City of Philadelphia, Pennsylvania

SUBRECIPIENT AUDIT GUIDE

Effective June 30, 2014

Issued by the Office of the Director of Finance
Grants Accounting and Administration Unit

CITY OF PHILADELPHIA
SUBRECIPIENT AUDIT GUIDE
Highlights of Significant Changes
June 2014

SECTION 100:

Section 104.03 Department of Human Services address change from 9th fl to 6th fl
Section 104.03 Office of Supportive Housing address change from 9th fl to 6th fl
Section 104.03 Department of Public Health address change from 9th fl to 6th fl
Section 104.03 Mayor's office of Community Empowerment & Opportunity address change
Section 104.03 Number of Reporting Packages changed in CEO
Section 105.01 Human Services Department Title of Contact and contact numbers changes
Section 105.01 Public Health Department Title of Contact and contact number changes

SECTION 200:

No changes

SECTION 300:

No changes

SECTION 400:

No changes

SECTION 500:

SECTION 600:

Section 600.01 Public Health Department Title of Contact and contact number changes

SECTION 1000:

No Changes

SECTION 2000:

Section 2150.01 Supplemental Financial Schedule bullet point 2 "by Program" added
Section 2150.01(1) Exhibit reference B "by Program" added
Section 2150.01 "BY PROGRAM" added to title of Exhibit

SECTION 3000:

No Changes

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SECTION 4000:

No Changes

SECTION 5000:

Section 5001.02 Bullet point 4 "Continuum of Care" added
Section 5110.04 Sentence added regarding Continuum of Care
Section 5110.11 Sentence added regarding Coninuum of Care
Section 5110.15 New subsection for Continnum of Care added
Section 5120.01 CFDA 14.267 added
Section 5130.16 New subsection for Continuum of Care added

SECTION 6000:

Section 6001.03 Bullet point added regarding Division of Chronic Disease Prevention
Section 6001.03 Bullet point added regarding Air Management Services

SECTION 6100:

Section 6110.01 Added HIV Care Part B CFDA 93.917
Section 6110.01 Added CoRECT CFDA 93.943

SECTION 6200:

General information paragraph changes

SECTION 6300:

Section 6310.01 Added CFDA 84.027 MH CASSP
Section 6310.01 Added CFDA 93.125 Homeless Access to Community Care
Section 6310.01 Deleted CFDA 16.803 ARRA Forensic Housing Study(DOJ)
Section 6310.01 Deleted CFDA 16.745 Post Arrest Crisis Specialist Team(DOJ)
Section 6310.01 Deleted CFDA 84.393 ARRA MR Early Intervention
Section 6310.01 Deleted CFDA 94.243 Justice Diversion and Trauma Recovery
Section 6330.29 & 6330.30 Added new Cost Settlement Policy and Procedures
Section 6330.31 thru 6330.33 Added new Mental Retardation Program paragraph
Section 6330.49 Compliance Testing Section (a) & (b) revised
Section 6330.49 Deleted bullet point 3
Section 6340.21 Added Medicaid Waiver paragraph

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SECTION 6400:

Section 6401 General information paragraph revised
Section 6410.01 Paragraph Revised
Section 6420 Paragraph Revised
Section 6430 Paragraph Revised
Section 6440.08 Deleted Fee for Services Project

SECTION 6500:

Section 6510.01 Added parts b,c,d
Section 6520 Added CFDA 93.539; 93.733; 93.521; 93.323; 93.069

SECTION 6600:

Added Division of Chronic Disease Prevention

SECTION 6700:

Section 6700 Added Air Management Services

SECTION 100

ADMINISTRATION AND OVERVIEW

SECTION 101 – PURPOSE AND EFFECTIVE DATE OF AUDIT GUIDE

.01 The purpose of the City of Philadelphia Subrecipient Audit Guide is to implement the City of Philadelphia's single audit requirements to be utilized by organizations and their independent auditors in preparing for and performing audits of organizations which receive financial assistance under an award from the City of Philadelphia. In addition, the City of Philadelphia Subrecipient Audit Guide will serve as:

1. A reference manual communicating additional financial and compliance requirements relating to specific State of Pennsylvania and City of Philadelphia programs;

2. An audit requirement to be referenced when contracting for single audit services, enabling the auditing entity to submit an acceptable reporting package to the City of Philadelphia;

3. A vehicle for passing compliance requirements to lower tier agencies; and

4. Additional guidance used in conjunction with pronouncements from Section 202 of this Audit Guide.

The Audit Guide is intended to be an initial non-authoritative, reference source for an organization and their independent auditor. The Audit Guide is comprised of the following sections:

- Section 100 - Administration and Overview

- Section 200 - Summary of Applicable Literature

- Section 300 - General Auditing Standards and Requirements

- Section 400 - Reporting Standards and Requirements - Single Audits

- Section 500 – Auditing and Reporting Standards and Requirements – Program Audit on an Award (Non-Single Audit)

- Section 600 - Specific Audit Requirements of Awarding City of Philadelphia Departments.

- Sections 1000 through 6000 - Specific Audit Requirements (applicable to the City of Philadelphia Department awarding the funds to be audited).

.02 Audit/reporting requirements for subrecipient organizations not covered by this Audit Guide will be communicated by the awarding City of Philadelphia department.

.03 This Audit Guide supersedes any previous audit guides issued by the City of Philadelphia.

.04 Audits required under this Guide are to be performed on an annual basis for Single and Program Audits under OMB Circular A-133 (Revised June 27, 2003).

.05 This Audit Guide is not a complete manual of procedures nor should it supplant the auditor's judgment of the audit work required in a particular situation. Because of the variety of federal, state, and local financial assistance programs and the complexity of the regulations that govern them, the procedures contained in this Audit Guide cannot cover all circumstances or conditions that would be encountered in an audit of every organization. The auditor should use professional judgment to tailor their procedures to meet the conditions of the particular engagement so that the audit objectives may be achieved.

.06 The provisions of this Audit Guide are effective upon publication and shall apply to audits of subrecipient organizations receiving financial assistance from the City of Philadelphia.

SECTION 102 – APPLICABILITY OF AUDIT GUIDE

.01 The provisions of this Audit Guide apply to subrecipient organizations expending Federal financial assistance of $500,000 or more during the organization's fiscal year and any part of the financial assistance was received directly or indirectly from the City of Philadelphia **(1)**. In addition, this Audit Guide has been prepared to assist the independent auditor in examining and reporting on subrecipient organizations who receive financial assistance from the City of Philadelphia. To ascertain which subrecipient organizations meet the federal audit threshold, a Schedule of Governmental Funding (Appendix B) shall be completed by the organization and forwarded to the awarding City Department, before the end of the fiscal year. The organization must engage an independent auditor to perform a Single Audit and would adhere to the following standards:

- Single Audit under OMB Circular A-133 would encompass:

  a. All direct federal financial assistance;

  b. All federal assistance received as a pass-through award from the Commonwealth of Pennsylvania or any other locality; and

  c. All financial assistance received from the City of Philadelphia (which could include federal, state or city-funded portions of an award). These awards may include federal, state or City financial assistance.

.02 Refer to Sections 1000 to 6000 of the Audit Guide for additional reporting requirements of awarding City of Philadelphia departments.

SECTION 103 – ENGAGEMENT LETTER AND AUDITOR QUALIFICATIONS

.01 Most organizations and their independent auditors recognize the necessity of a written communication between the client (organization) and the independent auditor that specifies the responsibilities of both the client and auditor. That communication, referred to as an "engagement

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(1) A City of Philadelphia Department, in certain instances, may require an audit of an award below $500,000, in those instances the appropriate provisions of this Guide would apply.

letter," is not required by generally accepted auditing standards, but is widely utilized to avoid misunderstanding as to the auditor's responsibility and the organizations responsibility during the audit, and to notify the organization of the inherent limitations of an audit. (Most auditors also include fee terms and other arrangements in this correspondence.) Both the organization and the independent auditor sign the engagement letter indicating their acceptance of and agreement with the contents of the letter. For all audits performed under the provisions of this Audit Guide the independent auditor and the organization must have a written and executed engagement letter. In addition, audit work papers shall be made available upon request at the completion of the audit, as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities. Access to working papers includes the right to obtain copies of working papers as is reasonable and necessary.

.02 It is in the interest of both the auditor and the organization to document the scope of the audit in the engagement letter. This will ensure a proper understanding of the responsibilities of each party. The engagement letter should consider including, in addition to those items normally included, items such as:

- The requirements of Government Auditing Standards.
- The additional reports required by OMB Circular A-133.
- The requirements of the City of Philadelphia Subrecipient Audit Guide.
- The auditor's and organization's responsibility with respect to reporting illegal acts noted during the audit. (Government Auditing Standards).

.03 Where the auditor is to make the distribution of the final audit report, the engagement letter should indicate what officials or organizations are to receive the report.

.04 The subrecipient organization should ascertain that the audit firm engaged to perform any audit under this Audit Guide meets the qualifications specified in Sections 103.06 to 103.08.

Auditor Qualifications - CPE and External Quality Control Review

.05 Audits performed in accordance with the City of Philadelphia Subrecipient Audit Guide are to conform to the requirements established in Government Auditing Standards. Those standards in part require the auditor and the audit firm to adhere to continuing professional education and peer review requirements. In addition:

- The auditor should be proficient in the appropriate accounting principles and standards and in government auditing.
- The public accountants engaged to conduct audits should be: (a) licensed certified public accountants or persons working for a licensed certified public accounting firm or (b) public accountants licensed on or before December 31, 1970, or persons working for a public accounting firm licensed on or before December 31, 1970.

.06 Government Auditing Standards (GAS) under the first general standard for auditing requires that the staff assigned to conduct the audit should collectively possess adequate professional proficiency for the tasks required. To meet that standard, the auditor(s) are required to participate in a program of continuing education and training. Every two years, auditors performing audits in accordance with GAS should complete at least eighty credit hours that contribute directly to their professional proficiency. At least twenty of these hours should be completed in each year of the two-year period and at least twenty-four hours should be in topics directly related to the government environment and governmental auditing. A detailed interpretation of the CPE standards, Interpretation of Continuing Education and Training Requirements, is available from the Government Printing Office. During engagement planning, auditors and audit organizations should ensure that appropriate members of the audit team have met the CPE requirement.

.07 Government Auditing Standards under the fourth general standard for auditing requires that the audit organization conducting government audits should have an appropriate internal quality control system in place and participate in an external quality review program.

To meet that standard the audit firm should have in place an internal quality-control system and participate in an external quality-review program. An external quality review is to be conducted once every three years.

.08 In order to monitor adherence to the external quality review requirement and to ensure City of Philadelphia subrecipient audits are performed by only qualified independent auditors the following is to be submitted to each Department within the City of Philadelphia that the subrecipient receives funding from during the fiscal year.

- A completed "Notification of Engagement of Independent Auditor". (See Appendix A of this Audit Guide for the notification form.) This form, to be submitted by the subrecipient organization, is due prior to end of the organization's fiscal year for a Single Audit or a program audit. This notification is to be completed and submitted on an annual basis. The "Notification of Engagement of Independent Auditor" is not considered as a replacement of the engagement letter required by Section 103.01 and 103.02 of this Audit Guide.

- The independent audit firm is to transmit a copy of the audit firm's external quality review opinion. For opinions other than unqualified, the audit firm is also required to submit a copy of the letter of comments and the reviewed firm's response to the letter of comments.

.09 Auditors or audit firms which do not meet Government Auditing Standards, such as continuing professional education or external quality control review, need to disclose in the auditors' reports those audit standards not met. These auditor's reports will not be accepted by the City of Philadelphia.

SECTION 104 - AUDIT REPORT DELIVERY AND DISTRIBUTION

.01 The completed OMB Circular A-133 audit report is due within 120 days after the close of the subrecipient organization's fiscal year for both single and program audits.

.02 One copy of the reporting package (Audit Report, OMB Data Collection Form and Management Letter) must be delivered to:

City of Philadelphia
Grants Accounting Unit
Municipal Services Building
1401 John F. Kennedy Boulevard
Room 1380
Philadelphia, Pennsylvania 19102-1693

.03 In addition to the above, bound copies of the audit report, based upon the City Department funding the organization being reported upon, are to be delivered to the appropriate City Department, for the number of copies specified below. **In addition, this section specifies the number of reporting packages that must be submitted to each respective City Department to whom a report is to be delivered.**

City Department	Number of Reporting Packages
• Department of Commerce Economic Development Administrator Office of Economic Development One Parkway Building, 12th Floor Philadelphia, Pennsylvania 19102	1 **(1) (2)**
• Department of Human Services Send to Deputy Mayor's Office For Health And Opportunity Contracts And Audit 1515 Arch Street, 6th fl Philadelphia, Pennsylvania 19102	1 PDF copy, 1 Hard Copy see note (4)
• Mayor's Office of Community Empowerment and Opportunity Fiscal Officer 990 Spring Garden Street 7th floor Philadelphia, Pa 19123	5
• Office of Housing and Community Development Audit Supervisor - Audit Department 1234 Market Street, 17th Floor Philadelphia, Pennsylvania 19107	1 PDF copy – see note (3) Plus, 2 bound copies

- Office of Supportive Housing — 1 PDF copy, 1 Hard Copy see note (4)
  Send to Deputy Mayor's Office For Health And Opportunity
  Contracts And Audit
  1515 Arch Street, 6th floor
  Philadelphia, Pennsylvania 19102

- Department of Public Health — 1 PDF copy, 1 Hard Copy see note (4)
  Send to Deputy Mayor's Office For Health And Opportunity
  Contracts And Audit
  1515 Arch Street, 6th floor
  Philadelphia, Pennsylvania 19102

(1) Where the audit report covers Pennsylvania Department of Community and Economic Development funding three additional copies of the audit report are required.

(2) Where U.S. Department of Housing and Urban Development federal programs under CFDA Numbers 14.218, 14.221, 14.227, 14.235, 14.239, 14.241, and 14.900 are included in the audit report, then one additional copy of the report must be sent to the City of Philadelphia, Office of Housing and Community Development. See note (3) below for the method to submit the audit report.

(3) As of July 1, 2008, OHCD Audit is requiring audit reports and related audit documents to be submitted electronically by email to OHCD.Auditing@phila.gov, via a Portable Document Format (PDF). In addition, one bound copy of the audit report is required to be submitted by mail. A naming convention is needed for you to submit the documents electronically. Please contact OHCD Audit for the information using the email address provided.

(4) The PDF copy must be submitted electronically to HealthAndOpportunity.Audits@Phila.Gov. In addition, one bound hard copy of the audit report must be submitted by mail to the Department with whom you contract with.

.04 Effective for fiscal years ending after January 1, 2008, all subrecipient reporting packages must be electronically filed with the Federal Audit Clearinghouse's Internet Data Entry System. The Federal Audit Clearinghouse will not accept mailed submissions for fiscal years ending after January 1, 2008.

Extensions/Report Sanctions

.05 If the Independent Public Accountant believes that an extension of the deadline for submission of the report is necessary, the request must be in writing and be specific in nature. The reasons for the request and the expected delivery date must be stated.

.06 The request for extension must be requested by the subrecipient organization (auditee), on their letterhead, and received by the City of Philadelphia Department, that is to receive the audit

report, as soon as the organization becomes aware of the need for an extension and at least 20 days prior to the date the report is due (i.e. 120 days after subrecipient's fiscal year end date).

.07 The City of Philadelphia or a City Department may impose sanctions in cases where the audit report is not submitted on a timely basis and an extension request has not been approved.

SECTION 105 - WHO TO CONTACT FOR ASSISTANCE

.01 In preparing for or conducting an audit, the personnel at the subrecipient organization and/or their independent auditor may have questions which arise concerning the implementation of the requirements of this Audit Guide. These questions should be directed to the contact listed below for the City Department which has awarded the funds to be audited.

City Department	Title of Contact	Telephone Number	Fax Number
Commerce Department	Contracts Audit Supervisor	683-2016	683-2162
Human Services Department	Contract Audit Manager	683-6366	683-6264
Mayor's Office of Community Empowerment and Opportunity	Fiscal Officer	685-3643	685-3635
Office of Housing and Community Development	Audit Supervisor	686-9733	686-9800
Office of Supportive Housing	Budget Officer	686-7180	686-7187
Public Health Department	Contract Audit Manager	683-6366	683-6264

Note: use area code 215 for above phone numbers.

SECTION 200

SUMMARY OF APPLICABLE LITERATURE

SECTION 201 – GENERAL INFORMATION

.01 In performing a governmental type audit at a government agency or not-for-profit organization, the Statements on Auditing Standards (SAS's) are applicable. Therefore, the auditor should perform the audit, at a minimum, in accordance with Generally Accepted Governmental Auditing Standards (GAGAS). However, in governmental type audits and audits for the City of Philadelphia, there are numerous other official publications of which the auditor must be knowledgeable, and the auditor must perform the audit in accordance with the provisions of these additional regulations. The AICPA recognized these additional standards and/or procedures and concluded the following in Ethics Ruling 501-3:

> *Failure to follow standards and/or procedures or other requirements in governmental audit. Engagements for audits of government grants, government units or other recipients of government monies typically require that such audits be in compliance with government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards. If a member has accepted such an engagement and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, he is obligated to follow such requirements. Failure to do so is an act discreditable to the profession in violation of Rule 501, unless the member discloses in his report the fact that such requirements were not followed and the reasons therefore.*

.02 Failure to follow the standards and/or procedures listed in Section 202 of this Audit Guide, without disclosure in the auditor's report, will be a violation of Ethics Rule 501. In addition, reference in the auditor's report that the audit was conducted in accordance with the provisions of the City of Philadelphia Subrecipient Audit Guide incorporates the applicable provisions of the publications cited in Section 202.

.03 The auditor should obtain and become familiar with promulgation's from Section 202 prior to auditing the programs of the subrecipient organization. The organization and the auditor should refer to actual publications for guidance.

SECTION 202 – LISTING OF APPLICABLE LITERATURE

.01 The most recent versions of the following promulgations are critical in the performance of a governmental type audit and must be understood and utilized by the auditor:

.02 American Institute of Certified Public Accountants:

Any audit and/or accounting guidance relative to audits, in general, and specifically to audits of non-profit organizations.

.03 United States General Accounting Office:

Government Auditing Standards.

.04 United States Office of Management and Budget:

Circular A-21	Cost Principles for Educational Institutions
Circular A-110	Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.
Circular A-122	Cost Principles for Non-Profit Organizations
Circular A-133	Audits of States, Local Governments, and Non-Profit Organizations.
Circular A-133	Compliance Supplement.

Catalogue of Federal Domestic Assistance.

.05 Code of Federal Regulations

.06 City of Philadelphia, Contract Cost Principles and Guidelines

.07 Commonwealth of Pennsylvania, Department of Public Welfare's Single Audit Supplement.

.08 Financial Accounting Standards Board (FASB).

SECTION 300

GENERAL AUDITING STANDARDS AND REQUIREMENTS

SECTION 301 – MAJOR PROGRAM DETERMINATION

.01 In accordance with OMB Circular A-133 (Revised June 27, 2003) auditors are to utilize a risk-based approach to determine which Federal programs are major programs. For the purposes of this Audit Guide only the Federal portion of a City of Philadelphia contract award is to be considered in the determination of major programs. Prior to determining which programs are to be audited as major programs for the purposes of this Guide, the recipient organization should identify for the auditor, the following:

a. All direct federal financial assistance.

b. All federal financial assistance received from the Commonwealth of Pennsylvania or other localities.

c. All financial assistance received from the City of Philadelphia (whether it includes federal, state or city assistance)

.02 A single audit performed in accordance with this Audit Guide will require the auditor to determine major programs (using the risk-based approach) based upon direct and pass-through federal financial assistance (items a. and b. above) and also the awards received from the City of Philadelphia as disclosed in item c. above. In order to determine the correct audit coverage, the listing of financial assistance prepared by the organization should delineate the financial assistance by each award for the proportionate amount of federal, state and local (City of Philadelphia) financial assistance. The delineation by the federal, state or city share for each contract award is also necessary for the presentation in the audit report of a Schedule of Federal, state and city financial assistance. This schedule must delineate a particular award by each component of funding (Federal, State or City).

.03 An example of a proper delineation of City of Philadelphia award expenditures by type would require a detail of financial assistance as follows:

		Assistance From		
	Total	Federal	State	City
Program No. 1	$ 500,000	$ 400,000	$ 100,000	$
Program No. 2	300,000	300,000		
Program No. 3	100,000	25,000	75,000	
Program No. 4	75,000	25,000	50,000	
Program No. 5	100,000	50,000		50,000
	$ 1,075,000	$ 800,000	$ 225,000	$ 50,000

.04 Upon receipt of the listing of all financial assistance the auditor is to follow the risk-based approach process as presented in Section 520 in OMB Circular A-133 (Revised June 27, 2003). In addition, the auditor should also determine if the organization under audit meets the criteria for a low-risk auditee as defined in Section.530 of OMB Circular A-133 (Revised June 27, 2003).

Major Program Testing

.05 For all major programs, the auditor should perform tests of controls to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that he or she considers relevant to preventing or detecting material noncompliance with the requirements stipulated in the OMB Circular Compliance Supplement.

.06 The auditor should consider the results of these tests of controls in evaluating control risk in the process of forming a basis for expressing an opinion on compliance with laws and regulations applicable to major programs, as discussed in Section 400 of this Audit Guide.

.07 When the auditor is performing testing of major programs for compliance, the selection and testing must include a sufficient number of transactions from each major program to support the opinion on each major program.

SECTION 302 – AUDITING REQUIREMENTS

City of Philadelphia Compliance Audit Requirements

.01 When a City of Philadelphia contract award to a recipient organization has been determined to be a major program as defined in Section 301 of this Audit Guide and/or an audited Supplemental Financial Schedule is required by a particular City of Philadelphia Department (See Sections 1000 to 6000) the auditor must perform the procedures specified in items a. and b. below:

a. The procedures delineated in Sections 1000 to 6000 or this Audit Guide as they pertain to a particular program.

b. The following procedures presented in the following Sections 302.02 to 302.06.

These procedures should be coordinated with any of the specific financial and compliance procedures detailed in Sections 1000 through 6000 of this Audit Guide.

Indirect Costs/Cost Allocations

.02 Indirect costs are those incurred for a common or joint purpose benefiting more than one cost objective or not readily assignable to the cost objective specifically benefited without effort disproportionate to the results achieved. Indirect costs can be allocated on an individual line-item basis or collected in an expense pool and allocated in total, utilizing a base on which to allocate the indirect expenses. In order to achieve equitable cost allocation, a plan must be established to define which costs are to be charged directly and which are to be treated as common or indirect.

Not all organizations charge indirect costs to their awards. The auditor should determine if the organization charges indirect costs to the award. If indirect costs are not charged to the award being audited, no audit procedures for indirect costs are required.

.03 However, if indirect costs are charged to the award being audited, then the auditor has some responsibilities concerning the reasonableness of the indirect costs. The main purpose in allocating indirect costs is to ensure that the particular city award bears its fair share of costs compared to other agency programs. Indirect costs are charged through a cost allocation plan. A cost allocation plan should ensure that:

- Its costs are consistent and logical;
- It includes only costs incurred for a common or joint purpose that benefit more than one award and are not readily assignable to one award;
- The award bears its fair share of costs compared to other awards; and
- Indirect costs are not charged as both direct and indirect costs.

.04 Where the cost allocation plan was negotiated, approved and/or audited by a federal agency, the auditor should determine whether:

- The rate(s) and base(s) used in computing charges for indirect costs conform with the provisions of the approved plan;
- The costs accumulated in the pool are in conformity with the approved plan;
- The costs charged to the pool are not also charged directly to the award; and
- All components of the plan approved by a federal agency are applicable to the award under audit.

.05 Where the cost allocation plan was not negotiated, approved and/or audited by a federal agency, the auditor should review the plan and determine whether:

- Indirect costs are allocable and allowable, in conformity with the guidelines of the award and OMB circulars, and were incurred in the period being audited;
- Costs are treated consistently as either direct or indirect costs and are not duplicated between the two classifications;
- Indirect costs are distributed on a basis that takes into account the proportion of goods and/or services received by the applicable cost objective and, as such, is up-to-date;
- Indirect costs are applied consistently under generally accepted accounting principles and can be reconciled to the books of account; and

- The same indirect cost amounts were not charged to different awards.

.06 In either instance, the auditor, on a test basis, should determine that indirect costs and/or allocated costs were charged in accordance with the organization's plan and that such plan provides a fair and equitable charge to City of Philadelphia awards and that the same costs are not being charged to different awards.

SECTION 400

REPORTING STANDARDS AND REQUIREMENTS - SINGLE AUDITS

SECTION 401 - BACKGROUND

.01 In order to satisfy the "single audit" reporting requirements of Office of Management and Budget (OMB) Circular A-133 and the requirements of the City of Philadelphia under this Audit Guide, the auditor shall determine and report whether:

- The financial statements of the organization presents fairly its financial position and changes in net assets in accordance with generally accepted accounting principles, and that the schedule of expenditures of federal, state and city awards is presented fairly in all material respects in relation to the organizations financial statements taken as a whole;

- The organization has an internal control structure to provide reasonable assurance that the organization is managing federal, state and City of Philadelphia awards in compliance with applicable laws and regulations, and controls that ensure compliance with laws and regulations that could have a material impact on the financial statements; and

- The organization has complied with laws and regulations that may have a direct and material effect on its financial statement amounts and on each major federal program.

.02 When performing a "Single Audit" under the requirements of this Audit Guide and OMB Circular A-133, the audit report should include the following:

Financial Audit:

- Basic financial statements

- Schedule of expenditures of federal, state and city awards.

- Notes to basic financial statements and notes to schedule of expenditures of federal, state and city awards.

- Independent auditor's opinions on the basic financial statements and the schedule of expenditures of federal, state and city awards.

Compliance and Internal Control:

- Independent auditor’s report on internal control related to the financial statements and major programs.

- A report on compliance with laws, regulations, and the provisions of contract or grant agreement(s) and an opinion as to whether the organization complied with laws, regulations, and the provisions of contract or grant agreement(s) which could have a direct and material effect on each major program.

Other Schedules and Reports:

- Supplementary financial schedule(s) required by the City of Philadelphia Department making the award to the organization. (The type of financial schedule is specified by the City Department in Sections 1000 to 6000.) (See Sections 409.02 to 409.04)

- Independent auditor's opinion or agreed upon procedures report on the required City of Philadelphia supplementary schedule(s). (See Sections 409.05 to 409.07)

- Special purpose auditor's reports required by a City of Philadelphia Department as specified in Sections 1000 to 6000. (See Sections 409.08 and 409.09)

- Schedule of findings and questioned costs. (See Section 408)

- Separate communication of nonmaterial findings and a management letter. (See Sections 408.11 and 408.12)

- Report on illegal acts, if any. (See Sections 408.13 and 408.14)

SECTION 402 - AUDIT PERIOD

.01 The annual audit period under a single audit for the City of Philadelphia is the organization's fiscal year end. The audit report would cover all financial transactions of the organization including an audit of appropriate federal, state or city financial awards expended during the fiscal year of the organization, along with appropriate reporting on internal control and compliance.

SECTION 403 - INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

.01 OMB Circular A-133 and this Audit Guide require the auditor to express an opinion about whether the basic financial statements of an organization as a whole are presented fairly in conformity with generally accepted accounting principles (GAAP). In addition, this report is to include an opinion as to whether the schedule of expenditures of federal, state and city awards is presented in all material respects in relation to the basic financial statements taken as a whole. The financial statements provide the City of Philadelphia and other appropriate funding agencies with an understanding of an organization's accounting policies and procedures.

.02 This report should make specific reference to the audit having been performed in accordance with Government Auditing Standards and the City of Philadelphia Subrecipient Audit Guide.

SECTION 404 - SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

.01 OMB Circular A-133 requires the auditor to report on the Schedule of Expenditures of Federal Awards. The schedule should list all federal financial assistance administered by the organization.

.02 OMB Circular A-133 requires that the City of Philadelphia's redistribution of federal financial assistance known as "pass-through awards," to other "quasi- government" or not-for-profit organizations be treated by the last recipient as though they were received directly from the federal government. The recipient of a pass-through award is a subrecipient. Accordingly, pass-through awards should be included on the same basis as federal financial assistance programs that are received directly. The schedule should separately report assistance received directly and assistance received through pass-through awards. The listing of the pass-through awards should include both the federal CFDA (Catalog of Federal Domestic Assistance) number and the pass-through grant award number.

.03 For a single audit under the requirements of this Audit Guide, besides following the requirements specified above, the auditor will be required to report upon the following:

a. All direct federal financial assistance;

b. All federal assistance received as a pass-through award from the Commonwealth of Pennsylvania or any other locality; and

c. All financial assistance received from the City of Philadelphia. These awards may include federal, state or city financial assistance.

.04 Based upon the above, the Schedule of Expenditures of Federal Awards could include federal, state or city financial assistance. Based upon the type of funding audited, the schedule will be appropriately headed. For example, where an organization receives federal, state and city financial assistance, the schedule will be labeled as "Schedule of Expenditures of Federal, State and City Awards"; or if only federal and state assistance is received, the schedule will be labeled "Schedule of Expenditures of Federal and State Awards".

.05 The Schedule of Expenditures of Federal, State and City Awards required by this Audit Guide will have the following format:

- The schedule is to reflect the appropriate portion of a multi-funded City of Philadelphia program (one that has federal, state and city funds) under each of the three funding categories. A multi-funded city award is <u>not</u> to be presented on the schedule as one line item. A breakdown is required for federal purposes under OMB Circular A-133 and the City is requiring separate information on the state and city funded portions of the award.

.06 The organization and/or the City of Philadelphia is responsible for identifying what portion of each award is either federal, state or city funded. Where this determination cannot be made, then the total award is to be reported on the Schedule of Expenditures of Federal, State and City Awards under federal awards. This total combined reporting should include a footnote that the delineation by federal, state or city funded portion is not determinable.

.07 The Schedule of Expenditures of Federal, State and City Awards requires the inclusion of a CFDA number for all federal financial assistance received directly or as a "pass-through award". The CFDA numbers are listed in the Catalog of Federal Domestic Assistance and for many of the City of Philadelphia funded awards in Sections 1000 to 6000 of this Guide, by program type.

.08 If the CFDA number is not available, the schedule should include the first two digits to identify the federal agency, and leave the remaining digits blank.

.09 The financial information included in the schedule should be derived from the organization's books and records from which the basic financial statements were prepared. It should be prepared to the greatest extent practical on a basis consistent with the contract/grant reports. However, the schedule's data may not fully agree with the contract/grant reports because, among other reasons, the contract/grant reports:

- May be prepared on a different fiscal period.
- May include cumulative amounts (from prior years) rather than only current-year data.

.10 The expenditures reported on the Schedule of Expenditures of Federal, State and City Awards for the City of Philadelphia are to be in agreement with the amounts reflected in any supplemental financial schedule as required by Sections 1000 to 6000 of this Audit Guide. These expenditures should agree since the financial information on the Schedule of Expenditures of Federal, State and City Awards and the Supplementary Schedule are both based upon the organization's books and records, as audited by the independent auditor.

Where an award includes program income generated by the program operations, then such program income and any resultant expenditures are to be considered in the determination of the activity to be reported as expenditures.

.11 In certain instances, the total program expenditures may exceed the maximum reimbursement under the award when additional non-grant sources provide support for a program. The Schedule of Expenditures of Federal, State and City Awards should separately identify funded expenditures but may also show non-funded expenditures as separate amounts, or as an explanatory note to the schedule.

When the organization has submitted a budget modification to raise the budget ceiling, believes it will be approved, and intends to bill the City of Philadelphia for those expenditures in excess of the current approved budget, the actual total expenditures should be reflected on the Schedule of Expenditures of Federal, State and City Awards. The amount and circumstances concerning the excess should be disclosed in a footnote.

.12 In assessing the completeness of the schedule, the auditor should consider, among other things, evidence obtained from audit procedures performed in the audit of financial statements, such as procedures performed to evaluate the completeness and classification of recorded expenditures. This may include sending confirmations to granting federal agencies or recipient governments when conducting an audit of a subrecipient.

.13 An illustrative Schedule of Expenditures of Federal, State and City awards is presented in Section 412.

SECTION 405 - NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

.01 There should be notes to the schedule to ensure it is presented fairly. The information that should be included in the notes follows:

- Basis of accounting of the data.
- Disclosure of the nature of the differences between the amounts presented in the schedule and the amounts reported in related financial reports to the funding source.
- Explanation of the relationship of the data presented to the basic financial statements.
- Assumptions used to value non-cash programs and means of calculations.
- Unique matters necessary to understand the amounts presented for any individual program.
- Information on subrecipients the organization had contractual agreements with related to federal, state or city awards. This would include names of the subrecipients and related expenditure amounts.
- Other matters considered necessary to ensure that the schedule is not misleading.

.02 An example of some notes is presented in Section 413.

SECTION 406 - INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

.01 This report, required by OMB Circular A-133 and Government Auditing Standards reports on:

- Internal control related to the financial statements.

- Compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements.

This report shall describe the scope of testing of internal control and the results of the tests, and, where applicable, refer to the separate Schedule of Findings and Questioned Costs described in Section 408 of this Audit Guide.

.02 The report's compliance with Government Auditing Standards requires that:

The report on financial statements should either: (1) describe the scope of the auditors' testing of compliance with laws and regulations and internal controls and present the results of those tests or (2) refer to separate reports containing that information. In presenting the results of those tests, auditors should report irregularities, illegal acts, other material noncompliance, and reportable conditions in internal controls. In some circumstances, auditors should report irregularities and illegal acts directly to parties external to the audited entity.

Auditors may report on compliance with laws and regulations and internal controls in the report on the financial statements or in separate reports. When auditors report on compliance and controls in the report on the financial statements, they should include an introduction summarizing key findings in the audit of the financial statements and the related compliance and internal controls work. Auditors should not issue this introduction as a stand-alone report. When auditors report separately on compliance and controls, the report on the financial statements should state that they are issuing those additional reports.

SECTION 407 - INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND THE INTERNAL CONTROL STRUCTURE OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

.01 This report, required by OMB Circular A-133 includes a:

- Report on internal control related to major programs.

- An opinion as to whether the organization complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.

This report shall describe the scope of testing of internal control and the results of the tests, and, where applicable, refer to separate Schedule of Findings and Questioned Costs described in Section 408 of this Audit Guide.

.02 When a City of Philadelphia contract has been designated as a major program, a reference that the audit was performed in accordance with the City of Philadelphia Subrecipient Audit Guide must be included in the report.

SECTION 408 - SCHEDULE OF FINDINGS AND QUESTIONED COSTS

.01 Under the requirements of OMB Circular A-133 and this Audit Guide, a report issued in accordance with these directives shall include a Schedule of Findings and Questioned Costs. This schedule shall include the following three components:

I. Summary of Auditor's Results

This section would include:

a. The type of report the auditor issued on the financial statements of the organization (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion);

b. Where applicable, a statement that significant deficiencies in internal control were disclosed by the audit of the financial statements and whether any such deficiencies were material weaknesses;

c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the organization;

d. Where applicable, a statement that significant deficiencies in internal control over major programs were disclosed by the audit and whether any such deficiencies were material weaknesses;

e. The type of report the auditor issued on compliance for major programs (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion);

f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under Section 408.03 of this Audit Guide.

g. An identification of major programs;

h. The dollar threshold used to distinguish between Type A and Type B programs.

i. A statement as to whether the auditee qualified as a low-risk auditee.

II. Summary of Findings Relating to Government Auditing Standards

This section would summarize each finding and provide a reference number to the actual detailed audit finding.

III. Summary of Findings and Questioned Costs Related to Federal, State and City Federal Awards

This section would summarize each finding and questioned cost and provide a reference to the actual detailed finding and/or questioned cost.

Presentation of Findings and Questioned Costs

.02 When the auditor is reporting a finding on internal control or compliance, whether dollar related (questioned cost) or non-dollar related, the audit finding presentation should adhere to the requirements of Government Auditing Standards, which requires that:

- Auditors should report significant audit findings, and where applicable, the auditors' conclusions.

  - Auditors should report the significant findings developed in response to the audit objective. In reporting the findings, auditors should include sufficient, competent and relevant information to promote adequate understanding of the matters reported and to provide convincing but fair presentations in proper perspective. Auditors should also report appropriate background information that readers need to understand the findings.

  - Audit findings have often been regarded as containing the elements of criteria, condition and effect, plus cause when problems are found. However, the elements needed for a finding depends entirely on the objectives of the audit. Thus, a finding or set of findings is complete to the extent that the audit objectives are satisfied and the report clearly relates those objectives to the finding's elements.

  - The report should contain conclusions when called for by the audit objectives. Conclusions are logical inferences about the program based on the auditors findings.

- Auditors should report recommendations for actions to correct problem areas and to improve operations.

  - Auditors should report recommendations when the potential for significant improvement in operations and performance is substantiated by the reported findings. Recommendations to effect compliance with laws and regulations and improve management controls should also be made when significant instances of noncompliance are noted or significant weaknesses in controls are found.

.03 Audit findings in accordance with OMB Circular A-133, would require the auditor to report:

- Significant deficiencies in internal control over a major program. The auditor's determination of whether a deficiency in internal control is a significant deficiency for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program or an audit objective identified in the compliance supplement. The auditor shall identify significant deficiencies which are individually or cumulatively material weaknesses.

- Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program. The auditor's determination of whether a noncompliance with the provisions of laws, regulations, contracts, or grant agreements is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program or an audit objective identified in the compliance supplement.

- Known questioned costs which are greater than $10,000 for a type of compliance requirement for a major program **or when an opinion is required on a supplemental schedule as specified in Sections 408.02 to 408.05 of this Audit Guide**.

- The auditor shall also report known questioned costs when likely questioned costs are greater than $10,000 for a type of compliance requirement for a major program **or when an opinion is required on a supplemental schedule as specified in Sections 408.02 to 408.05 of this Audit Guide**. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs).

- Known questioned costs which are greater than $10,000 for a federal program which is not audited as a major program. Except for audit follow-up, the auditor is not required to perform audit procedures for such a federal , state or city program; therefore, the auditor will normally not find questioned costs for a program which is not audited as a major program. However, if the auditor does become aware of questioned costs for a program which is not audited as a major program (e.g., as part of audit follow-up or other audit procedures) and the known questioned costs are greater than $10,000, then the auditor shall report this as an audit finding.

- The circumstances concerning why the auditor's report on compliance for major programs is other than an unqualified opinion, unless such circumstances are otherwise reported as audit findings in the Schedules of Findings and Questioned Costs for Federal, State or City awards.

- Known fraud affecting a federal, state or city award, unless such fraud is otherwise reported as an audit finding in the Schedule of Findings and Questioned Costs for Federal, State or City Awards. This paragraph does not require the auditor to make an additional reporting when the auditor confirms that the fraud was reported outside of the auditor's reports under the direct reporting requirements of GAGAS.

- Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with Section 410 materially misrepresents the status of any prior audit finding.

.04 Audit findings shall be presented in sufficient detail for the organization to prepare a corrective action plan and take corrective action and for federal agencies and the City of Philadelphia to arrive at a management decision. The following specific information shall be included, as applicable, in audit findings.

