to county agencies regarding what procedures should be performed during their on-site monitoring**

Utilizing the on-site monitoring reports from each of the five county agencies reviewed, we compared the areas monitored and found several differences between them. For example, York's monitoring focused on food quality; fire safety; staff training; compliance with the Americans with Disabilities Act of 1990, as amended (ADA); and incident reports. Philadelphia's monitoring focused on services, activities, record requirements, and billing verification, in addition to fire safety, staff training, and ADA compliance. Our discussions with the county agencies indicated that the department provided no guidance with respect to what areas should be addressed during their on-site monitoring. As a result, each county agency developed its own monitoring tool and, based on our sample, all five were different.

One area of concern not monitored by two of the five county agencies (Lancaster and York) is the accuracy of the centers' monthly program invoices to the county agencies. County agencies pay the centers based on the number of days participants attend. If the center overstates the number of days the participants attend, the county agencies will pay more to the centers than they should. We reviewed attendance records for two centers in Lancaster and two centers in York for a seven-month period (June 2007 to December 2007). We noted two instances for one Lancaster center that invoiced for one more day than the attendance records showed for one participant, resulting in the county agency overpaying the center a total of \$88 for these two instances. When we presented these discrepancies to the center official who electronically signed the monthly invoice, he could not provide an explanation. Although, the overpayment is less than \$100, these two instances were the result of sampling, thus this condition must be properly monitored to ensure overbilling does not occur at respective centers. Additionally, we noted that two monitoring reports from the Philadelphia county agency identified 8 instances of billing discrepancies at various centers. These discrepancies indicate that the centers may have overbilled the county agencies. There was no indication of any resolution of the discrepancies in

**DEPARTMENT OF AGING  
OLDER ADULT DAILY LIVING CENTER PROGRAM  
JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**FINDINGS AND RECOMMENDATIONS**

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***Finding No. 2***

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the monitoring reports. At a minimum, the comparison of invoices from the center to related attendance records should be required in the county agencies' on-site monitoring procedures.

- **The department did not require signatures to acknowledge participants' attendance at the centers**

As part of our audit, we obtained attendance records from ten centers located within the region of the five county agencies we reviewed. We found that, except for the three centers in Philadelphia, the remaining seven centers completed attendance rosters prior to the arrival of the expected participants for the day and then will cross-off the names of those who do not arrive. As such, these seven centers do not require the participant or the participant's representative to sign an attendance roster. However, this practice increases the risk that attendance records will not be accurate and can potentially lead to centers inadvertently overbilling county agencies.

We noted that the Philadelphia county agency requires respective centers to obtain actual signatures. However, the agreements of the other four county agencies are silent on this matter and, therefore, do not require actual signatures on attendance rosters. Department management stated that it was surprised to find out about this practice of completing attendance rosters prior to the arrival of the expected participants and indicated that the practice should not be occurring.

- **The department does not monitor program waiting lists at the county agencies**

Based on our inquiry at the five county agencies we reviewed, we found that waiting lists existed for entry into the program at the Lancaster and Philadelphia county agencies. As of October 2008, the number of citizens on each waiting list totaled 46 and 946, respectively. According to management at the Lancaster and Philadelphia county agencies, these waiting lists were a result of a lack of funding. However, when we asked the department if there were any waiting lists at any county agency, management stated that the department was not aware of any. This response indicates that the department has no mechanism in place for monitoring waiting lists.

**DEPARTMENT OF AGING  
OLDER ADULT DAILY LIVING CENTER PROGRAM  
JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**FINDINGS AND RECOMMENDATIONS**

***Finding No. 2***

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**Criteria:** As part of the department's inherent responsibility for licensing and inspecting centers as well as providing funding through the county agencies, the department should monitor and oversee the program to ensure that the program is effective and that funding has been spent appropriately. This would include establishing required procedures by centers, such as signatures to acknowledge attendance, or by county agencies, such as annual on-site monitoring. Additionally, it would include a mechanism for obtaining participation/waiting list information.

