

**State of Delaware
Office of Auditor of Accounts**

**Patients' Trust Fund
Agreed-Upon Procedures Engagement**

Fiscal Year Ended June 30, 2017

R. Thomas Wagner, Jr., CFE, CGFM, CICA
Auditor of Accounts



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Abbreviations

AOA	Auditor of Accounts
DDDS	Division of Developmental Disabilities Services
DHCI	Delaware Home for the Chronically Ill
DHSS	Department of Health and Social Services
DMS	Division of Management Services
DPC	Delaware Psychiatric Center
DPH	Division of Public Health
DSAAPD	Division of Services for Aging and Adults with Physical Disabilities
DSAMH	Division of Substance Abuse and Mental Health
GBHC	Governor Bacon Health Center
FSF	First State Financials
OST	Office of the State Treasurer



STATE OF DELAWARE
OFFICE OF AUDITOR OF ACCOUNTS

R. THOMAS WAGNER, JR., CFE, CGFM, CICA
AUDITOR OF ACCOUNTS

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Specified Users of the Report:

The Honorable Dr. Kara Odom Walker
Office of the Secretary
Department of Health and Social Services
1901 N. DuPont Highway, Main Building
New Castle, DE 19720

Honorable Ken Simpler, State Treasurer at OST
Dr. Lois Rogers, Director at GBHC
Barnabas Kerkula, Director at DHCI
Kai Fountain, Acting Exec. Director at Stockley
Dr. Terrence Macy, Director at Comm. Serv.
Cara Sawyer, Deputy Director at DPC

We have performed the procedures enumerated below, which were agreed to by Office of Auditor of Accounts and the specified users of this report, as identified above, and as defined within the applicable laws of the State of Delaware on the compliance of the Patients' Trust Fund with Delaware Code as specified in the procedures during the period July 1, 2016 through June 30, 2017. The Facility's management are responsible for their compliance with those specified requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Procedure #1: Confirm by inspection of the First State Financials (FSF) DGL011 report from Document Direct that the Patients' Trust Fund appropriations received an allocation of earnings for each month during the period July 1, 2016 through June 30, 2017. Recalculate the allocation of earnings for three months (August, February, and June) and confirm that the rate used was consistent with the rate applied to other special fund appropriations. (16 Del. C. §6002 and 6004)

Results: We found no exceptions as a result of applying the procedure.

Procedure #2: Agree the total of the individual patient account balances per the facility's records (ADL reports) with the Patients' Trust Funds appropriation(s) per FSF (DGL060 report) as of June 30, 2017. (16 Del. C. §6003)

Results: GBHC, DHCI and DPC had no exceptions noted.

Stockley and Community Services

Stockley and Community Services have not reconciled their ADL accounts to the State of Delaware FSF accounts as of June 30, 2017. We determined there was an unidentified difference of \$1,437 for Stockley. There was a \$589,429 unidentified difference for Community Services relating to two journal entries in which Community Services did not provide us with supporting documentation.

Procedure #3: Systematically¹ select 10%, or a maximum of 10, patient accounts during the period July 1, 2016 through June 30, 2017 and recalculate the allocation of interest for the months of August, February, and June to the individual patients in accordance with facility policy. (16 Del. C. §6004)

The sample size selected by facility is as follows:

FACILITY	TOTAL PATIENTS ALLOCATING INTEREST			PATIENTS SELECTED FOR TESTING		
	AUGUST	FEBRUARY	JUNE	AUGUST	FEBRUARY	JUNE
Stockley	83	84	86	9	9	9
Community Services	N/A	N/A	N/A	N/A	N/A	N/A
GBHC	71	68	65	7	7	7
DHCI	142	151	152	10	10	10
DPC	65	60	50	7	6	5

Results: Written policies do not exist for the five facilities (Community Services, Stockley, GBHC, DHCI and DPC). Based on verbal interest allocation policies at Stockley, GBHC, DHCI and DPC, we recalculated the allocation of interest for the months of August, February, and June without exception. Community Services did not allocate interest to individual patients for the period July 1, 2016 through June 30, 2017.

Procedure #4: Systematically select 10%, or a maximum of 25, of the non-interest cash receipt transactions processed electronically in FSF during the period July 1, 2016 through June 30, 2017 and confirm that the deposit was accurately recorded in the individual patient account.