- Federal program and specific federal award identification including the CFDA title and number, federal award number and year, name of federal agency, and name of the applicable pass-through entity. When information, such as the CFDA title and number or federal award number, is not available, the auditor shall provide the best information available to describe the federal award.

- Where applicable, the City of Philadelphia Department making the award along with the City of Philadelphia contract number and contract period.

- The criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation.

- The condition found, including facts that support the deficiency identified in the audit finding.

- Identification of questioned costs and how they were computed.

- Information to provide proper perspective for judging the prevalence and consequences of the audit findings, such as whether the audit findings represent an isolated instance or a systemic problem. Where appropriate, instances identified shall be related to the universe and the number of cases examined and be quantified in terms of dollar value.

- The possible asserted effect to provide sufficient information to the organization and federal agency, or the City of Philadelphia, to permit them to determine the cause and effect to facilitate prompt and proper corrective action.

- Recommendations to prevent future occurrences of the deficiency identified in the audit finding.

- Views of responsible officials of the auditee when there is disagreement with the audit findings, to the extent practical.

.05 Each audit finding in the Schedule of Findings and Questioned Costs shall include a reference number to allow for easy referencing of the audit findings during follow-up.

.06 Audit findings (e.g., internal control findings, compliance findings or questioned costs) which relate to the same issue should be presented as a single audit finding. Where practical, audit findings should be organized by federal agency or by City of Philadelphia pass-through activity.

.07 Audit findings which relate to both the financial statements and federal awards, as reported under Sections 406 and 407 of this Audit Guide, respectively, should be reported in both sections of the Schedule of Findings and Questioned Costs. However, the reporting in one section of the schedule may be in summary form with a reference to a detailed reporting in the other section of the schedule.

.08 The organization at the completion of the audit, shall prepare a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan shall provide the name(s) of the contract person(s) responsible for corrective action, the corrective

action planned, and the anticipated completion date. If the organization does not agree with the audit findings or believes corrective action is not required, then the corrective action plan shall include an explanation and specific reasons.

.09 The corrective action plan is due upon presentation of the report to the City of Philadelphia. A report will not be considered complete and acceptable by the City of Philadelphia until the corrective action plan is submitted.

.10 An example of the proper presentation of audit findings and questioned costs is presented in Section 416.

Separate Written Communications

.11 Where the auditor has issued a separate written communication to the management of the audited organization such communication, commonly referred to as a "Management Letter", must be submitted to the City of Philadelphia.

.12 The management letter is to be transmitted along with the audit report, when the audit report is transmitted to the City of Philadelphia. A report will not be considered complete and acceptable by the City of Philadelphia until the management letter is submitted.

Reporting on Irregularities and Illegal Acts

.13 Where the auditor determines that a report on an irregularity or illegal act is necessary the guidance previously provided in Section 310 of this Audit Guide should be followed.

.14 Reporting of any potential illegal act or irregularity under a City of Philadelphia award would include notification to appropriate officials at the City of Philadelphia, Department of Finance and the City Department(s) providing financial assistance to the organization. In all instances of reporting such information, the auditor should consult with appropriate legal counsel.

SECTION 409 – OTHER SCHEDULES AND REPORTS

.01 In addition to the financial schedules, reports and opinions required under an audit in accordance with OMB Circular A-133, the City of Philadelphia under this Audit Guide will require additional information and disclosures. These additional requirements are specified in this section.

Supplementary Financial Schedule

.02 On almost all City of Philadelphia awards the organization is normally required to submit periodic reports of financial and/or program activity. A supplementary schedule of this activity must be presented in the audit report as specified in Sections 1000 to 6000 of this Audit Guide.

.03 The type of supplementary schedule to be presented in the audit report depends upon the City of Philadelphia Department providing the award to the organization. For the specific type of supplementary schedule to be presented, the organization and its independent auditor should refer to the appropriate subsection in Sections 1000 to 6000 of this Audit Guide.

.04 When the period of the award from the City of Philadelphia is different than the organization's fiscal year, then the reporting of the supplementary financial information will require special presentation. In such instances the supplementary financial schedule must reflect separate reporting for all contracts in which the organization had activity during the fiscal year. For example, when the organization's fiscal year is March 31 and the City contract award is on a June 30 year, the supplementary schedule must include:

- The financial activity of the award for the period April 1st to June 30th (the last three months of the award which has continued from the prior fiscal year); and

- The financial activity of the new award for the period July 1st to March 31st (the first nine months of the award).

.05 In some instances the supplemental financial schedules will require an auditor's opinion in accordance with the City of Philadelphia, Subrecipient Audit Guide. In other instances the supplemental financial schedules will only require an agreed-upon procedures report on whether the amounts reflected in the schedules are in agreement with the agency's books of account. The type of report/opinion for a particular City Department is specified in Sections 1000 to 6000.

.06 The auditor's report on the supplemental financial schedules should make specific reference to the audit or agreed-upon procedures having been performed in accordance with the City of Philadelphia Subrecipient Audit Guide and provides an opinion on the fair presentation of the schedule "in relation to" the basic financial statements.

.07 Illustrative reports for both the presentation of an opinion on the supplementary schedule(s) and agreed upon procedures report are presented in Sections 414 and 415, respectively.

Special Purpose Auditor's Report(s)

.08 Certain City of Philadelphia Departments may require the auditor to issue reports in addition to those reports required in Sections 403, 406, 407 and 409.05 of this Audit Guide. Those additional reports, if any, are specified in Sections 1000 to 6000 of this Guide.

.09 An example of these additional reports would be the reports on cost allocations required by the Department of Human Services (Section 2000) and Department of Public Health (Section 6000).

SECTION 410 - FOLLOW-UP OF PRIOR AUDIT REPORT FINDINGS

.01 In accordance with Government Auditing Standards auditors should follow up on known findings and recommendations from the previous audit that could affect the current financial statement audit. They should do this to determine whether the organization has taken timely and appropriate corrective actions. Auditors should report the status of uncorrected material findings and recommendations from prior audits that affect the current financial statement audit.

.02 Under OMB Circular A-133 and the requirements of the City of Philadelphia, Subrecipient Audit Guide, the organization is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the organization is to prepare a summary schedule of prior audit findings. The summary schedule of prior audit findings shall include the reference numbers the auditor assigns to audit findings. Since the summary schedule may include audit findings from multiple years, it shall include the fiscal year in which the finding initially occurred.

.03 The summary schedule of prior audit findings (prepared by the organization) is to report the status of all audit findings included in the prior audit report. The summary schedule is to also include audit findings reported in the prior audit report except audit findings listed as corrected in accordance with paragraph (1) below, or no longer valid or not warranting further action in accordance with paragraph (4) below.

(1) When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.

(2) When audit findings were not corrected or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken.

(3) When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the federal agency's or a City of Philadelphia department's management decision, the summary schedule shall provide an explanation.

(4) When the organization believes the audit findings are no longer valid or do not warrant further action, the reasons for this position shall be described in the summary schedule. A valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:

(i) Two years have passed since the audit report in which the finding occurred was submitted to the federal clearinghouse and to the City of Philadelphia;

(ii) The federal agency or the City of Philadelphia is not currently following up with the subrecipient on the audit finding; and

(iii) A management decision was not issued.

.04 The auditor is to determine whether the follow-up stated by the organization in the Summary Schedule of Prior Audit Findings accurately reflects the actual action taken by the organization based upon the current audit. Instances where the results of audit follow-up procedures disclosed that the summary of prior audit findings prepared by the organization materially misrepresents the status of prior audit finding, then the auditor needs to note such and present a finding in the Summary Schedule of Findings and Questioned Costs.

SECTION 411 - OTHER INFORMATION

Table of Contents

.01 All audit reports are to include a Table of Contents including page number references.

Freedom of Information Act

.02 Under the Freedom of Information Act (Public Law 90-23), reports become available for release to the public, once they are accepted, finalized and issued to the City of Philadelphia, to the extent that information contained in them is not subject to exemptions of the Act. Accordingly, the auditor should not include names, social security numbers or other personal identification in either the body of the report or any attached schedules.

SECTION 412 - SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

(*Name of Organization*)
Schedule of Expenditures of Federal, State and City Awards
For the year ended June 30, 20XX

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA **(1)** Number	Pass-Through Grantor's Number	Award Period	**(2)** Expenditures
Federal Financial Assistance: (3)				
U.S. Department of Health and Human Services:				
Direct Programs:				
Mental Health Planning & Demonstration	XX.XXX	N/A	X/X/XX-X/X/XX	$ XXX,XXX
HIV Care Formula	XX.XXX	N/A	X/X/XX-X/X/XX	X,XXX
Pass-through Pennsylvania Department of Public Welfare: **(4)**				
Targeted Assistance Program	XX.XXX	XXXX	X/X/XX-X/X/XX	XX,XXX
Pass-through Pennsylvania Department of Public Welfare/Philadelphia Department of Public Health: **(5)**				
Mental Health, Community Support Program	XX.XXX	XXXX	X/X/XX-X/X/XX	XXX,XXX
Mental Retardation, MA Waiver	XX.XXX	XXXX	X/X/XX-X/X/XX	XX,XXX
Total U.S. Department of Health and Human Services				XXX,XXX
U.S. Department of Housing and Urban Development:				
Direct Program:				
Community Development Block Grant	XX.XXX	N/A	X/X/XX-X/X/XX	XX,XXX
Pass-through Pennsylvania Department of Community Affairs/Philadelphia Office of Housing and Community Development:				
Housing Preservation, Rehabilitation and New Construction	XX.XXX	XXXX	X/X/XX-X/X/XX	XXX,XXX
Total U.S. Department of Housing and Urban Development				XXX,XXX
Total Federal Financial Assistance				$ XXX,XXX

See accompanying notes to schedule of expenditures of federal, state and city awards.

(*Name of Organization*)
Schedule of Expenditures of Federal, State and City Awards (Cont.)
For the year ended June 30, 20XX

State Grantor/Pass-Through Grantor Program Title	Federal CFDA **(1)** Number	**(8)** DCA Project Number	Pass-Through Grantor's Number	Award Period	**(2)** Expenditures
State Financial Assistance:					
Pennsylvania Department of Public Welfare:					
Direct Program: **(6)**					
Mental Health Impatient Services	N/A		XXXX	X/X/XX-X/X/XX	$ XXX,XXX
Pass-through Philadelphia Department of Public Health:					
Mental Health, Community Support Program	N/A		XXXX	X/X/XX-X/X/XX	XXX,XXX
Total Pennsylvania Department of Public Welfare					XXX,XXX
Pennsylvania Department of Community Affairs:					
Direct Program:					
Neighborhood Reconstruction	N/A	XXXX	XXXX	X/X/XX-X/X/XX	X,XXX
Pass-through Philadelphia Office of Housing and Community Development:					
Housing Preservation, Rehabilitation and New Construction	N/A	XXXX	XXXX	X/X/XX-X/X/XX	XXX,XXX
Total Pennsylvania Department of Community Affairs					XXX,XXX
Total State Financial Assistance					$ XXX,XXX

See accompanying notes to schedule of expenditures federal, state and city awards.

(*Name of Organization*)
Schedule of Expenditures of Federal, State and City Awards (Cont.)
For the year ended June 30, 20XX

City Grantor/Program Title	Federal CFDA **(1)** Number	Pass-Through Grantor's Number	Award Period	**(2)** Expenditures
City Financial Assistance: (7)				
Philadelphia Department of Public Health:				
Mental Health Community Support Program	N/A	XXXX	X/X/XX-X/X/XX	$ XX,XXX
Mental Retardation, MA Waiver	N/A	XXXX	X/X/XX-X/X/XX	XX,XXX
Total Philadelphia Department of Public Health				XX,XXX
Philadelphia Office of Housing and Community Development:				
Housing Preservation, Rehabilitation and New Construction	N/A	XXXX	X/X/XX-X/X/XX	X,XXX
Total Philadelphia Office of Housing and Community Development				X,XXX
Total City Financial Assistance				$ XX,XXX
Total Federal, State and City Financial Assistance				$ XXX,XXX

See accompanying notes to schedule of expenditures of federal, state and city awards.

(1) Catalog of Federal Domestic Assistance

(2) Accrued expenditures in accordance with the requirements of Sections 404.10 and 404.11 of this Audit Guide.

(3) All federal financial assistance by federal department providing the financial assistance, with sub-totals by federal department. The listing should differentiate between direct awards and pass-through awards.

(4) Federal awards received by the organization directly from the Commonwealth of Pennsylvania.

(5) Federal awards received by the organization from the City of Philadelphia either indirectly from the State to the City or from the Federal government to the City.

(6) This Audit Guide is not requiring a single audit of state financial assistance received directly from the Commonwealth of Pennsylvania. However, if there is such assistance and it is not reported, the auditor should appropriately disclose this information in the notes to this schedule. (See Section 413).

(7) This part of the schedule should list City general revenue funding of awards by City department.

(8) For all contract awards funded through the Department of Community and Economic Development (DCED) of the Commonwealth of Pennsylvania, the auditor is required by DCED to provide the DCED Project Number. This should be obtained on direct program awards on the award agreement or on pass-through awards from the Office of Housing and Community Development (OHCD) of the City of Philadelphia by contacting OHCD.

SECTION 413 - NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

The following represents sample notes to the Schedule of Expenditures of Federal, State and City Awards.

(*Name of Organization*)
Notes to Schedule of Expenditures of Federal, State and City Awards
Year ended June 30, 20XX

1. General Information:

The accompanying schedule of expenditures of federal, state and city awards presents the activities in all the federal, state and city financial assistance programs of (*Name of Organization*). All financial assistance received directly from federal, state or city agencies as well as financial assistance passed through other governmental agencies or not-for-profit organizations are included on the schedule. **(1)**

2. Basis of Accounting:

The accompanying schedule of expenditures of federal, state and city awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal, state or city funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. Relationship to Basic Financial Statements:

Federal, state and city awards expenditures are reported on the statement of functional expenses as program services. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of federal, state and city awards due to program expenditures exceeding grant or contract budget limitations which are not included as federal, state and city awards.

4. Subrecipient Funding:

A portion of the contract awards received from (*Name of Grantor*), as reflected in the accompanying schedule of expenditures of federal, state and city awards, was subcontracted to the following organizations:

Subrecipient Name	Subrecipient Expenditures

(1) State financial assistance awards not received from the City of Philadelphia are not a required part of an audit in accordance with the City of Philadelphia Subrecipient Audit Guide. Where such state financial assistance is not reflected in the schedule of expenditures of federal, state and city awards, this paragraph should be appropriately modified. Those state financial assistance awards not audited should be disclosed.

SECTION 414 - INDEPENDENT AUDITOR'S OPINION ON SUPPLEMENTARY FINANCIAL SCHEDULES REQUIRED BY SECTIONS 1000 TO 6000

[*Addressee]*

We have audited the financial statements of (*Name of Organization*) for the year ended June 30, 20XX, and have issued our report thereon dated September 15, 20XX. These financial statements are the responsibility of (*Name of Organization*) management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *City of Philadelphia Subrecipient Audit Guide*. Those standards and the *City of Philadelphia Subrecipient Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of (*Name of Organization*) taken as a whole. The accompanying (*specify appropriate financial schedule(s) as required by Sections 1000 to 6000*) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

(*Signature*)

(*Date*)

SECTION 415 - AGREED-UPON PROCEDURES REPORT ON SUPPLEMENTARY FINANCIAL SCHEDULES REQUIRED BY SECTIONS 1000 TO 6000

[*Addressee]*

We have performed the procedures enumerated below, which were agreed to by the City of Philadelphia and the (*Name of Organization*) for the year ended June 30, 20XX, solely to assist you in complying with the requirements of the *City of Philadelphia Subrecipient Audit Guide*. This engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. These agreed-upon procedures have been performed in conjunction with, and in addition to, our audit of the (*Name of Organization*) as of and for the year ended June 30, 20XX on which we have issued our report dated September 15, 20XX. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

a. We have applied procedures to determine whether the amounts presented in the schedules listed below are in agreement with the amounts recorded in the books of account of the (*Name of Organization*) for the year ended June 30, 20XX.

City of Philadelphia Department	Contract Number	Schedule Reference

(*List each supplemental schedule by City of Philadelphia award*)

(*Specify in detail as to any differences noted between those amounts as reflected in the schedules and in the books of account.)*

b. We inquired of management regarding any adjustment to the amounts reflected in the supplementary schedules identified in item a. above. These inquires disclosed the following adjustments: **(1)**

(*Detail any adjustments, or if required by Section 1000 to 6000 of this Audit Guide provide reference to a supplementary schedule of adjustments.)*

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. 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 solely for the use of management and the City of Philadelphia, (*specify City Department(s))* and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the City of Philadelphia, (*specify City Department(s))* is a matter of public record.

(*Signature*)

(*Date*)

(1) If there were no adjustments, then this sentence should read:

These inquiries disclosed no adjustments.

(Name of Organization)
Schedule of Findings and Questioned Costs
For the year ended June 30, 20XX

Finding Description	Program Name	CFDA Number	Award Number	Questioned Costs Total	Federal Share	State Share	City Share
1. Indirect Costs Claimed in Excess of Allowable	*ABC Program*	*XX.XXX*	*XX-XXX*	$ 20,337	$15,253	$3,051	$2,033

Condition:

The *(Name of Organization)* invoiced the City of Philadelphia, Department of *(specify City Department)* for $20,337 of indirect costs in excess of the amount allowable. The questioned costs resulted from the Organization misclassifying equipment costs as materials and supplies and therefore utilizing equipment costs in the calculation of indirect costs, which is not allowable, as follows:

Total allowable direct costs	$ 862,260
Indirect cost rate	13.93%
Allowable indirect costs	120,113
Less: indirect costs billed to City	140,450
Difference - questioned costs	$ 20,337

Cause:

Fiscal personnel at the Organization were unaware of the misclassification of equipment costs to the materials and supplies expense account.

Effect:

The (*Name of Organization)* overbilled the City of Philadelphia $20,337 of indirect costs.

(Name of Organization)
Schedule of Findings and Questioned Costs (Cont.)
For the year ended June 30, 20XX

Finding Description	Program Name	CFDA Number	Award Number	Questioned Costs Total	Federal Share	State Share	City Share
1. (Cont.)							
Criteria:							
OMB Circular A-122, Attachment A, Subsection D(2)(b) excludes capital expenditures from the computation of indirect costs.							
Recommendation:							
We recommend that the *(Name of Organization)* remit the overbilled amount of $20,337 to the City of Philadelphia.							
2. **Lack of Time and Attendance Records**	*XYZ Program*	XX.XXX	XX-XXX	$ 21,254	$ 5,314	$ 15,940	$ -0-
Condition:							
We are questioning $21,254 of salaries and wages and related fringe benefits for the job position of the Assistant Project Co-ordinator, because time and attendance records were not maintained for the individual.							
The time and attendance records are necessary to substantiate the costs charged to this award since only 53% of the total individual's time was charged to the award.							

(Name of Organization)
Schedule of Findings and Questioned Costs (Cont.)
For the year ended June 30, 20XX

Finding Description	Program Name	CFDA Number	Award Number	Questioned Costs Total	Federal Share	State Share	City Share

2. (Cont.)

Calculation of questioned costs as follows:

Total salaries and wages charged to the award	$ 17,280
Plus: applicable fringe benefits (calculated at 23% of salaries and wages)	3,974
Total	$ 21,254

Cause:

The individual whose time and attendance was not available was a new employee who did not get instructions on the requirement of submitting a time record.

Effect:

Salaries and wages costs were incurred in the operation of the program, the propriety of which cannot be determined since documentation in the form of a time and attendance records is not available.

(Name of Organization)
Schedule of Findings and Questioned Costs (Cont.)
For the year ended June 30, 20XX

Finding Description	Program Name	CFDA Number	Award Number	Questioned Costs Total	Federal Share	State Share	City Share
2. (Cont.)							

Criteria:

OMB Circular A-122 Attachment B, under item 6 "Compensation for Personnel Services, Subsection L "Support of Salaries and Wages" requires that:

- Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and non-professionals) whose compensation is charged in whole or in part, directly to awards.

- The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates do not qualify as support for charges to award.

- The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee.

- The reports must be prepared at least monthly and must coincide with one or more pay periods.

- The reports must indicate the total number of hours worked each day by each employee.

(Name of Organization)
Schedule of Findings and Questioned Costs (Cont.)
For the year ended June 30, 20XX

Finding Description	Program Name	CFDA Number	Award Number	Questioned Costs Total	Federal Share	State Share	City Share
2. (Cont.)							
Recommendation:							
We recommend that the *(Name of Organization)* obtain adequate alternate documentation to support the allocation of the 53% allocation of time. In the future a time record of actual hours expended by program should be prepared and maintained.							
3. **Excessive Cash Balances**	*CBA Program*	*XX.XXX*	*XXXX*	-0-			
Condition:							
The *(Name of Organization)* drew down advance funding via letters of credit in excess of immediate cash needs and did not deposit such funds in an interest bearing account, as follows:							

Date of Drawdown	Advance Amount	Funds Utilized	Excess Funds
3/19/XX	$ 450,000	$ 200,000	$ 250,000
5/16/XX	375,000	260,000	115,000

Cause:

The Organization's fiscal personnel were under the assumption that such interest income could be utilized for the benefit of the program without reporting the amount to the City of Philadelphia.

(Name of Organization)
Schedule of Findings and Questioned Costs (Cont.)
For the year ended June 30, 20XX

Finding Description	Program Name	CFDA Number	Award Number	Questioned Costs Total	Federal Share	State Share	City Share

3. (Cont.)

Effect:

As a result of the above the federal government had $365,000 of idle funds, which based upon interest rates during that period, resulted in lost interest income of $1,200.

Criteria:

OMB Circular A-110, Attachment F, paragraph 2(e), requires the recipient of federal funds advanced by the letter-of-credit method to make drawdowns as close as possible to the time of making disbursements.

Recommendation:

We recommend that the $1,200 be deducted against the next drawdown of funds.

(Name of Organization)
Schedule of Findings and Questioned Costs (Cont.)
For the year ended June 30, 20XX

Finding Description	Program Name	CFDA Number	Award Number	Questioned Costs Total	Federal Share	State Share	City Share
4. **Missing Documentation**	*TAL Program*	N/A	XXX-XXX	$12,400	$10,000	$2,400	$ -0-

Condition:

We are questioning $12,400 of equipment costs because the *(Name of Organization)* could not provide to us supporting documentation, in the form of a vendor's invoice, for the following items:

Equipment Purchase	Date	No.	Amount
(3) Computers	4/20/XX	103	$10,323
(4) Office Desks and (4) Chairs	5/1/XX	137	2,077
Total			$12,400

The above missing invoices were the only items not provided to us as part of an audit sampling of 50 transactions.

Cause:

The vendor invoices were apparently misfiled, and cannot be located.

Effect:

Program costs were incurred which the Organization could not provide documentation as to the propriety of the expenditure.

(Name of Organization)
Schedule of Findings and Questioned Costs (Cont.)
For the year ended June 30, 20XX

Finding Description	Program Name	CFDA Number	Award Number	Questioned Costs Total	Federal Share	State Share	City Share
4. (Cont.)							
Criteria:							
OMB Circular A-110, Attachment F (2)(g) requires accounting records to be supported by source documentation.							
Recommendation:							
We recommend that the Organization attempt to locate the missing documentation or contact the vendor for copies of the invoices.							
Total questioned costs				$ 53,991	$ 30,567	$ 21,391	$ 2,035

Grantee's Comment and Corrective Action Plan:

(The Grantee's comments to the deficiencies noted and the corrective actions to be instituted are to be presented here or in a separate attachment to the report.)

SECTION 500

AUDITING AND REPORTING STANDARDS AND REQUIREMENTS - PROGRAM AUDIT ON AN AWARD (NON SINGLE AUDIT)

SECTION 501 - BACKGROUND

.01 Under the provisions of this Audit Guide, the organization may have to engage their auditor to have an audit on an individual City of Philadelphia program award rather than a "single audit", as described in Section 300 of this Guide.

.02 A program audit would be required under the provisions of Office of Management and Budget (OMB) Circular A-133 when the subrecipient organization expends $500,000 or more of Federal financial assistance under one Federal program during the organization's fiscal year. The Federal funds expended could be received directly, or indirectly, from the City of Philadelphia.

.03 The program audit must be conducted in accordance with certain provisions of this Audit Guide as specified in Section 503, and in accordance with Government Auditing Standards. The type of audit being performed on the City of Philadelphia program in accordance with Government Auditing Standards (GAS) is a financial related audit.

SECTION 502 - AUDIT PERIOD

.01 All program audits are be performed on an annual basis based upon the organization's fiscal year.

SECTION 503 - AUDITING REQUIREMENTS

.01 When performing a program audit, the auditor is required to adhere to certain sections of this Audit Guide. The following is a listing of those sections the auditor is required to utilize in performance of the program audit:

Section No.	Section and Subsection Heading	Section No. Reference Applicable to Program Audit
100	Administration and Overview	Entire Section
200	Summary of Applicable Literature	Entire Section
300	General Auditing Standards and Requirements	
	• Auditing Requirements	302.01 to 306.06
1000	Commerce Department	Entire Section
2000	Human Services Department	Entire Section
3000	Mayor's Office of Community Empowerment and Opportunity	Entire Section
4000	Office of Housing and Community Development	Entire Section
5000	Office of Supportive Housing	Entire Section
6000	Public Health Department	Entire Section

.02 As the above chart indicates most of the required procedures specified in this Audit Guide are applicable to a program audit. The only procedures not applicable generally relate to a single audit.

SECTION 504 - REPORTING REQUIREMENTS

.01 When performing a program-specific audit under the requirements of this Audit Guide, the audit report should include the following:

a. Financial Statements:

- A schedule of expenditures of federal, state and city awards.
- Supplementary financial schedule(s) required by City of Philadelphia Department making the award to the organization. (The specific type of financial schedule is specified by the City Department in Sections 1000 to 6000.)
- Notes to the financial schedules.

b. Independent Auditor's Reports:

- Independent auditor's opinion on the Schedule of Expenditures of Federal, State and City Awards and supplementary schedule(s) required by this Audit Guide. (In certain instances an audit report is not required on supplementary schedules required by a particular City of Philadelphia Department, but rather, an agreed-upon procedures report).
- Independent auditor's report on compliance with requirements applicable to a federal, state, and/or city program and on internal control over compliance in accordance with the program-specific audit option under OMB Circular A-133.

c. Other Schedules and Reports:

- Special purpose auditor's reports required by a City of Philadelphia Department as specified in Sections 1000 to 6000.
- Schedule of findings and questioned costs.
- Schedule of prior audit findings.
- Separate communication of nonmaterial compliance findings and a management letter.
- Report on illegal acts, if any.

.02 The above report requirements, in most instances would cover <u>one</u> City of Philadelphia contract award. In some instances one federal program could contain "cluster of programs" (as defined in OMB Circular A-133, Subpart A, Section 105) which may have multiple City of Philadelphia contract awards. Where there are multiple awards being reported upon for the same or different City of Philadelphia Department(s), the contract awards are to be combined in one audit report. This combined report must, however, still disclose separate financial information in the basic financial statements and any supplementary schedules by <u>each</u> contract award for each City of Philadelphia department.

Financial Statements

.03 The program audit report shall include the following financial statements on each City of Philadelphia award audited:

a. A Schedule of Expenditures of Federal, State and City Awards. This schedule (as illustrated in Section 505) requires information by award for the expenditures of federal, state or city funding. The schedule is to reflect the appropriate portion of a multi-funded City of Philadelphia program (one that has federal, state and city funds) under each of the three funding categories. A multi-funded city award is not to be presented on the schedule as one line item. A breakdown is required for federal purposes and the city is requiring separate information on the state and city funded portions of the award. The organization and/or the City of Philadelphia is responsible for identifying what portion of each award is either federal, state or city funded. Where this determination cannot be made, then the total award is to be reported on the statement under federal award, with a footnote that the delineation by federal, state or city funding is not determinable.

   The expenditures reported on this statement are to be in agreement with the amounts reflected in any supplemental financial schedule as required by Sections 1000 to 6000 of this Audit Guide. These expenditures should agree since the financial information on this statement and the Supplementary Schedule are both based upon the organization's books and records, as audited by the independent auditor.

b. Supplementary financial schedules. On almost all City of Philadelphia awards the organization will be required to submit periodic reports of financial and/or program activity. Under the requirements of this Audit Guide a supplementary schedule of this activity (if required) must be presented in the audit report. The type of supplementary schedule to be presented in the audit report depends upon the City of Philadelphia Department providing the award to the organization. For the specific type of supplementary schedule to be presented, the organization and its independent auditor should refer to the appropriate subsection in Sections 1000 to 6000 of this Audit Guide.

c. Notes to financial statements. The notes to the above statements which describe the significant accounting policies utilized in preparing the statements along with any other relevant information.

Independent Auditor's Report on Schedule of Expenditures of Federal, State and City Awards Financial Statements and Supplementary Financial Schedules

.04 This Audit Guide requires the auditor to express an opinion about whether the financial statements relating to the program award being audited are presented fairly in all material respects in conformity with the stated accounting policies.

.05 For an organization to comply with this Audit Guide, it is not necessary that the financial statements be presented in conformity with GAAP; it is sufficient if the auditor merely reports on such conformity in accordance with GAAS, Government Auditing Standards and the City of Philadelphia Subrecipient Audit Guide. For various reasons, such as to comply with reporting of program expenditures in accordance with contract award conditions, the organization may prepare their financial statements on a basis of accounting other than GAAP. When this is the case, the auditor's report should be prepared in accordance with SAS No. 62, Special Reports (AICPA, Professional Standards, Vol. 1, AU Sec. 623), which requires that it include a paragraph that (a) states the basis of presentation and refers to the note to the financial statements describing the basis and (b) states that the basis of presentation is a comprehensive basis of accounting other than GAAP.

.06 In addition to the opinion on the financial statements of the program being audited, the auditor's report should also include an opinion on any supplementary financial schedules included in the report as required by Sections 1000 to 6000 of this Audit Guide when an opinion is required. Certain City of Philadelphia Departments only require an agreed-upon procedures report. Whether the City of Philadelphia Department requires an opinion or an agreed-upon procedures report is specified in Sections 1000 to 6000 of this Audit Guide. The agreed-upon procedures report is presented in Section 415.

.07 The auditor must state in the auditor's report that the audit was conducted in accordance with the City of Philadelphia Subrecipient Audit Guide. The auditor, when issuing a program specific audit report to the City of Philadelphia should follow the directives issued by the AICPA.

Auditor's Report on Compliance and Internal Control

.08 The format for this report is included in Section 507 of this Audit Guide.

Other Schedules and Reports

.09 The other types of schedules and reports listed in Section 504.03b., have been previously discussed in Sections 408 to 410 of this Audit Guide. Listed below are the appropriate provisions of Sections 408 to 410 that are applicable to a program audit.

Schedule and/or Report	Section No. Reference Applicable to Program Audit
Special Purpose Auditor's Report	409.08 and 409.09
Presentation of Findings and Questioned Costs	408.01 to 408.10
Separate Written Communications on Findings/Management Letter	408.11 and 408.12
Reporting on Illegal Acts	408.13 and 408.14
Follow-up of Prior Audit Report Findings	410

Other Information

.10 All audit reports are to include a Table of Contents including page number references.

.11 In accordance with the principles of the Freedom of Information Act (Public Law 90-23), reports, once they are accepted, finalized and issued to the City of Philadelphia are available, if they are requested, to members of the press and the general public, to the extent that information contained in them is not subject to exemptions of the Act. Accordingly, the auditor should not include names, social security numbers or other personal identification in either the body of the report or any attached schedules.

SECTION 505 – SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

(*Name of Organization*)
Schedule of Expenditures of Federal, State and City Awards
For the year ended June 30, 20XX

Award Number/Funding Source	Federal CFDA **(1)** Number	Award Period	**(2)** Expenditures
Contract No. 93-5000:			
• **Federal Funding**:			
U.S. Department of Health and Human Services	XX.XXX	7/1/XX-6/30/XX	$ XX,XXX
• **State Funding**:			
Pennsylvania Department of Public Welfare	N/A	7/1/XX-6/30/XX	XX,XXX
• **City Funding**:			
Philadelphia Department of Public Health	N/A	7/1/XX-6/30/XX	X,XXX
Total			$ XX,XXX

See accompanying notes to these financial statements. **(3)**

(1) Catalog of Federal Domestic Assistance.

(2) Accrued expenditures in accordance with the requirements of Section 504.03 of this Audit Guide.

(3) See Section 413 of this Audit guide for sample notes.

SECTION 600

SUPPLEMENTARY FINANCIAL SCHEDULES FOR CITY OF PHILADELPHIA DEPARTMENTS

SECTION 601 – CITY DEPARTMENT'S SPECIFIC AUDIT REQUIREMENTS

.01 If the auditor is seeking a hard copy (other than receiving Sections 1000 to 6000 from the City of Philadelphia Web Site) of Departmental Auditing guidelines in preparing for or conducting an audit, the personnel at the subrecipient organization and/or their independent auditor must contact the appropriate person(s) below for a copy of their respective department's section. Requests should be directed to the contact listed below for the City Department which has awarded the funds to be audited.

City Department	Title of Contact	Telephone Number	Fax Number
Commerce Department	Economic Development Administrator	683-2023	557-8538
Human Services Department	Contract Audit Manager	683-6366	683-6264
Mayor's Office of Community Empowerment and Opportunity	Fiscal Officer	685-3643	685-3635
Empowerment Zone	Fiscal Manager	683-2166	683-2162
Office of Housing and Community Development	Audit Supervisor	686-9733	686-9800
Office of Supportive Housing Fiscal Unit	Contracts Auditor	686-7180	686-7187
Public Health Department	Contract Audit Manager	683-6366	683-6264

SECTION 1000

DEPARTMENT OF COMMERCE

SECTION 1001 - GENERAL INFORMATION

.01 The Department of Commerce contracts fund Economic Development Programs using Federal, State and City funds. The Federal Funding sources are the U.S. Department of Housing and Urban Development's Community Development Block Grant Funds (CDBG), the American Recovery and Reinvestment Act (ARRA) and the U.S. Department of Energy. The source of State funding is the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED).

.02 The Economic Development Programs require that all subrecipients of Community Development Block Grant (CDBG) funds either create employment opportunities for low and moderate income people, provide goods or services to low and moderate income neighborhoods, provide benefits to an area where a majority of the residents are low and moderate income persons, undertake general improvements to a neighborhood business area which services a primarily residential area with a majority of low and moderate income persons or prevents or eliminates slum or blight.

.03 Subrecipients who receive CDBG funds for job generation, under Commerce's Financial or Technical Assistance Programs must provide Commerce with a time schedule for the job positions which are anticipated to be created during the two years after the completion of this project. This information is provided to public employment agencies which attempt to place low and moderate income individuals. The Philadelphia Industrial Development Corporation (PIDC) has a close-working relationship with the Philadelphia Workforce Development Corporation to ensure the placement of low and moderate income Philadelphia residents. The subrecipients of loans or grants have to report their current employment situation for at least two years after completing their CDBG funded activity. (In some cases, these subrecipients receive on-going technical assistance for two to three years to ensure the successful expansion of a subrecipient).

.04 Neighborhood Commercial Revitalization and Neighborhood and Special Commercial Programs provide a mixture of job generation, employment placement and public improvement programs. Subrecipients must provide an array of data on program beneficiaries contingent upon the individual project design. For example, the Lighthouse Job Bank Program requires that the number of job referrals and placements must be reported, and that the types of jobs must be reported.

SECTION 1100

.01 The Department of Commerce administers various programs as detailed in the following section.

Neighborhood Revitalization/Programs to Assist Businesses

.01 Subrecipients shall actively support revitalization by providing service to the businesses in the district through the operation of a Business Service Center. Through the Business Association, subrecipients shall respond to informational requests, city services requests, and/or complaints from individual businesses and refer business to appropriate economic development agencies such as PIDC.

Job Resource Services

.02 Subrecipients operate a Job Resource Center (JRC) in cooperation with and in conjunction with the local Job Network and other community/service organizations and businesses to maximize employment opportunities for low and moderate income area residents.

Financial Assistance to For-Profit and Non-Profit Businesses

.03 The Philadelphia Industrial Development Corporation - Local Development Corporation (PIDC-LDC) may undertake Community Development Block Grant (CDBG) funded activities to provide financial assistance to for-profit and non-profit businesses located in Philadelphia. These activities shall be undertaken in accordance with the Federal Regulations under 24 CFR 570.203.b and 24 CFR 570.204.c.3. The various programs are fundable under the following tasks:

- Job Creation and Retention Programs:

  Subrecipients shall provide financial assistance for the purpose of creating and/or maintaining low and moderate income employment opportunities. At least fifty-one percent (51%) of the created and/or retained employment opportunities must be available for low and moderate income people.

  Subrecipients who receive CDBG funds for job generation, under Commerce's Financial or Technical Assistance Programs must provide Commerce with a time schedule for the job positions which are anticipated to be created during the two years after the completion of this project. This information is provided to public employment agencies which attempt to place low and moderate income individuals.

- Commercial Assistance in Low and Moderate Income Neighborhood Programs:

  Subrecipients shall provide financial assistance to for-profit businesses who provide goods and services to residents of low and moderate income neighborhoods. At least fifty-one percent (51%) of the people who reside in these neighborhoods must be low and moderate income.

- Prevention or Elimination of Slums or Blight Programs:

  Subrecipients shall provide financial assistance for the prevention or elimination of slums and blight.

Targeted Corridor Revitalization Management Program (TCMP)

.04 In order to assist the City of Philadelphia's Department of Commerce in the implementation of its economic development strategy, the Commerce Department and Non_Profit Community Development Based Organizations (CDBOs) will work in low and moderate income neighborhoods throughout the city. PIDC will provide direct assistance to for-profit businesses and non-profit organizations which act as key service providers and employers in these areas through the TCMP Program. The principal goal of the TCMP Program is to enable these businesses to remain and to expand while providing needed goods, services and employment opportunities for Philadelphia's low and moderate income residents.

.05 To effectively work in the stabilization and revitalization of a TCMP, the CDBOs require the local business form a business association. The business association should represent at least sixty percent of the retail/commercial businesses in the TCMP. This requirement assists the CDBOs in determining the needs of the entire commercial district and provides important information on public services and capital improvement needed to maintain and improve the overall area. The CDBOs will contact the business association in each TCMP area at least once a month to review their needs and to assist them as determined to be applicable.

Programs to Assist Businesses Which Provide Benefits to Low and Moderate Income Neighborhoods

.06 The Philadelphia Industrial Development Corporation (PIDC) and the CDBOs, shall assist small businesses in obtaining financing for business expansion and start-up. Funds shall be secured from private and public lending agencies to assist firms with financing for business start-up or expansion. . In addition, PIDC and CDBOs shall provide limited technical assistance.

Programs to Create Low/Moderate Income Employment Opportunities

.07 PIDC, and other subrecipients, shall assist small businesses in obtaining financing for business expansion and start-up, working capital, and real estate for business uses. Funds shall be secured from private and public lending agencies to assist firms with financing for business start-up or expansion. In addition, PIDC and the CDBOs shall provide limited technical assistance, as necessary, to complete financing packaging activities.