The department's Aging Program Directive 05-01-07 requires county agencies to conduct on-site monitoring of each subcontractor on at least an annual basis. The department should ensure that this monitoring is being performed. Additionally, areas to be monitored by the county agencies should be developed and included in the department's policies.

**Cause:** According to management, the department's responsibilities with respect to this program are limited to what is required by its regulations, including the inspection and licensing of centers. As a result, management stated that responsibility of the operational aspects of the program has been delegated to the county agencies. Although the department has delegated program operations to the county agencies, we do not agree that a hands-off approach with regard to overseeing the program is appropriate. Inherent within the department's responsibilities to inspect, license, and provide funding for the program is an obligation to oversee and monitor the program.

With regard to verifying that county agencies perform annual on-site monitoring of centers and determining what monitoring should be performed, management indicated that this monitoring is a local issue and, therefore, the department does not concern itself with this monitoring. We disagree with this approach. Because the department requires the county agencies to perform this monitoring, it is the department's responsibility to ensure that the monitoring is performed. Additionally, the department should provide guidance as to what should be included within the county agencies' monitoring procedures.

**Effect:** The department's hands-off approach has led to some county agencies not performing their annual on-site monitoring as required. This lack of monitoring could result in the county agencies not becoming aware of particular concerns at the centers in a timely manner.

Additionally, it has resulted in the department not being aware of waiting lists at some county agencies resulting from a lack of funding.

**DEPARTMENT OF AGING  
OLDER ADULT DAILY LIVING CENTER PROGRAM  
JULY 1, 2002 THROUGH DECEMBER 31, 2007**

**FINDINGS AND RECOMMENDATIONS**

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***Finding No. 2***

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The department's failure to provide guidance as to what the county agencies should be monitoring has resulted in the county agencies developing inconsistent and, in some cases, insufficient monitoring procedures. Included within those procedures should be a requirement for the county agencies to monitor the accuracy of the centers' invoices to ensure that county agencies and ultimately the department are not overpaying centers. Additionally, failing to require signatures to document attendance at the centers could also lead to centers overstating the number of days attended by participants on their invoices to the county agencies.

**Recommendations:** We recommend that the department:

6. Require county agencies to submit completed monitoring reports to the department to ensure that county agencies perform on-site monitoring at the centers on an annual basis as required;
7. Develop guidelines regarding what procedures, at a minimum, should be performed by county agencies during on-site monitoring of centers. These guidelines should include monitoring for accuracy of attendance records;
8. Review the monitoring reports to ensure that any concerns found during the monitoring process are properly addressed and timely resolved; and
9. Require the centers to use participants' or their representatives' signatures as documentation to support attendance at the center, rather than completing the attendance records prior to the arrival of the expected participants for the day and then crossing off the names of those who do not arrive.





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*APPENDIX A*



## APPENDIX A

### Department of Aging's Response to Draft Audit Report and Auditor's Conclusions

The department's response was submitted by Secretary of Aging John Michael Hall, in a letter dated June 12, 2009. The department's response to each finding is reproduced verbatim below, followed by our counter response.

#### **Finding No. 1 – Licensing Deficiencies [Found for] Older Adult Daily Living Centers.**

##### Deficiencies Noted on Draft AG Report:

- The effective date of one license was backdated to an untimely inspection performed by the Department.

The current Director of the Division of Licensing assumed his position on November 1, 2005. One of his initial tasks was to conduct a thorough review of the licensure status of all adult day centers. For this specific center, it was discovered that a licensing inspection was not conducted in a timely manner and that the license had in fact recently expired. The center was immediately inspected by the Division Director, and once it was determined that it was in full compliance, a license was issued. The decision to back date the license was not made to give a false appearance, it was decided that the center should not be penalized for a Department error. If the license was not back-dated, funding for services already provided could have been jeopardized.

- Licensing delays found for 24 centers.

As previously stated, the current Division Director conducted a full review of all licenses and discovered a number of instances where the annual inspection was conducted timely, however the actual processing of the license in Harrisburg was not accomplished in a timely manner. It is important to recognize that the majority of these delays fell in 2005. Beginning in 2006, the Department implemented a computerized data system for licensing activities. This system provides clear information to licensing staff as to when an inspection is due and when licenses expire. The system also allows for management oversight of the entire inspection and licensure process. These types of errors have been fully eliminated.