The sample size selected by facility is as follows:

FACILITY	TOTAL NON-INTEREST CASH RECEIPTS-FY2017	NON-INTEREST CASH RECEIPTS SELECTED FOR TESTING
Stockley	582	25
Community Services	16,873	25
GBHC	514	25
DHCI	1,262	25
DPC	173	17

Results: We found no exceptions as a result of applying the procedure.

¹ Systematically for all procedures will include "every nth item"

Procedure #5: Systematically select 10%, or a maximum of 25, of the cash receipts received manually at the facility during the period July 1, 2016 through June 30, 2017 and confirm the following:

- The deposit was properly recorded on the facility’s incoming check log.
- The deposit was accurately recorded to the individual patient account.
- The deposit traces to the Patient Trust Funds appropriation in FSF.

The sample size selected by facility is as follows:

FACILITY	TOTAL MANUAL CASH RECEIPTS-FY2017	MANUAL CASH RECEIPTS SELECTED FOR TESTING
Stockley	14	2
Community Services	254	25
GBHC	286	25
DHCI	525	25
DPC	601	25

Results: GBHC and DHCI had no exceptions noted.

Stockley and Community Services

Stockley and Community Services did not utilize a check log for cash received on behalf of a patient at the facility. However, AOA did confirm that deposits sampled from the FSF Patients’ Trust Fund appropriation accounts agreed to the ADL without exception. The deposits were recorded in ADL and they were traced to the FSF Patients’ Trust Fund appropriation.

Delaware Psychiatric Center

We noted the following when testing a sample of cash receipts from the Resident Fund Transaction Register report:

- The check log does not capture all receipts received on behalf of the patient by the facility.
- A carbon copy book was used in addition to the check log, however, it is illegible.
- The facility deposits cash receipts into a PNC account and not the State’s FSF account, therefore, sampled cash receipts were unable to be traced to the Patient Trust Fund appropriation in FSF.
- Checks (included in our sample) deposited into the PNC bank account agreed to the Patient’s account in ADL without exception.
- DPC consolidates cash received on behalf of the patient at the facility each day and deposits into PNC, therefore, we were unable to agree the cash recorded in the patient’s ADL account to the deposit in PNC.

Procedure #6: Systematically select 10%, or a maximum of 10, of the cash disbursement transactions processed in the individual patient accounts during the period July 1, 2016 through June 30, 2017 and confirm the following:

- The disbursement is authorized by both the patient or legal representative, if applicable, and a social worker/facility worker.
- Supporting documentation agrees to the disbursement.
- Patient signed documentation to acknowledge receipt of cash, when applicable.

The sample size selected by facility is as follows:

FACILITY	TOTAL CASH DISBURSEMENTS PROCESSED IN FY2017	CASH DISBURSEMENT SELECTED FOR TESTING
Stockley	520	10
Community Services	29,963	10
GBHC	1,247	10
DHCI	2,219	10
DPC	2408	10

Results: See below for individual facility results.

GBHC and DHCI

No exceptions noted.

Stockley

AOA sampled documents that contained authorization by at least 2 facility representatives, but did not contain any patient signatures.

Community Services

Community Services did not provide us with a list of authorized personnel to approve the “Client Request for Purchase” forms, therefore we were unable to determine if cash disbursements to or on behalf of the sampled patients were authorized. In addition, we were unable to obtain supporting documentation for a \$422.00 disbursement to one patient dated February 28, 2017.

Delaware Psychiatric Center

We were unable to obtain supporting documentation for a \$5.00 disbursement for one patient dated March 6, 2017.

Procedure #7: Systematically select 10%, or a maximum of 10, of the patients discharged or deceased during the period July 1, 2016 through June 30, 2017 and confirm that the patients’ individual account balances were disposed of in full upon the patient’s discharge or death in accordance with facility policy.

The sample size selected by facility is as follows:

FACILITY	TOTAL PATIENTS DISCHARGED/DECEASED IN FY2017	DISCHARGED/DECEASED PATIENTS SELECTED FOR TESTING
Stockley	5	1
Community Services	12	2
GBHC	14	2
DHCI	23	3
DPC	320	10

Results: See below for individual facility results.

GBHC AND DHCI:
No exceptions noted.

Stockley and Community Services:
Funds were not disbursed in full for the deceased/discharged patients at Stockley or Community Services during FY2017.

Delaware Psychiatric Center:
DPC was unable to locate documentation to support the appropriate disposed of funds for one patient on March 1, 2017.