The Small Business Revolving Loan Fund and Program Income

.08 PIDC shall work to maximize the Small Business Revolving Loan Fund (SBRLF). The SBRLF is designed primarily to aid commercial firms, neighborhood service firms, and small firms requiring venture capital to overcome obstacles to starting up, expanding and/or increasing or retaining employment in Philadelphia.

Community Economic Development Program

.09 In order to facilitate neighborhood development and commercial revitalization efforts, and in response to the City's concerns for vacant business properties and targeting of development sites, subrecipients shall initiate a coordinated series of real estate activities. Subrecipients shall work with neighborhood based organizations to identify and assemble vacant or improved parcels of land in their target low and moderate income neighborhood for commercial and/or mixed-use residential and commercial development. These efforts may include the analysis of ownership, usage, value, rehabilitation costs etc. of selected properties.

Housing Rehabilitation Assistance Program

.10 PIDC shall implement a CDBG-funded Housing Rehabilitation Assistance Program. PIDC shall work with the City's CDBG-funded housing agencies in their efforts to rehabilitate privately and publicly owned residential units for low and moderate income Philadelphians. It is anticipated that at least 108 residential units shall be completed during the term of this agreement. PIDC shall utilize a revolving fund established with the City in order to provide $1.5 million in working capital lending to small and minority housing contractors that have been selected by the CDBG-funded housing agencies to complete the residential rehabilitation activities.

Acquisition/Site Development

.11 Subrecipients shall acquire and/or construct properties for commercial and residential units. The commercial space shall be occupied by businesses which provide additional retail goods and services to the low and moderate income neighborhood. The residential units shall be available for low and moderate income families.

Feasibility Studies/Predevelopment Planning/Project Development

.12 Subrecipients, in cooperation with the Commerce Department, will undertake a feasibility analysis and a predevelopment plan for various projects. Subrecipients, as awarded, shall undertake project development activities. Refer to the Scope of Services in the Contract.

Urban Development Action Grant (UDAG)

.13 PIDC-LDC will undertake the administration of the UDAG Program which shall include the preparation of UDAG applications and supporting documentation, negotiations with HUD and UDAG developers, project management and monitoring, reporting to HUD, contracting with and/or coordinating with UDAG consultants, disbursing UDAG loans to developers and collecting UDAG loan repayments. All agreements with developers negotiated by PIDC-LDC which affect, concern, or relate to the disbursement and/or collection of UDAG loan repayments shall be subject to the approval of the Director of Commerce and shall be reviewed by the Law Department of the City of Philadelphia prior to the execution of said agreements.

.14 In addition, the PIDC-LDC staff funded under this agreement may undertake administrative work in connection with activities which are eligible under the Title I of the Federal Housing and Community Development Act of 1974, as amended, with the prior written approval of the Director of Commerce.

.15 Miscellaneous revenue generated from the UDAG loan repayments may be utilized to fund the cost for the administration of the UDAG Program. Prior to the use of miscellaneous revenue for administration, an administrative budget must be submitted to and approved by the Director of Commerce. The balance of UDAG miscellaneous revenue and all program income from all UDAG projects must be utilized consistent with program income regulations.

Economic Development Programs Funded with the Commonwealth of Pennsylvania's Department of Community and Economic Development

.16 The Department of Community and Economic Development (DCED) funds several Economic Development Projects and contracts used for acquisition, construction and rehabilitation of commercial, industrial and mixed use properties. In addition to the requirements set forth in 1130.34 refer to the CDBG section for requirements on specific types of service.

Technical and Financial Assistance Program

.17 Subrecipients shall provide technical assistance in entrepreneurial skills and business management to micro-businesses. Entrepreneurs that complete this program shall be eligible to participate in the low interest non-CDBG funded loan program. Participants must be certified as low or moderate income upon in-take into the program.

Business Improvement District Assistance (BID)

.**18** CDBOs shall undertake an economic development program that will assist in the revitalization of commercial corridors within Philadelphia. Specifically, this program will assist in the cleaning of sidewalks in targeted neighborhood commercial corridors by removing trash and debris from the designated areas and will clean the sidewalks and out to 18 inches in the streets; this area will cover the curb and storm inlets.

SECTION 1120 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The Federal CFDA Number is 14.218 for CDBG programs listed in Section 1110 except the Housing Rehabilitation Assistance Program and UDAG. The UDAG Federal CFDA Number is 14.221. The Housing Rehabilitation Assistance Program is all City funds; therefore, a Federal CFDA Number is not applicable for contracts funded through the U.S. Department of Energy, the CFDA number is 81.128.

.02 All programs listed in Section 1110 are subject to the Administrative and Financial Management Guidelines for the Office of Housing and Community Development and its Delegate Agencies.

SECTION 1130 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages <u>are</u> <u>not</u> all inclusive and <u>do</u> <u>not</u> represent an audit program for conducting a

financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

.02 The following reporting requirements are applicable to all programs listed in Section 1110:

- Generally reporting is required as follows (refer to the contract scope for specific reporting requirements):

  Subrecipients are required to submit to the City Commerce Department's Economic

  Development Contract administrator monthly reports with the monthly subrecipient invoice form. These reports shall succinctly state the progress toward each activity of the contract.

  Subrecipients are required to submit to the Economic Development Contract Administrator or designee quarterly reports that reflect the activities performed by the paragraph in the Scope of Services. These reports will include any and all information that is required by the City Ordinance 1029AA utilizing forms prepared by the Economic Development Contract Administrator or designee, with specific details on very low, low and moderate income and minority beneficiaries. These quarterly reports are to be delivered within fifteen (15) working days after the conclusion of the quarter.

The audit procedures for reporting requirements are:

1. Determine that reports were submitted timely as required by the contract.

2. Determine that the monthly and quarterly reports reflect the activities identified in paragraphs of the Scope of Services in the Contract.

<u>Neighborhood Revitalization/Programs to Assist Businesses</u>

.03 Generally subrecipients shall perform the following tasks (refer to the Scope of Services in the Contract):

- Subrecipients shall provide staff support to the Business Association. This includes the organizing and scheduling of meetings, projects and special events.

- Through the Business Association the subrecipient shall respond to informational requests, city services requests and/or complaints from individual businesses. Subrecipients shall maintain an appropriately detailed record keeping system on services provided to businesses.

- Subrecipients shall solicit and recruit members for the Business Association in order to increase paid enrollment.

- Subrecipients shall assemble information and publish a quarterly newsletter that focuses on economic development activities and issues. The newsletter shall be distributed to businesses, community organizations, government officials and the press.

The audit procedure for the above is:

- Select a sample of business service transactions and trace to source documentation.

Files should include the name of the business and the type of service provided.

Job Resource Services

.04 Generally, subrecipients who operate a Job Resource Center (JRC) in cooperation with and in conjunction with the local Job Network and other community/service organizations and businesses shall perform the following tasks (refer to the Scope of Services in the contract for specific details):

- The subrecipient JRC shall place low and moderate area residents in full and part-time employment.

- The subrecipient JRC shall solicit notice of job openings from city wide companies and shall recruit applicants for such openings from the community.

- The subrecipient JRC shall screen job applicants according to the minimum standards for the available position or training opportunity.

- When appropriate, the subrecipient JRC shall refer applicants to appropriate providers of job readiness skill training to enhance the employability of applicants. Also, the subrecipient shall provide information and referral service to clients needing educational or social services.

- The subrecipient JRC shall follow-up with the job applicants and the employer on all persons employed as a result of its referrals. The follow-up shall occur within thirty days and again after sixty days of placement. Written records shall be maintained for referrals, placements and follow-ups.

The audit procedure for the above is:

- Use a selected sample to determine that files are documented for the screening, referrals, placements and follow-ups for each applicant.

Financial Assistance to For-Profit and Non-Profit Businesses

.05 Subrecipients who provide assistance for job creation activities are to use the following definition in order to define employment opportunities which are expected to be available to low and moderate income people:

- Jobs shall be classified as unskilled, semi-skilled and skilled. All unskilled jobs shall be classified as available to low and moderate income persons and do not require skills with substantial training or work experience or education beyond high school, or jobs where the business agrees to hire unqualified persons and provide training. Semi-skilled jobs shall be broken into two categories: "Semi-skilled will train" and "Semi-skilled with experience". Only the "Semi-skilled will train" jobs shall be classified as available to low and moderate income people, and shall be defined as jobs requiring no more than one year of training, related work experience or education beyond high school.

.06 The City requires that the assisted business agree to provide the Philadelphia Workforce Development Corporation (PWDC) a detailed listing of all employment opportunities that shall be created as result of the CDBG assistance. This information shall include the job title, skills and experience necessary, and the time frame for filling the positions. PWDC shall refer Jobs Training Partnership Act (JTPA) eligible persons to the business and the business shall give them first consideration for filling such jobs.

.07 The subrecipient business shall be required to submit summary reports with the attached family income data forms for at least the first and second years following the completion of the funded activity.

.08 If necessary, the Company may be given up to two additional years to comply with the job creation objectives set forth under the original project description, if the additional time is justified and may result in the achievement of the original goals.

.09 If the Company fails to meet the projections, then the agencies shall impose all available legal remedies and, when appropriate, the uniform sanction policy and/or debarment.

The audit procedures for the above are:

- Select a sample of transactions and determine that the files include required documentation such as the fundability/eligibility form, the public benefits analysis form, and the conflict of interest disclosure form and employment data information.

- Select a sample of job creation reports and determine they were submitted timely using required classifications.

<u>Targeted Corridor Revitalization Management Program (TCMP)</u>

.10 The CDBOs shall provide the following types of services: technical assistance, Loan and Micro Loan services to the businesses and business expansions, and the Storefront Improvement Program (SIP) to new businesses. In addition, the CDBOs will work with local businesses, the local business associations, and with the local neighborhood organizations, when appropriate, to aid in the stabilization and revitalization of the targeted low and moderate-income neighborhoods.

The audit procedure for the above is:

- Select a sample of assistance provided and determine that assistance was in the TCMP designated areas.

.11 The CDBOs shall assist in the disposition of publicly and privately owned vacant commercial and/or mixed use properties in project areas, including neighborhood development projects and TCMP areas. Subrecipients shall prepare and distribute four (4) times during the contract year a Hot List of commercial properties located in TNCA areas which are available for rent, lease or purchase. The Hot List shall be distributed to real estate brokers, developers and retailers. The goal is to reduce and maintain a lower vacancy rate in project areas where vacancy is a problem.

The audit procedure for the above is:

- Determine that the Hot List is prepared and distributed four times a year.

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Programs to Assist Businesses Which Provide Benefits to Low and Moderate Income Neighborhoods

.12 The CDBOs shall provide financial and technical assistance to for-profit firms which provide goods or services to neighborhoods at least fifty-one percent (51%) of whose residents are low and moderate income persons. This assistance is not limited solely to TCMP areas.

.13 The CDBOs shall provide and complete technical assistance services regarding start-up or expansion, which provide goods or services to low/moderate income neighborhoods. (Negative feasibility studies for projects shall not be included in completed technical assistance.)

.14 The CDBOs shall provide limited technical assistance to individual firms in TCMP area in order to facilitate their private investment, viability or participation. Various types of assistance shall be provided, including but not limited to management, sales promotions, public relations, inventory and financing. This technical assistance shall be principally delivered by the CDBOs . Assistance is considered to be successfully completed when a business implements the recommendation(s).

.15 The audit procedure for the above is:

- Select a sample of transactions and determine that the "Technical Assistance Guidelines" are followed.

Programs to Create Low/Moderate Income Employment Opportunities

.16 Subrecipients who provide assistance for job creation activities are to use the following definition in order to define employment opportunities which are expected to be available to low and moderate income people:

- Jobs shall be classified as unskilled, semi-skilled and skilled. All unskilled jobs shall be classified as available to low and moderate income persons and do not require skills with substantial training or work experience or education beyond high school, or jobs where the business agrees to hire unqualified persons and provide training. Semi-skilled jobs shall be broken into two categories: "Semi-skilled will train" and "Semi-skilled with experience". Only the "Semi-skilled will train" jobs shall be classified as available to low and moderate income people, and shall be defined as jobs requiring no more than one year of training, related work experience or education beyond high school.

.17 The City requires that the assisted business agree to provide the Philadelphia Workforce Development Corporation (PWDC) a detailed listing of all employment opportunities that shall be created as result of the CDBG assistance. This information shall include the job title, the skills and experience necessary and the time frame for filling the positions. PWDC shall refer Jobs Training Partnership Act (JTPA) eligible persons to the business and the business shall give them first consideration for filling such jobs.

.18 The subrecipient business shall be required to submit summary reports with the attached family income data forms for at least the first and second years following the completion of the funded activity.

.19 If necessary, the Company may be given up to two additional years to comply with the job creation objectives set forth under the original project description, if the additional time is justified and may result in the achievement of the original goals.

.20 If the Company fails to meet the projections, then the agencies shall impose all available legal remedies and, when appropriate, the uniform sanction policy and/or debarment.

The audit procedures for the above are:

- Select a sample of transactions and determine that the "Technical Assistance Guidelines" are followed.

- Select a sample of transactions and determine that the files include required documentation such as the fundability/eligibility form, the public benefits analysis form, and the conflict of interest disclosure form and employment data information.

- Select a sample of job creation reports and determine that they were submitted timely using required classifications.

Community Economic Development Program

.21 In order to facilitate neighborhood development and commercial revitalization efforts subrecipients shall: prepare financial and site feasibility studies, prepare development packages and assist in the completion of the neighborhood development projects which shall be owned by the CDBOs and a private developer team, and assist in the marketing of publicly and privately owned vacant commercial and/or mixed-use properties in the project areas, including Neighborhood Development projects and Targeted Corridor Revitalization areas.

The audit procedure for the above is to select a transaction from the quarterly reports and determine that the subrecipient has documented the activity.

CDBG-Funded Housing Rehabilitation Assistance Program

.22 PIDC shall assist small and minority housing contractors with managerial assistance delivered through individual consultations. The goal is to increase the managerial and technical capabilities of the assisted small contractors to enable the firms to successfully perform housing rehabilitation projects. This shall entail assisting at least three (3) contractors in the completion of the bonding package and bonding negotiations. It is anticipated that seven (7) of these contractors shall be minority-owned construction contracting firms.

.23 PIDC shall evaluate the contractor's financing needs and recommend financing in the amount and form required. This shall include the preparation of a short term financial assistance plan with technical assistance recommendations and sources from which the technical assistance can be obtained. This short term financial assistance plan might include:

- Utilizing a revolving fund as established with the City, one of the annual objectives of PIDC's Housing Rehabilitation Assistance Program is to provide $1.5 million in working capital lending to small and minority housing contractors. This lending shall help to make possible the rehabilitation of 100 housing units, fifty-one percent

  (51%) or more of which shall be available to low-to-moderate income Philadelphia residents.

Acquisition/Site Development

.24 At least fifty-one percent (51%) of the residential units shall be available for low or moderate income families.

The audit procedure for the above is:

- Determine that the residential units are occupied at least fifty-one percent 51% by low and moderate income families.

Feasibility Studies/Predevelopment Planning/Project Development

.25 Refer to the Scope of Services in the contract for specific compliance requirements.

UDAG

.26 Program Income and Miscellaneous Revenue generated by Urban Development Action ("UDAG") Grants is governed by OMB Circular A-102, Attachment E and the applicable UDAG Grant Agreement for each UDAG Project.

The audit procedure for the above is:

- Determine if program income and/or miscellaneous revenue were generated and if such income and/or revenue were recorded and reported in accordance with OMB requirements.

Economic Development Programs Funded with the Commonwealth of Pennsylvania's Department of Community and Economic Development (DCED)

.27 For contracts funded with both CDBG and DCED funds refer to the CDBG Programmatic Compliance Procedures. Generally contracts funded only with DCED funds provide for Support Revitalization, Business Services, Acquisition and Site Development. The guidelines for CDBG are also applicable for these types of service. Refer to the Scope of Services in the contract for specific details.

The audit procedures for the above are:

- Determine that contract goals are achieved.
- Determine that the reports required by the contract were submitted timely.
- Select a sample of reported data and trace to source documentation.

Technical and Financial Assistance Program

.28 Refer to the Scope of Services of the contract for specific contract compliance.

Business Improvement District Assistance (BID)

.29 Refer to the Scope of Services of the contract for specific contract compliance.

SECTION 1140 - FINANCIAL COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

.02 The financial compliance procedures specified in Section 1140.03 to 1140.05 is applicable to all programs listed in Section 1110.

.03 Non-profit organizations that contract with the Commerce Department using Community Development Block Grant Funds are required to follow the Administrative and Financial Management Guidelines issued by the Office of Housing and Community Development including maintaining the Uniform Program Management System (UPMS). The UPMS describes the procedures and controls that the organization is following for Accounting and Internal Control Procedures, Filing Systems, Personnel Policies, Personal Property, Procurement, Conflict of Interest Policies and the Cost Allocation Plan.

The audit procedures for the above are:

- To determine, as part of the review of the internal control structure, that the organization has established procedures and controls necessary to comply with the UPMS.

- Trace selected transactions of the UPMS to determine that procedures and controls are operating.

.04 Agencies using indirect costs are required to develop and follow their indirect cost plan in accordance with OMB Circular A-122.

The audit procedure for the above is:

- The auditor is required to test that the indirect cost plan and rationalization for determining indirect costs are valid.

.05 The monthly subrecipient invoice shall reflect the administrative/planning and programmatic costs for the period in a format provided by the City. The Subrecipient invoice forms are to be submitted no later than ten (10) days after the report period. The City shall reimburse subrecipients solely for costs which have been paid.

The audit procedure for the above:

- Determine that the organization has adhered to the invoice filing requirements specified by the Department of Commerce.

UDAG

.06 Auditors performing an audit of UDAG funds must complete the following questionnaire and include such in their audit working papers along with appropriate supporting documentation.

		YES	NO	N/A	Working Paper Ref.
1.	Has the Developer submitted all applicable Employment reporting information to the City/PIDC, in compliance with the terms of the contract?	___	___	___	
2.	Is the information contained in No. 1, above, reliable and accurate?	___	___	___	
3.	Has the Developer submitted all applicable housing unit reporting information to the City/PIDC, in compliance with the terms of the contract?	___	___	___	

		YES	NO	N/A	Working Paper Ref.
4.	Is the information contained in No. 3, above, reliable and accurate?	___	___	___	
5.	Has the Developer submitted to the City/PIDC, all documentation necessary to report Federal, State and Local taxes, as specified in the contract?	___	___	___	
6.	Is the information contained in No. 5, above, reliable and accurate?	___	___	___	
7.	Has the Developer paid all taxes to the appropriate authorities, as specified in the contract, and as required by Federal, State and Local laws and regulations? (If no, provide a schedule of delinquent taxes as a part of this report.)	___	___	___	

SECTION 1150 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 The organization's audit report must include the following supplemental financial schedules for each City of Philadelphia contract, in addition to the financial statements and auditor's reports as specified in Sections 400 and 500 of this Audit Guide. In addition, the supplementary schedules must contain all contract funding sources. A designation has been made for those supplemental schedules required for a "single audit" report (Section 400) or a "program audit" report (Section 500). The auditor's report on the Supplemental Schedules listed below will be an agreed-upon procedures report as specified in Section 400 of this Audit Guide.

Supplemental Financial Schedule	Section Ref. to Sample Format	Single Audit Report	Program Audit Report
• Statement of Source and Status of Funds	1150.02	Yes	Yes
• Statement of Program Expenditures	1150.03	Yes	Yes
• Schedule of Program Income	1150.04	Yes	Yes
• Reconciliation Schedule	1150.05	Yes	Yes

ABC NONPROFIT CORPORATION
CONTRACT NUMBER XXXX
STATEMENT OF SOURCE AND STATUS OF FUNDS
FOR THE PERIOD JULY 1, 20XX TO JUNE 30, 20XX

	CDBG FUNDS	PROGRAM INCOME	OTHER CITY FUNDS	NON-CITY FUNDS	TOTAL
Total Contract (Final Authorized Budget)	$ XXXX	$	$ XXXX	$ XXXX	$ XXXX
Less:					
Funds Drawn Down - Prior Fiscal Year	XXXX				XXXX
Funds Drawn Down - Current Year	XXXX				XXXX
Total Funds Drawn Down	XXXX		XXXX	XXXX	XXXX
Funds Still Available for Draw Down	$ XXXX	$	$ XXXX	$ XXXX	$ XXXX
Total Funds Drawn Down	$ XXXX	$	$ XXXX	$ XXXX	$ XXXX
Add:					
Program Income		XXXX			XXXX
Total Funds Received	XXXX	XXXX	XXXX	XXXX	XXXX
Less:					
Program Income Expended		XXXX			XXXX
Funds Applied - Prior Fiscal Years					
Funds Applied - Current Fiscal Year	XXXX		XXXX	XXXX	XXXX
Total Funds Applied	XXXX	XXXX	XXXX	XXXX	XXXX
Total Funds Due From Funding Source	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX
Total Funds Available For Disposition	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX

ABC NONPROFIT CORPORATION
CONTRACT # 17-92XXXX
STATEMENT OF PROGRAM EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 20XX

	Project Budget				Accrued Expenditures Prior to 7/1/XX				Accrued Expenditures 7/1/XX to 6/30/XX				Accrued Expenditures Cumulative to June 30, 20XX			
Contract Categories	CDBG Funds	Other City Funds	Other Non City Funds	Total Funds	CDBG Funds	Other City Funds	Other Non City Funds	Total Funds	CDBG Funds	Other City Funds	Other Non City Funds	Total Funds	CDBG Funds	Other City Funds	Other Non City Funds	Total Funds
Direct Personnel	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX
Direct Fringe Benefits	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Travel	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Occupancy	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Consumable Supplies	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Equipment Rental/Lease	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Other Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Indirect Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Operating Subtotal	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Audit Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Contract Total	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX

ABC NONPROFIT CORPORATION
CONTRACT NUMBER XXXX
SCHEDULE OF PROGRAM INCOME
FOR THE PERIOD JULY 1, 20XX TO JUNE 30, 20XX

	SALE PROCEEDS	OTHER (SPECIFY)	TOTAL
Program Income (Cumulative to 6/30/XX)	$ XXXX	$ XXXX	$ XXXX
Less: Program Income Expended in Prior Years	XXXX	XXXX	XXXX
Beginning Balance July 1, 20XX	XXXX	XXXX	XXXX
Add: Program Income Received in Current Fiscal Year	XXXX	XXXX	XXXX
Less: Program Income Expended in Current Fiscal Year	XXXX	XXXX	XXXX
Ending Balance as of June 30, 20XX	$ XXXX	$ XXXX	$ XXXX

ABC NONPROFIT CORPORATION
CONTRACT NUMBER XXXX
RECONCILIATION SCHEDULE
FOR THE PERIOD JULY 1, 20XX TO JUNE 30, 20XX

	AMOUNT PER BOOKS AND RECORDS	AMOUNT PER SUBRECIPIENT INVOICE	DIFFERENCE	
Contract Amount	XXXX	XXXX	XXXX	(A)
Program Costs				
Current Year	XXXX	XXXX	XXXX	(B)
Cumulative	XXXX	XXXX	XXXX	(C)
Funds Drawn Down				
Current Year	XXXX	XXXX	XXXX	(D)
Cumulative	XXXX	XXXX	XXXX	(E)

Explanation of differences:

(A)

(B)

(C)

(D)

(E)

SECTION 2000

DEPARTMENT OF HUMAN SERVICES

SECTION 2001 - GENERAL INFORMATION

.01 The Philadelphia Home Rule Charter of 1951 assigned to the Department of Public Welfare (now the Department of Human Services) the following principal functions:

- To receive, care for and place dependent, mentally defective, neglected, incorrigible and delinquent children, and mentally defective, aged, infirm and destitute adults whose support is paid for out of the City Treasury; to investigate from time to time the manner in which they are being cared for; and to locate, care for and return to their places of residence, transients who because of age, lack of means, or other appropriate reasons require such assistance.

- To approve or disapprove all bills rendered to the City for the care of children and adults; and to transmit to the Department of Collections for collection all accounts due to the City for the care and placement of children and adults, and the care and return of transients.

.02 The Department of Human Services seeks to contribute to the quality of life in the City of Philadelphia through the provision of a comprehensive, effective system of human services. The Department of Human Services is dedicated to the protection, safety and promotion of the well-being of the City of Philadelphia's most vulnerable citizens: dependent and delinquent children and youth and the aged and their families. The Department's services and programs focus on the individual within the context of their families and communities. The Department is committed to the goal of enhancing the capacities of families and communities to assume responsibility for their children, youth and elderly. In addition to the provision of service, the Department is committed to assuming a leadership role in policy and advocacy in the areas of child welfare and juvenile justice on the local, State and national level.

.03 The Department is charged with the public mandate to provide child welfare and juvenile justice services to children, youth and their families. Services of the Department are directed towards ensuring the safety and well-being of children and youth, toward preserving families, ensuring the achievement of permanent, secure and nurturing homes for all children and youth, and preparing dependent youth for independent living. The Department services are based on the philosophy that each child and youth is entitled to an environment which assures his or her growth and safety and protects him/her from abuse and neglect.

.04 The Department is charged with the responsibility and financing for services for juvenile delinquents in the City of Philadelphia. The Department assures the provision of a comprehensive juvenile delinquency program, works with the Court system and others in the juvenile justice system to prevent, deter, and treat juvenile delinquents, provides appropriate placements and seeks to work with others in the community towards the prevention of juvenile delinquency.

.05 The mission of the Department incorporates an understanding and acceptance of the trust given to us by the Commonwealth of Pennsylvania and the City of Philadelphia to protect the welfare of our most vulnerable citizens. We seek to work cooperatively with all public and private sectors in the community to accomplish the mandates given to the Department and to cooperate in the achievement of the ultimate goal of protecting the vulnerable from abuse and neglect through the provision of a comprehensive, effective system of human services.

SECTION 2100

CHILDREN AND YOUTH DIVISION AND JUVENILE JUSTICE SERVICES

SECTION 2101 - GENERAL INFORMATION

Children and Youth Division

.01 This Division has the public mandate to provide child welfare to children and youth and their families. All of the services are aimed at ensuring the safety of children and youth, and also preserving families, achieving permanent, secure and nurturing homes for all children and youth, and enhancing the capacities of families and communities to assume responsibility for their children.

Basic Components:

Family Centers	-	Delivery of social work services to children, youth and their families with the aim of reuniting them or keeping them intact wherever possible.
Adoptions	-	Assistance with the placement of children where the biological family cannot provide the necessary care.
Parent Action Network	-	Prevention of abuse and re-abuse.
Emergency Foster Homes Unit	-	Monitor foster homes designated for emergency use.
Liaison Unit	-	Facilitation of effective cooperative working relationships with other human services.
Resource Information and Development	-	Review and analysis of programs/proposals for new contract services.
	-	Availability of resources.
Diagnostic	-	Case consultation and requests for psychological and psychiatric assessments.
Policy, Planning and Administration Center	-	Planning Process
	-	Policy Development
	-	Delivery Capacity
	-	Training

Juvenile Justice Services

.02 This Division is charged with the following responsibilities:

- To protect the community by providing safe and secure temporary custody in a

restrictive environment for alleged juvenile offenders as ordered by the Family Court of Philadelphia, pursuant to the Juvenile Act of Pennsylvania, as provided by the Department of Human Services for Philadelphia.

- To provide a structured program designed to promote the positive growth and development of detained youth, including activities that encourage options that are conducive to appropriate behavior.

- To consistently promote and advocate a Juvenile Justice System with a full range of services responsive to the needs of the community, family and youth.

Basic Components:

Youth Study Center	-	Provide detention juveniles as ordered by the Court, in accordance with the Juvenile Act.
Community Based Emergency Services	-	Alternative to detention.

SECTION 2110 - PROGRAM DESCRIPTIONS AND OPERATIONS

.01 Contractual services are provided for both dependent (overseen by the Children and Youth Division) and delinquent (overseen by Juvenile Justice Services) youth. These contractual services consist of the following:

Placement Services

.02 FOSTER CARE: Foster Family Care is substitute family care for no more than six youth (including the natural children of the foster parents) in a foster home for a planned period of time. It is provided on a 24-hour basis in an Agency-supervised, privately-owned or rented home of persons evaluated and approved as foster parents.

.03 GROUP HOME CARE: Group Home Service consists of 24-hour residential group care and auxiliary services for 6 to 12 youth. It is provided in an Agency-owned or rented facility in an open community setting from institutional grounds.

.04 INSTITUTIONAL CARE: Institutional Care Services provides 24-hour residential care for more than 12 youth in a large congregate care facility or several smaller facilities located on the same grounds.

.05 SUPERVISED INDEPENDENT LIVING: Supervised Independent Living Service provides 24-hour residential placement for youth 16 1/2 - 18 years in individual rental apartments or in a boarding home setting in the community together with social work supervision and supportive services. This service provides guided activities and interactions for youth in the greater society

through which they gradually acquire the necessary life skills with which to manage the societal expectations and responsibilities of adulthood.

Non-Placement Services

.06 SERVICES TO CHILDREN IN THEIR OWN HOMES: S.C.O.H. Services provides a specific constellation of services, delivered primarily in the family's home, to maintain, enhance, or rehabilitate parent, child and family functioning in the home and the community at large.

.07 DAY CARE SERVICES: Day Care Services provides out-of-home care for part of a 24-hour day to children 3 months to 13 years of age. It excludes care provided by relatives or day care furnished in places of worship during religious services.

.08 DAY TREATMENT SERVICES: Day Treatment Services, under social service auspices, is the non-residential or daytime equivalent to Residential Treatment Services. It provides or arranges for treatment services in a center during daytime and early evening hours.

.09 IN HOME DETENTION: In Home Detention provides non-placement supervisory and social services in the youth's own home.

.10 COMMUNITY BASED DETENTION: Community Based Detention Services are provided to pre-adjudicated youth in foster homes, their own homes, or more secure settings.

SECTION 2120 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 In general, the Federal CFDA Number is 93.658 for placement services and 93.558 for non-placement services. A Schedule of Funding Sources will be provided to the auditor.

.02 All Programs listed in Section 2110 are subject to Title 55 Public Welfare Chapter 3170 "Allowable Costs and Procedures for County Children" and the City of Philadelphia Contract Cost Principles and Guidelines.

SECTION 2130 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department Program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed below are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Finding and Questioned Costs.

.02 For Fee-for-Service Contracts the client care contracts are written for a group of unspecified clients to receive a covered group of services at specified per diems, usually written for a period of one year.

.03 The auditor should perform tests, relating to Fee-for-Service, to determine that:

- Provider maintains case records for all clients appearing on monthly billings.
- Client attendance and participation in the service is documented.

SECTION 2140 - FINANCIAL COMPLIANCE PROCEDURES

.01 Contracted agencies are required to have in place a cost allocation plan to account for indirect costs relating to the provision of program services in accordance with the Commonwealth of Pennsylvania, Department of Public Welfare, Chapter 3170 Regulations (DPW), Section 3170.60. The auditor should determine that this allocation plan is in compliance with the DPW Section 3170.60 regulations and the "Indirect Cost Allocations" Section of the Instructions For Completing The Report of Functional Expenditures as specified in Exhibit B in this Guide Section.

SECTION 2150 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 The Organization's audit report must include the following Supplemental Financial Schedules for each City of Philadelphia contract, in addition to the financial statements as specified in Sections 400 and 500 of this Audit Guide. A designation has been made for those supplemental schedules required for a "single audit" report (Section 400) or a "program audit" report (Section 500). The auditor will be required to issue an opinion on the Supplemental Schedules listed below as specified in Section 400 of this Audit Guide.

Supplemental Financial Schedule	Section Ref. to Sample Format	Single Audit Report	Program Audit Report
• Report of Revenue by Functional Program **(1)**	2150.02	Yes	Yes
• Report of Functional Expenditures by Program **(1)**	2150.03	Yes	Yes
• Independent Auditor's Report on Cost Allocation Plan	2150.04	Yes	Yes
• Report of Excess Revenue **(1)**	2150.05	Yes	Yes

Explanatory Note:

(1) These reports are to be completed by the Organization based upon the final audited expenditures in accordance with the instructions referenced below:

Explanations for Completing Report	Exhibit Ref.
Report of Revenue by Functional Program	A
Report of Functional Expenditures by Program	B
Report of Excess Revenue	C

REPORT OF REVENUE BY FUNCTIONAL PROGRAM **Year Ended_____**	Agency Name: Address:					**City of Philadelphia** **Department of Human Services**		
	Sources of Revenue	Total All Functions						
60	Federal Government							
61	Title I							
62	Title II							
63	Title XIX							
64	Title XX							
65	Other Federal (Specify)							
66								
67								
68								
69								
70								
71	State Government (Specify)							
72								
73								
74	Phila. DHS							
75	Phila. DHS Comm. Block Grants							
76	Other Counties (Specify)							
77								
78								
79								
80	Board of Education							
81	C.O.O.D.A.P.							
82	MH/MR							
83	Other (Specify)							
84								
85	Private Fund Raising							
86	Investment Income							
87								
88	Rental Income							
89	Endowment Funds							
90	Foundations							
91	United Way							
92	Program Income							
93	Client Fee							
94								
95	Grand total							

Notes per multiple year funding. Use the following codes:
A - Last year B - 2nd year C - 3rd year

Accounting Method Used_____

SECTION 2150.02

REPORT OF FUNCTIONAL EXPENDITURES BY PROGRAM **Year Ended_____**	Agency Name: Address:				**City of Philadelphia** **Department of Human Services**		
Objects of Expense	Total All Functions						
	Salaries & Wages						
1	Administration						
2	Professional						
3	Clerical						
4	Maintenance & Services						
5	Child Care & Activities						
6	F.I.C.A. (Employer's Share)						
7	Unemployment Compensation						
8	Workmen's Compensation						
9	Employee Benefits						
10	Other (Specify)						
11	Total Social Services & Child Care						
12	MH/MR Salaries						
13	MH/MR F.I.C.A. (Employer's Share)						
14	MH/MR Unemployment Comp.						
15	MH/MR Workmen's Comp.						
16	MH/MR Employee Benefits						
17	Total MH/MR						
18	Educational Salaries						
19	Educational F.I.C.A. (Emp. Share)						
20	Educational Unemployment Comp.						
21	Educational Workmen's Comp.						
22	Educational Employee Benefits						
23	Total Educational						
24	Medical Salaries						
25	Medical F.I.C.A. (Employer's Share)						
26	Medical Unemployment Comp.						
27	Medical Workmen's Comp.						
28	Medical Employee Benefits						
29	Total Medical						
30	TOTAL SALARIES & WAGES						

REPORT OF FUNCTIONAL EXPENDITURES BY PROGRAM **Year Ended**_____	Agency Name: Address:				**City of Philadelphia** **Department of Human Services**		
	Total All Functions						
	OPERATING EXPENSE & ADMIN.						
31	Prof. Fees & Contract Payments						
32	Supplies						
33	Telephone						
34	Postage & Shipping						
35	Local Transportation						
36	Outside Printing, Artwork Etc.						
37	Conferences, Conventions & Mtgs.						
38	Subscriptions, Publications						
39	Membership Dues						
40	Awards & Grants						
41	Equip. Furn & Mtr. Vehicles Rental						
42	Equip. Furn & Mtr. Vehicle Use Allow.						
43	Fund Raising						
44	Other (Specify)						
45	Total Social Services & Child Care						
46	Operating Expense - MH/MR						
47	Operating Expense - Educational						
48	Operating Expense - Medical						
49	TOTAL OPER. EXP. & ADMIN.						
	OCCUPANCY						
50	Office Rent						
51	Bldg. & Bldg. Equip. Ins.						
52	Bldg. & Grounds Maint. & Repairs						
53	Utilities						
54							
55							
56							
57	Other (Specify)						
58	Total Social Services & Child Care						
59	Occupancy Expense - MH/MR						
60	Occupancy - Educational						
61	Occupancy Expense - Medical						
62	TOTAL OCCUPANCY EXPENSE						

REPORT OF FUNCTIONAL EXPENDITURES BY PROGRAM **Year Ended**_____	Agency Name: Address:				**City of Philadelphia** **Department of Human Services**		
	Total All Functions						
	CHILDREN'S DIRECT EXPENSE						
63	Food or Board Payments						
64	Subsidy Payments to Foster Par.						
65	Clothing, Cleaning & Repairing						
66	Activities, Recreation, Camp						
67	Personal Expenses						
68	Transportation						
69	Med. & Dental Fees & Supplies						
70	Other (Specify)						
71	Total Social Services & Child Care						
72	Children's Direct Exp. - MH/MR						
73	Children's Direct Exp. - Educ.						
74	Children's Direct Exp. - Medical						
75	TOTAL CHILDREN'S DIRECT EXP.						
	GRAND TOTAL EXPENSES						
76	Child Care & Social Services						
77	MH/MR						
78	Educational						
79	Medical						
80	Non-Allowable Expenses						
81	GRAND TOTAL ALL EXPENSES						
TOTAL DAYS OF CARE ALL CHILDREN							
TOTAL DAYS OF CARE DHS CHILDREN							
CAPACITY OF ALL FACILITIES							

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SPECIFIED INDIRECT COST ALLOCATION REQUIREMENTS

Board of Directors
(*Name of Organization***)**

We have examined *(Name of Organization)'*s compliance with allocating indirect costs reflected in the City of Philadelphia, Department of Human Services Report of Functional Expenditures as required by the Commonwealth of Pennsylvania, Department of Public Welfare, Section 3170.60 of the Chapter 3170 Regulations; and the "Indirect Cost Allocations" Section of the City of Philadelphia Subrecipient Audit Guide - Instructions For Completing The Report of Functional Expenditures (Section 2000, Exhibit B) during the year ended June 30, 20XX. Management is responsible for (*Name of Organization*)'s compliance with those requirements. Our responsibility is to express an opinion on (*Name of Organization*)'s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, including examining, on a test basis, evidence about (*Name of Organization*)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on (*Name of Organization*)'s compliance with specified requirements.

In our opinion, (*Name of Organization*) complied, in all material respects, with the aforementioned requirements for the year ended June 30, 20XX.

This report is intended solely for the information and use of the audit committee, management, and the City of Philadelphia Department of Human Services and is not intended to be and should not be used by anyone other than these specified parties.

(Accounting Firm's *Signature*)

City, State
(Report *Date*)

SECTION 2150.05

REPORT OF EXCESS REVENUE

Agency Name
Address
City, State Zip Code

	Total DHS Services	Service A	Service B	Service C
Total DHS Revenue:	900,000	600,000	300,000	0
Deduct: Expenditures for Phila. DHS Services:				
Salaries & Wages	600,000	400,000	200,000	0
Operating & Administration	120,000	80,000	40,000	0
Occupancy	30,000	20,000	10,000	0
Children's Direct Expense	100,000	60,000	40,000	0
Total DHS Expenses:	850,000	560,000	290,000	0
Excess Revenue/(Expenses):	50,000	40,000	10,000	0

EXHIBITS

Children and Youth Division and Juvenile Justice Services

TABLE OF CONTENTS

EXHIBIT	DESCRIPTION
A	Instructions for Completing the Report of Revenue by Functional Program
B	Instructions for Completing the Report of Functional Expenditures by Program
C	Schedule of Days of Care
D	Instructions for Completing the Report of Excess Revenue

EXHIBIT A

INSTRUCTIONS FOR COMPLETING THE REPORT OF REVENUE BY FUNCTIONAL PROGRAM (85-396)

All revenue, from whatever source, should be disclosed on the Report of Revenue by Functional Program. As the name of the report implies, all revenue should be shown for each functional program provided by the Agency. If certain types of income or revenue are not directly attributable to a specific agency function, the revenue should be pro-rated among the various functions in the same ratio as the costs of the various functions. Total revenue for all functions should also be indicated.