- Annual inspections at 35 centers were not performed timely.

Division of Licensing staff conducts inspections at least two months prior to the expiration of a center's license. This allows for sufficient time to resolve any regulatory citations and other matters before the issuance of the new license. Division staff has discussed with the Department's Legal Counsel whether the 12-month requirement for the annual inspection means "to the day". It is the Department's opinion that completing an inspection within a few days or weeks of the annual 365-day mark satisfies the purpose behind the regulation.

## *APPENDIX A*

In addition, the Division of Licensing is required by regulation to conduct “announced” inspections. When staff contacts a center to schedule an inspection, on occasion Division staff and the center are back and forth on setting the inspection date as many centers want specific staff present. In addition, events outside our control can cause an inspection to be rescheduled. Common examples include illness and weather. Inspection activities are completed timely, before the expiration of the current license.

- 14 licenses exceeded the 12-month licensing period.

Prior to 2005, all adult day licenses were issued for a one-year period with effective and expiration dates that were identical (for example 02/04/2002 – 02/04/2003). Also at that time, an Access database report was used to provide licensing staff with a list of when facility licenses expired. Unfortunately this report only indicated the month in which the license expired, not the specific day. So if a license expired in the beginning of a month, the inspector actually had less time to complete an inspection prior to the license’s expiration.

It is important to note that the regulatory requirement regarding the length of the license is twelve months, not 365 days. We recognize that 13 of the 14 licenses noted here were over 365 days in length, but they did not exceed 12 calendar months in length. For example, a license that was effective in April expired the following April.

The Department instituted a change in 2005 whereby all new licenses issued would have the last day of a month as its expiration date. This management decision removed any confusion over when a license expires. For example, if a license expires in March, all parties know that it expires on March 31.

During the year-long period over which this change was implemented, many licenses ran longer than 365 days due to the day of the month the previous license expired. Now that this change is fully implemented, all regular licenses are issued for exactly one year.

The 14<sup>th</sup> license mentioned did exceed 12 months and was actually issued improperly for a 15-month period. This was done in order to align two sister facilities with the same expiration date. What should have occurred is one of the licenses should have been reduced in length in order to align their licensure periods.

### AG Recommendations:

- Implement procedures to ensure that the backdating of license effective dates does not occur and that any department employees who backdate such dates are appropriately disciplined.

## *APPENDIX A*

This recommendation has already been implemented. As previously stated, the decision to backdate this license was made not made to “hide” an error, but rather to not punish the facility due to an overdue licensing inspection. The inspection found the facility to be operating in full compliance with regulations. If the license had not been backdated, the facility would have been unable to bill for services already provided. In addition, controls and procedures are now in place that ensures that only specific staff has the ability to set licensure dates within the computerized licensing system.

- Add the issuance date to the face of the license certificate.

This recommendation has already been implemented. The Department began to use the Survey Agency Information System (SAIS) in 2006 to allow the Department to electronically manage its adult day licensing system. SAIS automatically generates a center-specific cover letter with each license that clearly identifies the date the license is issued. This cover letter is mailed to each facility with their license. In addition, within SAIS there is a data field that indicates when a license was issued. Both external licensees and Department staff can easily determine when a license was issued.

- Improve existing systems for tracking inspection and licensing dates to ensure that inspections are performed timely and licenses are issued timely.

This recommendation has already been implemented. As previously stated, the Department implemented a computer-based licensing system in 2006 called SAIS. One of the specific modules in SAIS is devoted to managing inspections. Through this module Division staff is able to process all aspects of their inspections. In SAIS staff creates an inspection event which identifies the inspectors, date of the inspection, citations noted, when the plan of correction is received, rejected, or approved, and other data collected during the inspection. As each license inspection packet is processed in Harrisburg, that facility is noted in SAIS as being completed for another year. Supervisory staff can access any of these inspection events on a real-time basis and can clearly monitor the progress of all inspections.

