




Lehigh County
Pennsylvania

OFFICE OF THE CONTROLLER

Mark Pinsley, MBA Thomas Grogan, CPA
COUNTY CONTROLLER DEPUTY CONTROLLER

TO: Final Report Distribution

FROM: Mark Pinsley, County Controller 

DATE: August 5, 2021

RE: Audit of Cedarbrook Admissions and Collections Procedures

We have recently completed an agreed-upon procedures engagement of Cedarbrook Nursing Home's Private residents' admissions and collections procedures for the 6-month period October 1, 2020 to March 31, 2021. Our report number 21-12 is attached.

This engagement was conducted as a follow-up to our previous Financial Audit of the Nursing Home Fund for the year ended December 31, 2018 (report #20-01), which indicated Private Pay collections procedures required improvement.

The result of our audit is:

- All new Private Pay residents admitted were accurately identified;
- Prepaid accounts receivable ledger was not established for new Private residents;
- First month's room and board was not collected on day one;
- The Collection policy and procedures pertaining to past due accounts were not followed;



**COUNTY OF LEHIGH, PENNSYLVANIA
CEDARBROOK ADMISSIONS AND COLLECTIONS PROCEDURES**

*Independent Controller's Office Report on
Applying Agreed-Upon Procedures
For the 6-month period October 1, 2020 to March 31, 2021.*

AUDIT REPORT NO. 21-12

COUNTY OF LEHIGH, PENNSYLVANIA
CEDARBROOK ADMISSIONS AND COLLECTIONS PROCEDURES

Table of Contents

	Page(s)
INDEPENDENT CONTROLLER’S OFFICE REPORT ON APPLYING AGREED-UPON PROCEDURES MARK PINSLEY, LEHIGH COUNTY CONTROLLER	1-2
Cedarbrook Chief Financial Officer’s Response	3



OFFICE OF THE CONTROLLER

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Mr. Timothy Reeves, Fiscal Officer
Office of Fiscal Affairs
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

Dear Mr. Reeves:

We have performed certain procedures enumerated below, which were agreed to by you, solely to adequacy of selective admissions and collections procedures of Cedarbrook Nursing Home's "Private" residents (private pay residents and residents with private insurance coverage) for the 6-month period October 1, 2020 to March 31, 2021. Cedarbrook's management is responsible for the information to which these procedures were applied.

Procedures and Findings

1. **Procedure:** Verify that Cedarbrook's procedures identify all new Private residents admitted during the period October 1, 2020 to March 31, 2021.

Findings: All new Private Pay residents were accurately identified during the audit period, however, audit testing revealed 2 residents were admitted without signed admission agreements, and 1 resident's admission agreement was unsigned. Cedarbrook admissions policy requires a signed admission agreement upon admission.

2. **Procedure:** Verify prepaid accounts receivable ledger account is established for new Private residents.

Findings: Prepaid accounts receivable ledger was not established for new Private residents during the audit period.

3. **Procedure:** For new Private residents, verify first month's room and board are collected on day one of Cedarbrook residency (we included a sample of admissions from January 1, 2020 to September 30, 2020 in order to have a sufficient sample size for testing).

Findings: First month's room and board were not collected on day one for new Private residents during the audit period. Audit testing revealed: 2 resident payments were made within 3 days of admission; 7 resident payments were posted 12 - 40 days after admission; 3 resident payments were posted 41 or more days after admission; and 2 residents have not made a payment since their admissions during March, 2021.

4. **Procedure:** Verify collections activity for Private residents is current, if payments are not current,
 - o Verify collections procedures have been followed:
 - All correspondence, phone calls, mailing, etc. are notated in PCC using the collection notes provided, including all applicable dates; and
 - Collections procedures follow established progressive collections procedures (first invoice, second request, third request, filing of a legal service requisition).

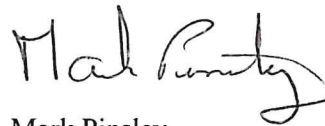
Findings: Private residents' Accounts Receivable (A/R) Aging report balance as of March 31, 2021 was \$1,597,192. Audit testing was performed on residents with balances greater than \$20,000, which produced a 20-resident sample (83% of total A/R balance). The results of collection activity testing revealed:

- o 2 of the 20 residents sampled have balances which are considered current (recent payments or paid in full).
- o Correspondence documentation of collection activity was noted either in Point-Click-Care (PCC) or resident files for all residents sampled.
- o Collection procedures using established progressive collection policies (collection letters and legal service requisitions) were not uniformly applied by both Cedarbrook locations.

This agreed-upon procedures engagement was conducted in accordance with generally accepted government auditing standards and "Government Auditing Standards" as issued by the United States Government Accountability Office (GAO) and "Statements on Standards for Attestation Engagements" as issued by the American Institute for Certified Public Accountants (AICPA). The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures performed.

We were not engaged to and did not conduct a full financial audit, the objective of which would be the expression of an opinion on the adequacy of the documentation submitted. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Lehigh County Fiscal Officer and Cedarbrook Nursing Home's management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Mark Pinsley
County Controller

August 4th, 2021

Audited by: Nanton John and Brian O'Donnell

Final Distribution

Phillips Armstrong, County Executive

Adam Boandl, Accountant II, Cedarbrook

Board of Commissioners

David F. Crook, Supervisory Accountant, Cedarbrook

Jason Cumello, Administrator, Cedarbrook

Edward Hozza, Director of Administration

Timothy A Reeves, Fiscal Officer

COUNTY OF LEHIGH
Cedarbrook Senior Care and Rehabilitation

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Bethlehem, PA 18015

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Fax (610) 867-2332

August 4, 2021

TO: Mark Pinsley, County Controller
FROM: David F. Crook Supervisory Accountant
DATE: August 4, 2021
RE: Audit of Cedarbrook Admissions and Collections Procedures

1. Prepaid accounts receivable ledger was not established for new Private residents
 - a. The policy is in place to receive one month payment in advance for all Private admissions. The PCC software has the ability to book Prepaid accounts.
2. First month's room and board was not collected on day one
 - a. The policy is in place to request prepaid deposits on Private admissions, this is not always possible on day one. We have been more successful during last few months. We will continue to request prepayment from Private admissions going forward. Not all residents and/or families have liquid assets that can be easily transferred to cash to make good on our request.
3. The Collections policy and procedures pertaining to past due accounts were not followed.
 - a. The Collections policy is in force, due to personal changes some accounts have not been processed correctly. The new staff have corrected the problem. Going forward the policy will be strictly enforced.

Should you have any questions I and my staff are always available to assist you in answering your concerns.

Phone: 610 336 5610
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"A Community with Heart Offering Individualized Care and Excellent Service"