Columnar headings are provided for total revenue as well as for selected program services. For other services, the type(s) of service or function should be typed in one or more of the blank columnar headings provided for this purpose.

Revenue is to be reported in a manner which conforms to that used in the agency's CPA audit, listing all revenue sources indicated on the report. The agency should state which accounting method it utilizes, whether cash or accrual, or any variant thereof, in the space at the lower right of the form.

For sources of revenue not specifically indicated on the form, the agency should utilize one of the spaces marked "other" and specify what the source of revenue is, in that space. Bequests and contributions are examples of "other" sources of revenue.

Revenue from the Federal government should be listed first, followed by State sources of revenue, Philadelphia Department of Human Services, other counties, and then miscellaneous public and private revenue sources.

A definition of each revenue source listed on the form follows:

<u>Line 61</u> Title I – refers to the Elementary and Secondary Education Act (ESEA). This title is for grants to improve basic skills achievement for educationally deprived children who live in the attendance areas that have high concentrations of children from low income families.

<u>Line 62</u> Title II – This also refers to ESEA. It includes grants to provide additional library resources, textbooks, and other instructional materials for all children.

<u>Line 63</u> Title XIX - refers to the Social Security Act, as amended. This title provides for grants for Medical Assistance Programs to furnish: (1) medical assistance on behalf of families with dependent children, and (2) rehabilitation and other services to help such families to attain or retain capability for independence or self-care.

<u>Line 64</u> Title XX - also refers to the Social Security Act. It provides for grants for basic social services to prevent or reduce dependency to prevent or reduce neglect, abuse, or exploitation of children, and to prevent or reduce inappropriate

institutional care by providing for community-based care, home based care, or other forms of less intensive care.

Lines 65-70 Any other Federal source of funding should be reported on lines 65 through 70, if needed. These other sources would include Social Security benefits in behalf of a child, Railroad Retirement benefits, Supplemental Security Income, and Veterans Administration benefits. In addition, Titles IV-A and IV-B, of the Social Security Act, as defined below, should be included under "other federal" revenue sources.

Title IV-A - grants for aid and services to needy families with dependent children, which includes money payments with respect to, or medical care in behalf of, dependent children.

Title IV-B - grants for child welfare services which supplement, or substitute for, parental care and supervision for the purpose of preventing or remedying the neglect, abuse, exploitation, or delinquency of children.

Lines 71-73 Any funding provided by the State Government should be shown on these lines. If funds are received from any other state than Pennsylvania, specify which state.

Line 74 Philadelphia DHS - indicates per-diem rate funds received from the Children and Youth Agency. Total annual funds should be reported here, not the daily rate.

Line 75 Philadelphia DHS Community Block Grants - These are City of Philadelphia Councilmanic grants used in the prevention of juvenile delinquency, and providing recreational activities and counseling.

A Group -	**up to $15,000, for licensed facilities**
B Group -	**up to $6,500, unlicensed facilities**
C Group -	**up to $5,000, to non-structured, small community based, unlicensed groups.**

Lines 76-79 Other counties. Funding from any other County Children and Youth Agency should be reported here. The County providing the funds should be specified.

Line 80 Board of Education - Funding provided by the Board of Education should be indicated on this line. If funds are received from a School District outside the City of Philadelphia, specify which school board provides the funds.

Line 81 C.O.D.A.A.P. - This is the City of Philadelphia Coordinating Office for Drug and Alcohol Abuse Programs. This office passes on funds from the Governor's Council on Drug & Alcohol Abuse, as well as from other sources.

Line 82 MH/MR - Funds received from the local Mental Health/Mental Retardation agency should be reported here. If the MH/MR agency is outside the City of Philadelphia, specify which agency provides the funds.

Lines 83-84 Funds from any other State or local government agency should be reported here. The source of the funds should be specified.

Line 85 Funds received from any source of private fund raising should be reported here, whether from corporate grants, bake sales, etc.

Lines 86-87 Investment Income - In from, investment income may include interest, dividends, royalties, gains on dispositions of securities, and even net earnings from activities conducted solely for the production of income. Enter all such income on this line.

Line 88 Rental Income - This includes income from the rental of real estate, buildings, or property, whether the facility or resource is owned by the agency or is available for its use as an income-producer.

Line 89 Endowment Fund - A fund arising from a bequest, gift, or other donor instrument, the income of which is devoted to a specific purpose until a specified time, or the occurrence of a specific event, or in perpetuity. The income from the fund should be reported here.

Line 90 Foundation Income - Income received from any foundation should be reported here. The name of the foundation should be indicated on Line 90, after the word "foundation".

Line 91 United Way - These funds include three main categories: (1) deficit financing; (2) grants, which are determined by various review committees, and are not linked to a particular service; and (3) project funding, for specified services of an agency, usually of an innovation nature. In addition, there is some funding for particular items of expense, such as capital improvements.

Line 92 Program Income - This category should include revenue from activities that, although administered by it, a voluntary agency regards as incidental to its primary services, or from activities that are conducted primarily as therapeutic training or vocational training. Income from the operation of a farm is an example of the latter type of activity.

Line 93 Client Fees - These are direct fees charged the clients for program services rendered.

Line 94 Other - Include revenue from any other source not mentioned in instructions.

Line 95 Grand Total - Total of all funds, grants and revenue.

EXHIBIT A (CONT'D)

For revenue specifically earmarked for a particular function, the agency should place an asterisk to the left of such revenue item(s) on the form.

For multiple year funding, a code letter should be used to indicate whether the, funding will continue and which year of funding has been received in the fiscal period just ended. "A" should be used to indicate the first year of funding; "B" the second year; and "C" the third year of funding.

(For any additional years of funding, use "D", "E", "F", for 4th, 5th, and 6th year, respectively.) If the funding is to be continued in the next fiscal period (i.e. the fiscal period following the one just ended and reported on herein), use a "Y" to indicate this fact. If the funding will not be continued in the current fiscal year, use an "X" to indicate this. The code letters A, B, or C should be placed to the upper right of the revenue figure: the code letter Y or X should be placed to the lower right of the figure.

EXHIBIT B

INSTRUCTIONS FOR COMPLETING THE REPORT OF FUNCTIONAL EXPENDIIURES 85-185 (REV. 5195)

INTRODUCTION

Cost accounting is an essential element of compliance with the regulations governing purchase of care by public child welfare agencies as set forth in Pennsylvania Department of Public Welfare 55 PA Code, Chapter 3170 "Allowable Costs and Procedures For County Children and Youth".

Careful determination of costs is essential to the continued vigor of programs conducted under contracts with provider agencies. Recognition is given that there are both direct and indirect costs which contribute to the quality and viability of services.

REIMBURSABLE AND NON-REIMBURSABLE EXPENDITURES

Effective for the Contract Year beginning July 1, 1995, the City of Philadelphia has issued Contract Cost Principles And Guidelines, This document contains instructions for the determination of Direct and Indirect costs, basic guidelines for allowability of costs, reasonableness of costs and standards for selected cost items.

In determining allowable expenses for this report, Contract cost Principles And Guidelines should be considered in conjunction with the 55 PA Code, Chapter 3170, entitled *"Allowable Costs And Procedures For County Children And Youth* and the Office of Management And Budget Circular A-122 entitled *Cost Principles For Nonprofit Organizations*".

All phases of a function should be included so that both intake and post-placement (after care) service costs are reflected.

MH/MR , EDUCATIONAL AND MEDICAL COSTS

When calculating MH/MR, Educational and Medical costs, consider only the costs that are an addition to the normal social service and child care costs (e.g. The salary and wage cost for a social worker who provides the same service for all clients whether in special MH/MR or Medical programs or not would all be considered social service cost. The salary and wage cost for a worker who specializes in the care of MH/MR or medical clients and works with these clients only would be considered MH/MR or medical cost).

REPORT FORMAT

A) Column Headings - DHS Contracted Services

1) Columns must be headed by functional services titles as they appear on the agency's monthly billings to the city.

2) A separate column must be prepared for each service.

e.g., If the agency bills for several different categories of Foster Family Care, a separate column must be prepared for each specific foster care service. It is not acceptable to combine services and list them in one column such as combining several different categories of foster family care under the heading "Foster Care".

3) Reporting by agency cost center is not acceptable if these cost centers do not directly correspond with specific DHS contracted services.

If agency costs centers do not correspond with specific DHS contracted services, a method of allocation must be used to determine costs attributable to specific services.

e.g., A column headed by Administration and Management is not acceptable. These costs must be allocated to individual services.

B) Column Headings - Non-DHS Contracted Services

1) Figures for functions performed by the agency which are not purchased by DHS must be included so that the "Total All Functions" column will agree with the total per the Statement of Revenue, Expenses and Changes in Fund Balance.

2) Functions not purchased by DHS may be listed individually or may be combined in one column with the heading "All Non-DHS Services".

C) Column Heading - Total All Functions

1) Amounts in this column should include all agency expenditures (DHS and Non-DHS) for all programs and the Grand Total of All expenses must agree with the total per the Statement of Revenue, Expenses and Changes in Fund Balances.

2) All line items must be correctly cross-footed.

Please note only properly formatted reports will be accepted.

DESCRIPTION OF-REPORT FORM ENTRIES

Enter all items whether allowable or non-allowable. The total of non-allowable expenses is to be entered on Line 80.

SALARIES AND WAGES

Lines 1 through 5

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-5

Include:
- Full time and part-time employees.
- Direct charges and indirect charge allocations.
-
- Do Not Include:
- Consultants and others engaged on a contract basis.
- Employees who provide Mental Health/Mental Retardation, Educational or Medical services.

Lines 6 through 9

CONTRACT COST PRINCIPLES SECTION II PARAGRAPH D-5

Include:
- The FICA, Unemployment Compensation, Workmen's Compensation and Employee Benefits (Pension Plans, Health Insurance, etc.) applicable to the wages listed on Lines 1 through 5.

Line 10

Include:
- All salaries and wages paid which do not fall into any of the previous classifications, plus the applicable taxes and benefits.

- Specify the type of wage expense listed.

Line 11 is the total of Lines 1 through 10.

Line 12

Include:
- Only the wages paid to employees who provided MH/MR services. These are employees who specialize in the care and treatment of clients who experience mental retardation and/or acute and extended mental illness.

Lines 13 through 16

Include:

- The FICA, Unemployment Compensation, Workmen's Compensation and Employee Benefits applicable to the wages listed on Line 12.

Line 17 is the total of Lines 12 through 16.

Line 18

Include:
- Only the wages paid to employees who provided educational services. This would encompass teachers and employees in teaching related positions who are engaged in an accredited education program.

Do Not Include:
- Tutors who are not part of an accredited education program that are providing supplementary teaching services. List these wages on Line 2.

Lines 19 through 22

Include:
- The FICA, Unemployment Compensation, Workmen's Compensation and Employee Benefits applicable to the wages listed on Line 18.

Line 23 is the total of Lines 18 through 22.

Line 24

Include:
- Only the wages paid to employees who provided medical services. These are employees who specialize in the care and-treatment of clients who experience severe medical afflictions or prolonged illness. This would encompass doctors, nurses, physical therapists and employees in other health care related positions.

Lines 25 through 28

Include:

- The FICA, Unemployment Compensation, Workmen's Compensation and Employee Benefits applicable to the wages listed on Line 24.

Line 29 is the total of Lines 24 through 28.
Line 30 is the sum of Lines 11, 17, 23 and 29.

OPERATING EXPENSE AND ADMINISTRATION

Line 31 - Professional Fees And Contract Payments

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-19

- Include fees and-expenses of professional practitioners and consultants who are not employees of the agency and are engaged as independent contractors for specified services on a fee or other individual contract basis such as legal, auditing and consulting fees and expenses.

Line 32 - Supplies

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-16

- Include the cost of office supplies and materials.

Line 33 – Telephone

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-4

Include telephone charges.

- Line 34 - Postage And Shipping

CONTRACT COST PRINCIPLES SECTION III PARAGRAPH D-4

- Include postage, parcel post, trucking and other delivery expenses.

Line 35 - Local Transportation

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-24

- Include expenses of travel and transportation for staff and clients such as bus, taxi or railroad fares and the expenses of operating agency vehicles such as gas, oil, repairs, etc. Also include mileage allowances for the use of employee or volunteer automobiles and parking charges and tolls.

Line 36 - Outside Printing, Artwork, Etc.

CONTRACT COST PRINCIPLES SECTION III PARAGRAPH D-18

- Include the costs of printing, commercial artists, art work, photographs and other costs of in-house publications such as annual reports, brochures, newsletters, etc.

Line 37 - Conferences, Conventions And Meetings

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-17

- Include all expenses of conducting or of staff attendance at meetings related to an agency's activities such as transportation, mileage allowances, hotel, meals and incidental expenses of out-of-town conferences and conventions. Also include speaker honorariums, meeting space, equipment rentals and other related expenses.

Line 38 - Subscriptions, Publications

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-17

- Include the costs of subscriptions, reference and resource publications, technical journals, books and pamphlets.

Line 39 - Membership Dues

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-17

- Include all membership dues in other organizations, both individual and agency, quota payments and other formula-based or prescribed payments to local or national organizations.

Line 40 - Awards And Grants

CONTRACT COST PRINCIPLES SECTION 11, PARAGRAPH D-11

- Include amounts paid to individuals or organizations for support of research, fellowship, scholarship and other health or welfare programs.

Line 41 - Rental Expense of Equipment, Furniture And Motor Vehicles

CONTRACT COST PRINCIPLES SECTION 11, PARAGRAPH D-20

- Include the rental or lease expense of equipment, furniture and motor vehicles essential to the operation of the programs under contract.

Line 42 - Use Allowance For Equipment, Furniture And Motor vehicles

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-7

- Determine the use allowance for Equipment, Furniture and Motor Vehicles in accordance with the instructions contained in Paragraph D-7.

Line 43 - Fund Raising

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-9

- Include all expenses of activities that constitute or are an integral part of an appeal for financial support.

Line 44 - Other

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPHS D-2, 3, 8, 10, 13, 23

Include:
- All operating and administrative expenses which are not reportable under Lines 31 through 43 and Lines 46 through 48.
- Specify the type of expense listed.

Line 45 is the Sum of Lines 31 through 44

Line 46 - Operating Expense - MH/MR

- Include the total of all expenses which could be classified under Lines 31 through 44 but were incurred specifically in the provision of services to clients who experience mental retardation and/or acute and extended mental illness.

Line 47 - Operating Expense - Educational

- Include the total of all expense which could be classified under Lines 31 through 44 but were incurred specifically in the provision of an accredited education program.

Line 48 - Operating Expenses - Medical

- Include the total of all expenses which could be classified under Lines 31 through 44 but were incurred specifically in the provision of services to clients who experience severe medical afflictions or prolonged illness.

Line 49 in the Sum of Lines 45 through 48.

OCCUPANCY

Line 50 - Office Rent

CONTRACT COST PRINCIPLES SECTION II PARAGRAPH D-20

- Include amounts paid under rental or lease agreements for buildings or offices used in providing contracted services.
- The parties must be unrelated and continue as such. When an agency enters into a sale and lease back agreement with a related purchaser, the expense is non-allowable.

- The amount of rent charged to any given program shall be prorated in direct relation to the amount of space utilized by the general public for similar space in that geographical area.

Line 51 - Building And Building Equipment Insurance

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-12

- Include the cost of all insurance associated with the use of buildings and the related equipment such as property and fire insurance.

Line 52 - Building And Grounds Maintenance And Repairs

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPHS D-15, 21

- Include the costs of repairs and maintenance of buildings, grounds or space which is used for the activities of the agency such as janitorial services, garbage collection, pest control and grounds maintenance costs.

- Repairs are costs incurred for necessary maintenance or upkeep of buildings which neither add to the permanent value of the property, nor appreciably prolong its intended life, but keep it in an efficient operating condition.

Line 53 - Utilities

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-25

- Include the cost of electricity, heat, water and other utilities associated with the occupancy of buildings.

- Include only the interest portion of mortgage payments for agency property used in providing contracted services.

Please note that expenses formerly listed on Line 54 Amortization, Line 55 - Mortgage interest and Line SG Depreciation are now to be included on Line 50 - Office Rent.

Line 57 – Other

CONTRACT COST PRINCIPLES SECTION 11, PARAGRAPH D-22

Include:

- All occupancy expenses which are not reportable under Lines 50 through 56 and Lines 59 through 61.
- Specify the type of expense listed.

Line 58 - is the Sum of Lines 50 through 57.

Line 59 - Occupancy Expense - MH/MR

- Include the total of all expenses which could be classified under Lines 50 through 57 but were incurred specifically in the provision of services to clients who experience mental retardation and/or acute and extended mental illness.

Line 60 - Occupancy Expense - Educational

- Include the total of all expenses which could be classified under Lines 50 through 57 but were incurred specifically in the provision of an accredited education program.

Line 61 - Occupancy Expense - Medical

- Include the total of all expenses which could be classified under Lines 50 through 57 but were incurred specifically in the provision of services to clients who experience severe medical afflictions or prolonged illness.

Line 62 is the Sum of Lines 58 through 61.

<u>CHILDREN'S DIRECT EXPENSE</u>

Line 63 - Food or Board Payments

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-16

- Include all board payments to foster parents regardless of the agency definition and extent to which payments meet the cost of care.

- Also include food costs for group or institutional care whether a purchased service or provided directly by the agency.

Line 64 - Subsidy Payments To Foster Parents

CONTRACT COST PRINCIPLES SECTION II PARAGRAPH D-19

- Include only payments to foster parents which are in the nature of salaries or bonuses.

Line 65 - Clothing, Cleaning And Repairing

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-16

- Include the cost of the purchase of all clothing for the children for whom the agency has responsibility.

- Also include the cost of alterations, repair and cleaning.

Line 66 - Activities, Recreation, Camp

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-6

- Include the cost of providing recreation for the children whether on grounds or off grounds, such as tickets for sporting, entertainment or cultural events.

- Do not include the cost of staff for supervision or the cost of transportation.

Line 67 - Personal Expenses

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-16

- Include the cost for children's personal allowance and personal grooming costs.

Line 68 – Transportation

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-24

- Include all child related transportation, recreation-related transportation and transportation funds used by clients for home visitation and court appearance.

Line 69 - Medical And Dental Fees And Supplies

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-16

- Include the cost of medical and dental care for children who are not eligible for medical assistance or other insurance or when medical assistance services are not available.

- Do not include the costs of medical and dental care that specifically apply to clients included on Lines 72 and 74.

Line 70 - Other

CONTRACT COST PRINCIPLES SECTION II, PARAGRAPH D-16

Include:

- All children's direct expenses which are not reportable under Lines 63 through 69 and Lines 72 through 74.
- Specify the type of expense listed.

Line 71 is the Sum of Lines 63 through 69.

Line 72 Children's Direct Expense - XH/XR

- Include the total of all expenses which could be classified under Lines 63 through 70 but were incurred specifically in the provision of services to clients who experience mental retardation and/or acute and extended mental illness.

Line 73 - Children's Direct Expense - Educational

- Include the total of all expenses which could be classified under Lines 63 through 70 but were incurred specifically in the provision of an accredited educational program.

Line 74 - Children's Direct Expense - Medical

- Include the total of all expenses which could be classified under Lines 63 through 70 but were incurred specifically in the provisions of services to clients who experience severe medical afflictions or prolonged illness.

Line 75 is the Sum of Lines 71 through 74.

Line 76 - is. the total of Lines 11, 45, 58 and 71 less any unallowable expenses.

Line 77 - is the total of Lines 17, 46, 59 and 72 less any unallowable expenses.

Line 78 - is the total of Lines 23, 47, 60 and 73 less any unallowable expenses.

Line 79 - is the total of Lines 29, 48, 61 and 74 less any unallowable expenses.

Line 80 - is the total of all unallowable expenses that were excluded in Lines 76 through 79.

Line 81 is the Sum of Lines 76 through 80 and should equal the total of Lines 30, 49, 62 and 7S.

Total Days Of Care - All Children

Record in the appropriate Program Function Column the total number of days of care provided during the fiscal period of the report for all children, whether the financial responsibility of Philadelphia Department of Human Services or not. Days of care provided must agree with the total of days billed for all counties for the report period.

Total Days Of Care - DHS Children

Record in- the appropriate Program Function Column the total number of days of care provided during the fiscal period of the report for children who were the financial responsibility of Philadelphia Department of Human Services**.** These amounts are to be derived from the monthly DHS billings for the report period and are to be accumulated per the attached "Schedule of Days of Care"**.**

Capacity of All Facilities

Record in each Program Function Column the total bed capacity of all of your agency's facilities for that function. For example, if you operate three group homes, record the total number of beds in all three-group homes.

Bed capacity is defined as that number of beds which your agency had to provide care and service during your fiscal year.

If, during the fiscal year, a new facility was opened, please provide the date opened and its capacity separately. For those facilities no longer used during the year, please list the capacity and the date child care usage stopped.

EXHIBIT C

Schedule of Days of Care

Days Billed – Each Service

Service Type (Per Monthly Billings)	Total All Services								
Service Code									
Billing Month									
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									
11.									
12.									
Total									

Exhibit D

Using the Report of Revenue by Functional Program (2150.02) and the Report of Functional Expenditures (2150.03) as basis, a Report of Excess Revenue should be constructed. All of the information necessary for the report has already been obtained for purposes of completing the functional revenue and expenditure reports.

All revenue received from the Philadelphia Department of Human Services (DHS) should be listed in column format according to the service provided by the agency for Philadelphia DHS. The expenses should then be listed in column format, also segregated according to service provided by agency for DHS. The expense line items should be the total dollar amounts expended for Salaries & Wages, Operating & Administration, Occupancy, and Children's Direct Expense. The above line item expenses should then be totaled and placed in line item labeled "Total DHS Expenses.' The total DHS expenses should then be subtracted from DHS revenue to obtain the "Excess of Revenue/(Expenditures)." Please refer to section 2150.05 for the format to be used.

SECTION 2200

OTHER HUMAN SERVICES PROGRAMS

.01 The Department of Human Services administer various other Programs as detailed in the following Section.

SECTION 2210 - PROGRAM DESCRIPTIONS AND OPERATIONS

Human Services Development Fund

.01 The Human Services Development Fund (HSDF) was implemented in Fiscal Year 1984-85 in response to the request of Counties for more discretion and flexibility to accommodate local needs and priorities within the Human Service Programs for which Counties are responsible. The HSDF affords Counties the opportunity to develop innovative services tailored to meet particular needs which may not be met within the categorical funding structure; to develop processes which are intended to enhance the coordination of activities among Human Service Agencies, advocates and Programs; and to expand existing categorical services within the County-operated Programs.

.02 The Human Services Development Fund provides funding for the provision of services through the Adult Services, Aging, Children and Youth, Drug and Alcohol, Homeless Assistance and the Community Mental Health and Mental Retardation Programs in order to promote, improve and sustain the quality of family life in Pennsylvania.

.03 Services are provided to eligible persons for the purpose(s) of:

- Achieving or maintaining economic self-support to prevent, reduce or eliminate dependency;
- Achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
- Preventing or remedying neglect, abuse or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families;
- Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; or
- Securing referral or admission for institutional care when other forms of care are not appropriate.

.04 HSDF funds may be used only for services within the seven program areas for which counties are responsible. These funds may be used to expand existing services in any or all of the above program areas for the Coordination of Services among those programs, for Generic Services targeted toward clients of two or more of the programs, for Specialized

Services focused upon one or more of the seven programs, and for Volunteer Recruitment and Training. Counties may also, within limits, use HSDF funds for administrative costs relative to managing their HSDF programs.

Family Preservation Program

.05 The purpose of this program is to provide intensive crisis intervention to families at high risk of having their children placed out of home; to motivate these families to accept services by intervention at a point of crisis within the family; to enhance the family's ability to care for their children; to increase the life skills and coping capacities of family members; to promote the well-being of the children of such families and to assist families in obtaining needed services in health, education, housing, training, employment, etc.

Department of Health and Human Services Discretionary Grant (Training)

.06 The purpose of this program is to raise competency levels and increase morale by promoting self-confidence through enhancing workers' knowledge and level of skill in the areas of Social Work, Supervision, Policy, Planning and Administration, Clerical and Foster Parenting.

Adolescent Initiative

.07 To purpose of this program is to move youth further from institutionalized dependency and counterproductive life styles and towards the acquisition of the skills, knowledge and outlooks necessary to achieve responsible adult independence.

SECTION 2220 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The Federal CFDA Number is 93.554 for the Department of Health and Human Services Discretionary Grant (Training) Program. The Adolescent Initiative Federal CFDA Number is 72.014. The Human Services Development Fund and Family Preservation Programs are State funded; therefore, a Federal CFDA Number is not applicable.

Human Services Development Fund

.02 Applicable Other Regulations:

- Human Services Development Fund, 1991-1992 - Instructions and Requirements (Commonwealth of Pennsylvania, Department of Public Welfare, Office of Social Programs - Issued December 1991)

Family Preservation Program

.03 Applicable Other Regulations:

- Commonwealth of Pennsylvania, Department of Public Welfare - Special Transmittal dated April 20, 1991 - Family Preservation Service Grant - Fiscal Reporting

Department of Health and Human Services Discretionary Grant (Training)

.04 Applicable Other Regulations:

- OMB Circular A-21, Cost Principles for Educational Institutions

Adolescent Initiative

.05 Applicable Other Regulations:

- Commonwealth of Pennsylvania, Department of Public Welfare - Children, Youth and Families Bulletin - 1991/92 Title IV-E Independent Living Program Guidelines and Application Process

SECTION 2230 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed below are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

Human Services Development Fund

.02 Counties are not prohibited from contracting for HSDF services with agencies which also provide other Social Service Programs. If the County elects to contract with such an agency (which receives separate funding to provide other services), the County must ensure that adequate documentation is maintained by that agency to show that HSDF funds are used only for approved

HSDF services to HSDF clients. HSDF funds may not be used to subsidize programs and/or services which are not allowable and which have not been approved in the HSDF plan.

.03 The auditor should perform tests to determine that:

- Clients receiving services under HSDF are not receiving similar services billed under another program.

- Wage expense charged to HSDF is not for employees who are actually performing services for clients billed under another program.

.04 At this time there are no specific program compliance audit procedures for the additional programs listed in Section 2210.

SECTION 2240 - FINANCIAL COMPLIANCE PROCEDURES

.01 At this time there are no additional specific financial compliance audit procedures for any of the programs listed in Section 2210, other than those procedures required by Section 307 of this Audit Guide.

SECTION 2250 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 At this time there are no supplemental financial reports and schedules for any of the programs listed in Section 2210.

SECTION 3000

MAYOR'S OFFICE OF COMMUNITY EMPOWERMENT AND OPPORTUNITY

SECTION 3001 - GENERAL INFORMATION

.01 On January 15, 2013 Mayor Nutter signed an Executive Order creating the Mayor's Office of Community Empowerment and Opportunity (CEO), appointing its Oversight Board, and abolishing the Mayor's Office of Community Service (MOCS). CEO will continue to manage the programs and activities that were operated by the former MOCS.

The mission of CEO is to align the City's efforts to lift individuals and communities out of poverty and to increase opportunities for low income individuals andfamilies., CEO serves as a single point of contact and accountability for the City's anti-poverty efforts, while supporting City departments and lead agencies in meeting their yearly anti-poverty goals. CEO also evaluates the effectiveness of anti-poverty pilots and programs and convenes stakeholders to identify opportunities for collaboration. CEO manages the Community Service Block Grant funds and other resources.

SECTION 3100

.01 The Mayor's Office of Community Empowerment and Opportunity serves as the hub for a number of programs and partnerships, working toward the common goal of providing outreach and support to low-income individuals and families, helping them gain access to basic services and achieve self-sufficiency. Each program is designed to improve life circumstances using strategies and methodologies that engage program participants, their families, neighborhoods, and communities as detailed in the following section.

SECTION 3110 - PROGRAM DESCRIPTIONS AND OPERATIONS

Community Engagement Unit

.01 The Community Engagement (CEU) is deployed to targeted high-crime, low-income neighborhoods to facilitate and support the wide-range of activities related to Mayoral anti-poverty initiatives. The CEU assists residents with a menu of services and supports designed to strengthen families and communities. These services include preparation of federal and state income tax returns, completion of entitlement applications for LIHEAP and Crisis, completion of senior citizen entitlement applications for PACE, Property Tax/Rent rebates and water discounts.

The CEU staff provides residents with the necessary referrals to emergency services and linkages to meet their basic needs. Community Engagement staff also help organize neighborhoods by identifying and recruiting individuals interested in becoming block captains, town watch members or neighborhood advocates to ensure that Philadelphia's low-income individuals feel empowered to take ownership of their communities. In cases where individuals are unable to advocate for themselves, trained staff act as their "voice" providing them the skills, supports and resources necessary to tackle the issues affecting their families and communities.

Fatherhood Initiative Program

.02 The Fatherhood Initiative Program (FIP) is designed to to help low –income, non-custodial fathers to face their economic, social, moral, and emotional responsibilities by strengthening their families and improving the outcomes of their children. The FIP has a three-part services model geared towards; 1) promoting responsible fatherhood involvement in the lives of their families and children, 2) assisting in the removal of barriers to economic stability and employment and 3) coordinating services to assist their families to emerge from poverty. FIP provides skill base parenting, family strengthening and anger management workshops, workforce development assistance, and education referrals to its customers, as well as technical assistance and training to other community base programs.

Foster Grandparents Program

.03 The Foster Grandparents Program (FGP) was established under the Older Americans Act in 1965, to enable low-income seniors to serve children with special needs. FGP is part of a national network of service programs that provide seniors the opportunity to put their life experiences to work for local communities Foster Grandparents serve as mentors, tutors, and caregivers for vulnerable children and youth in Philadelphia at sixty-five host institutions. Over 120 senior volunteers representing the diversity of Philadelphia neighborhoods are on the front lines of services, providing loving support to this most special population. FGP is strengthening communities by utilizing an untapped resource of older adults, mobilizing them to serve in local schools and community based organizations, filling significant gaps, and enabling these organizations to expand their capacity. The program is open to low-income males and females, age fifty-five (55) and over, who are in good health, live in Philadelphia and are interested in working with children and adolescents. Funding for this program is provided by the Corporation for National Service.

Workwise Program

.04 Funded through the Department of Public Welfare, WorkWise offers a comprehensive Work Ready program for late-term pregnant and medically exempt Philadelphians. The program empowers its customers to develop resources that will help prepare them to enter or re-enter the workforce. The primary goal of WorkWise is to match customers with work activities that would render the customer ready to become employed. Customers can expect to undergo aptitude and skill assessments, receive barrier remediation assistance, attend job readiness classes, as well as basic computer, soft skills and customer service training. Additionally, WorkWise offers supplementary workshops to further prepare customers for the world of work.

SECTION 3120 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The following Federal CFDA Numbers are applicable to CEO programs:

Program	CFDA No.
Community Engagement Unit	93.569
Fatherhood Employment Program	93.569
Foster Grandparents Program	94.011
Work Wise Program	93.558

SECTION 3130 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department Program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the Program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

.02 The essential features relating to CSBG program operations of CEO Programs are as follows:

- Income Eligibility Guidelines
  - Eligibility for participation in CSBG Program is set at one hundred twenty-five percent (125%) of the Federal Poverty Guidelines.
  - Income eligibility determination shall be based on total family unit income for the thirty (30) day period immediately preceding the date of application for services. The Federal poverty level is based on annual income. Annual income is derived by multiplying income for the past thirty (30) days times twelve (12).
- Intake Form/Application
  - Every client should have proper documentation contained in his/her file.
- Client lives within City of Philadelphia/County.
- Oversight Board Minutes maintained.
- Monthly reports properly prepared and submitted timely.
- Policy and Procedure Manual of the Agency
  - PPM should contain statement(s) concerning equal employment, non-discrimination, affirmative action, etc.

SECTION 3140 - FINANCIAL COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department Program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the Program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

.02 The essential features relating to financial operations of all CEO Programs are as follows:

- Tax filings to all government agencies and "copy" of payment.
- Fidelity Bonding Insurance
  - Must equal at least twenty-five percent (25%) of full contract amount insuring employees handling cash for the contract period.

.03 The audit procedures for the above are to:

- Verify timeliness of tax filings and deposits.
- Determine adequacy of bonding insurance.

SECTION 3150 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 The Organization's audit report must include the following Supplemental Financial Schedules for each City of Philadelphia contract, in addition to the financial statements as specified in Sections 400 and 500 of this Audit Guide. A designation has been made for those supplemental schedules required for a "single audit" report (Section 400) or a "program audit" report (Section 500). The auditor's report on the Supplemental Schedules listed below will be an agreed-upon procedures report as specified in Section 40 of this audit Guide.

Supplemental Financial Schedule	Section Ref. To Sample Format
• Statement of Source and Status of Funds	3510.02
• Statement of Program Expenditures	3150.03
• Schedule of Program Income	3150.04
• Reconciliation Schedule	3150.05

ABC NONPROFIT CORPORATION
CONTRACT NUMBER XXXX
STATEMENT OF SOURCE AND STATUS OF FUNDS
FOR THE PERIOD JULY 1, XXXX TO JUNE 30, XXXX

	DCED FUNDS	PROGRAM INCOME	LEVERAGED FUNDS	TOTAL
Total Contract (Final Authorized Budget)	$ XXXX	$	$ XXXX	$ XXXX
Less:				
Funds Drawn Down - Prior Fiscal Year	XXXX			XXXX
Funds Drawn Down - Current Year	XXXX			XXXX
Total Funds Drawn Down	XXXX		XXXX	XXXX
Funds Still Available for Draw Down	$ XXXX	$	$ XXXX	$ XXXX
Total Funds Drawn Down	$ XXXX	$	$ XXXX	$ XXXX
Add:				
Program Income		XXXX		XXXX
Total Funds Received	XXXX	XXXX	XXXX	XXXX
Less:				
Program Income Expended		XXXX		XXXX
Funds Applied - Prior Fiscal Years				
Funds Applied - Current Fiscal Year	XXXX		XXXX	XXXX
Total Funds Applied	XXXX	XXXX	XXXX	XXXX
Total Funds Due From Funding Source	$ XXXX	$ XXXX	$ XXXX	$ XXXX
Total Funds Available For Disposition	$ XXXX	$ XXXX	$ XXXX	$ XXXX

ABC NONPROFIT CORPORATION
CONTRACT NUMBER XXXX
STATEMENT OF PROGRAM EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 20XX

	Approved Budget			Accrued Expenditures Prior to 7/1/XX			Accrued Expenditures 7/1/XX to 6/30/XX				Accrued Expenditures Cumulative to June 30, 20XX			
Contract Categories	DCED Funds	Leveraged Funds	Total Funds	DCED Funds	Leveraged Funds	Total Funds	DCED Funds	Leveraged Funds	City Funds	Total Funds	DCED Funds	Leveraged Funds	Total Funds	Questioned Costs
Direct Personnel	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXX
Direct Fringe Benefits	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XX
Travel	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	X
Occupancy	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Consumable Supplies	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Equipment Rental/Lease	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Other Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Indirect Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Operating Subtotal	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXX
Audit Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Contract Total	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXX

ABC NONPROFIT CORPORATION
CONTRACT NUMBER XXXX
SCHEDULE OF PROGRAM INCOME
FOR THE PERIOD JULY 1, 20XX TO JUNE 30, 20XX

	SALE PROCEEDS	OTHER (SPECIFY)	TOTAL
Program Income (Cumulative to 6/30/XX)	$ XXXX	$ XXXX	$ XXXX
Less: Program Income Expended in Prior Years	XXXX	XXXX	XXXX
Beginning Balance July 1, XXXX	XXXX	XXXX	XXXX
Add: Program Income Received in Current Fiscal Year	XXXX	XXXX	XXXX
Less: Program Income Expended in Current Fiscal Year	XXXX	XXXX	XXXX
Ending Balance as of June 30, 20XX	$ XXXX	$ XXXX	$ XXXX

ABC NON-PROFIT CORPORATION
CONTRACT NUMBER XXXXX
RECONCILIATION SCHEDULE
FOR THE PERIOD JULY 1, 20XX TO JUNE 30, 20XX

Category	Amount Per Books and Records	Amount Per 6/30/XX Subrecipient Invoices	(*) Differences
Contract Amount	XX	XX	
Program Cost			
Current Year	XX	XX	
Cumulative	XX	XX	
Funds Drawn Down			
Current Year	XX	XX	
Cumulative	XX	XX	
Balance of Advance	XX	XX	

(*) Attach Schedule of Reconciling Items

SECTION 4000

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

SECTION 4001 - GENERAL INFORMATION

.01 The Office of Housing and Community Development (OHCD) plans and allocates the various program resources which it receives annually from the U.S. Department of Housing and Urban Development (HUD).

SECTION 4100

.01 The Office of Housing and Community Development administers various programs as detailed in the following section.

SECTION 4110 - PROGRAM DESCRIPTIONS AND OPERATIONS

.01 The creation of viable urban neighborhoods is the primary objective of the Community Development Block Grant (CDBG) program. Since the program's establishment in 1974, neighborhood activists and public officials have debated how best to achieve this broad goal, reaching a consensus on many of the necessary activities. They are:

- **Housing Rehabilitation, Construction and Preservation** - These have emerged as the highest priorities for neighborhood revitalization in Philadelphia. At the heart of bringing back a community are restoring, building and maintaining homes in which low- and moderate-income families can live.

- **Economic Development and Community Revitalization** - Retail strips and industrial corridors form the main streets of most Philadelphia neighborhoods. As they decline, so do the residential neighborhoods. Rebuilding a shopping district or manufacturing zone can create the economic momentum for the revival of the neighborhood.

- **Property Acquisition and Capital Improvements** - Deteriorated curbs and sidewalks, run-down facilities and dilapidated buildings also contribute to neighborhood decline. Local government has a responsibility to acquire (and restore) aging property through its capital program and related investments. Local government can also help to improve the quality of life in Philadelphia neighborhoods by supporting and promoting urban gardening, side yard and other improvement programs.

- **Human Development** - Public investment in neighborhood housing and business will not work unless the people who live there can take advantage of the resulting opportunities. Government must reinforce housing and economic development programs with job training and social services for individuals and families. Promoting self-sufficiency is a crucial ingredient in community revitalization and empowerment strategies.

- **Community Planning** - A neighborhood cannot develop until its residents are prepared to work together. Government cannot by itself organize a community. Government can, however, promote neighborhood participation by involving block clubs, civic associations and grassroots organizations in the planning and implementation of all programs to rebuild the community for its residents.