- Ensure that adequate resources are available to complete inspections on a timely basis.

This recommendation has already been implemented. There has been significant growth in the adult day program across Pennsylvania. In 2005 when the current Division Director assumed that role, there were a total of three inspectors, including the Division Director, responsible for inspecting and licensing 225 adult day centers. In June 2006 we were able to hire another inspector, thereby allowing the Division Director to better manage the licensure program. As the program continued to grow, the Department of Aging recognized the increasing workload among Division inspectors and authorized the hiring of an additional inspector in 2009.

## APPENDIX A

- Ensure that licenses do not have effective dates greater than a 12-month period as required by law.

This recommendation has already been implemented. Since early 2006, all regular licenses have an expiration date that is the last day of that current month. When a renewed license is issued, it is for a one-year period. For example, if a license expired on March 31, 2007, the new license would be issued for April 1, 2007 through March 31, 2008. No license has been issued for a longer period of time in several years.

**Auditors' Conclusion:** The department agrees with our recommendations and states that they have already been implemented, mostly through the introduction and use of a new computer-based licensing system, the Survey Agency Information System (SAIS), on September 30, 2006. However, our audit testing covered through the end of our audit period, December 31, 2007 and although we certainly did see an improvement in the department's procedures and controls over licensing and inspections after the implementation of the SAIS system, we still found discrepancies that occurred after September 30, 2006. We discussed this issue with department officials after receiving the written agency response and prior to the issuance of this report. They agreed that errors were still occurring after the implementation of the SAIS system and that it would be more accurate to state that the recommendations were not fully implemented, but were still in process and much improved as of the end of our audit period.

Also, as a result of our discussion with department officials at the exit conference regarding the comment that a 12-month period for performing inspections does not necessarily mean within an absolute 365-day period, the department will evaluate the proper methodology for clarifying its interpretation. In the meantime, it will make every effort to comply with the recommendation and implement an inspection process whereby its accomplishment will take place within the 365-day window.

We acknowledge the department's concurrence with the finding and are encouraged by the corrective actions noted in its response.

## *APPENDIX A*

### **Finding No. 2 – Oversight Deficiencies Found in the Older Adult Daily Living Center Program**

#### **Deficiencies Noted on Draft AG Report:**

- There were several deficiencies noted on the AG report which indicated a lack of oversight by the Department. Specifically mentioned was a “hands off” approach which resulted in non-compliance of many program areas reviewed.
- In an effort to correct this lack of oversight and to tighten how providers are reviewed and monitored, the Department has created the following:
  - The Office of Long Term Living has internally designated its Office of Quality Management, Metrics and Analytics (QMMA), as its provider monitoring group. Within QMMA a unit known as the Quality Management Efficiency Teams (QMET) are regionally distributed to work with enrolled providers and the local Area Agencies on Aging, to ensure compliance with the quality assurances outlined in OLTL Medicaid Waivers and other state funded programs.
  - The QMET believes providers and contractors play a critical role in delivering services to citizens with long-term care needs in the Commonwealth. The QMET expects each OLTL provider and contractor to achieve compliance with established Federal and Commonwealth quality standards and assurances. The QMET will review and provide oversight to providers and contractors to identify areas of quality improvement, assist in the implementation of the deliberate action plan for continuous quality improvement to achieve, and provide technical assistance to achieve compliance. The QMET strives to work with providers and contractors to efficiently balance service delivery with service compliance in a consistent manner across the Commonwealth.
  - The QMET is comprised of five regional teams located across the Commonwealth. Each regional team works with the providers and agencies in the counties that comprise each region. QMET regional teams are comprised of a Program Specialist, Social Worker, Registered Nurse, and Financial Representative. The Program Specialist serves as the regional team lead. The multi-disciplinary design of each team allows for a comprehensive review compliance with standards. The QMET Statewide Coordinator manages the QMET to ensure consistency in operations and report on QMET findings.

