A Forensic Audit of Staffing and Census in a Long-Term Care Facility

Bruce R. Neumann
Maggie Crowdes
David Neumann*

Abstract

We conducted a forensic audit of staffing and census data in a 60-bed nursing home to identify errors in daily staffing ratios and to evaluate evidence in a Federal false claims fraud case alleging that insufficient staffing had been provided. These claims were based largely on daily staffing ratios shown on the Management Staffing Report (MSR), which was an informal management reporting tool. The MSR was not linked to audited payroll records and it was not reconciled with the facility’s accounting records.

Our audit focus was on daily nursing hours paid (worked) and daily census data. We reconciled and corrected the original daily staffing data and census data based on our audit results. We reconstructed payroll and census records for four years (1997-2000). Payroll records were the best available source data that could be used to validate nurse staffing hours.

When we conducted our audit, the facility’s electronic payroll records had been lost or corrupted. The only available payroll records were ‘hard-copy’ records from the patient units and from the outside vendor that had been computing the bi-weekly payroll. In order to reconstruct the direct nursing hours, we began with daily time sheets for all nursing staff and reconciled them to biweekly reports from the external payroll service. We relied on the external payroll records for both hourly and salaried nursing staff. To validate the daily patient census, we relied on internal daily patient logs and other source documents. Finally, we used the reconstructed data to compute the ratio of nursing hours per patient day (PPD) and compared those results to those PPD ratios shown on the MSR.

We identified significant reporting errors in both staffing and census data as originally reflected on the MSR. No other prior research has examined census and staffing reporting errors at this level of detail. The ‘denominator effect’ of census errors has not been previously reported.

We found a 9% average staffing understatement and annual understatements of 4-21% in nursing hours per patient day (PPD). The ‘denominator effects’ of census errors were skewed

* The authors are, respectively, Professor of Accounting and Health Care Financial Management at the University of Colorado Denver, Senior Legislative Auditor at the Colorado Office of the State Auditor, and Professional Research Assistant at the University of Colorado.
and not randomly distributed. The highly variable and predominantly one-sided staffing and census adjustments were unexpected and somewhat counter-intuitive. We summarize the evidentiary nature of our staffing and census audit adjustments in several data tables. Improving the accuracy of staffing hours and census will improve analysis and public policy in long-term care. Fraud auditors in any health care setting must be concerned about the reliability of nurse staffing ratios and the PPD ratios. Care must be exercised to validate the accuracy and usability of this prominent staffing ratio.

**Keywords:** Long-term care, nursing homes, nursing hours PPD, hours per resident day (HPRD), census reporting errors, nurse staffing reporting errors, and forensic audit.