- **Home Investment in Affordable Housing** - The Home Program is designed to (1) expand the supply of decent and affordable housing, particularly rental housing, for low- and very low-income Americans; (2) strengthen the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; (3) provide both financial and technical assistance to participating jurisdictions, including the development of model programs for developing affordable low-income housing and; (4) extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

- **Residential Mortgage Foreclosure Diversion Program -** This program offers owner occupied homeowners who are facing foreclosure, the opportunity to meet with their lenders in order to negotiate an alternative to foreclosure on their homes. Under the auspices of the Philadelphia Court of Common Pleas, home owners are schedule to attend a special court hearing where proposals to cure their mortgage defaults are negotiated between the lenders' attorney and the homeowners, with assistance from a city funded housing counselor. City funded legal assistance or pro bono attorneys are also available to assist the homeowners, if necessary. This program is based upon a partnership between the City of Philadelphia and its funded agencies, the Philadelphia Court of Common Pleas, the lenders and housing advocates.

- **Neighborhood Stabilization Program –** This program allows the city, through the Redevelopment Authority, to acquire, rehabilitate and reuse, for housing, housing properties that may have been foreclosed upon. The city would target these funds to the areas of greatest need, such as those with the greatest percentage of home foreclosures, the highest percentage of homes financed by sup-prime loans and those identified as likely to face a significant rise in the rate of home foreclosures.

Federal Funds Passed Through OHCD also Support Other Programs:

- **Housing Opportunities for Persons with Aids (HOPWA)** - To provide States and localities with the resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with AIDS and related diseases and their families.

City Funded Program:

- **Neighborhood Transformation Initiative:** - NTI is a strategy to rebuild Philadelphia's neighborhoods as thriving communities with clean and secure streets, recreational and cultural outlets and quality housing. NTI strives to build the capacity of community based organizations to identify needs and develop new housing and employment strategies within their communities while garnering the support of the private sector through innovative partnerships and by leveraging resources. All funding for the NTI is from bonds issued by the Philadelphia Redevelopment Authority for the City of Philadelphia.

- **Housing Trust Fund** – Funds from the City's Housing Trust Fund are utilized by OHCD for various activities, which are set forth above.

SECTION 4120 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The Federal CFDA Numbers for Federal funding received by the Office of Housing and Community Development include, but are not limited to, the following:

Community Development Block Grant	CFDA 14.218
UDAG	CFDA 14.221
Community Development Block Grants/ Special Purpose Grants/Technical Assistance Program	CFDA 14.227
Supportive Housing Program	CFDA 14.235
HOME	CFDA 14.239
HOPWA	CFDA 14.241
ARRA NSP	CFDA 14.253
ARRA NSP 2	CFDA 14.256
Lead-Based Hazard Control in Priority Housing	CFDA 14.900

.02 All programs listed above are subject to the following:

- Code of Federal Regulations (CFR), Chapter 24, Housing and Urban Development.

- Contractor's contract with City of Philadelphia, Office of Housing and Community Development.

  - Exhibit A - Scope of Services
  - Exhibit B - Budget
  - Exhibit C - General Terms and Conditions

.03 For all contracts funded by the Pennsylvania Department of Community and Economic Development (DCED) through the Office of Housing and Community Development of the City of Philadelphia, the Schedule of Federal, State and City Awards and all supplemental financial schedules must include the DCED project number. This project number only pertains to State funded programs. Please refer to Section 400 (Schedule of Federal, State and City Awards) and Section 4150 (Supplemental Financial Schedules) for the correct disclosure of the DCED Project

Number. DCED project numbers should be obtained from the sub-recipient or by calling OHCD at the telephone number listed in Section 104.03.

SECTION 4130 - PROGRAM COMPLIANCE PROCEDURES

.01 Program compliance requirements and suggested audit procedures for HUD Agency programs are found in the "OMB Circular A-133 Compliance Supplement." The City of Philadelphia, Office of Housing and Community Development (OHCD) also requires compliance testing of all requirements indicated via reference to the Agency's contract with OHCD. In addition, the auditor should refer to the appropriate CFDA reference numbers in the 'Catalog of Federal Domestic Assistance" for additional assistance in determining appropriate auditing procedures.

.02 All Neighborhood Transformation Initiative projects whose grantees are not subject to the audit requirements set forth at OMB Circular A-133 will be subject to audit requirements set forth by the Government Auditing Standards, issued by the U.S. General Accounting Office, provided that these grantees expend $100,000 or more of NTI funds during the grantee's fiscal year.

The audit report for each NTI funded project that is subject to the audit requirements set forth by the Government Auditing Standards (GAS) must include the four completed Supplemental Financial Schedules or Statements, which are provided in Section 4150 et seq.

.03 OHCD requires all of its non-profit sub-recipient organizations that are required to file Form 990, and/or related extension requests and/or IRS approval of the second extension, with the IRS to submit a copy of their Form 990s annually to OHCD's Audit Unit, within five (5) business days from the time of filing its Form 990 or extension requests or from when the IRS approval for the second extension request is received, regardless of whether these organizations are required to submit an audit in accordance with OMB Circular A-133. Furthermore, should a sub-recipient have a financial audit performed, a copy of the audit report shall be submitted to the OHCD Audit Unit. Copies of any financial statements issued are to accompany the Form 990s.

.04 OHCD requires all of its non-profit sub-recipient organizations that are either required to have a financial audit performed by the Pennsylvania Bureau of Charitable Organizations and/or by other state(s) governmental entities, or choose to have a financial and/or a GAGAS audit performed, to submit the audit reports to OHCD's Audit Unit annually, unless such organizations are also required to submit an audit in accordance with OMB Circular A-133.

SECTION 4140 - FINANCIAL COMPLIANCE PROCEDURES

.01 The principal compliance requirements of Federal Programs are found in the "OMB Circular A-133 Compliance Supplement." The City of Philadelphia, Office of Housing and Community Development (OHCD), also requires compliance testing of all requirements specified by the Agency's contract with OHCD. In addition, the auditor should refer to the appropriate CFDA reference numbers in the "Catalog of Federal Domestic Assistance" for additional assistance in determining appropriate auditing procedures.

.02 All OHCD contract awards, which result in the grantee subcontracting funds to other organizations during the audited fiscal year, <u>must</u> be disclosed in the grantee's audit report in accordance with OMB Circular A-133. Therefore, the organization should prepare such listing and the auditor should determine the adequacy of such listing during the audit. Each sub-recipient funded is to be identified as to the sub-recipient(s) name and sub-contract award amount in the

Schedule of Federal, State and City Financial Assistance. The disclosure is required even if there are no OHCD funded sub-recipients (See example in Section 420.)

SECTION 4150 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 The Organization's audit report must include the following Supplemental Financial Schedules for each City of Philadelphia contract, in addition to the financial statements as specified in Sections 400 and 500 of this Audit Guide. A designation has been made for those supplemental schedules required for a "single audit" report (Section 400) or a "program audit" report (Section 500). The supplemental disclosure may be designated as notes to the financial statements.

Supplemental Financial Schedule	Section Ref. To Sample Format
• Statement of Source and Status of Funds*	4150.03
• Statement of Program Expenditures*	4150.04
• Schedule of Program Income	4150.05
• Reconciliation Schedule	4150.06

*The column headings for funding sources must accurately identify the specific federal funding source(s).The sample statements show column headings entitled Federal Funding Prog.Name. Therefore, if CDBG Funding is involved, change the heading to CDBG Funds. Furthermore, should a contract be funded by multiple federal funding sources, for example, CDBG and HOME, the non-City Funds column heading must be changed so it is entitled HOME FUNDS.

.02 The Pennsylvania Department of Community and Economic Development (DCED) imposes the following special audit reporting requirements:

1. For sub-recipients subject to the requirements of an audit in accordance with OMB Circular A-133, DCED will accept an audit in accordance with OMB Circular A-133, instead of a project audit, when at least a portion of the DCED funding for a particular contract originated from a federal funding source.

2. For sub-recipients not subject to OMB Circular A-133 audit requirements, and where all of the funding comes from Commonwealth monies, the DCED special reporting requirements mandate that a separate DCED project compliance audit be performed in accordance with Generally Accepted Auditing Standards (GAGAS) and Government Auditing Standards (GAS), and with DCED Audit Guidelines for Contracts with State Funding, where each DCED contract has $100,000 or more in Commonwealth funding.

ABC NONPROFIT CORPORATION
CONTRACT NUMBER XXXX
DCA PROJECT NUMBER XXXX **(A)**
STATEMENT OF SOURCE AND STATUS OF FUNDS
FOR THE (AGENCY'S FISCAL OR CALENDAR YEAR END DATE)

	FEDERAL FUNDING PROG.NAME	PROGRAM INCOME	OTHER CITY FUNDS	NON-CITY FUNDS	TOTAL
Total Contract (Final Authorized Budget)	$ XXXX	$	$ XXXX	$ XXXX	$ XXXX
Less:					
Funds Drawn Down - Prior Fiscal Year	XXXX				XXXX
Funds Drawn Down - Current Year	XXXX				XXXX
Total Funds Drawn Down	XXXX		XXXX	XXXX	XXXX
Funds Still Available for Draw Down	$ XXXX	$	$ XXXX	$ XXXX	$ XXXX
Total Funds Drawn Down	$ XXXX	$	$ XXXX	$ XXXX	$ XXXX
Add:					
Program Income		XXXX			XXXX
Total Funds Received	XXXX	XXXX	XXXX	XXXX	XXXX
Less:					
Program Income Expended		XXXX			XXXX
Funds Applied - Prior Fiscal Years					
Funds Applied - Current Fiscal Year	XXXX		XXXX	XXXX	XXXX
Total Funds Applied	XXXX	XXXX	XXXX	XXXX	XXXX
Total Funds Due From Funding Source	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX
Total Funds Available For Disposition	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX

(A) Include when appropriate as required by Section 4120.03.

SECTION 4150.04

ABC NONPROFIT CORPORATION
CONTRACT NUMBER XXXX
DCA PROJECT NUMBER XXXX **(A)**
STATEMENT OF PROGRAM EXPENDITURES
FOR THE (AGENCY'S FISCAL OR CALENDAR YEAR ENDING DATE)

	Project Budget				Accrued Expenditures (enter FY Start Date)				Accrued Expenditures (enter dates for FY period)				Accrued Expenditures Cumulative to (enter FYE date)				
ContractCategories	Federal Funding Prog.Name	Non City Funds	Other City Funds	Total	Federal Funding Prog.Name	Non City Funds	Other City Funds	Total	Federal Funding Prog.Name	Non City Funds	Other City Funds	Total	Federal Funding Prog.Nam	Non City Funds	Other City Funds	Total	Questioned Costs
Direct Personnel	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXX
Direct Fringe Benefits	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XX
Travel	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	X
Occupancy	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Consumable Supplies	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Equipment Rental/Lease	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Other Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Indirect Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Operating Subtotal	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXX
Audit Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	
Contract Total	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXX

(A) Include when appropriate as required by Section 4120.03

ABC NONPROFIT CORPORATION
CONTRACT NUMBER XXXX
DCA PROJECT NUMBER XXXX **(A)**
SCHEDULE OF PROGRAM INCOME
FOR THE (AGENCY'S FISCAL OR CALENDAR YEAR ENDING DATE)

	SALE PROCEEDS	OTHER (SPECIFY)	TOTAL
Program Income (Cumulative to ENTER AGENCY'S FYE DATE)	$ XXXX	$ XXXX	$ XXXX
Less: Program Income Expended in Prior Years	XXXX	XXXX	XXXX
Beginning Balance (ENTER AGENCY'S FY START DATE)	XXXXXX	XXXX	XXXX
Add: Program Income Received in Current Fiscal Year	XXXX	XXXX	XXXX
Less: Program Income Expended in Current Fiscal Year	XXXX	XXXX	XXXX
Ending Balance (ENTER AGENCY'S FYE DATE)	$ XXXX	$ XXXX	$ XXXX

(A) Include when appropriate as required by Section 4120.03.

ABC NON-PROFIT CORPORATION
CONTRACT NUMBER XXXXX
DCA PROJECT NUMBER XXXX **(A)**
RECONCILIATION SCHEDULE
FOR THE (ENTER AGENCY'S FISCAL OR CALENDAR YEAR ENDING DATE)

Category	Amount Per Books and Records	Amount Per (enter FYE date) Subrecipient Invoices	(*) Differences
Contract Amount	XX	XX	
Program Cost			
Current Year	XX	XX	
Cumulative	XX	XX	
Funds Drawn Down			
Current Year	XX	XX	
Cumulative	XX	XX	
Balance of Advance	XX	XX	

(*) Attach Schedule of Reconciling Items

(A) Include when appropriate as required by Section 4120.03.

SECTION 4160 – OTHER INFORMATION

.01 Requests for confirmations, by auditors, may be mailed directly to:

Mr. Paul Cesario, Fiscal and Technology Director
Office of Housing and Community Development
1234 Market Street, 17th Floor
Philadelphia, PA 19107

SECTION 5000

OFFICE OF SUPPORTIVE HOUSING

SECTION 5001 - GENERAL INFORMATION

.01 The Office of Supportive Housing (OSH) is a City of Philadelphia department. OSH's mission is to assist individuals and families to move toward independent living and self-sufficiency.

.02 OSH plans, prioritizes, coordinates and allocates federal, state and local resources to service providers under four basic categories of service providers to meet its objectives of providing services to the homeless and adults:

- Maintenance of Self-Sufficiency: programs/services are - eviction prevention, emergency relocation, protective services, homemaker services, emergency food and case management.

- Basic Care: programs/services are - intake services, evening and weekend reception, street outreach and shelter services.

- Supportive Services to Assist Homeless Persons: programs/services are - case management of singles and families, substance abuse counseling and Employment Project Services.

- Post-Shelter Transitional & Housing: programs/services are – Continuum of Care, Shelter Plus Care, Supportive Housing, Bridge Housing, PENNFREE Transitional Housing and Voucher Program.

.03 OSH initiates a proposal each contract year which outlines the budget and service provisions for the program/services to address the needs of the clients. OSH monitors the service providers against both budget and service projections and for compliance with applicable regulations. Any program or fiscal management technical assistance needed by the service provider is provided. OSH also functions as a liaison between the contract programs and Federal/State funding and regulatory agencies.

.04 The above noted OSH operations are funded through potential providers via a contract award which may be either program funded or fee-for-service funded. The following briefly describes these funding mechanisms:

- Program funded projects are privately administered and staffed and are reimbursed for their total personnel, operating and fixed asset expenses as predetermined by the City of Philadelphia - OSH less all interest or other incomes derived by the Agency from the use of agreement funds.

- Fee-for-Service also referred to as unit of service funding are service providers which are privately administered, staffed and funded by a contracted per-diem or fee rate by the City of Philadelphia - OSH.

SECTION 5100

.01 The Office of Supportive Housing administers various programs as detailed in the following section.

SECTION 5110 - PROGRAM DESCRIPTIONS AND OPERATIONS

Bridge Housing Program

.01 The Bridge Housing Program is funded by the Pennsylvania Department of Public Welfare (DPW) through OSH. The Bridge Housing Program is designed to provide transitional housing from three to twelve months to homeless adults. There are six Bridge Housing Programs that serve: single males with psychiatric or substance abuse problems; single substance abusing females; single 18-21 year old males; single women and their children, physically abused women and their children; and homeless males. Each of these programs provides a supportive environment that focuses on achieving the goals of independence and self-sufficiency. Services supported by OSH include: supervised transitional housing, case management, job readiness/employment counseling (life skills training), housing counseling, personal/group counseling, substance abuse management and post service follow-up for one year.

Case Management Program

.02 The Case Management Program is funded by the Pennsylvania Department of Public Welfare (DPW) through OSH. Case management programs provide ongoing coordination with the client of all the helping activities needed by the client from the administering agency and other resources in the community to achieve the goal of self-sufficient living. Intensive case management services are provided to homeless individuals and families in designated shelters referred by OSH. Clients are seen on an individual basis 3-4 times a week at the shelter site. In addition, specialized case management services are provided to individuals whose primary problem is substance abuse. Street Outreach is also provided as part of these services. Other services supported by OSH include: assessment, service planning, referrals and on-site educational groups.

Emergency Shelter Grants Program: Stewart B. McKinney Homeless Assistance Act (DCED-McKinney)

.03 The Emergency Shelter Grants Program (ESGP) is a federally funded program through the Pennsylvania Department of Commerce's – Department of Community and Economic Development (DCED) and OSH. This program is called DCED - McKinney by OSH to distinguish it from the McKinney ESGP that OSH receives directly from the federal government. The ESGP provides for one or more of the following activities:

- Renovation, major rehabilitation or conversion of buildings for use as emergency shelters for the homeless.

- Provision of essential services, including (but not limited to) services concerned with employment, health, substance abuse, education or food.

Supportive Housing Program

.04 The McKinney Continuum of Care Homeless Assistance Program (McKinney) is a federal program funded by the U.S. Department of Housing & Urban Development (HUD) to create and maintain a local system to assist homeless individuals and families in ending homelessness and becoming self-sufficient. Annually, the City of Philadelphia submits a Consolidated Application to HUD that contains all the projects in the Continuum of Care for which funding is requested. Under the Supportive Housing Program (SHP), one of the McKinney program components, funds may be used for development, rehabilitation, or leasing of transitional or permanent housing; and for rent assistance and supportive services for homeless families and individuals. When SHP funds are awarded, OSH contracts with Redevelopment Authority for projects during the period of their development or rehabilitation stage; then contracts directly with the nonprofit sponsor for the operational and supportive services phases of the project. As of August 2012, SHP and SPC were consolidated under the Continuum of Care Program. See Section .15.

Housing Assistance Program

.05 The Housing Assistance Program is funded by the Pennsylvania Department of Public Welfare (DPW) through OSH. The Housing Assistance program provides assistance to individuals and/or families who are homeless or near homeless in Philadelphia. A one-time grant may provide payment of rent, security deposit or utilities. The goal is to prevent homelessness by maintaining individuals or families in their own residences or enable clients to move into new ones. Services supported by OSH include: supportive services, tenants rights classes and referrals.

Human Services Development Fund (HSDF)

.06 The Human Services Development Fund program is funded by the Pennsylvania Department of Public Welfare (DPW) through the Office of Supportive Housing (OSH). Programs provided under the HSDF category of Adult Services serve the 18-59 age groups and provide a collection of various supportive services. Services supported by OSH include: homemaker services, adult placement, protective services, employment and service planning/case management.

PENNFREE Program

.07 The PENNFREE Program provides for transitional housing and support services for homeless persons with substance abuse problems. PENNFREE is one hundred percent (100%) federally funded using Prevention and Treatment of Substance Abuse Block Grant (SABG). funds which pass through the Pennsylvania Department of Public Welfare (DPW) to OSH.

.08 OSH supports supervised transitional housing and substance abuse supportive services which include: case management, job readiness/employment counseling (life skills training), housing counseling, personal/group counseling, and post service follow-up for one year.

State Food Purchase Program

.09 The State Food Purchase Program is funded by the Pennsylvania Department of Agriculture (PDA) through the Office of Supportive Housing (OSH).

.10 There are four separate components to this program designed to assist emergency feeding organizations in preventing hunger and under-nutrition in their communities. These components are; shelter/soup kitchen, shared maintenance program of the Greater Philadelphia Food Bank, vendor purchased food, and a homeless outreach program. Food is purchased directly by OSH for shelters and soup kitchens and food is made available to cupboards, religious and community organizations through shared maintenance and vendor purchases. The coordination and direction of these components with respect to their use of State Food Purchase Program funds and resources and the determination of resource allocations will be managed by OSH.

Shelter Plus Care

.11 The McKinney Continuum of Care of Homeless Assistance Program (McKinney) is a federal program funded by the U.S. Department of Housing & Urban Development (HUD) to provide rental assistance to hard-to-serve homeless persons (and their families) with disabilities, and to link this assistance to supportive services funded from sources outside of the program. To be eligible to participate in a Shelter Plus Care (SPC) funded project, a person must be both homeless and disabled. HUD's homeless criteria mandates that only individuals/families being referred to permanent housing from street outreach, shelter or transitional housing for homeless persons are eligible for SPC placement. SPC targets those individuals/families with the following disabilities: mental illness, chronic substance abuse and HIV/AIDS. All SPC grants must be matched in value by the provision of supportive services that are appropriate to the needs of the populations serviced by the project. As of August 2012, SHP and SPC were consolidated under the Continuum of Care Program. See Section .15.

Community Services Block Grant

.12 The Community Services Block Grant (CSBG) provides funds for a grant of anti-poverty services, which include helping low-income communities to develop and implement community action plans for revitalization and help low-income residents to develop and implement action plans for economic self-sufficiency. OSH will provide emergency shelter and intensive case management services to low-income individuals/families. This project is designed to stabilize these families and individuals by providing them with a comprehensive goal plan to help them achieve self-sufficiency.

American Recovery and Reinvestment Act

.13 The American Recovery and Reinvestment Act provides funding to households renting units in the community and households residing in emergency housing and transitional housing facilities. Eligible activities include rental and utility assistance. Homeowners can receive assistance with utilities and housing stabilization services only. Financial assistance may include help with security deposit, rental arrearages, utility deposit, utility payments and/or moving costs. Housing stabilization services include housing-related counseling, legal services, credit repair, linkages to

other social services and/or relocation. Households will be expected to contribute to the package of financial assistance.

Department of Justice

.14 The Department of Justice (DOJ) is a grant funded by the U.S. Department of Justice Office on Violence Against Women. The City of Philadelphia in partnership with the OSH, District Attorney's Office, Adult Probation and Parole, First Judicial Courts, Women's Law Project, Women Against Abuse and Lutheran Settlement House. This grant will allow all of the partners to provide a coordinated community response to addressing the issues of dating violence, sexual violence and domestic violence.

Continuum of Care

.15 Continuum of Care (COC) is a grant funded by the U.S. Department of Housing and Urban Development (HUD). The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

SECTION 5120 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The Federal CFDA numbers for OSH funding are as follows:

Child & Adult Care Food Program	10.558
The Emergency Food Allocation Program:	
Administrative Costs	10.568
Commodity value	10.569
Technology Opportunities Program	11.552
Emergency Shelter Grants Program	14.231
Supportive Housing Program	14.235
Shelter Plus Care	14.238
Continuum of Care	14.267
Homeless Assistance Program - TANF	93.558
Homeless Assistance Program	93.667
PENNFREE Program	93.959
American Recovery and Reinvestment Act	14.257
Department of Justice	16.590
Community Services Block Grant	93.569

.02 All programs listed above are subject to the following:

- Code of Federal Regulations (CFR), Chapter 24, Housing and Urban Development
- Contractor's contract with the City of Philadelphia, Office of Supportive Housing

- Exhibit A – Scope of Services
- Exhibit B – Budget
- Exhibit C – General Terms and Conditions

.03 For all contracts funded by the Pennsylvania Department of Community and Economic Development (DCED) through the Office of Supportive Housing of the City of Philadelphia, the Schedule of Expenditures of Federal, State and City Awards, and all supplemental financial schedules, must include the DCED project number. This project number only pertains to State funded programs. Please refer to Section 400 (Schedule of Expenditures of Federal, State and City Awards) and Section 4150 (Supplemental Financial Schedules) for the correct disclosure of the DCED Project Number. DCED project numbers should be obtained from the subrecipient, or by calling OSH.

Bridge Housing Program

.04 Applicable Other Regulations

- Contract between the Department and the agency (including all exhibits, addendum and modifications).
- Commonwealth of Pennsylvania - Department of Public Welfare (By Program) Grant Instructions and Requirements.
- Single Audit Supplement, Commonwealth of Pennsylvania - Department of Public Welfare.

Case Management Program

.05 Applicable Other Regulations

- Contract between the Department and the agency (including all exhibits, addendum and modifications).
- Commonwealth of Pennsylvania - Department of Public Welfare (By Program) Grant Instructions and Requirements.
- Single Audit Supplement, Commonwealth of Pennsylvania - Department of Public Welfare.

Emergency Shelter Grants Program (DCA - McKinney)

.06 Applicable Other Regulations

- Contract between the Department and the agency (including all exhibits, addendum and modifications).
- City of Philadelphia - Shelter Standards.
- The Pennsylvania Emergency Shelter Grant Program Guidelines; the Department of Housing and Urban Development (HUD) program requirements; 24 CFR Part 576, Emergency Shelter Grants Program.

Housing Assistance Program

.07 Applicable Other Regulations

- Contract between the Department and the agency (including all exhibits, addendum and modifications).

- Commonwealth of Pennsylvania - Department of Public Welfare (By Program) Grant Instructions and Requirements.

- Single Audit Supplement, Commonwealth of Pennsylvania - Department of Public Welfare.

Human Services Development Fund

.08 Applicable Other Regulations

- Contract between the Department and the agency (including all exhibits, addendum and modifications).

- Commonwealth of Pennsylvania - Department of Public Welfare (By Program) Grant Instructions and Requirements.

- Single Audit Supplement, Commonwealth of Pennsylvania - Department of Public Welfare.

- City of Philadelphia - Shelter Standards.

PENNFREE Program

.09 Applicable Other Regulations

- Contract between the Department and the agency (including all exhibits, addendum and modifications).

- Commonwealth of Pennsylvania - Department of Public Welfare (By Program) Grant Instructions and Requirements.

- Single Audit Supplement, Commonwealth of Pennsylvania - Department of Public Welfare.

- Federal Regulations - 45 CFR Part 96.

State Food Purchase Program

.10 Applicable Other Regulations

- Contract between the Department and the Agency (including all exhibits, addendum and modifications).

- Commonwealth of Pennsylvania - Department of Agriculture State Food Purchase Program Grant Agreement.

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

Bridge Housing Program/PENNFREE Program

.02 In order for an individual to be eligible for these programs, he/she must be homeless or near homeless, based upon such definition as stipulated in the contract and program regulations. Each program must develop a sliding fee scale for room and board and charge appropriate clients for services according to the scale (Note: The amount charged should not exceed 30% of the client's gross income minus income taxes, if applicable). If monies are collected from a Bridge Housing client for room and board, a portion of those funds may be reserved to assist a client at the time of his discharge from the program to establish a living arrangement. This assistance should be provided to the client indirectly in the form of payments on behalf of the client, so that the client's eligibility for public assistance benefits is not jeopardized. It is not necessary to include this activity in the completion of the Income and Expense Report submitted to OSH; however, the program should maintain clearly documented records on the activity for audit purposes. In addition, program income is to be utilized as the first source of program funds to pay for program expenses, prior to OSH funds utilization.

.03 The audit procedures for the above are to:

- Evaluate the system of internal control over program eligibility and client funds.
- Determine that the type of records to be maintained have been established and are in use.
- Perform a check of the files maintained to support a client's eligibility in the program in accordance with the regulations and definition of homeless or near homeless.
- Perform a test of client fund records in order to determine that the clients are not being charged in excess of 30% of their gross income minus income taxes.
- Determine that program income is applied to program expenses and that OSH is only billed for the net expenses after program income.

.04 When reporting to the City of Philadelphia, the auditor must include client funds as one of the categories of internal control structure reviewed as part of the audit and reports such in Independent Auditor's Report on Internal Control Structure.

Case Management Program

.05 Each client must be homeless or near homeless, based upon the definition of homeless or near homeless, stipulated in the contract and the program regulations.

.06 The audit procedure for the above is to perform a test check to determine client eligibility for service.

Emergency Shelter Grants Program (DCA - McKinney)

.07 The service provider (agency) is required by contract between the Department and Agency to establish and maintain client service records to reflect actual services provided.

.08 The audit procedures for the above are to:

- Determine that an adequate system for client service records has been established and is properly maintained.

- Test-check client records for client and program eligibility.

Human Services Development Fund

.09 Based on Pa. Code 55 Section 2050.22 regulations, the provider shall determine the financial eligibility for clients receiving adult services.

.10 The audit-- procedure for the above is to perform a test check of clients to determine that financial eligibility criteria are established and adhered to.

Housing Assistance Program

.11 In accordance with Section B. of the DPW Housing Assistance Grant requirements regarding Client Eligibility. Eligibility is limited to:

- Families with children under age 21, or

- Individuals under age 21 who are, or within six months prior to the month in which assistance is requested, have been living with a specified relative in a place of residence maintained by one or more of such relatives as his or their own home, are eligible for emergency housing assistance payments. These are voucher or vendor payments for rent and security deposits authorized during one period of 30 consecutive days in any 12 consecutive months, but may include payments which are to meet needs which arose before such 30-day period. Payments may be made up to the maximum amounts shown below, if the Family or Budget Group meets the following criteria:

    (a) Have an income at or below eighty percent (80%) of the poverty level; and

    (b) Have a written agreement with the landlord to rent to them; and

(c) Have anticipated income sufficient to pay the rent in the future.

.12 The audit procedure for the above is to test-check client eligibility for adherence to eligibility criteria for above (a) and (b) only.

State Food Purchase Program

.13 Program monitoring is an important part of program administration.

.14 The audit procedure for the above is to determine that an adequate system of program monitoring exists.

Shelter Plus Care

.15 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Section 300 and 500 of this Guide. The audit program for conducting a financial and compliance audit of the program(s).

Continuum of Care

.16 Applicable Other Regulations

- Contract between the Department and the Agency (including all exhibits, addendum and modifications).
- Continuum of Care (CoC) Program Interim Rule

This interim rule, published in the Federal Register on July 31, 2012, establishes the regulations for the Continuum of Care Program and focuses on regulatory implementation of the Continuum of Care Program, including the Continuum of Care planning process. The existing homeless assistance programs that comprise the Continuum of Care Program are the following: the Supportive Housing Program, the Shelter Plus Care Program, and the Moderate Rehabilitation/Single Room Occupancy (SRO) Program. The final Homeless Definition is in effect for administration of the CoC Program interim rule.
Date Published: July 2012

- Homeless Definition Final Rule

This final rule on the definition of homelessness, published in the Federal Register on December 5, 2011, integrates the regulation for the definition of "homeless," and the corresponding recordkeeping requirements for the Shelter Plus Care Program and the Supportive Housing Program. HUD has incorporated this definition into the Continuum of Care. This final rule also establishes the regulation for the definition "developmental disability" and the definition and recordkeeping requirements for "homeless individual with a disability" for the Shelter Plus Care Program and the Supportive Housing Program.
Date Published: December 2011

SECTION 5140 - FINANCIAL COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as

highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

.02 The financial compliance procedures in Sec. 5140.03 and .04, are applicable to all Fee-for-Service projects listed in Section 5110:

.03 Revenues for a Fee-for-Service funded program are based upon a set fee or rate of reimbursement for each authorized unit of service rendered by the provider agency to eligible clients. The agency invoices OSH on a monthly basis, by client, for such services. The Fee-for-Service type of funding requires special types of audit tests, since there are no expenses reported to OSH. The auditor is to determine the appropriateness of the units billed the units of service actually provided and any offsetting revenue earned.

.04 Audit procedures should include the following:

- Does the agency follow the guidelines set forth in Exhibit 5 shown in the HMIS Attendance Handbook?

- Determine appropriateness of units of service billings to OSH, by testing that:

  - Units of Service reported on the HMIS are supported by agency and client records

SECTION 5140 (CONT.)

.05 Each program must maintain an inventory list of all fixed assets which were purchased at a cost of $300 or more with grant funds. For purposes of the grant, a fixed asset is an item that can be:

- Expected to have a useful life of more than one year;

- Used repeatedly without materially changing or impairing its physical condition; and

- kept in serviceable condition by normal repair, maintenance or replacement of components.

.06 The list should be maintained according to purchases each fiscal year beginning with Fiscal Year 1989-90. This requirement is not retroactive for purchases made prior to July 1, 1989. If the inventory list differs from the Schedule of Equipment Purchases Form submitted with the proposed budget, an explanation should be on file for monitoring purposes.

.07 The audit procedure for the above is to determine adequate inventory records are maintained to accurately account for all fixed assets.

.08 The principal compliance requirements of Federal Programs are found in the "OMB Circular A-133 Compliance Supplement." The City of Philadelphia. Office of Supportive Housing also requires compliance testing of all requirements specified by the Agency's contract with OSH. In addition, the auditor should refer to the appropriate CFDA reference numbers in the "Catalog of Federal Domestic Assistance" for additional assistance in determining appropriate auditing procedures.

.09 All OSH contract awards which result in the grantee subcontracting funds to other organizations during the audited fiscal year must be disclosed in the grantee's audit report in accordance with OMB Circular A-133. Therefore, the organization should prepare such listing and

the auditor should determine the adequacy of such listing during the audit. Each subrecipient funded is to be identified as to the subrecipient(s) name and sub-contract award amount in the notes to the Schedule of Federal, State and City Financial Assistance, to the extent practical. The note disclosure is requiring even if there are no OSH funded subrecipients (see example in Section 420).

SECTION 5150 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 The organization's audit report must include the following supplemental financial schedule, for each City of Philadelphia contract, in addition to the financial statements as specified in Sections 400 and 500 of this Audit Guide. A designation has been made for those supplemental schedules required for a "single audit" report (Section 400) or a "program audit" report (Section 500). The auditor will be required to issue an opinion on the Supplemental Schedules listed below as specified in Section 400 of this Audit Guide.

Supplemental Financial Schedules	Section Ref. to Sample Format	Single Audit Report	Program Audit Report
• Reconciliation of Agency Reported Expenditures/Revenues to Audit Expenditures/Revenues **(1)**	5150.02	Yes	Yes
• McKinney Supportive Housing Program - Budget	5150.03	Yes	Yes
• Schedule of Functional Expenses By Program	5150.04	Yes	Yes

(1) The statement must present expenditures and revenues as reported to OSH, report any additional accruals and other adjustments to reconcile the amount reported on the Statement of Functional Expenditures by Contract/Program and Revenues by Funding Source. An explanation of any "other adjustment" must be provided. The accrual explanation, at a minimum, should indicate the type of expense accrued.

The explanation(s) to "other adjustments", however, must be detailed by the type of expense category, and then totaled by cost center.

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF SUPPORTIVE HOUSING (OSH)
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES
TO AUDITED EXPENDITURES/REVENUES
JULY 1, 20XX to JUNE 30, 20XX

BUDGET CATEGORIES	1 AGENCY TOTAL CONTRACT EXPENDITURES	2 ADJUSTMENTS	3 AMOUNT PER AUDIT
PERSONNEL SERVICES			
Salaries	$0	$0	$0
Fringe Benefits	$0	$0	$0
Staff Travel	$0	$0	$0
Training/Conferences	$0	$0	$0
SUB-TOTAL: Personnel Services	$0	$0	$0
OPERATING EXPENSES			
Rent/Occupancy	$0	$0	$0
Utilities	$0	$0	$0
Communications/Telephone	$0	$0	$0
Insurance	$0	$0	$0
Audit Services	$0	$0	$0
Legal Fees	$0	$0	$0
Supplies (Office/Program)	$0	$0	$0
Equipment Leasing	$0	$0	$0
Professional Fees	$0	$0	$0
Building Maintenance Costs	$0	$0	$0
Taxes	$0	$0	$0
Licenses	$0	$0	$0
SUB-TOTAL: Operating Expenses	$0	$0	$0
FIXED ASSETS			
Furnishings	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
Repairs/Replacements	$0	$0	$0
	$0	$0	$0
SUB-TOTAL: Fixed Assets	$0	$0	$0

ADMINISTRATIVE COSTS			
Personnel	$0	$0	$0
Benefits	$0	$0	$0
Training/Conferences	$0	$0	$0
		$0	$0
SUB-TOTAL: Administrative Costs	$0	$0	$0
PARTICIPANTS			
Food	$0	$0	$0
Food Service Products	$0	$0	$0
Personal Hygiene	$0	$0	$0
Bedding/Linen	$0	$0	$0
Transportation	$0	$0	$0
Medical Supplies	$0	$0	$0
Bright Spaces Costs	$0	$0	$0
		$0	$0
		$0	$0
		$0	$0
SUB-TOTAL: Participants	$0	$0	$0
OSH CONTRACT BUDGET/EXPENDITURES:	$0	$0	$0

Client fees	xxxxx		xxxxx
City of Philadelphia, OSH	xxxxx		xxxxx
Total funding	xxxxxx	xxx	xxxxxx
Excess of expenditures over funding sources	$ xxxxx	$ xx	$ xxxxxx

(A) See following page for explanation of adjustments.

(B) Amount funded under contract in accordance with OSH guidelines.

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF SUPPORTIVE HOUSING (OSH)
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES
TO AUDITED EXPENDITUESREVENUES (CONT'D)
July 1, 20XX to June 30, 20XX

Explanation of Other Adjustments:

Budget Category	Adjustment Explanation	Adjustments
Expenditures adjustments:		
Personnel Services:		
Administrative salaries	To correct wages incorrectly allocated to administrative salaries, should be chargeable to another program.	$ (xxx)
Client oriented service salaries	To correct erroneous posting of payroll for pay period ending May 10, 19XX.	xx
Total personnel service cost adjustments		(xx)
Operational expenses:		
Utilities	To adjust for expenses charged to this contract which pertain to another program.	(xx)
Total operating expense adjustments		(xx)
Total expenditure adjustments		$ (xx)
Funding source adjustments:		
Client fees	To record fees which were collected by agency and not reported.	$ xxx
Total funding source adjustments		$ xxx

ABC NOT FOR PROFIT CORPORATION
OFFICE OF SUPPORTIVE HOUSING (OSH)
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED EXPENDITURES TO
AUDITED EXPENDITURES
JULY 1, 20XX TO JUNE 30, 20XX

	Cumulative Expenses				Other Adjustments				Remaining Balance			
Contract Categories	Supportive Services	Admin Costs	Leasing	OSH Match	Supportive Services	Admin Costs	Leasing	OSH Match	Supportive Services	Admin Costs	Leasing	OSH Match
Direct Personnel	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX
Fringe Benefits	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Professional Services	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Travel	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Occupancy	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Insurance	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Equipment	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Program Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Start-Up Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Total:	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX

SECTION 5160 – OTHER INFORMATION

Requests for confirmations, by auditors, may be mailed directly to:

.01 Rodney Cherry, Fiscal Officer
City of Philadelphia
Office of Supportive Housing
1401 John F. Kennedy Boulevard
10th Floor, Suite 1040
Philadelphia, PA 19102

SECTION 6000

DEPARTMENT OF PUBLIC HEALTH

SECTION 6001 - GENERAL INFORMATION

.01 The Philadelphia Department of Public Health provides a broad range of services. It has grown since its inception during the nineteenth century to a multi-faceted agency which serves thousands of Philadelphians each year.

.02 The Department of Public Health serves the public through many roles. It offers ambulatory care services, health promotion and education programs, assures the well-being of all residents through its environmental protection programs and offers essential treatment to residents with specialized health needs. The Department's programs are used by Philadelphians of all ages and races and by residents throughout the city.

.03 Information and auditing and reporting requirements for the following Department of Public Health program services are provided in the referenced Sections of the Audit Guide.