#### **AG Recommendations:**

- Require county agencies to submit completed monitoring reports to the department to ensure that county agencies perform on-site monitoring at the centers on an annual basis



## APPENDIX A

This recommendation will begin implementation July 1, 2009 with the beginning of the QMET monitoring process. County agencies will be required, as part of the on-site visits by the QMET, to provide written documentation in the form of completed monitoring reports, which will show annual review of all providers of services including Older Adult Daily Living Center Programs. These reports will be documented as completed or not completed and in the case of not being completed; the deficiencies will be noted on the agencies Corrective Action Plan. Corrective Action Plans will be followed up on by the QMET regularly to ensure completion/corrections are in fact done.

While we acknowledge this deficiency and have correction plans to assure visits occur and are properly documented, it is important to note other mechanisms through which local monitoring occurs. Care managers routinely monitor the quality of the services delivered onsite at the adult daily living center and, as needed, ombudsman also provide this direct interface.

- Develop guidelines regarding what procedures, at a minimum, should be performed by county agencies during on site monitoring of centers. These guidelines should include monitoring for accuracy of attendance records.

This recommendation will be included in the review of all policies and procedures which is currently underway as a part of the departments overall review of existing policies and procedures. The department is currently involved in adhering to a work plan for the Center for Medicaid and Medicare Services to comply with its 1915c waiver and the review of policies and procedures of the department was part of that work plan. Completion of this review and the issuance of new policies and procedures will be complete in the FY 09-10.

- Review the monitoring reports to ensure that any concerns found during the monitoring process are properly addressed and timely resolved.

Concerns and areas of non-compliance will be addressed formally in a Corrective Action Plan. The Corrective Action Plan (CAP) is a "living document" which the county agency/provider will use to address the identified areas of quality improvement. The QMET sends the Statement of Findings document to the agency/provider with a CAP template. The agency/provider completes a comprehensive CAP which includes how the provider will remediate the particular finding, implement system improvements to address the finding, identify an agency representative responsible for implementing the action plan steps, outline a timeframe for CAP implementation, and develop a system to monitor internal agency compliance with standard ongoing. The agency/provider sends a completed CAP to the regional QMET for review.

## *APPENDIX A*

If the QMET determines the CAP sufficiently corrects the finding and addresses the standards, the QMET forwards the CAP to the Bureau of Provider Supports (BPS) for their review. If the QMET determines the CAP is insufficient, a dialog is opened with the provider to address QMET questions regarding the CAP. If the QMET and provider can resolve the issue, the QMET forwards the CAP to BPS. If the QMET and provider cannot resolve the issue, the QMET forwards the CAP to BPS with a recommendation not to approve the CAP. BPS then determines what action to take in regards to the provider's continuance in providing services. When BPS has determined a provider's CAP to be approved, the QMET conducts one or more follow-up reviews to determine if the provider is in compliance with the CAP.

The QMMA tracks and trends all the data gathered during the QMET monitoring process and produces reports outlining provider adherence to waiver and program standards as well as compliance with its CAP. The monitoring tool captures all information into a comprehensive database that allows QMMA to quickly and accurately analyze information about Commonwealth providers. QMMA utilizes that data to verify provider compliance with assurances and identify areas of quality improvement on a local, regional and statewide basis.

- Require the centers to use participants or their representatives signatures as documentation to support attendance

While regulation does not require a sign-in, this recommendation is currently under review and discussion within the department. As many clients have varying degrees of dementia, we are unsure that it is realistic to expect certain consumers to participate effectively in this action.

**Auditors' Conclusion:** We acknowledge the department's concurrence with the finding and are encouraged by the corrective actions noted in its response.



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**JULY 1, 2002 THROUGH DECEMBER 31, 2007**  
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Harrisburg, PA 17101

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129 Finance Building  
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Harrisburg, PA 17120

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Legislative Budget and Finance Committee  
400 Finance Building  
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Executive House  
101 South Second Street, 3rd Floor  
Harrisburg, PA 17101

Ms. Sharon Anderson (4)  
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Mr. John J. Kaschak, Director  
Bureau of Audits  
Office of the Budget  
9th Floor, Forum Place  
Harrisburg, PA 17101

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