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report on applying the agreed-upon procedures is solely for the information and use by DHSS and the Facility's Management, and is not intended to be and should not be used by anyone other than the specified parties. However, the report is a matter of public record and its distribution is not limited. The report, as required by statute, will be provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, and Office of Management and Budget.

R. Thomas Wagner, Jr., CFE, CGFM, CICA
Auditor of Accounts
Dover, Delaware
July 13, 2018

Appendix A: Background

A Patients' Trust Fund is an account held by a care facility that "...helps residents manage their finances and pay for expenses within the [care facility], such as care provided, treatments at the in-house beauty shop, or outings." A Patients' Trust Fund is "...often organized as a single account that commingles the funds of all residents who have chosen to use it. However, each resident's finances must be tracked separately... If the resident leaves the home for any reason, ...the funds must be returned to the resident..." In the event of the death of a resident, the administrator shall return all funds to the resident's estate.²

In Delaware, the Patients' Trust Fund is governed by 16 Del. C. c. 60 which is applicable to "...any institutions operated, maintained, or under the supervision of the Department of Health and Social Services [(DHSS)]."³ This chapter includes a requirement for the Auditor of Accounts to perform an audit of the Patients' Trust Fund "from time to time."⁴ This engagement was performed pursuant to this requirement. DDDS used that same protocols and requirements for Patients' Trust Funds for Community Services clients the same as it would if they were covered by the referenced Delaware Code. The requirements under §6002 and §6004 are also part of the federal requirements for representative payees for the management of client funds administered by The United States Social Security Administration (SSA).

The State of Delaware operated five facilities⁵ that allocated Patients' Trust Funds during fiscal year 2017 as described below. These facilities are currently using ADL software⁶ to track patients' funds.

- Delaware Psychiatric Center (DPC) is operated by the DHSS Division of Substance Abuse and Mental Health (DSAMH). DPC is a psychiatric hospital with 168 beds located at 1901 North DuPont Highway, New Castle, DE.
- The Mary Ann Coverdale Center is a 54 bed facility located on the Stockley Center Campus operated by the DHSS Division of Developmental Disabilities Services (DDDS). It is located at 26351 Patriots Way, Georgetown, DE. It is certified as a Medicaid Intermediate Care Facility for individuals with Intellectual Disabilities.
- Delaware Hospital for the Chronically Ill (DHCI) is operated by the DHSS Division of Services for Aging and Adults with Physical Disabilities (DSAAPD) and is located at 100 Sunnyside Road, Prickett Building, Smyrna, DE. It provides comprehensive skilled nursing home services to the people of Delaware who have no other care options. This facility has 205 beds.

² Obtained from <http://www.investopedia.com/terms/n/nursinghomeresidenttrustfund.asp>, on May 22, 2017

³ 16 Del. C. §6001 (1)

⁴ 16 Del. C. §6005

⁵ Emily Bissell Hospital, located on Newport Gap Pike in Wilmington, DE, announced it would permanently close in September 2015 due to a decline in occupancy at all long-term care facilities run by the State. Forty-eight patients were moved to other facilities prior to March 2015 during repairs to the hot water system. Jill Rogers, director of the Division of Services for Aging and Adults with Physical Disabilities, stated that only one third of Bissell residents wanted to return to Bissell. Since the residents were moved in FY2015 and the facility was subsequently closed to residents, this facility is not within the scope of this engagement.

⁶ ADL is a software provider to nursing homes, assisted living facilities, Veterans homes and long-term care facilities nationwide. The software application covers a full range of administrative, financial, and clinical modules.

- Governor Bacon Health Center (GBHC) is also operated by DSAAPD and is located off Route 9 just south of Delaware City, DE. It services patients with cognitive impairments and/or behavioral challenges who have no other care options. It is an 82 bed facility.
- The DDDS Community Services Unit provides home and community-based services and supports to individuals with intellectual and developmental disabilities in various settings, including the individual's family home and provider-managed settings. As of March 2017, there were 4,453 individuals determined to be eligible to receive services from DDDS in the community. DDDS Community Services offices are located in each county. Community Services does not meet the definition of "Institution" as defined in 16 Del. C. 1953, §6001. However, DDDS has elected for Community Services to comply with this definition in its "Operational and Internal Controls Policy and Procedures Manual for ADL Client Funds (2016)".