- AIDS Activities Coordinating Office (Section 6100)
- Office of Addiction Services (Section 6200)
- Office of Behavioral Health and Mental Retardation Services (Section 6300)
- Division of Early Child and Family Health (Section 6400)
- Division of Disease Control (Section 6500)
- Division of Chronic Disease Prevention (Section 6600)

SECTION 6100

AIDS ACTIVITIES COORDINATING OFFICE

SECTION 6101 - GENERAL INFORMATION

.01 In its role as the major provider and supporter of Human Immunodeficiency Virus (HIV) prevention and care services in Philadelphia County and the Philadelphia metropolitan area, the mission of the AIDS Activities Coordinating Office (AACO) is to stop the transmission of HIV in Philadelphia. Charged with coordination of all City of Philadelphia activities related to HIV/AIDS, AACO provides education, prevention, care and surveillance programs and services for individuals living with or at risk of contracting HIV Disease. All AACO activities are directed towards the elimination of barriers to care and services and the provision of appropriate, high quality services to every individual affected by the HIV pandemic.

.02 The AIDS Activities Coordinating Office pursues and achieves its mission through six major units. These are: the AACO Education and Prevention Services Unit, the Client Services Unit, the Information Services Unit, the Surveillance, the Program Services Unit and the Fiscal Operations Unit. Of these units, the two having responsibility for development and monitoring of contract service activities are the Program Services and Fiscal Operations Units. Program development and monitoring are the responsibility of the former while fiscal and contract management rests with the latter.

SECTION 6110 - PROGRAM DESCRIPTIONS AND OPERATIONS

.01 AACO provides its programs and services via its six major units as follows:

a. AACO Education and Prevention Services Unit:

The AACO Education and Prevention Services Unit consists of four components:

- AACO Education and Training Unit
- The Prison AIDS Project Education Unit
- The Prison CTR/PCRS Program

The Activities of this unit fall into the following four main categories:

1. HIV/AIDS focused training and certification programs for direct service staff of AACO funded prevention agencies. These programs support the effective and consistent delivery of Prevention Services.

2. HIV/AIDS focused training, workshops and other educational outreach efforts targeted to address the needs of the general community and professionals who provide related services to the community (i.e., fire fighters, social workers, counselors, etc).

3. The Prison AIDS Project provides a range of HIV/AIDS related workshops and programs targeted to meet the needs of the incarcerated men, women, and the correctional staff in the Philadelphia Prison System (PPS). This unit also works to assure the consistency and continuity of health education efforts provided by other AACO funded programs within PPS.

4. Prevention counseling and testing, and related services for residents of the Philadelphia Prisons. This includes follow-up; coordination services and referral services to Prison based medical services and HIV specific support services. Staff seeks to assure the continuity of HIV related care during and after incarceration.

b. The AACO Client Services Unit (CSU):

The AACO CSU provides a seamless and easily accessible point of entry for services for those HIV infected and affected individuals and families by combining the direct client services currently offered through AACO with an information and referral helpline. As a result, the CSU:

- Provides intake services to individuals requesting case management services funded by AACO,
- Provides information and referral services for all other AACO funded programs,
- Processes and evaluates individuals' request for Organizational for Community Housing Development (OCHD) AIDS Housing,
- Handles client and provider grievances about AACO funded services.

c. The AACO Information Services Unit (ISU):

The AACO ISU is responsible for developing and implementing a comprehensive and coordinated information plan for AACO. This plan includes HIV care and prevention services, as well as, internal staff support. The ISU designs and researches consumer (e.g., PLWA, AACO, service providers) needs, evaluates the services provided by AACO contractors in response to those needs, and facilitates the improvement of systems that address those needs.

d. The AACO Surveillance Unit:

HIV/AIDS core and incidence surveillance are the core activities that define the AACO Surveillance and Unit. The goal of Surveillance is complete and timely reporting. The unit also participates in other Surveillance Projects:

- Medical Monitoring Project (MMP)
- National Health Behavioral Survey (NHBS)
- Incidence Surveillance
- Enhanced Perinatal Surveillance

Activities that support case reporting are surveillance of hospital medical records discharge summaries, surveillance of death certificates, and laboratory reporting of tests that indicate presence of HIV infection

e. The AACO Program Services Unit (PSU):

The AACO PSU is responsible for monitoring the programmatic components for all HIV/AIDS related prevention and care services in the Eligible Metropolitan Area (EMA). The PSU is responsible for oversight of specific agencies and for all grantee HIV/AIDS related funding provided to the agency. This enables the PSU unit to ensure that Ryan White Part A and Part B Care Act Grant activities are effectively integrated with HIV prevention and other service that the agency may provide. The PSU prepares, in collaboration with each of the providers, contract service provisions/work plans that detail the program activities to be conducted during the contract period. The PSU is responsible for ensuring that these program objectives are achieved and for providing technical assistance as needed and assesses the quality and utilization of those services. Review of the agencies' budgets, invoices, monthly data reports, as well as interviewing agency staff on a variety of issues, include agency performance and evaluation, are also performed.

SECTION 6110 (CONT.)

f. The AACO Fiscal Operations Unit:

AACO's Fiscal Operations Unit is responsible for award generation, budget/fiscal review, contract conformance and payment processing for awards that result in contracts between AACO and community-based service providers and fiscal conduits. Fiscal Operations also assists in development of budgets for all federal, state and local grant applications. It monitors and reports on all fiscal related activities required by the grantor(s) and does so by individual funding stream.

.02 Program-funding is the most common method employed by AACO to fund its provider agencies. This method allows AACO to fund a provider agency's actual eligible expenditures for a provider agency's service(s), offsetting these expenses by anticipated revenues to be received directly by the provider, and establishing the remaining deficit as its authorized level of funding (allocation). Reimbursement is affected on a "last-dollar-in" basis and is based upon actual eligible expenses incurred less actual revenue generated, up to the maximum contract funding.

SECTION 6120 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The following Federal CFDA numbers are applicable to AACO Programs:

Program	CFDA No.
HIV Care Formula Grant, Parts A	93.914
HIV Care Part B	93.917
HIV Prevention Activities	93.940
HIV/AIDS Surveillance, HIV Incidence Surveillance, HIV Molecular Surveillance, & Medical Monitoring	93.944
National Behavioral Surveillance	93.940
Test, Link, Care, Plus	93.855
Philadelphia Integrative Health Initiative	93.243
CoRECT	93.943

SECTION 6130 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

HIVCare Services

.02 AACO has many contracts with agencies whose services are provided directly to those individuals who are HIV positive. Care services help individuals maintain their self worth, independence and dignity while living with HIV. Such services include, but are not limited to medical care, dental, skilled nursing, transportation, homemaker services, respite care, case management and other required services. Quarterly narrative reports must contain specific information. In addition to the reporting requirements, the resultant auditing procedure is also stipulated.

Agencies are required to submit quarterly statistics reflecting the numbers of clients served and the number of service units provided. The expected number of clients to be served, and service units to be provided, are provided in the contract service provisions. The auditor should determine, on a test basis, that the reports include this information and are in compliance with the contract service provisions.

.03 HIV Case Management services consist of thorough assessments of clients' needs and the development and monitoring of a formal services plan for each client. Agencies providing this type of service assign case managers who aid clients with their daily living needs. These needs vary with each client; therefore, documentation of services provided is extremely important.

.04 Currently, all case management service providers are required to keep a file on each client served. Each client case record file should contain the following list of documents:

- Assessment Form
- Medical Case Management Flow Sheet
- Client Medical Case Manager Agreement Form
- Authorization to obtain release of HIV-related information.
- Certification of HIV positive diagnosis
- Service Care Plan
- Case Management Activities Log
- Grievance Procedures Form

.05 The auditor should determine on a test basis that:

The statistical information reported by the organization to AACO on the monthly and quarterly statistical reports are traceable to, and in agreement with, supporting records.

Client files contain the information required under Section 6130.04.

Counseling and Testing Services

.06 The counseling and testing programs are required to provide AACO with a quarterly report which includes various statistical, programmatic, and staffing information. These programs must also submit HIV Test Forms for every HIV test provided.

.07 The auditor should determine, on a test basis, that the:

> Statistical information included on the report is traceable to records maintained by the Organization to support the report submitted to AACO. The statistical information needed to be verified by the auditor includes number of individuals pre-tested, number of individuals counseled and not tested, number of individuals tested, and number of individuals post-test counseled.

HIV Prevention: Education and Risk Reduction

.08 The education and risk reduction programs are required to provide AACO with a quarterly report which includes various statistical, programmatic, and staffing information. Programs must also record data in the CDC's EvaluationWeb data system.

.09 The auditor should determine, on a test basis that the statistical information included on the report is traceable to records maintained by the organization to support the report(s) submitted to AACO.

.10 For hotline services, all calls received must be documented on a hotline call record form. This is a standardized form which must be completed by a counselor during each telephone conversation.

.11 The auditor should determine, on a test basis, that the hotline call record forms are utilized and maintained on file at the organization.

SECTION 6140 - FINANCIAL COMPLIANCE PROCEDURES

.01 Audit procedures should include the following:

> Does the Agency have a system in place to adequately account for all applicable income received or earned by the agency and that such income was properly reported to AACO.
>
> Determine that billings to AACO and reimbursement from AACO are net of other non-AACO revenue.

.02 All agencies under contract with the City of Philadelphia through AACO must submit monthly invoices. The purpose of the invoice procedures package is to effectively and efficiently process requests for payment from each contract agency. The package indicates what types of reports are required, the information to be included in each report and shows examples of how each report should look.

.03 In order for an agency to invoice AACO (City of Philadelphia) for the expenditure of funds allocated through a contract, the submission of a cover letter, an invoice, a monthly budget performance report, and a personnel roster is required. Actual requirements for the preceding documents are detailed as follows:

- Invoices must include all of the following:

  a) date submitted;
  b) Period of service for which invoice is being submitted for;
  c) Contract number;
  d) Contract name;
  e) Current period's expenses (as categorized in the contract budget.)

- Monthly Budget Performance Reports must accompany each invoice. This report identifies expenditures in the categories listed on the AACO approved line item budget form and must show current month and year-to-date expenses as well as total budget and the total amount remaining for each line item of the budget. Each column (current month, year-to-date, annual budget, budget amount remaining) must be totaled. Revenue offsetting program/contract costs must be indicated and subtracted from total expenses in all columns.

- Personnel Rosters must also accompany each invoice. Each roster must identify names of personnel being charged to a specific program/contract as well as expenditures for each position title. Columns showing current month and year-to-date expenses as well as total budget and total amount remaining for each position must be included and each column must be totaled.

SECTION 6150 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 The organization's audit report **must** include the following **mandatory** supplemental financial schedule for each and every AACO award that is part of a City of Philadelphia contract, in addition to the financial statements as specified in Sections 400 and 500 of this Audit Guide. A designation has been made for the supplemental schedule required for a "single audit" report (Section 400) on a "program audit" report (Section 500). The auditor will be required to issue an opinion on the Supplemental Schedules listed below as specified in Section 400 of this Audit Guide.

Supplemental Financial Schedule	Section Ref. to Sample Audit Format	Single Audit Report	Program Audit Report
Schedule of Program Expenditures And Program Revenue **(1) (2)**	6150.02	Yes	No **(1) (2)**

Explanatory Notes (apply to both Single, and Program, Audits):

SECTION 6150 (CONT.)

(1) The schedule (Statement of Expenditures and Revenues) must reflect the categorization of expenditures by the AACO budget with the organization (see section 6150.02) **for each and every AACO award** that is part of a City of Philadelphia contract.

(2) The schedule must reconcile the AACO award funding source fiscal year(s) to the organization's actual operating fiscal year.

SECTION 6150.02

STATEMENT OF EXPENDITURES AND REVENUES (SAMPLE)

Provider Name: ABC Not for Profit Organization
Funding Source: XXXXXX
Award Number: XXXXX
Award Amount: $XXX,XXX.XX
Contract Number: XX-XXXXX
Activity Description: XXXXXXXX
Effective Dates (Contract Term): XX/XX/XX to XX/XX/XX

Personnel Services:	$ XXX,XXX	
Fringe benefits:	XX,XXX	
Total personnel expenditures		$ XXX,XXX
Operating Expenditures:		
Travel:	$XX,XXX.XX	
Equipment:	$XX,XXX.XX	
Supplies:	$XX,XXX.XX	
Sub-Contract Expenditures:	$XX,XXX.XX	
Rent:	$XX,XXX.XX	
Utilities:	$XX,XXX.XX	
Communication:	$XX,XXX.XX	
Leased Equipment:	$XX,XXX.XX	
Insurance:	$XX,XXX.XX	
Printing:	$XX,XXX.XX	
Repairs/Maintenance:	$XX,XXX.XX	
Other:	$XX,XXX.XX	
Subtotal Operating Expenditures:		$XX,XXX.XX
Total Direct (Personnel + Operating) Expenditures:		$XX,XXX.XX
Indirect Expenditures:		$XX,XXX.XX
Total Budgeted Expenditures:		$XX,XXX.XX
Program Revenues:		$XX,XXX.XX
Net AACO Funded Expenditures:		**$XX,XXX.XX**

SECTION 6200

OFFICE OF ADDICTION SERVICES

SECTION 6201 - GENERAL INFORMATION

.01 The Office of Addiction Services (OAS) is a component of the Philadelphia Office of Behavioral Health and Intellectual disAbility Services(OBHIDS), and also serves as the single county authority for the County of Philadelphia reporting to the State Office of Drug/Alcohol Abuse Programs. Acting in these dual capacities, OAS has a broad range of responsibilities which fall into the general categories of planning, funding, monitoring and coordination. Under the category of planning, OAS's efforts result in the preparation of a three year plan which is updated annually. This plan details local efforts to address all aspects of the citywide campaign against substance abuse. Based upon the priorities established in the plan, OAS allocates federal, state and local resources to service providers within the City. It also monitors these service providers against service projections and budgets established at the beginning of each fiscal year, and federal, state, and local standards/regulations. The provision of program and fiscal management technical assistance, as well as the dissemination of information concerning additional available funding sources for the expansion of treatment/prevention programs, are also responsibilities of the office. Another responsibility of OAS, is the liaison function it provides between contract programs and federal/state funding and regulatory agencies.

.02 In addition to its overall management responsibilities, OAS is engaged in a number of more direct activities. OAS provides and/or arranges training for provider agency staff and medical and human services professionals, as well as educational activities for the general public. It arranges for speakers and educational materials for community meetings, health fairs, special programs, and other educational activities. It provides and distributes educational materials to agencies, organizations, and the general public, and publishes a Resource Guide to D&A services available in the Philadelphia area.

SECTION 6210 - PROGRAM DESCRIPTIONS AND OPERATIONS

.01 OAS provides the following types of program services.

.02 Treatment Services:

Treatment services supported by OAS include outpatient counseling and therapy, methadone maintenance, residential treatment programs, and detoxification. More than 50 facilities located throughout the city deliver these services to almost 18,000 clients a year, nearly 7,500 at any given time.

.03 Prevention Services:

OAS supported prevention services reach more than 120,000 students and citizens in Philadelphia each year. These prevention services are both school and community-based.

SECTION 6210 (CONT.)

School-based programs include the presentation of a drug and alcohol prevention curriculum in the lower grades, a small group problem-solving approach in the middle grades, and more intensive peer counseling at the high school level. These services are provided in more than 80 public and parochial schools in all areas of the city.

.04 Community-based services include presentations and workshops for parents, residents of housing projects, church groups, and recreation centers, etc.

.05 The above noted OAS operations are funded through potential providers via a contract award which may be either program funded or fee-for-service funded. The following briefly describes those funding mechanisms:

- Program funded projects are privately administered and staffed and are reimbursed for their total personnel, operating and fixed asset expenses as predetermined by the City of Philadelphia - OAS less all interest or other incomes derived by the Agency from the use of agreement funds.
- Fee-for-service are service providers which are privately administered, staffed and partially funded by a contracted per diem or fee rate by the City of Philadelphia - OAS.

SECTION 6220 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The following federal CFDA numbers are applicable to OAS programs:

Reference	CFDA Number	Formal Reference
Dept. of the Army	14.235	Homeless Alcoholic Men Supportive Housing Program
Pa Commission on Crime and Delinquency	16.579	Philadelphia Community Court
Treatment Court	16.592	Local Law Enforcement Block Grant Program
PENN DOT	20.600	State and Community Highway
Governor's Discretionary Fund	84.186	Governor's Discretionary Fund
OSAP	93.194	Office of Substance Abuse
CSAT	93.230	Center for Substance Abuse Treatment
Substance Abuse & Mental Health Services	93.243	Screening, Brief Intervention, Referral and Treatment Initiative (SBRIT)
ADAMH	93.959	Alcohol & Drug Abuse Mental Health Block Grant Prevention
Family Preservation	93.667	Social Services Block Grant

.02 In addition to the above the auditor should be familiar with the following document:

- Fiscal Management Guidelines for County Drug and Alcohol Programs.
- Fiscal Federal Block Grant Regulations.

SECTION 6230 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs

.02 Service objective projection and implementation are integral parts of the OAS contracting process. Each year prior to the allocation of funds, OAS contract programs must submit a set of service projections estimating the number of services they will provide to clients during the year. Some of the data an agency may report to OAS could be, for example, the number of residential days, number of counseling hours, methadone visits, and school presentations. OAS program staff review this information as to its propriety, and programs are instructed to change projections in cases where over or under projecting is identified.

.03 During the year, approximately 10 working days following the end of each quarter, programs are required to submit reports to OAS indicating their progress in meeting their projections. In cases where a ten percent (10%) deviation from what was projected is evident, programs must submit a written narrative explaining the deviation.

.04 As service objective reporting constitutes such an important aspect in OAS' efforts to test the viability of the service system, it is expected that the auditor solicit from each contract agency answers to the following questions, and include any deficiencies noted as a compliance finding in any final audit report:

- How does the program collect its quarterly service objective implementation information? Indicate which staff are involved, the data used in this process, and describe.

- Determine the process used by the program to check the accuracy/validity of the quarterly service objective reports to OAS. If no validation process is used, determine why not and report upon.

- What steps does the program take to address consistent patterns of under implementation/over implementation of projected service objectives? What staff are involved in this process? How are they involved?

SECTION 6240 - FINANCIAL COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

.02 The financial and compliance procedures for OAS are provided on the following pages based upon two types of program services:

a. Program Funded Projects (Section 6240.03 to 6240.07)

b. Fee-for-Service Projects (Section 6240.08 and 6240.09)

Program Funded Projects

Revenues:

.03 Program-funding is the most common method employed by OAS to fund its provider agencies. This method allows OAS to fund a provider agency's actual eligible expenditures for a provider agency's service(s), offsetting these expenses by anticipated revenues to be received directly by the provider, and establishing the remaining deficit as its authorized level of funding (allocation). Reimbursement is affected on a "last-dollar-in" basis and is based upon actual eligible expenses incurred less actual revenue generated, up to the maximum contract funding.

.04 Audit procedures should include the following:

- Does the Agency have a system in place to adequately account for all applicable income received or earned by the agency and that such income was properly reported to OAS.

- That Community Behavioral Health and Behavioral Health Services Initiatives billings for the program are fully recorded and that re-billings are submitted on claims which have been initially denied for payment.

- That Community Behavioral Health and Behavioral Health Services Initiatives payments are recorded on the accrual basis recognizing any applicable reserves for uncollectable amounts (after pursuing all means of collecting on payments as discussed above).

Expenditures:

.05 The Agency reports expenses to OAS in Section III of Form 311 "Year-To-Date Fiscal Report and Cash Request." This report breaks down the expenses into personnel services, operating expenses, and fixed assets. The auditor should utilize this report as the basis of determining the appropriateness of amounts reported to OAS and to develop audit procedures to test these expenses. The audit procedures developed are to include, at a minimum, appropriate procedures from Section 300 of the Guide, required compliance matters from the Fiscal Management Guidelines for OAS, and consider the following items:

- Personnel costs charged to the program as reported to OAS on the Personnel Roster Report are appropriate, properly supported and allocations of time are documented.

- Administrative overhead costs appear reasonable and are based upon a documented allocation plan. The auditor should consider appropriate procedures from Section 300 - Indirect Costs.

- Capital expenditures or depreciation expense are not eligible for reimbursement.

- Items charged to rent expense are in fact only for building rent expense and do not include any use charges in lieu of rent. Additionally, that rent expense charged by a related party be examined for reasonableness based upon comparable space at current market prices. The related party transaction must be disclosed in the notes to the financial statements in accordance with Financial Accounting Standards Board requirements (SFAS No. 57).

- Interest expense charged to the program is only due to temporary loans the Agency had to obtain to cover cash flow deficiencies due to lack of timely payments from OAS.

.06 Budget Modifications changes in AGENCY's program budget and Service Objectives may be authorized by CITY where such changes are the result of a written request, with supporting documentation, submitted to and approved by the Director of OAS. AGENCY shall make no such changes prior to its receipt of written approval by said Director. Said budgets and Service Objectives will be maintained in an AGENCY file kept by CITY. All final requests for budget and/or Service Objective modifications, with supporting justification, shall be submitted to CITY by April 1st for approval. Budget and/or Service Objectives revisions will not be reviewed unless supporting justification is provided. Failure to comply with the provisions of this paragraph may result in non-reimbursement of expenses resulting from such modifications.

.07 Based upon the above the auditor should determine that:

- The budgetary amounts reported in Section III of the Year-To-Date Fiscal Report and Cash Request are the final amounts approved, including any modifications.

- If applicable, the Agency has followed the modification process as detailed above.

Fee-for-Service Projects

Revenues:

.08 Revenues for a fee-for-service funded program are based upon a set fee or rate of reimbursement for each authorized unit of service rendered by the provider agency to eligible clients. The agency invoices OAS on a monthly basis, by client, for such services on Form 310 - Fee-for-Service Invoice/Report. The fee-for-service type of funding requires special types of audit tests, since there are no expenses reported to OAS. The auditor is to determine the appropriateness of the units billed, the units of service actually provided and any offsetting revenue earned.

.09 Audit procedures should include the following:

- Does the agency have a system in place which accumulates the units of service by client and by type. In addition, are third party revenues maximized prior to billing those units to OAS.

- Obtain from the Agency a Summary of Services Billed by Type (this will be utilized in the audit report - see Supplemental Financial Statements Section 6250) for the audit period.

- Determine appropriateness of units of service billings to OAS by testing that:

  - Service units reported on Form 310 are supported by agency and client records and that the units agree in amount, type of service, date service was rendered, and were adjusted appropriately for any third party (non-OAS) revenue.

  - Rate per unit billed to OAS is appropriate after all deductions have been made for first and/or third party revenues.

SECTION 6250 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 The organization's audit report must include the following supplemental financial schedules, for each City of Philadelphia contract, in addition to the financial statements as specified in Sections 400 and 500 of this Audit Guide. A designation has been made for those supplemental schedules required for a "single audit" report (Section 400) or a "program audit" report (Section 500). The auditor will be required to issue an opinion on the Supplemental Schedules listed below as specified in Section 400 of this Audit Guide.

.02 The supplemental financial schedules for a program funded and a fee-for-service project, are as follows:

Program Funded Project

Supplemental Financial Schedule	Section Ref. to Sample Format	Single Audit Report	Program Audit Report
• Statement of Functional Expenditures by Contract/Program and Revenues by Funding Source **(1)**	6250.03	Yes	No **(3)**
• Reconciliation of Agency Reported Expenditures/Revenues to Audited Expenditures/Revenues **(2)**	6250.04	Yes	Yes

Explanatory Notes:

(1) Statement will present expenditures by cost center and revenues by category type as reported and utilized in Form 311 - Year-to-Date Fiscal Report and Cash Request. **A separate financial reporting for each OAS award must be presented.** In addition, the supplemental financial statement must detail the costs by budget cost category and type of revenue. Combining multiple OAS awards in one financial statement is not acceptable.

(2) The statement must present expenditures and revenues as reported to OAS, report any additional accruals and other adjustments to reconcile the amount reported on the Statement of Functional Expenditures by Contract/Program and Revenues by Funding Source. The reconciliation schedule is required only for those contracts where the amounts reported by the agency to OAS differ from the final audited amounts. An explanation of any "other adjustment" must be provided. The accrual explanation, at a minimum, should indicate the type of expense accrued.

The explanation(s) to "other adjustments", however, must be detailed by the type of expense category, and then totaled by cost center.

(3) The statement of revenues and expenditures should contain the captions provided in the sample report format.

Fee-for-Service Projects

Supplemental Financial Schedule	Section Ref. to Sample Format	Single Audit Report	Program Audit Report
• Statement of Units of Service and Program Revenue	6250.05	Yes	Yes

Explanatory Note:

(4) The statement is to present the following information for each individual type of OAS Fee-for-Service Award.

- The total units of service per the audit would represent the units reported by the subrecipient to OAS, net of any adjustments the auditor determines appropriate based upon his/her audit of the units of service billed. Where the audited units of service reflected on this statement differ from the total reported by the subrecipient, the auditor must provide on this schedule or on a following page the explanation of the difference with the amount adjusted.

- The approved unit rate is that unit rate by type of service reflected in the contract between the subrecipient and OAS.

- The gross cost is the result of multiplying the total units of service per audit by the approved unit rate.

- The program income is that income applicable to the particular program service. **The details of the program revenue by type of service must be provided in the "Detail of Program Revenue" section of the statement.**

- The net billing per audit is the result of subtracting the program revenue from the gross cost.

The above statement format is required for each unit of service award the subrecipient has entered into with OAS. A separate statement for each OAS award is to be presented, therefore, combining more than one OAS contract on a statement is not acceptable.

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF ADDICTION SERVICES
CITY OF PHILADELPHIA CONTRACT NUMBERS XX-XXXX AND XX-XXXX
STATEMENT OF FUNCTIONAL EXPENDITURES BY CONTRACT/PROGRAM
AND REVENUES BY FUNDING SOURCE **(1)**
JULY 1, 20XX to JUNE 30, 20XX

	(1) Outpatient Services XX-XXX	**(1)** Women's Program XX-XXXX
Expenditures by cost center:		
Total Personnel Services	$ xxxxx	$ xxxxx
Total Operating expenses	xxxxx	xxxxx
Total Fixed assets	xxxxx	
Total expenditures by cost center	xxxxx	xxxxx
Funding sources:		
Client fees	xxxxx	
City of Philadelphia, Office of Addiction Services	xxxxx	xxxxx
Community Behavioral Health	xxxxx	xxxxx
Behavioral Health Services Initiatives	xxxxx	xxxxx
Other Revenue	xxxxx	xxxxx
Total funding	xxxxx	xxxxx
Excess of expenditures over funding sources	$ xxxxx	$ xxxxx

(1) A separate statement of expenditures and revenues <u>must</u> be provided <u>separately</u> for each OAS contract. Therefore, if an agency has five contracts the above schedule will have five separate financial amount columns, or five separate financial statements, one for each OAS contract.

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF ADDICTION SERVICES
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES
TO AUDITED EXPENDITURES/REVENUES
JULY 1, 20XX to JUNE 30, 20XX

Outpatient Services	Amount Reported on Fiscal Report	(A) Other Adjustments	(B) Amount per Audit
Expenditures by cost center:			
Total personnel services	$ xxxxx	$ (xx)	$ xxxxx
Total operating expenses	xxxx	(xx)	xxxxx
Total fixed assets	xxxx		xxxx
Total expenditures by cost center	xxxxx	(xx)	xxxxx
Funding sources:			
Client fees	xxxxx		xxxxx
City of Philadelphia, Office of Addiction Services	xxxxx		xxxxx
Community Behavioral Health	xxxxx		xxxxx
Behavioral Health Services Initiatives	xxxxx	xxx	xxxxx
Other Revenue	xxxxx		xxxxx
Total funding	xxxxxx	xxx	xxxxxx
Excess of expenditures over funding sources	$ xxxxx	$ xx	$ xxxxxx

(A) See following page for explanation of adjustments.

(B) Amount funded under contract in accordance with OAS fiscal guidelines.

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF ADDICTION SERVICES
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES
TO AUDITED EXPENDITURES/REVENUES (CONT.)
July 1, 20XX to June 30, 20XX

Explanation of Other Adjustments:

Budget Category	Adjustment Explanation	Adjustments
Expenditures adjustments:		
Personnel Services:		
Administrative salaries	To correct wages incorrectly allocated to administrative salaries, should be chargeable to another program.	$ (xxx)
Client oriented service salaries	To correct erroneous posting of payroll for pay period ending May 10, 20XX.	xx
Total personnel service cost adjustments		(xx)
Operational expenses:		
Utilities	To adjust for expenses charged to this contract which pertain to another program.	(xx)
Total operating expense adjustments		(xx)
Total expenditure adjustments		$ (xx)

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF ADDICTION SERVICES
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES
TO AUDITED EXPENDITURES/REVENUES (CONT.)
July 1, 20XX to June 30, 20XX

Budget Category	Adjustment Explanation	Adjustments
Funding source adjustments:		
Community Behavioral Health Behavioral Health Services Initiatives	To record previously denied billings which were collected by agency and not reported.	$ xxx
	To adjust reserve for uncollectable billings on current year billings.	(x)
Total CBH and BHSI adjustments		$ xxx

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF ADDICTION SERVICES
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
STATEMENT OF UNITS OF SERVICE AND PROGRAM REVENUE
JULY 1, 20XX to JUNE 30, 20XX

Program Type of Service	Total Units of Net Service Per Audit	Approved Unit Billing Rate Per Audit	Gross Cost	Less: Revenue
Residential	xxx	$ xx.xx	$ xxxxx	$ (xxx)

Detail of Program Revenue:

Program Type of Service	Program Revenues Related To: Client Fees	Private Health Ins.	Food Stamps	Other Party Fees	Other Program Income	Third Revenue

SECTION 6300

DEPARTMENT OF BEHAVIORAL HEALTH AND INTELLECTUAL DISABILITY SERVICES

SECTION 6301 - GENERAL INFORMATION

.01 The mission of the Philadelphia Department of Behavioral Health and Intellectual disAbility Services(DBHIDS) encompasses five sets of diverse activities intended to ensure that Philadelphia residents who experience mental retardation and/or acute and extended mental illness will receive the services, support and opportunities they need. The five sets of diverse activities include:

- Strengthening the capacity of providers of services to respond to individual needs and the needs of unique groups.

- Strengthening the capacity of consumers of services as well as their families and communities to acquire needed services and arrange for more mature networks of support.

- Restructuring the governmental and private sector relationships between the DBHIDS sponsored service system, State service system, private system and the consumers of services who are the priority populations for Philadelphia DBHIDS.

- Creating long term relationships with institutions of higher education which increase the potential that those who require in service training and pre-service education will have educational opportunities that 1) encourage employment in those services affecting the DBHIDS priority consumers and 2) offer training and education consistent with the orientation and treatment outcomes sought by the DBHIDS.

- Fostering the integration and community acceptance of persons experiencing mental retardation or mental illness for the improvement of delivery systems and for the benefit of the individuals those systems serve.

SECTION 6310 - PROGRAM DESCRIPTIONS AND OPERATIONS

.01 The above noted DBHIDS operations are funded to potential providers via a contract award. The Commonwealth of Pennsylvania, Department of Public Welfare (DPW) regulations provide for the general use of two basic methods of funding, although other methods may be used with the prior written approval of the Secretary of DPW. The two basic methods are:

- Program Funding: Also referred to as deficit financing, program funding is the most common method employed by the DBHIDS to fund its Provider Agencies. This method allows the DBHIDS to fund a Provider Agency's actual eligible expenditures for a Provider Agency's service(s), offsetting these expenses by

anticipated revenues to be received directly by the provider, and establishing the remaining deficit as its authorized level of funding (allocation).

- Unit of Service Funding: Also referred to as fee-for-service funding, this method is based upon establishing a set fee or rate of reimbursement for each authorized unit of service rendered by a Provider Agency to eligible clients. The fee or rate may be set through negotiation with the DBHIDS or may be established by DPW or a designated third party such as Community Behavioral Health (CBH).

.02 In addition, the Philadelphia DBHIDS currently funds mentally retarded residents in State licensed private facilities throughout the Commonwealth of Pennsylvania. Interim Care was developed for mentally retarded clients who met stringent criteria for institutional care but for whom no institutional placement was available. Clients placed in Interim Care are considered to be in need of 24-hour a day care and for the most part are expected to require this care for the rest of their lives. Today the life management plans for all Interim Care clients state that progression to the least restrictive service environment is a primary goal. Plans have been underway and will continue throughout this period to place Interim Care clients in Family Living, Teaching Family and/or other Community Living Arrangements.

SECTION 6320 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The following Federal CFDA numbers are applicable to the Mental Health and Mental Retardation Programs:

Mental Health

Reference	CFDA Number	Formal Reference
MH SSBG	93.667	Social Services Block Grant
MH Access	93.125	Homeless Access to Community Care/SVC/Support
MH CMHBG	93.958	Community Mental Health Block Grant
MH PATH HMLESS	93.150	Mental Health Services for the Homeless
MH CASSP	84.027	Federal Child and Adolescent Service System Program
(PHMC) Homeless Assistance	93.151	Project Grants for Health Services to the Homeless
CMHI-Federal	93.104	Child Mental Health Initiative
HIV AIDS-Federal	93.216	HIV/Aids - Mental Health Services

Mental Retardation

MR Federal SSBG	93.667	Social Services Block Grant
Fed WVER Maint.	93.778	Medical Assistance (Title XIX)
TSM Administrative Reimb.	93.778	Admin. Chargeable to Targeted Services Management
Early Intervention SSBG	93.667	EI-Social Services Block Grant
Early Intervention	84.181	Infants and Toddlers w/Disabilities

.02 In addition to the above the auditor should be familiar with the following documents:

- Commonwealth of Pennsylvania, Department of Public Welfare – Single Audit Bulletin (February 1998)
- Guide to County Service Provider Audit Management, issued by the Commonwealth of Pennsylvania, Department of Public Welfare. (April 1992)
- Commonwealth of Pennsylvania - Pennsylvania Code - Title 55, Public Welfare -- DPW's 4300 Regulations, "County MH/MR Fiscal Manual."
- DBHIDS Manual, issued July 1987 by the City of Philadelphia, Department of Public Health, Office of Mental Health and Mental Retardation.
- DBHIDS Annual Expenditures Reporting Instructions Supplement and Annual Allocation Notice and Budget Instructions
- Pennsylvania Code, Title 55, Chapter 5221, Mental Health Bulletin Numbers 00-89-08, 5220-89-01 and 5220-89-02

SECTION 6330 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

.02 The program compliance procedures for MH/MR are provided on the following pages:

Mental Health Programs

Client Liability: **(1)**

.03 Based on the 4305 Client Liability Regulations, the County Program or designate shall determine the financial liability for clients receiving community mental health or mental retardation services funded in whole or in part by the County MH/MR Program that is not listed as an exempt service as described in subsection 4305.11 (Exempt Services). As indicated in subsection 4305.40 (Re-determinations), client liabilities should be done on each client at least every 12 months. In addition, Agencies should be assisting clients who are eligible in applying for Supplemental Security Income (S.S.I.), Supplemental Security Disability Income (S.S.D.I.), and Medical Assistance (M.A.).

.04 The audit procedures should include a check for evidence that client liabilities are being done every 12 months. Dated and signed copies of client liability forms should be found in the client record. In addition, check for evidence that, where eligible, clients are applying for S.S.I., S.S.D.I., and M.A. *(A sample copy of liability form is enclosed as Exhibit 1.)*

Agency Fee Schedule:

.05 Based on subsections 4305.101 through 4305.103 of the 4305 Liability Regulations, Provider Agencies must develop fee schedules based on the actual cost of delivering services.

.06 The audit procedures should include a check for evidence that the Agency's fee schedule is actually based on the cost of providing services.

Inpatient Letters of Agreement:

.07 Because of their cash flow problems and because the inpatient advance has not been clearly identified to the CMHC's, the centers have often not reimbursed inpatient providers in a timely manner. Conversely, inpatient bills have not always been submitted by providers to the centers in a timely manner. The effect has been a reluctance of the inpatient providers to accept County funded patients with a resultant back-up of clients in the Psychiatric Emergency Services.

.08 In order to solve the problem, the County (DBHIDS) has required the CMHC's to establish letters of agreement with their primary inpatient providers based on utilization. These agreements must contain the following:

a. An estimated inpatient "budget" for the Provider for the current fiscal year. The budget may be based on a two year history or any mutually acceptable basis;

b. A statement that appropriate regulations and policies will be adhered to by both parties;

c. A deadline for billing;

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(1) A "DPW Community MH/MR Program Client Liability Training Manual" is available for reference, if needed, from DBHIDS.

d. A close out date for final bills not to occur later than 18 weeks after the close of the fiscal year;

e. An agreement to follow an advance payment and final reconciliation process with dates for billings and payments; and

f. An agreement on the type of accounting records to be maintained by the Inpatient Provider.

Agency Client Service Recordkeeping:

.09 As mandated in the State's 5200 Regulations, each Agency must maintain files for each client it serves. As the source of client data for the County, each Agency must maintain the minimum information necessary for identifying each client, the service the client is receiving, the length of service, referral or transfer data and discharge information. Base Service Units must also maintain information related to involuntary and voluntary inpatient commitment.

.10 The client records within a given Agency should have a consistent format, but each particular form may be individualized to suit the needs of the Agency. Each record should contain at minimum:

- Admission summaries
- History forms:

  (1) Medical (including lab tests)
  (2) Psychiatric
  (3) Social
- Treatment Plan (dated and signed by a psychiatrist)
- Progress notes (dated)
- Liability determination (dated)
- Discharge summaries

.11 The audit procedures should include a check that client record contains the material described above so that a client's admission, prior treatment, treatment, financial, and disposition status can be checked against information provided to DBHIDS through the automated data system. (Please note that this is merely a check for the presence of the required material in the record and does not require a judgment as to the content of the material.)

Community Residential Rehabilitation (CRR) Program:

.12 The CRR Program provides structured, therapeutic residential services to the chronically mentally ill. This program addresses several basic goal areas: increasing independent living skills, stabilization following hospitalization, prevention of hospitalization and homelessness. A therapeutic milieu encourages peer input and control in setting and enforcing behavioral norms, expectations and privileges.

.13 Productive daytime activity (partial hospitalization, social or vocational rehabilitation services, school, part time employment, etc.) is an expectation for those participating in the CRR Program. Individual service plans must coordinate residential treatment with day treatment services in order to further progress toward meeting rehabilitation goals and to provide added support during time of crisis.

.14 As part of the placement process, clients are required to abide by the rules of CRRs and to sign a Service Agreement which sets forth the responsibilities of the Provider Agency and the client during the client's stay at the CRR. The agreement must be in conformance with Section 8605.4 of the Mental Health Community Residential Rehabilitation Services (CRRS) 8600 Regulations which require the following:

a. The agreement is negotiated during the intake process;

b. It is signed by both parties (Provider and client);

c. It specifies the arrangements and charges for housing and food;

d. It specifies the goals to be achieved and services to be provided;

e. It specifies the rights and responsibilities of the client;

f. It includes a copy of the CRR's "house rules", client rights, client Grievance Procedures, and termination policy;

g. It specifies any liability for the cost of service other than room and board; and

h. It is updated and signed again whenever any of the terms change.

.15 The audit procedures should include a check that a written Service Agreement exists between the client in a CRR and the CRR Provider and check that the Provider is using a standard and uniform agreement which contains the above items for all clients.

Mental Health Intensive Case Management

.16 Intensive Case Management (ICM) was established as a primary direct service to both adults with serious and persistent mental illness and children and adolescents with or at risk of serious mental illness. It is designed to ensure access to community agencies, services, and persons whose functions are to provide the support, training, and assistance required for a stable, safe, and healthy community life. Services are offered within the parameters imposed by funding and other resources. The families of children and adolescents are also eligible for ICM Services as they relate to the treatment plan of the child. ICM Services are services which will assist eligible persons in gaining access to needed resources such as medical, social, educational, and other services.

.17 ICM Program Services requirements stipulate that:

- ICM Services are currently available to persons admitted to a healthcare facility. However, Medical Assistance (MA) cannot be billed for Case Management Services or for ICM Services provided to persons in a jail.

- Needed services to persons in ineligible environments are expected to be provided using State funds.

- ICM services are to be provided in accordance with a written client specific service plan.

.18 The auditing procedures for determining compliance with program services would require the auditor to ascertain whether procedures are in place to ensure that Providers of service have complied with these requirements and evaluate/assess the Provider's implementation of the procedures

include: adults, 18 years of age or older, who have a serious and persistent mental illness; and children and adolescents with, or at risk of, serious mental illness. Two of three specific criteria must be met for a person to be considered eligible; however, a waiver of this requirement may be granted by the County Administrator. The families of children and adolescents are also eligible for ICM services as they relate to the treatment of the child (Section 5221.12, Chapter 5221 Regulations).

.19 The auditor for determining compliance to program eligibility should:

- Review the Provider's established procedures for determining eligibility and evaluate for adequacy.

- Test selected program records and verify that eligibility was determined.

- If the sample contains persons for whom a waiver of eligibility has been granted, verify that adequate documentation of that waiver is maintained in the case file.

.20 The ICM programs require matching reporting on operations. This requires that an authorized representative must certify that State matching funds are available for Medicaid eligible costs. A State Match Verification Form which corresponds directly to the invoice (i.e. line for line) must be completed for <u>each</u> invoice submitted to the Department for processing through the MAMIS System and must be maintained within the Provider Agency for a minimum of four years.

.21 The auditor should determine that the above matching requirement is met by a review of procedures the Organization has in place in completing the form, and that the completed form is properly filed.

Family Based Mental Health Service Program

.22 The Family Based Mental Health Service Program (FBMHS) was established as a primary team to deliver services to families with at least one child with mental illness who is at risk of placement outside of the home. It provides mental health treatment to families so that they may continue to care for their children with serious mental illness or emotional disturbance at home. Services are offered within the parameters imposed by funding and other resources. This Program reduces psychiatric hospitalization by enabling families to maintain their role as primary care givers for their children.

.23 Family Based Services requirements stipulate that:

- At least one child with mental health diagnosis is with an adult care giver willing to receive services within their home. The child must be at risk of psychiatric hospitalization or out-of-home placement.

- Providers of service must be licensed by the Department of Behavioral Health and Intellectual disAbility Services, included in the County MH/MR annual plan and enrolled with the Office of Medical Assistance.

- Treatment plans must be formulated within five days of initial service, and authorized by the County Administrator or designee within 30 days of the first date of service.

- Services which involve more than one child care system must develop a jointly written plan which documents service responsibilities of each system and be included in the treatment plan within the first 30 days of service.

- All staff must have Act 33/80 clearance before providing services. Documentation of clearance and maintenance of record keeping requirements set forth in PA Code Chapter 1101 (Medical Assistance General Provisions), must be on file at contract provider offices.

.24 The auditing procedures for determining compliance with program services would require the auditor to ascertain whether procedures are in place to ensure that Providers of service have complied with the requirements stipulated above and to evaluate/assess the Provider's implementation of the required procedures.

.25 Eligibility for Family Based Services is determined by the administering Agency. Eligibility for MA is determined by the County Assistance Office (CAO). Children and adolescents and their families are eligible for service if the child or adolescent is 18 years of age or younger and has a mental illness or emotional disturbance and is determined to be at risk for out of home placement. The determination to recommend treatment can be made by a physician, licensed psychologist or child service agency. The recommendation must occur prior to initiation of services and be documented. The specific criteria must be met for a family to be considered eligible as they relate to the treatment of the child (Section 5260.91, Chapter 5260 Regulations). A waiver of the requirement may be granted by the County Administrator.

.26 The auditor determining compliance to the program eligibility should:

- Review the Provider's established procedures for determining eligibility and evaluate for adequacy.
- Test selected program records and determine that eligibility was performed in accordance with the regulations specified above.
- If the sample contains persons for whom a waiver of eligibility has been granted, determine that adequate documentation of that waiver is maintained in the case file.

.27 Family Based Services required matching reporting on operations. This requires that an authorized representative must certify that State matching funds are available for Medicaid eligible costs. A State Match Verification Form which corresponds directly to the invoice (i.e., line for line) must be completed for each invoice submitted to the Department for processing through the Medical Assistance Management Information System (MAMIS) System and must be maintained within the Provider Agency for a minimum of four years.

.28 The auditor should determine that the above matching requirements are met by a review of procedures the Organization has in place for completing the form, and that the completed form is properly filed.

Cost Settlement Policy and Procedures for Community Based Medicaid Initiatives

.29 As indicated in the Mental Health Bulletin No. OHM-94-06 (Exhibit 16), the following programs are subject to cost settlement:

Program	Corresponding PAC Codes:
MH Intensive Case Management	7703, 8703, 6706
MH Family Based Services	7733
MH Resource Coordination	2708, 8708
MR Targeted Services Management	2771
MH Crisis Intervention (Res)	8416

The Cost Settlement Report (CSR) as implemented in this bulletin serves as the vehicle to capture the interim reconciliation to actual costs for community based Medicaid initiatives. This calculation in based upon unaudited expenditures and accrued Medicaid revenues for each service activity. CSR's must be completed by all independent contractors for each service activity within each fiscal reporting period. The CSR is designed to compare overall expenditures eligible for DPW State/Federal participation to combined DPW State/Medicaid accrued revenues. Please be advised that Targeted Services Management reflects a total case management function and agencies should include the non-MA eligible components for cost settlement.

.30 The City of Philadelphia DBHIDS is requiring providers of the above programs to include a CSR for each distinct program funded by DBHIDS as part of the Supplemental Financial Schedules included as part of their year end audit. **Based upon this requirement the auditor is to perform sufficient auditing procedures on the Cost Settlement Report (CSR) in order to express an opinion on the CSR as part of the overall audit.**

Mental Retardation Programs

Community Living Arrangement (CLA) Base Program:

.31 This program serves individuals with mental retardation who require supervision, training and a variety of services to enable them to live in the least restrictive setting in the community. Services include room and board, habilitation training, recreation and access to medical and specialized therapies (i.e. physical, occupational and speech therapy) on an as needed basis.

.32 The audit procedures should include a check, on a test basis, that:

1. Signed Room and Board Agreement is utilized. The State residential regulations (PA DPW Title 55 Chapter 6200) require that an agreement, outlining room and board charges, be executed, in writing, between the client and the Residential Provider. *(The items to be included in a Room and Board Agreement are included in the sample enclosed and labeled as Exhibit 2.)* The agreement must include these items; however, the Agency may develop its own form.

   The charge for room and board is 72% of the maximum SSI level exclusive of liability. The maximum SSI level usually changes annually, on a calendar year basis.

2. Evidence of client insurance (i.e. Medical Assistance Card, Blue Cross Policy, HMO Policy). (The majority of CLA clients have Medical Assistance coverage and those who have excess resources which preclude Medical Assistance should have private carrier coverage.)

Waiver Community Living Arrangement Program:

.33 This program serves individuals with mental retardation who require supervision, training and a variety of services to enable them to live in the least restrictive setting in the community. Services include room and board, habilitation training, recreation and access to medical and specialized therapies (i.e. physical, occupational and speech therapy) on an as needed basis.

.34 The audit procedures should include a check, on a test basis, that:

1. Signed Room and Board Agreement is utilized. The State residential regulations require that an agreement outlining room and board charges be executed in writing between the client and the residential provider. *(The items to be included in a Room and Board Agreement are included in the sample enclosed and labeled as Exhibit 3.)* The agreement must include these items; however, the Agency may develop its own form.) The maximum charge is seventy-two percent (72%) of the maximum SSI level.

2. Evidence of client insurance (i.e. Medical Assistance Access Card, Blue Cross Policy, HMO Policy). (The majority of CLA clients have Medical Assistance coverage and those who have excess resources which preclude Medical Assistance should have private carrier coverage.)

3. A current (dated within the last 365 days) PA 162. A PA 162 demonstrates eligibility for waiver funding and indicates if there is a client liability. *(See Exhibit 3 for sample PA 162.)* This does not apply to clients receiving S.S.I. Those clients are only required to have a PA 162 documenting initial eligibility.

<u>Adult Day Care (ADC) Program</u>:

.35 Day Care Services for adults provide a program of activities within a protective non-residential setting. Specific activities and services include but are not limited to: assisting in performing the basic tasks of everyday living, providing a planned program of social, recreational, and developmental activities; referring to and advocating for specialized health, therapeutic, rehabilitation of social services; providing for a nutritious meal and snack program; working with transportation arrangements.

.36 The audit procedures should include a test for:

1. Evidence of current license. Each ADC Center is licensed by the Commonwealth of Pennsylvania. A copy of the license must be maintained at the site to meet State regulations.

2. A spot check to insure that clients have current program plans (within the last 365 days). The State ADC Regulations require that each client have an individual day program plan which was completed within the last 365 days. The Plan outlines clients' goals and general activities for the client during that period. These plans must be maintained at the ADC site.

3. A check to insure that emergency procedures are prominently posted. Current State regulations require that emergency procedures (i.e. evacuation in the event of fire or medical emergency) be prominently posted at the program site.

Vocational Day Program:

.37 This day program for adults provides activities and services that include: vocational evaluation, a systematic assessment of a client's service needs and their potential for employment and the identification of employment objectives, personal work adjustment training, training that emphasizes the development of skills in interpersonal relationships, appropriate attitude toward work, good work habits and other behavior necessary for higher vocational placement; work activity training, a service that provides that handicapped person with an opportunity to work and attain sufficient vocational, personal, social, and independent living skills to progress to a higher level vocational placement; and employment training, a service that provides training and employment to individuals who are not readily absorbed into the regular labor force due to their limitations. All these services are provided in a sheltered setting.

.38 The audit procedures should include a test for:

1. Evidence of current license. Each Adult Day Care (ADC) Center is licensed by the Commonwealth of Pennsylvania. A copy of the license must be maintained at the site to meet State regulations.

2. A spot check to insure that clients have current program plans (within the last 365 days). The State ADC Regulations require that each client have an individual day program plan which was completed within the last 365 days. The Plan outlines clients goals and general activities for the client during that period. These plans must be maintained at the ADC site.

3. A check to insure that emergency procedures are prominently posted. Current State regulations require that emergency procedures (i.e. evacuation in the event of fire or medical emergency) be prominently posted at the program site.

4. Evidence that a client handbook exists and has been distributed to clients and staff. State Regulations require that each Vocational Program develop and distribute to participants a client handbook which outlines the program and general requirements of the program. A copy of the handbook must be maintained at the site.

5. A record of client earnings "year-to-date" should be maintained at the program.

Transition to Work Program:

.39 This is a program that provides services to recent mentally retarded high school graduates to help them make the transition from school to the working world and community life. This program assists the student in developing functional skills and provides work training in real jobs.

.40 At this time, there are no specific programmatic audit requirements.

Competitive Employment:

.41 This is service that involves the placement of an individual into real work for real pay. The individual being placed is job ready and motivated to work. Limited follow-up services are necessary to ensure job retention. The individual is employed by a company or industry rather than by the rehabilitation facility and the client is usually limited to the initial job training and short-term follow up services.

.42 At this time, there are no specific programmatic audit requirements.

Supported Employment:

.43 Supported Employment is a new approach to providing vocational services which combines placement of severely handicapped persons in competitive jobs, with training on the job and long-term support services. Characteristics of Supported Employment are: real work in a real work place, training on the job site, substantial pay (minimum wage or higher), long-term support services, job placement which is physically and socially integrated within the business/industry, services which are coordinated and specific to the client's needs and disabilities and significant consumer and/or advocate involvement in the development of the Supported Employment program.

.44 At this time, there are no specific programmatic audit requirements.

Early Intervention Program (EIP):

.45 This program makes available one or more of the sixteen authorized services as defined in MR Bulletin #00-92-09, entitled "Early Intervention Services for Infants and Toddlers", to an eligible child. An eligible child is a child who is experiencing a 25% delay in one or more developmental areas and whose age is between the date of birth through the second year. Early Intervention (EI) services are currently funded by the Department of Public Welfare (DPW) for children under three years of age through the Philadelphia Office of Behavioral Health and Intellectual disAbility Services (DBHIDS). Eligibility for Early Intervention Services is determined in accordance with MR Bulletin #4225-91-05, entitled Screening, Evaluation, and Eligibility for Infants and Toddlers.

.46 Services are provided in the home, a community setting or in a center. The center may be operated by a specialized Early Intervention provider or by an agency in the community such as a hospital or day care center. Services in a community center are provided by staff of an early intervention provider agency. These services are designed to meet the developmental needs of each eligible child and the needs of the family as they relate to enhancing the child's development. Service needs shall be determined by a team of individuals, including the parents and members of the discipline(s) most appropriate to the child's developmental needs; these services must be documented in a plan of care document known as an Individual Family Service Plan (IFSP).

.47 In order to determine eligibility for EIP Services, a child's file should contain a Child Health Appraisal form (or a similar type Health Appraisal Form) which must be signed by a physician. A sample form is provided as Exhibit 10. The auditor should perform sample testing to determine whether the form was completed and signed by a physician.

.48 In addition to the general audit requirements which pertain to all services funded by DBHIDS, compliance testing for Early Intervention Services must include testing to determine that services are appropriately reported, since services are reimbursed on a fee-for-service basis. Compliance testing must also be included to determine that costs associated with specific early intervention service recipients are assigned to the appropriate funding sources. Service costs which are reimbursed by the DBHIDS must be restricted to recipients who reside in Philadelphia County and who are under three years of age. Service costs associated with recipients residing in counties other than Philadelphia must be charged to the respective county of residence. Service costs of children three or older, regardless of their county of residence, are reimbursed by the Pennsylvania Department of Education through a contract with the School District of Philadelphia.

.49 DPW implemented a unit of service funding model of reimbursement in FY ’98. Published rate ceilings established on the DPW fee schedule will apply to all EIP service activities including those reimbursed by the DBHIDS. All services covered on the fee schedule will be reimbursed on a fee for service basis only. The DBHIDS will not assume liability for provider service costs in excess of the ceilings nor for costs associated with non-direct service billable activities which exceed the levels negotiated in the approved budget.

An Early Intervention Cost Reconciliation Report will be submitted with the final invoice which will disclose the financial ramifications of providing various service activities within an Early Intervention program activity (PAC) by comparing actual costs to reimbursement from anticipated fees. **The auditor must include an audited copy of this report in the financial statements. Based upon this requirement the auditor is to perform sufficient auditing procedures on the Cost Settlement Report in order to express an opinion on it as part of the overall audit.**

<u>Compliance Testing</u>

- Determine that the provider agency has an internal control structure system which properly:

  a. Accumulates and documents the early intervention service data reported to DBHIDS's RIM unit each month.

  b. Distributes costs and applicable revenues among the various funding sources which reimburse services associates with specific populations. Service costs must be distributed in direct relation to services delivered to respective populations and the system employed must take in to account that the funding source of a specific recipient may change during the course of the fiscal year as a result of aging out (turning three years of age) of DBHIDS's service population. In programs where mixed populations are served, numbers of children enrolled cannot be used in place of actual services delivered to distribute costs among funding sources since the level of services received may vary significantly among children served.

- On a test basis, determine that documentation exists which supports the eligibility of early intervention individuals served.

- On a test basis, determine that the services reported to DBHIDS's RIM unit (as discussed in item a. above) are supported by attendance records or other appropriate supporting documentation.

ICF/MR:

.50 A community based facility that provides a variety of services to mentally retarded individuals including residential care, day services, transportation, specialized therapies and case management services.

Program is financed with State and Federal funds, with the Federal share of the cost of the program ranging from 50% to 80%. It is administered by the State within broad Federal guidelines.

.51 At this time, there are no specific programmatic audit requirements.

SECTION 6340 - FINANCIAL COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Independent Auditor's Report(s) on Specific Compliance Applicable to Major or Non-major Federal, State and City Financial Assistance, as appropriate.

.02 The financial compliance procedures for DBHIDS are provided on the following pages based upon the following types of categories:

a. Mental Health and Mental Retardation Programs (Section 6340.03 to 6340.33).

b. Interim Care Facilities (Section 6340.34 and 6340.35).

c. Client Funds (Section 6340.36 to 6340.40).

Mental Health and Mental Retardation Programs

DBHIDS Manual:

.03 The Philadelphia Department of Behavioral Health and Intellectual disAbility (DBHIDS) Manual, called the "DBHIDS Manual", issued July 1987, serves the purpose of promulgating official policies and procedures governing requirements for Providers of Services contracting with DBHIDS. The DBHIDS Manual is intended to become a comprehensive single source of directives, references, and information to be observed and maintained by all contractors.

.04 As an official DBHIDS body of directives, the Manual is generally referenced in every contract executed with DBHIDS under Administration and Program Compliance, and it is binding on all contractors, as applicable. The Manual is divided into three parts:

Part I - General
Part II - Mental Health
Part III - Mental Retardation

.05 The Pennsylvania Department of Public Welfare (DPW) has adopted 55 PA. Code CH.4300 (4300 Regulations) which specify requirements for the general fiscal management of County mental health and mental retardation programs and the reimbursement of costs by DPW. These regulations are incorporated by reference in this Manual in order that DBHIDS and its contracted Providers of services will be in compliance with these regulations in administering and providing mental health and mental retardation services which are funded by DPW. The manual also includes policies and procedures which cover situations which are unique to the Philadelphia DBHIDS Program, areas which are not covered by DPW Regulations, or areas where DPW regulations require administrative interpretation.

.06 First issuance of the DBHIDS Manual was distributed to Contract Agencies during the week of August 10-14, 1987. One objective during initial development of Manual sections was to incorporate those previously issued DBHIDS numbered memos which contained Policies and Procedures which were still current or needed some revision to become current. That objective has been achieved in large measure, but the Manual is not completed yet. Additional policy information needs to be developed. Therefore, fiscal year 1987-88 is considered a transition period between the former numbered memo system and the new Manual system. The Manual contains official DBHIDS Policies and Procedures as of July 1, 1987. The numbered memo system was retired effective June 30, 1987. During this transition and implementation phase, it may occur that some past policies and procedures may not have been incorporated into the Manual at a given time. If a question arises regarding a past policy or procedure which is not addressed in the Manual, Agency Directors are advised to seek clarification from the appropriate DBHIDS Senior Staff person: the DBHIDS Program Administrator, the Deputy Administrator, or the Fiscal Administrator. Feedback and discussion of such apparent omissions is useful and necessary to make the Manual most effective. However, it is generally assumed that if a policy is not identified in the Manual, it does not exist.

.07 The entire DBHIDS Manual is incorporated into all contracts as applicable, by reference as administration and program compliance requirements. Compliance with Manual directives will be considered in monitoring and evaluating contractors.

.08 All new Manual sections and revisions will be issued under a cover "DBHIDS MEMORANDUM" (See Section 1.07 "Forms"). These cover memos will be identified by Fiscal Year and sequential numbering, as issued. For example: DBHIDS Memorandum #87-1, 87-2, etc. In order not to miss any Manual issues, Providers should make sure that numbered cover memos received are in sequence without omissions. It is advisable to retain these cover memos for a period to insure that complete Manual updates are received.

.09 Providers are responsible to determine internal distribution needs, to take timely action to share Manual information with appropriate staff, to orient staff to policies and procedures, to implement necessary activities, and to monitor and evaluate on-going compliance.

.10 Audit procedures should include the following:

- By inquiry, has the DBHIDS Manual been read by appropriate Agency officials and placed into use.

- Have appropriate individuals at the Agency obtained copies of the Manual for use in program operations.

Recordkeeping, Accounting and Cost Requirements/Standards:

.11 DBHIDS has established certain minimum standards regarding recordkeeping, accounting and cost requirements/standards. The DBHIDS allowable cost standards to a great extent are the same as the DPW allowable cost standards promulgated under the Title 4300 Regulations, the DBHIDS standards impose additional restrictions on the use of funding and/or in a few instances, represent more restrictive modifications of DPW standards.

.12 The auditor should determine Agency compliance with the following provisions and report any deficiencies in the accountants' report on internal accounting control. (The reference at the conclusion of each requirement is a reference to the DBHIDS Manual.)

- Regardless of level and type of fiscal reporting required by the DBHIDS, agency records must be maintained in accordance with the Account Structure Manual. This account structure, as described in the State Mental Health and Mental Retardation Regulations, is a uniform classification for the recording of expenditures incurred and revenues received in the delivery of contracted program services. All Agencies are required to maintain records by this structure unless the County Administrator grants a waiver of these requirements. Additionally, Agencies must maintain records at the site level for all residential programs which serve mixed populations that are categorically funded. It is recommended that records for all MR Vocational or Adult Day Care programs also be maintained at the site level since categorically funded clients may be

placed in such programs. These records must be maintained so that the information will be available upon request by the DBHIDS or for inspection by Federal, State or local authorities. (6.07.02)

- All program Providers will maintain and report fiscal data on the modified basis of accrual accounting. (4300.146)

Revenues:

.13 The costs of providing services to Philadelphia clients who are mentally ill or mentally retarded are reimbursed from a variety of sources and through several payment mechanisms. Some funds are received directly by the Organization that provides the direct service to the client. Other funds are allotted to the DBHIDS to provide services directly, to distribute among Provider Organizations, and to cover the administrative costs of the DBHIDS, the Department of Public Health, and the City in overseeing these services and Providers.

.14 The Department of Public Health utilizes two basic methods of funding program activities. The two basic methods are:

- Program Funding:

  Program funding is the most common method employed by the DBHIDS to fund its Provider Agencies. This method allows the DBHIDS to fund a Provider Agency's actual eligible expenditures for a Provider Agency's service(s), offsetting these expenses by anticipated revenues to be received directly by the Provider, and establishing the remaining deficit as its authorized level of funding (allocation). Reimbursement is effected on a "last-dollar-in" basis and is based upon actual eligible expenses incurred less actual revenue generated.

- Unit of Service Funding:

  This method, also referred to as fee-for-service funding is based upon establishing a set fee or rate of reimbursement for each authorized unit of service rendered by a Provider Agency to eligible clients. The fee or rate may be set through negotiation with the DBHIDS or may be established by DPW or a designated third party such as Blue Cross. DPW requirements and/or restrictions related to unit of service funding are set forth in Sections 4300.111 through 4300.118 of the Title 4300 Fiscal Regulations.

.15 The Agency is able to provide program services by utilizing funds received from the following sources:

- First Party Revenue:

  - Program Service Fees: Payments made by the client or a legally responsible relative for services rendered. These payments are commonly referred to as client liability and the amount of such liability (if any) is determined in accordance with 55 PA. Code CH 4305.

- Third Party Revenue:

  - Medicaid: Payments made for the delivery of psychiatric (medical) services to clients certified as categorically or medically needy under the Title XIX - Medical Assistance Program. Payments are in accordance with pre-determined rates and are for only those medical services specified in the Pennsylvania Annual Medicaid Plan. These payments may be from the Pennsylvania Department of Public Welfare, or Community Behavioral Health (CBH).

  - Private Insurance: Payments made on behalf of clients for services eligible for health care coverage such as Blue Cross/Shield; HMO's; private insurance carriers; union benefits, etc.

- Other Revenue:

  - Room and Board Charges: Payments made by or on behalf of clients for the provision of room and board within residential programs funded by the DBHIDS. Charges are assessed in accordance with 55 PA. Code CH. 6200.

  - Other Income: Other income sources would include interest earned on revenue and/or advance payments received from DBHIDS; service or production contract revenue; contributions; gifts and bequests; other miscellaneous income.

- DBHIDS Funding:

  - DBHIDS Allocation: Payments are made to the Provider based upon the program funding and units of service contracts previously described.

.16 When examining Agency revenues the auditor is to consider the following items which are the revenue requirements of Title 55, Department of Public Welfare Section 4300.158.

- Allocations from the Department are to defray part of the cost of county programs authorized by the act and approved by the Department. Income for the amounts paid for the same purpose from a public or private source directly to participating counties, facilities or individuals shall be deducted from approved expenditures to determine the amount eligible for Departmental participation.

- The Department will not participate in costs for a mentally disabled person until the person, who has been admitted or committed, or is receiving services or benefits under the act, has exhausted his eligibility and receipt of benefits under other private, public, local, Commonwealth or Federal programs.

- Unrestricted donations and gifts shall be considered as income to reduce gross eligible expenditures in arriving at expenditures eligible for Departmental participation.

- Donations and gifts may be used for paying expenses which are eligible or ineligible for Departmental participation if given or restricted by the donor for that purpose.

- Donations and gifts from fund-raising organizations may be used for paying expenses which are eligible or ineligible for Departmental participation if given or restricted by the fund-raising organization for that purpose.

- Interest earned on Departmental funds shall be considered as other income to reduce total expenditures in arriving at eligible expenditures for Departmental participation.

.17 Audit procedures for program funded contracts should include the following:

- Does the Agency have a system in place to adequately account for all applicable income received or earned by the Agency and that such income was properly reported to DBHIDS.

- That first and third party revenue is maximized prior to billing DBHIDS for services.

- That third party billings for the program are fully recorded and that re-billings are submitted on claims which have been denied for payment.

- That first and third party payments are recorded and reported to DBHIDS for all services delivered through June 30th recognizing any applicable reserves for uncollectable amounts (after pursuing all means of collecting on payments as discussed above).

- For Agencies which report retained revenue to DBHIDS, determine if amount reported is consistent with current DBHIDS policies and such funds have been restricted and utilized for DBHIDS use only. The Schedule of Adjustments on the Program Activity Invoice Summary must be completed to report any changes to retained revenue previously reported in the invoice.

- That clients which have been billed to DBHIDS have been previously determined to be ineligible for Medical Assistance or have no private insurance coverage. (This procedure only entails an examination of information available at the Agency (on a test basis) and does not intend or require contact with any Provider clients.)

.18 Audit procedures for unit of service contracts should include the following:

- Does the Agency have a system in place which:

  - Accumulates the units of service by client, by type and bills those units to DBHIDS.

  - Maximizes first and third party revenue prior to billing DBHIDS for services.

- That clients which have been billed to DBHIDS have been previously determined to be ineligible for Medical Assistance or have no private insurance coverage. (This procedure only entails an examination of information available at the Agency (on a sample basis) and does not intend or require contact with any Provider clients.)

- Utilizing the "Service Rendered Report and Invoice" - MH/MR Form 13 *(sample enclosed as Exhibit 4)*, determine that:

  - Service units reported on the form are supported by Agency and client records and that the units agree in amount, type of service and date service was rendered.

  - Rate per unit billed to MH/MR is contractually correct by each type of service.

  - Appropriate deductions have been reported for any first or third party revenue in columns 13, 14 or 15 on the form.

- That Agency reimbursement for inpatient and partial hospitalization services comply with:

  - Policies and limitations prescribed in Sections 4300.111 through 4300.118 of the Title 4300 Fiscal Regulations.

  - DBHIDS maximum rate of reimbursement for inpatient services is the Community Behavioral Health (CBH) per diem. Providers may negotiate lower rates based upon the actual cost of providing psychiatric inpatient services; however, if the CBH rate is used, the Provider must maintain copies of CBH rate authorization letters for each Inpatient Provider for whom reimbursement is requested from the DBHIDS. Providers must maintain rate authorization letters for both the interim and final audited rates.

  - DBHIDS maximum rate of reimbursement for partial hospitalization prescribed by DPW in the current Medical Assistance Fee Schedule for respective adults or children's services and for services which do or do not offer transportation services.

  - Policies and procedures prescribed in DBHIDS Memo #475, revised March 25, 1981. *(Enclosed as Exhibit 5)*

Retained Revenue:

.19 Retained revenue realized by a Provider must be accounted for in a restricted fund designated solely for use in DBHIDS funded services. The use of these funds is discretionary and is not subject to prior approval of DBHIDS as long as the funds are expended for DBHIDS funded services. Chapter 4300.108 of the Pennsylvania Code for County Mental Health and Mental Retardation Fiscal Manual, requires:

a. *The Department will participate in an allowance for service providers to retain revenues, accruing at the close of the contract period, in excess of eligible expenses realized under the contract.*

b. *The Department's participation will be limited to an amount not to exceed 3.0% of the total gross revenues applicable to the contract.*

c. *The Department will participate in an allowance for retained revenue only when the County explicitly approves retained revenue by including specific provisions in the contract. Retained revenue may be included in the contract budget, be allowed as an incentive for agencies to operate efficiently and pursue third-party revenues or allowed in combination as a budget item and efficiency incentive.*

d. *The contract shall identify the accounting unit or entity for computing revenues in excess of eligible expenditures. It may be an organizational unit, service or activity. It shall include only those expenditures and revenues associate with providing services under the contract and to which the retained revenue allowance applies. The objective is to match revenues and expenses with the accounting entity and the provision of services.*

.20 The auditor is to perform auditing procedures in order to determine the amount of retained revenue and that the Provider Agency has complied with the retained revenue provision of the:

- Regulations cited above in 4300.108
- DBHIDS contract provisions
- Policies and procedures as prescribed in the Annual Budget and/or Invoice/Expenditures Reporting Instructions, and fund restrictions as specified in Section 6340.19 of this Guide.

<u>Medicaid Waiver</u>:

.21 In order to satisfy requirements imposed by the Federal Health Care Financing Administration (HCFA) and the Pennsylvania Department of Public Welfare (DPW), the Philadelphia Department of Behavioral Health and Intellectual disAbility Services implemented special reporting requirements for the 2176 Medicaid Waiver Program. The Philadelphia Department of Behavioral Health and Intellectual disAbility Services (DBHIDS) implemented an automated system to generate Services Rendered Reports (SRR) which provides the financial data to prepare the MR "2176" Waiver Project Report. This report is submitted to the DPW on a quarterly basis. The service costs generated through the SRR are a result of calculating units of service, reported by contract providers to the Research and Information management (RIM) component of the DBHIDS, times provider approved budget rates, by type of service. The MR "2176" Wavier Project Report is used by DPW to prepare Federal reimbursement claims through the Medicaid program.

In FY 1999, the OMHMR adopted similar reporting procedures to address the requirements of the Infant, Toddlers, and Families Medicaid Waiver which was implemented by DPW in its Early Intervention Program in January, 1999.

.22 In the automated system, residential reporting is accomplished on an exception basis with the contract providers' obligation primarily being to advise the DBHIDS of client admissions, absences (absences are defined as 24 consecutive hours not in residence) or discharges not reflected in monthly reports issued by DBHIDS. Providers are also obligated to report individuals' absences from Waiver Residential Programs on a monthly basis on the Monthly Waiver Residential Program Absence Report *(Exhibit 6).*

.23 Waiver Day Program Service Units (Adult Developmental Training, Facility Based Vocational Services and Community Integrated Employment) are reported by providers through monthly reports submitted either electronically or on manually prepared forms. Specialized therapy services and Early Intervention services are also reported in a like manner.

.24 Audit procedures relating to the above would require an assessment of the Agency's control procedures and resultant reporting of client admissions, discharges and absences from residential programs.

Audit procedures are to include, on a test basis, a determination that the services reported are documented (i.e. by attendance records).

Personnel Action Plan:

.25 The Personnel Action Plan (PAP) is a system to monitor, approve, and audit personnel transactions and costs in Agencies providing MH/MR services through program-funded contracts with the DBHIDS.

.26 Under PAP, all program funded positions are classified into one of several broadly defined functional categories. A maximum salary reimbursement rate is established for each category. A maximum reimbursement rate for benefits cost is also established. Under the DPW 4300 Regulations, effective July 1, 1987, a total compensation option is available. This permits the County to reimburse Agencies for wages and benefits costs up to the combined total of the State's salary and benefits maximum reimbursement rates added together.

Agencies are at liberty to pay salaries or benefits above or below PAP reimbursement rates, but DBHIDS and the State will support such costs only to the extent that they do not exceed PAP maximums or approved contract budget amounts.

.27 Compliance with PAP policies and procedures is a contract requirement. Failure to comply will result in disallowances, and corrective actions will be required. Non-compliance will also result in non-payment of invoices.

.28 The auditor should determine Agency compliance with the following provisions as required in Section 7.0 of the DBHIDS Manual and report any deficiencies in the accountants' report on compliance or internal accounting control, as appropriate.

- Agencies must develop a manual of personnel policies and procedures, and a current copy must be on file at all times with DBHIDS. At a minimum, the Agency Personnel Manual must contain specific statements of compliance with:

  - Pennsylvania Human Relations Act 56.

  - Governor's Code of Fair Practices.

  - Title VI of U.S. Civil Rights Act of 1964, as applicable to any Federally assisted program.

  - Act 33 of 1985, to amend the Pennsylvania Child Protective Services Law, for Agencies providing services to children.

  - Philadelphia Fair Practices Act, for Agencies operating in Philadelphia County.

- The Agency Personnel Manual must also contain written Agency policies regarding: Recruitment, selection, appointment, probationary periods; classification and pay determination; increments; leave management (hours of work, vacation, sick leave, holidays, overtime/compensatory time, other leaves with or without pay); training, and tuition reimbursement; insurances and retirement plans; promotions; performance evaluations; appeals and grievances; separations/terminations.

- Agencies must maintain a current organization chart showing lines of authority, position number, PAP codes, and incumbent names. In addition, a personnel roster must be maintained which shows position number, PAP code, incumbent name and social security number, and current salary.

- <u>All</u> employee job positions must be approved on the PAP at a maximum salary reimbursement rate. Prior approval by DBHIDS is required to establish new job positions. <u>Agencies are at liberty to pay salaries or benefits above or below PAP reimbursement rates, but DBHIDS and the State will support such costs only to the extent that they do not exceed PAP maximums or approved contract budget amounts</u>.

  (<u>Note</u>: The auditor <u>must</u> include checking job positions and pay rates of any employee selected for testing (as required in Section 307 of the Guide) to the PAP).

- The maximum reimbursement for psychiatric consultations will be at the prevailing rates not to exceed the amounts listed in Exhibit 8 per consultation hour for Board-eligible psychiatrists per consultation hour for Board-certified psychiatrists where such services are provided through a contractual agreement and do not exceed 22 hours/ week.

In any case where a contract psychiatrist works in excess of a 15 hour week, written justification as to why this individual is not a half-time salaried employee must be presented to the Department of Behavioral Health and Intellectual disAbility Servicesbefore any reimbursement will be committed.

Any Agency which reimburses a psychiatrist on an hourly rate must do so on the basis of a signed contract, and must maintain that contract for at least five years after the period of the contract. Please note the requirements for contracts as identified in the Title 4300 MH/MR Program Fiscal Manual.

- The maximum fringe benefit percentage rate to be applied in determining eligible compensation can be found in Exhibits 7 and 8.

Administration:

.29 For the purpose of accounting and reporting, administration is defined as general managerial functions or activities which are supportive to but not an intrinsic part of the provision of direct services. These administrative functions or activities include executive supervision, personnel management, accounting, auditing, legal services, purchasing, billing, community board activities, activities associated with management information systems (does not include maintenance of individual client case records), and clerical activities which are supportive to these administrative functions or activities.

.30 The auditor should determine Agency compliance with the following provisions as required in Section 6.07.03 (Subpart D) of the DBHIDS Manual and report any deficiencies in the accountants' report on compliance or internal accounting control, as appropriate.

- All administrative costs whether allocated directly or by formulae to program activities must be included within administration and must not be reported as direct expenses of a program activity.

- The Agency is to have, in place, a method of properly allocating administration costs. The method of allocation is at the discretion of the Agency as long as it is verifiable and results in an equitable distribution among program activities. **(The auditor must identify the method of allocation and express an opinion on the equitableness of the Agency's cost allocation plan/method as prescribed in Section 4300.94 of the Title 4300 Regulations.)**

Cost Allocations/Indirect Costs:

.31 Contracted Agencies are required to determine and assign the actual costs related to the provision of program services. The auditor should determine Agency compliance with the following provisions as required in Section 6.07.03 (Subsection C) of the DBHIDS Manual and report any deficiencies in the accountants' report on compliance or internal accounting control, as appropriate. **The auditor must state the method(s) of allocating costs or revenues.**

Costs and or revenues

- The allocation method used by the Agency should be practical, reasonable, and verifiable and must result in an equitable distribution of costs and revenue. Records must be maintained and an audit trail established for initial budget estimates and amounts subsequently invoiced to the DBHIDS. Methods of allocation used for a specific program activity must be consistently applied in budgeting and invoicing.

- Where staff working on MH/MR programs are not directly assignable and work on multiple program activities on a significant or regular basis, then the time and related benefit costs must be allocated among activities. (A "significant basis" is defined as at least ten percent (10%) of total time worked. A "regular basis" means once a week, bi-weekly, etc.). Based upon this required allocation, specific requirements are as follows:

  - Documentation must be maintained in support of the actual time allocation as well as for initial budget estimates.

  - Staff must be required, on a daily basis, to complete a schedule which identifies hours worked by a specific program activity.

  - The time schedule must be signed by both the employee and his/her supervisor.

- Other (non-personnel) direct program costs not chargeable to a specific activity shall be prorated based on the overall ratio resulting after the allocation of staff and other assignable program costs.

- Client specific costs (e.g. specialized therapy) or revenue (e.g. room and board charges or client liability) must be directly allocated and cannot be a part of a general distribution method. If an Agency can allocate common or shared costs directly, then appropriate records must be maintained in support of the direct allocation (e.g. staff time records).

- The charging of indirect costs to a program must be in accordance with all requirements prescribed in section 4300.94 of the State DPW 4300 Regulations. In situations where a "program activity" is serving a mixed population whose services are funded by 2 or more DPW categorical allocations, costs or revenues must be directly assigned to the specific client/populations. If such costs or revenues cannot be assigned directly to the specific client/population, then the Contracting Agency must develop appropriate methods of allocating common or shared costs and revenues.

Other Matters:

.32 The following matters should be addressed by the auditor in determining the Agency's compliance with program regulations. Any deficiencies should be reported in the accountants' report on compliance or internal accounting control. (The reference at the conclusion of each requirement is a reference to the DBHIDS Manual.)

a. Employee Leave:

The cost of employee leave allowable/recognized during the fiscal year is for leave actually paid and not for time earned/accrued but not paid. (6.07.03 - Subsection A)

b. Interest Expenses and Earnings:

Interest expenses are considered eligible expenditures if incurred in compliance with the Title 4300 MH/MR Program Regulations and if these expenses are within the Agency's authorized allocation. Interest earnings also must be considered as a revenue offset against eligible expenditures in determining the level of financial participation by the DBHIDS in program activities.

Records must be maintained by the Agency in support of actual interest charges or earnings which are to be assigned to program activities funded by the DBHIDS. If separate bank accounts are not maintained, a practical, reasonable, and verifiable method(s) must be developed to support debt service charges or interest earnings assigned to program activities funded by the DBHIDS. Debt service charges which result from payment sanctions imposed by the DBHIDS or which are due to spending in excess of the levels authorized by the DBHIDS are not eligible for reimbursement. (6.07.03 - Subsection E)

c. Depreciation Allowance:

DBHIDS will participate in a usage payment (depreciation allowance) for fixed assets (excluding real estate), acquired on or after July 1, 1987, which are not expensed or amortized as expenditures paid by DBHIDS funding. A depreciation allowance is not permitted for fixed assets acquired prior to July 1, 1987. To claim a depreciation allowance, the conditions specified in Section 4300.105 must be met. (6.09.01 - Subsection E1)

d. Chief Executive Officer - Maximum Reimbursement (Unit of Service Funding):

The Pennsylvania Department of Public Welfare (DPW) 4300 Regulations, effective July 1, 1987, establish a new title, definition, and variable salary maximum reimbursement rates for contract service Provider Agency Directors.

The terms Catchment Area Services Director (CA SD, defined in Memorandum 44), Executive Director, Agency Director, or Limited Agency Director, have been replaced in PAP usage by the term Chief Executive Officer. The title is defined by DPW as follows: "The Chief Executive Officer (CEO) is the principal officer to whom all Agency staff are subordinate and whose authority is circumscribed only by a Board of Directors." (7.28)

The reimbursement maximums, which the auditor is to determine are being adhered to by the Agency, are enclosed as *Exhibit 7.*

.33 For all DBHIDS Providers, excluding Private License Facilities, there is a bi-annual "Fiscal Site Visit" that is conducted by personnel of the Providers respective DBHIDS fiscal office. The visit prompts written correspondence to the Provider's Executive Director detailing the visit's findings. The auditor should obtain a copy of the most recent site visit letter and determine what corrective action the Organization has implemented to resolve any findings noted in the letter. A lack of corrective action by the Organization would indicate a compliance deficiency.

Interim Care Facilities

.34 Interim Care Facilities are funded by DBHIDS on a unit of service basis. The reimbursements are contingent upon receipt by DBHIDS of the "Interim Care Report and Invoice", Form 55-M-2331 *(Exhibit 9),* or the "Service Rendered Report and Invoices", Form MH/MR-13 *(Exhibit 4),* from the Provider for each month of service. These invoices, however, use an interim per diem rate stipulated in the contract. The DBHIDS will reconcile and reimburse the final contract cost and per diem based on the certified audit submitted by the Provider.

.35 This audit will need to specifically comply with section 4300.116(b)(3) which requires the following:

- Verification that the units of service billed were provided and billed at the proper rate.
- Establishment of actual unit costs.

Client Funds

.36 Regulations established by the Pennsylvania Department of Public Welfare (55 Pa. Code Ch. 6400) require that residents of facilities for the Mentally Retarded have the right to manage their personal financial affairs, or to have their funds maintained in an account for them, if they are unable to do so themselves. They have the right to receive, purchase, have and use personal property.

.37 Mental Retardation Bulletin #600-88-08, "Administration and Management of Client Funds," also establishes requirements for the handling of the financial affairs for clients in community residential facilities.

.38 The use of funds received from Social Security or Supplemental Security Income benefits is subject to Federal regulations (Social Security Act - Section 205 (J)(1); Social Security Operations Manual - Section 1631 (a)(2)(A)). Provider Agencies may apply for and serve as "representative payees" for clients of the program who are unable to handle their own finances, or whose family/guardian/next friend is unable, unwilling or absent to handle the person's finances. Representative payees must adhere to Social Security Administration (SSA) guidelines for the management and use of these benefits.

.39 The DBHIDS with the issuance of Section 6.12 of the DBHIDS Manual has supplemented the above-mentioned regulations and has elaborated on the accounting and permissible expenditure of the funds of clients who live in County funded residences. The following are useful references relating to client funds:

- Mental Retardation Bulletin 6000-88-08(g)(4), November 7, 1988.

- State Bulletin mandates that the Provider's system of internal control over client funds be evaluated and that a representative sample of client accounts be tested as part of the process.

- Department of Behavioral Health and Intellectual disAbility ServicesManual Section 6.12 (January 1989)

.40 Where the Agency being audited has a program which includes client funds, the auditor is required to perform certain procedures regarding the Agency's management's administration of client funds. Regarding this policy statement the auditor is expected to:

- Read and become familiar with the requirements of DBHIDS Manual Section 6.12.

- As part of a review of the Agency's internal control structure, include in such a review of management's control policies and procedures over client funds in accordance with DBHIDS Manual Section 6.12.

- Perform, on a test basis, a check of Agency records regarding client funds to determine adherence to DBHIDS Manual Section 6.12 - Client Funds Appendix "Fiscal and Accounting Procedures." At a minimum, this test check must include:

  - A determination that the type of records to be maintained have been established and are in use.

  - A test check that documentation to support the client fund transactions recorded exist and meet DBHIDS Section 6.12 requirements.

Continuing Participation Allowance

.41 For regulations concerning the continuing participation allowance, please refer to: (1) PA Code Title 55 Public Welfare DPW 4300.87, (2) DBHIDS Manual Section 6, page 24, e-2-a and (3) Chapter 4300 County Mental Health/Mental Retardation Program Fiscal Manual - Questions and Responses from regional Orientation Sessions dated 6/5/87.

.42 Audit procedures for continuing participation allowance should include a determination whether the agency has adhered to the following requirements:

- Has the 8% continuing participation allowance been invoiced to DBHIDS for debt-free real estate?
- Is the 8% continuing participation allowance based on original cost of the building or on the fair market value whichever is the lesser amount?
- Has the 8% continuing participation allowance been invoiced only for improvements and renovations made within one year of the date of acquisition?
- Has the appraisal for the property been determined by an individual who holds an approved designation?
- To qualify for continuing participation allowance, donated property must not be restricted for use in the county program and the 8% continuing participation allowance for the donated properly must be based on the fair market value at the time of donation.

SECTION 6350 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 The Organization's audit report must include the following supplemental financial schedules for each City of Philadelphia – Department of Behavioral Health and Intellectual disAbility Servicescontract, and special purpose auditors' reports, in addition to the financial statements and auditors' reports as specified in Sections 400 and 500 of this Audit Guide. A designation has been made for those supplemental schedules and reports required for a "single audit" report (Section 400) or a "program audit" report (Section 500). The auditor will be required to issue an opinion on the Supplemental Schedules listed below (MH/MR and Interim Care Facilities) as specified in Section 400 of this Audit Guide.

.02 The supplemental financial schedules and reports for MH/MR and Interim Care Facilities Programs are as follows:

Mental Health/Mental Retardation

Supplemental Financial Schedule/Report	Section Ref. to Sample Format	Single Audit Report	Program Audit Report
• Audited Program Activity Invoice Summary **(1)**	6350.03	Yes	Yes
• Schedule of Adjustments on Program Activity Invoice Summary **(2)**	6350.04	Yes	Yes
• Statement of Units of Service **(3)**	6350.05	Yes	Yes
• Audited Cost Settlement Report (CSR) **(4)**	6350.06	Yes	Yes
• Audited Early Intervention Cost Settlement (EICSR) **(5)**	6350.07	Yes	Yes
• Independent Auditors' Report on Cost Allocation Plan - Audited Period **(6)**	6350.08	Yes	Yes
• Independent Auditors' Report on Cost Allocation Plan - Upcoming Budget Period **(6)**	6350.09	Yes	Yes

Explanatory Notes:

(1) The auditor is to utilize the Agency prepared Audited Program Activity Invoice Summary (PAIS) report as the financial statement. The completed schedule must be signed by the Agency Executive Director and the auditor.

(2) **The (PAIS) included in the audit report must be based on audited expenditures and revenues. It is unacceptable to include in the audit, the unaudited PAIS submitted with the final invoice.** The auditor is required to prepare a schedule that will illustrate the original reported amount, the audited amount, and the difference, where applicable. A schedule must be included in the Audit Report detailing all adjustments between the original Final Program Activity Invoice Summary submitted to the DBHIDS, and the Audited Program Activity Invoice Summary. **If no audit adjustments occurred or if the adjustments have no effect on the final invoice, this must be stated on the audited PAIS and on the Schedule of Adjustments to the PAIS. Where the Program Activity invoiced amounts were revised, the auditor is required to designate on the "audited" report by an asterisk (*), the amounts which are revised.**

(2) (Continued)

<u>If a revised final Program Activity Invoice Summary is submitted to the DBHIDS after the initial final Program Activity Invoice Summary, a separate adjustment column must be included in the Audit Report</u>. The reconciliation schedule along with the explanation must be clear and concise as to what program activity, expenditure, revenue and net to be funded was effected. (Only those activities/categories adjusted are to be presented on the schedule of adjustments.)

The format for presenting the adjustments on the **Schedule of Adjustments on the PAIS** is as follows:

Original Final Program Activity Invoice Summary	Adjustments	(If necessary) Revised Final Program Activity Invoice Summary	(If necessary) Adjustments	Audited Program Activity Invoice Summary

(3) <u>If the auditor has no adjustments to the Agency submitted Program Activity Invoice Summary, the auditor must submit a Schedule of Adjustments stating that no adjustments have been made to the submitted invoice.</u>

(4) **The (EICSR) included in the audit report must be based on audited expenditures, revenues and units of service. It is unacceptable to include in the audit, the unaudited EICSR that was submitted with the final invoice. If no audit adjustments occurred or if the adjustments have no effect on the final invoice, this must be stated on the audited PAIS. Where the <u>invoiced</u> amounts were revised, the auditor is required to designate on the "audited" report by an asterisk (*), the amounts which are revised numbers.**

(5) The Commonwealth of Pennsylvania Department of Public Welfare, Mental Health Bulletin No.OMH-94-06 states that the county program is responsible for determining any variances between unaudited and audited Cost Settlement Reports (CSR), reporting any changes to state grant funding and requesting Medical Assistance Management

Information System (MAMIS) Gross Adjustments. In order to enable the City of Philadelphia DBHIDS to adhere to these reporting requirements, subrecipient agencies are to prepare the CSR and submit such to DBHIDS and their independent auditors must provide an opinion on the CSR as part of their independent auditor's report on supplemental financial schedules.

The provider agency is to submit the Final Invoice CSR to DBHIDS with the "unaudited" line at the top of the report checked off. The CSR that is included in the audited financial statements must have the "audited" line at the top of the report checked off (the unaudited check at this time is to be removed.) The CSR report "audited" must include any and all changes required on any reported data so that the auditor may render an opinion on the schedule. If the unaudited CSR report includes errors or requires changes it must be redone for the correct audited amounts.

Please refer to Exhibit 16 in this guide for instructions on the CSR.

(6) The Commonwealth of Pennsylvania, Department of Public Welfare, Title 4300.94 requires agencies to "obtain an opinion from a public accounting firm on the equitableness of its administrative cost allocation plan." (The cost allocation plan's methodology is at the discretion of the Agency; however, it shall result in a fair and equitable distribution of costs and shall be in direct relation to actual benefits accruing to the services to which costs are charged. **The auditor must state the method(s) of allocating costs or revenues.)**

Interim Care Facilities

Supplemental Financial Schedule/Report	Section Ref. to Sample Format	Single Audit Report	Program Audit Report
• Audited Program Activity Invoice Summary **(1)**	6350.03	Yes	Yes
• Statement of Units of Service **(2)**	6350.05	Yes	Yes
• Independent Auditors' Report on Cost Allocation Plan - Audited Period **(3)**	6350.08	Yes	Yes
• Independent Auditors' Report on Cost Allocation Plan - Upcoming Budget Period **(3)**	6350.09	Yes	Yes

Explanatory Notes:

(1) The auditor is to present on this schedule the audited actual eligible costs as determined in compliance with all applicable provisions of the DPW 4300 County MH/MR Fiscal Manual.

(2) The auditor is to complete this form which reflects the audited summary of services rendered to the DBHIDS and the resulting payments based on actual unit costs. This schedule also shows the computation of the audited unit cost. If the form identifies a surplus, the amount will be recouped by the DBHIDS; however, if the deficit situation exists, it is considered the liability of the Provider. If a Provider is being reimbursed under multiple rates, a form should be completed for each rate.

The client population classification must be completed in order to determine the percentage of state funded clients. If the percentage of state funded clients exceeds fifty percent (50%) the establishment of actual unit cost rate will be based upon the allowable costs standards. See Section 4300.116 of the State DPW 4300 Regulations.

If the percentage is below fifty percent (50%) the Department will participate in the fee charged the general public and the Provider is not required to negotiate or determine unit costs based on allowable cost standards.

(3) The Commonwealth of Pennsylvania, Department of Public Welfare, Title 4300.94 requires Agencies to "obtain an opinion from a public accounting firm on the equitableness of its cost allocation plan." (The cost allocation plan's methodology is at the discretion of the Agency; however, it shall result in a fair and equitable distribution of costs and shall be in direct relation to actual benefits accruing to the services to which costs are charged.) **The auditor must state the method(s) of allocating costs or revenues.**

SECTION 6350.03

AUDITED PROGRAM ACTIVITY INVOICE SUMMARY MH ( ) MR ( )	CITY OF PHILADELPHIA DEPARTMENT OF PUBLIC HEALTH OFFICE OF BEHAVIORAL HEALTH & MENTAL RETARDATION SERVICES	AGENCY: THE AMOUNTS REPORTED HEREIN WERE VERIFIED BY THE AUDIT AND CONFORM TO THE POLICIES AND REGULATIONS AS STIPULATED IN THE CITY OF PHILADELPHIA'S SUBRECIPIENT AUDIT GUIDE: EXECUTIVE DIRECTOR:_____ AUDITOR:_____	PERIOD COVERED: FROM: TO: DATE SUBMITTED:

				ELIGIBLE EXPENDITURES						
PROGRAM ACTIVITY	PAC	PROGRAM NAME	CONTRACT NUMBER	PERSONNEL	OPERATING	ADMINISTRATIVE	TOTAL	REVENUE	NET TO BE FUNDED	INELIGIBLE COST
TOTAL										

G:\aerinst\audtform.xls

ABC NOT-FOR-PROFIT CORPORATION
Office of Behavioral Health and Mental Retardation Services
* Schedule of Adjustments on Program Activity Invoice Summary
July 1, 20XX to June 30, 20XX

Contract Number XXXXXX
Code (Case Management XXXX)

	Program Activity	Total Per Invoice	Total Per Audit	Adjustment/ Difference	
	Personnel	$ xxxx	$ xxxxx	$ xx	(A)
	Operating	xxx	xxx	<xx>	(B)
	Administration	xx	xx	xx	(C)
**	Retained revenues allowance	xx	xx	xx	(D)
	Total	xxxx	xxxx	xx	
	Revenue	xxxx	xxxx	xx	(E)
	Net to be funded	$ xxx	$ xxx	$ x	(F)

Explanation of Adjustment/Difference:

(A) Accrual of salaries and applicable benefits as of June 30, 20XX.

(B) Reclassification of expenses from operating.

(C) Reclassification of expenses correctly chargeable to administration.

(D) Previous adjustments have resulted in more/less available as retained revenue.

(E) The $ xx difference results from:

1. Accrual of revenue at June 30, 20XX not recorded by Agency.	$ xx
2. Adjustment for Medicaid billing on denied payments collected, not previously recorded .	x
	$ xx

(F) Resultant effect due to previous adjustments.

NOTE

* This schedule must be included even if the auditor has no adjustments. The schedule heading would remain and the auditor is to make a statement on the schedule that there were no adjustments to the Program Activity Invoice Summary.

** Any changes to retained revenue allowance to amounts previously reported on the year end invoice must be reflected on this schedule as an adjustment/difference.

STATEMENT OF UNITS OF SERVICE PROVIDED UNDER CONTRACT TO THE PHILADELPHIA COUNTY MH/MR PROGRAM

Center	Audit of Total Units of Service Supplied Under the Contract	X	Audited Unit Cost Rate	=	Gross Costs	Less (1) Revenue	Net Eligible Costs
Facility Name	_____		$ _____		$ _____	$ _____	$ _____

DETAIL OF UNIT COST RATE PER FACILITY (2)

AUDITED UNIT COST = ACTUAL ELIGIBLE COST / TOTAL UNITS = $ _____ = $ _____ / # Units

DETAIL OF REVENUE

Center	Client Fees	Private Health Insurance	Medical Assistance	Other Third Party Fees	Other* Income	SSI	Total Revenue
Facility Name	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____

Total amount received on this contract from Philadelphia County MH/MR Program $ _____

Less Net Eligible Cost $ _____

Surplus or (Deficit) $ _____

* Please Identify
(1) Should Equal Total in Detail of Revenue
(2) Calculation to be Completed

Client Population Classification

_____ Total number of clients.

_____ Total number of State/County funded clients.

_____ Total number of Philadelphia County funded clients.

DEPARTMENT OF PUBLIC WELFARE
COMMUNITY-BASED MEDICAID INITIATIVES
AUDITED COST SETTLEMENT REPORT (CSR)

HEADER DATA:

INTERIM _____
FINAL _____

COUNTY/JOINDER:		OPERATED BY:	FISCAL YEAR:	1999-00
PROVIDER NAME:		COUNTY _____	PROGRAM:	
PROVIDER TYPE:			SERVICE ACTIVITY:	
PROVIDER MA ID #:		PROVIDEI _____	REVISION #:	

1. Service Delivery Analysis	Actual Units	Budgeted Units	Budgeted Expenditures
a. MA (FFP) Eligible Units			Approved Billable Rate(s)
b. Non-MA (Non-FFP) Units			
c. Combined Units	0	0	

2. Expenditures

a. Total Program Expenditures			
b. Less: Retained Revenue Allowance	-		
c. Less: Other Expenses Not Allowable for Federal Reimbi	-		
d. Expenditures Eligible for DPW State/Fed Participation			$0

3. Revenues

(1) MAMIS Federal Revenue			
(2) Match Funds for 3(1)			
(3) Revenues Supporting Non-FFP Units			
a. Net Program Revenues (1+2+3)			$0
b. Revenues Supporting Expenditures from 2b & 2c	+	$0	
c. Total Program Revenues		$0	

4. Expenditures Minus Revenues (2d-3a) Underpayment / (Overpayment) $0

5. Service Delivery	Actual Units		Actual Rate		Reconciled Revenues
a. MA (FFP) Eligible Units		x	ERR	=	ERR
b. Non-MA (Non-FFP) Units		x	(2d/5c Units)	=	ERR
c. Combined Units	0	x	(round to 4 d	=	ERR

6. Reconciliation

a. FFP	ERR (5a)	-	$0 3(1) + 3(2)	=	ERR
b. Non-FFP	ERR (5b)	-	3(3)	=	ERR

7. State/Federal Split of Difference:

a. FFP	ERR (6a)	x .5382 =	ERR Federal - Underpayment (Overpayment)	
b. FFP	ERR (6a)	x .4618 =	ERR State - Underpayment (Overpayment)	
c. Non-FFP	ERR (6b)	x 1.0 0 =	ERR State - Underpayment (Overpayment)	BFO/CSR 5/99

DEPARTMENT OF PUBLIC WELFARE
COMMUNITY-BASED MEDICAID INITIATIVES
AUDITED COST SETTLEMENT REPORT (CSR)

8. Reconciliation Recap

Overpayment
a. ERR MAMIS Gross Adjustment Requested ERR

Underpayment
b. _____ MAMIS Gross Adjustment Requested to Initiate Payment _____
Complete State Match Verification

STATE MATCH VERIFICATION

PROVIDER INFORMATION
Provider Name
0
Provider MA ID Number Service Activity

Service Dates

Begin	End	Units of Service	State Match Paid
7/1/98	6/30/99	Gross Adjustment	

Signature _____ Title _____ Date _____

c. _____ No MAMIS Gross Adjustment Requested; State match unavailable in current fiscal year

Signature and Title of Person Completing CSR Name of Provider Date

Signature and Title of Person Reviewing and Accepting CSR Name of County/Joinder Date

I certify that the interim reconciliation of the rate negotiated for this Medicaid Initiative for the period shown is true and correct to the best of my knowledge, and is reflective of accrued Medicaid revenues, and minimal service delivery requirement as prescribed by the Department.

County MH/MR Administrator Signature Date

CSR SUMMARY

A. Total Program Expenditures (2a)		_____
B1. MAMIS Federal Revenue Reported on line 3(1)	_____	
B2 MAMIS gross adjustment requested (section 8)	ERR	
B. Total Adjusted MA revenue (B1 + B2)		ERR
C. Other revenue (A minus B)		ERR

AUDITED EARLY INTERVENTION COST SETTLEMENT REPORT

EARLY INTERVENTION COST SETTLEMENT REPORT **City Of Philadelphia** **Department Of Public Health** **Office Of Mental Health & Mental Retardation**	**AGENCY:** **PROGRAM ACTIVITY:** _____ **CODE:** _____ **The amounts reported herein were verified by the audit and conform to the rules and regulations as stipulated in the City of Philadelphia Audit Guide.** **EXECUTIVE DIRECTOR :** _____ **AUDITOR :** _____	**DATE SUBMITTED:** **PERIOD COVERED :** From : To :

CLASSIFICATION	SOCIAL WORK	HEALTH SERV	NURS SERV	NUTRN. SERV.	OCCUP THER	PHYS THER	PSYCH SERV	SPEECH PATH	INIT EI SCREEN	HEARING SENS	SERVICE COORD	SPEC INSTR	TOTAL
ACTUAL COST													
1. PERSONNEL													0
2. OPERATING													0
3. ADMINISTRATION													0
4. TOTAL ELIGIBLE	0	0	0	0	0	0	0	0	0	0	0	0	0
5. OTHER REVENUE													0
6. NET COST	0	0	0	0	0	0	0	0	0	0	0	0	0
FEE REVENUE													
7. DIRECT SERVICE UNITS													0
8. COLLATERAL UNITS													0
9. TRAVEL UNITS													0
10 MISSED APPOINTMENTS													0
11. TOTAL BILLABLE UNITS	0	0	0	0	0	0	0	0	0	0	0	0	0
12. AUTHORIZED RATE													0
13. TOTAL FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
14. MA/PI FEES													0
15. COUNTY FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
FEES vs. COST COMPARISON													
16. TOTAL FEES (per line 14)	0	0	0	0	0	0	0	0	0	0	0	0	0
17. NET COST (per line 6)	0	0	0	0	0	0	0	0	0	0	0	0	0
18. SURPLUS/(DEFICIT)	0	0	0	0	0	0	0	0	0	0	0	0	0
DIRECT RATE COMPARISON													
19. NET COST (per line 6)	0	0	0	0	0	0	0	0	0	0	0	0	0
20. DIRECT UNITS (per line 7)	0	0	0	0	0	0	0	0	0	0	0	0	0
21. ACTUAL RATE	0	0	0	0	0	0	0	0	0	0	0	0	0
22. BUDGETED RATE													0
23. DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SPECIFIED INDIRECT COST ALLOCATION REQUIREMENTS

Board of Directors
(*Name of Organization***)**

We have examined *(Name of Organization)'*s compliance with allocating indirect costs reflected in the City of Philadelphia, Department of Public Health, Office of Mental Health and Mental Retardation program activity summary as required by the Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of the Title 4300 Regulations during the year ended June 30, 20XX. Management is responsible for (*Name of Organization*)'s compliance with those requirements. Our responsibility is to express an opinion on (*Name of Organization*)'s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, including examining, on a test basis, evidence about (*Name of Organization*)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on (*Name of Organization*)'s compliance with specified requirements.

In our opinion, (*Name of Organization*) complied, in all material respects, with the aforementioned requirements for the year ended June 30, 20XX.

This report is intended solely for the information and use of the audit committee, management, and the City of Philadelphia Department of Public Health and is not intended to be and should not be used by anyone other than these specified parties.

(Accounting Firm's *Signature*)

City, State
(Report *Date*)

INDEPENDENT ACCOUNTANT'S REPORT ON COST ALLOCATION

(For Upcoming Budget Year)

At your request, we have performed the procedures enumerated below with the respect to the administrative costs distribution included in the Line Item Budget for the year ended June 30, 20XX submitted by the *(Name of Organization)* to the City of Philadelphia, Department of Health. Our review was made solely to assist you in your filing requirements with the City of Philadelphia, Department of Public Health.

The procedures we performed are summarized as follows:

a. We reviewed a schedule contained within the 20XX Line Item Budget which reflected the allocation factors utilized in distributing administrative costs.

b. We confirmed our understanding of the method of allocating administrative costs through a review of supporting work papers and by discussions with management responsible for allocation factors.

c. We compared the *(Name of Organization)*'s method of allocating costs to those requirements as specified in Section 4300.94 of the Title 4300 Regulations Related Methods for Allocating Indirect Costs in order to determine whether the cost allocation is in compliance with those regulations.

d. We compared the allocation methods used between the current fiscal year and prior fiscal year to determine consistency between years. The cost allocation method is *(describe method).*

The Commonwealth of Pennsylvania, Department of Public Welfare, Section 4300.94 of Title 4300 Regulations state "The overall objective of the allocation process is to distribute the indirect costs of the Agency to its various services or cost categories in reasonable proportion with the benefits provided to these services or cost categories." The Regulations require that the method used result in a fair and equitable distribution of costs which shall be in direct relation to actual benefits accruing to the services to which costs are charged.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the amount of administrative costs distributed to the Center nor on any other amounts contained within the June 30, 20XX budget submitted to the City of Philadelphia, Department of Public Health. Had we performed additional procedures or had we conducted an audit in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report relates only to the items specified above and does not extend to any financial statements of the *(Name of Organization),* taken as a whole.

This report is intended for the information of the audit committee, management, and the City of Philadelphia, Department of Public Health. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

(*Signature*)

(*Date*)

TABLE OF CONTENTS

EXHIBIT	DESCRIPTION
1	Determination of Maximum Liability Form
2	Community Living Arrangements Group Home Programs Room and Board Agreement
3	Sample PA 162 Form
4	Service Rendered Report and Invoice Form MH/MR-13
5	DBHIDS Memo #475, Revised March 25, 1981
6	Monthly Waiver Residential Program Absence Report
7	Personnel Action Plan (PAP) Effective January 1, 1997 and January 1, 1998
8	Reimbursement Rates for Psychiatric Physicians (Effective February 8, 1995)
9	Interim Care Report and Invoice, Form 55-M-2331
10	Child Health Appraisal Form
11	Prescription for Early Intervention Services
12	Individual Family Service Plan (IFSP), effective 11/1/96
13	Individual Family Service Plan, effective prior to 11/1/96
14	Multidisciplinary Evaluation for Early Intervention Services
15	Individualized Family Service Plan Review/Revision Cover Page Packet
16	Mental Health Bulletin on Cost Settlement Policy and Procedures

Exhibit 1

DETERMINATION OF MAXIMUM LIABILITY

CLIENT'S NAME	MEDICAL ASSISTANCE NO.	CLIENT CASE NO.	CLIENT PHONE NO.
LIABLE PERSON'S NAME(S)		AGENCY NAME	
		INSURANCE COMPANY	
LIABLE PERSON'S ADDRESS (Include Town and Zip Code)			

I. LIST OF LIABLE PERSONS
A. CLIENT
B. OTHERS

NAMES	RELATIONSHIP TO TO CLIENT	ENTER "1" IF A DEPENDENT

C. TOTAL NO. OF DEPENDENTS

II. **TOTAL FAMILY INCOME (4305.35)**

	FIRST PERSON		SECOND PERSON	
	Source	Amount	Source	Amount
A. EARNED INCOME				
B. INTEREST				
C. DIVIDENDS				
D. BENEFITS				
E. ALIMONY, SUPPORT OR OTHER				
	F1		+ F2	II. F.

(IIF = F1 + F2)

III. **DEDUCTIONS FROM TOTAL FAMILY INCOME**

A. MANDATORY DEDUCTIONS (4305.36)
1. Federal Income Tax _____
2. State Income Tax _____
3. Local Income Tax _____
4. FICA & Self-employment _____
5. Work Priviledge Tax _____
6. Union Dues _____
7. Mandatory Retirement _____
8. Other (explain) _____
9. TOTAL _____

III. A9_____

B. CHILD CARE (4305.36(6)) III. B _____

C. MEDICAL EXPENSES (4305.36(5))
a) Health Insurance (4305.36(4))
b) Other a._____

Amount	Source
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____ TOTAL	_____

(Total Family Income II.F) times .05 = III.C.7_____

8. _____ minus_____ = b._____
(III.C.6) (III.C.7.)

9. a)_____ + b)_____ = III. C9_____

D. REAL ESTATE TAXES (4305.36(3)) III. D_____

E. LIVING ALLOWANCE (4305.36(9))

1. # of Dependents_____ times $1080 = III.E.1_
2. _____ plus (1c) $9000 = III.E.2_____ III. E2_____
   (III.E.1)

E. OTHER DEDUCTIONS_____
(Specify on back of this form)
Can include net business loss

G. TOTAL

1. Mandatory Deductions	(III.A.9)	_____
2. Child Care Expenses	(III.B)	_____
3. Medical Expenses	(III.C.9)	_____
4. Real Estate Taxes	(III.D)	_____
5. Living Allowance	(III.E.2)	_____
6. Other	(III.F)	_____
7. TOTAL		III. G7_____

IV. DETERMINING ADJUSTED FAMILY INCOME

_____ minus_____ = IV _____
Total Family Income (II.F) Total Deductions (III.G.7) Adjusted Family Income

Use this amount in determining monthly maximum liability from Appendix A or B.

V. TURN TO APPENDIX A OR B AND DETERMINE MONTHLY MAXIMUM LIABILITY

Enter these amounts below.
Non-Residential Maximum Liability - Appendix A _____
Residential Maximum Liability - Appendix B _____

COMMENTS: A copy of these regulations was offered to the liable person during the liability determination meeting and were advised of their right to appeal the liability determination.

_____ _____
Date Signature of Person Completing Form

I hereby certify that this information is true and correct to the rest of my knowledge and listings.

_____ _____
Date Signature of Liable Person

Exhibit 2

This Exhibit should be obtained from either the subrecipient or the Department of Health.

Exhibit 3

This Exhibit should be obtained from either the subrecipient or the Department of Health.

TARGET GROUP

COUNTY MENTAL HEALTH AND MENTAL RETARDATION PROGRAM

Exhibit 4

☐ MH CHILDREN & YOUTH ☐ MH GERIATRIC
☐ MH ADULT ☐ MR

SERVICE RENDERED REPORT AND INVOICE

Type of_____1
Funding_____2
_____3

Facility Name_____ Facility Number_____ Month_____ Year_____

Catchment Case Number	Type of Service (Code)	Dates Rendered	TOTAL UNITS RENDERED							Client Status (Code)	FEE FOR SERVICE				
					Rendered by (Code)							DUE FROM			
			Full Days	Half Days	1 Hour	1/2 Hour	1/4 Hour	Group	Other		Total	Client/ LRR(s)	Medical Assistance	Other Third Parties	County Program
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)

DEPARTMENT OF PUBLIC WELFARE

MH/MR 13-3-83

TYPE OF SERVICE CODE (Column 2)

1 Short-Term Inpatient
2 Partial
3 Vocational Rehabilitation
4 Social Rehabilitation and Training
5 Interim Care
6 Group Homes
7 Outpatient
8 Emergency

RENDERED BY CODE (Columns 6 - 9)

1 Psychiatrist
2 Other physician
3 Psychologist
4 Social worker, caseworker
5 Nurse
6 Speech or hearing therapist
7 Rehab counselor
8 Mental health worker
9 Other

OTHER CODE (Column 10)

01 Initial Evaluation
02 Extended evaluation
03 Individual psychotherapy
04 Electro-shock therapy
05 Anesthesia for electro-shock
06 Neurologic evaluation
07 Neurologic (follow-up)
08 Electroencephalogram
09 Psychological evaluation
10 Projective test battery
11 Human figure drawings
12 Roschach
13 Sentence completion
14 Thematic apperception test
15 Bender Gestalt
16 Speech evaluation
17 Audiologist training
18 Hearing aid evaluation
19 Audiologic evaluation
20 Dactylogic therapy
21 Hospital visit by a psychiatrist
22 Other (specify)

CLIENT STATUS CODE (Column 11)

1 Further service required and will be rendered
2 Transferred to another service-record code of referral service - use disposition codes on CDL
3 Discontinued from service - client will no longer receive service from the agency
4 Terminated by the BSU - client has been terminated from the county MH/MR program by the BSU

TYPE OF FUNDING

1 On staff of county administrator
2 Program funded
3 Fee-for-service

MH/MR 13 -3-83

This Exhibit should be obtained from either the subrecipient or the Department of Health.

Exhibit 6

CITY OF PHILADELPHIA
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF BEHAVIORAL HEALTH AND
MENTAL RETARDATION SERVICES

CHECK HERE IF THERE WERE NO ABSENCES THIS MONTH ☐

SIGNATURE:_____

TITLE:_____

MONTHLY WAIVER RESIDENTIAL PROGRAM ABSENCE REPORT

AGENCY_____ **MONTH** _____
(yy mm)

PAC	Individual's BSU Number	Last Name	First Name	Leave Code	Start Date yy-mm-dd	Stop Date yy-mm-dd	Days

CODE: Enter T for therapeutic leave; H for hospitalization leave.
START DATE: The date (in yy-mm-dd format) that the person's leave started. This is a month specific. If the leave started in the preceding month, this date should be the first day of the report month.
STOP DATE: The date (yy-mm-dd) the consumer returned from leave. This is month specific. If the consumer is still on leave at the end of the month, this date should be the last day of the report month.
DAYS: The number of days during the report month that the consumer was on leave.

***** If the person has taken multiple separate leaves during the month, each leave should be reported as a separate record.

CITY OF PHILADELPHIA

PERSONNEL ACTION PLAN (PAP)
Revised DECEMBER 23; 1997 Effective

OFFICE OF BEHAVIORAL HEALTH AND MENTAL RETARDATION SERVICES
REIMBURSEMENT RATES FOR NON-PHYSICIANS
JANUARY 1, 1998

Exhibit 7

7.44 Compensation Schedule:

	State Pay Range	Multiple Services Providers	Single Service Providers	MAXIMUM SALARY REIMBURSEMENT RATES 37.5 HRS.	40 HRS.	Hourly	MAXIMUM COMBINED COMPENSATION (Salary Plus 35.49% Benefits Rate) 37.5 HRS.	40 HRS.	Hourly
1. CEO (Refer to Section 7.28 for PAP	54	$ 7,000,000		$ 91,873	$ 97,998	$46.97	$ 124,479	$ 132,778	$63.64
category definition)	53		$ 7,000,000	$ 87,942	$ 93,805	$44.96	$ 119,152	$ 127,096	$60.92
	52	$ 5,000,000		$ 84,128	$ 89,736	$43.01	$ 113,984	$ 121,583	$58.27
	51		$ 5,000,000	$ 80,489	$ 85,855	$41.15	$ 109,055	$ 116,325	$55.75
	50	$ 3,000,000		$ 77,027	$ 82,162	$39.38	$ 104,364	$ 111,322	$53.36
	49		$ 3,000,000	$ 72,098	$ 76,905	$36.86	$ 97,686	$ 104,198	$49.94
	48	$ 1,000,000		$ 72,098	$ 76,905	$36.86	$ 97,686	$ 104,198	$49.94
	47		$ 1,000,000	$ 67,502	$ 72,002	$34.51	$ 91,458	$ 97,555	$46.76
	46	$ 500,000		$ 63,159	$ 67,370	$32.29	$ 85,574	$ 91,279	$43.75
	45		$ 500,000	$ 63,159	$ 67,370	$32.29	$ 85,574	$ 91,279	$43.75
	44	$ 300,000		$ 60,440	$ 64,470	$30.90	$ 81,891	$ 87,350	$41.87
	43		$ 300,000	$ 55,335	$ 59,024	$28.29	$ 74,974	$ 79,972	$38.33
	42	$ 200,000		$ 55,335	$ 59,024	$28.29	$ 74,974	$ 79,972	$38.33
	41		$ 100,000	$ 52,949	$ 56,470	$27.07	$ 71,740	$ 76,523	$36.68

Annual rates are approximates derived by multiplying the hourly rate by 1,956 (for a 37.5 hours work week)

and by 2,086.4 (for a 40 hours work week) and rounding to the nearest dollar.

CITY OF PHILADELPHIA

PERSONNEL ACTION PLAN (PAP)
Revised DECEMBER 23, 1997; Effective

OFFICE OF BEHAVIORAL HEALTH AND MENTAL RETARDATION SERVICES
REIMBURSEMENT RATES FOR NON-PHYSICIANS
JANUARY 1, 1998

Exhibit 7 **(Cont.)**

7.44 Compensation Schedule (Cont.):

PHILA. PAP CATEGORY: (Refer to Sections 7.29 to 7.42 for PAP Category definitions)	State PAP Code	State Pay Range	MAXIMUM SALARY REIMBURSEMENT RATES 37.5 HRS.	40 HRS.	HOURLY	MAXIMUM COMBINED COMPENSATION (Salary Plus 35.49% Benefits Rate) 37.5 HRS.	40 HRS.	HOURLY
2. Multiple Component Services Dir.	MCSD	49	$ 72,098	$ 76,905	$ 36.86	$ 97,686	$ 104,198	$ 49.94
3. Component Director	CD	48	$ 72,098	$ 76,905	$ 36.86	$ 97,686	$ 104,198	$ 49.94
4. Unit Director	UD	46	$ 63,159	$ 67,370	$ 32.29	$ 85,574	$ 91,279	$ 43.75
5. Supervisor, Provider of Service	S-POS	45	$ 63,159	$ 67,370	$ 32.29	$ 85,574	$ 91,279	$ 43.75
6. Provider of Service 3	POS	44	$ 60,440	$ 64,470	$ 30.90	$ 81,891	$ 87,350	$ 41.87
7. Provider of Service 2	POS	38	$ 46,396	$ 49,489	$ 23.72	$ 62,862	$ 67,053	$ 32.14
8. Provider of Service 1	POS	35	$ 41,545	$ 44,315	$ 21.24	$ 56,290	$ 60,043	$ 28.78
9. Administrative Services Director	ASD	45	$ 63,159	$ 67,370	$ 32.29	$ 85,574	$ 91,279	$ 43.75
10. Administrative Supervisor	AA	42	$ 55,335	$ 59,024	$ 28.29	$ 74,974	$ 79,972	$ 38.33
11. Administrative Assistant/Specialist	AA	38	$ 46,396	$ 49,489	$ 23.72	$ 62,862	$ 67,053	$ 32.14
12. Clerical Supervisor	CA	31	$ 32,626	$ 34,801	$ 16.68	$ 44,205	$ 47,152	$ 22.60
13. Clerical Assistant	CA	30	$ 32,626	$ 34,801	$ 16.68	$ 44,205	$ 47,152	$ 22.60
14. Program/Maintenance Supervisor	PMA	35	$ 41,545	$ 44,315	$ 21.24	$ 56,290	$ 60,043	$ 28.78
15. Program/Maintenance Assistant	PMA	30	$ 32,626	$ 34,801	$ 16.68	$ 44,205	$ 47,152	$ 22.60

Annual rates are approximates derived by multiplying the hourly rate by 1,956 (for a 37.5 hours work week) and by 2,086.4 (for a 40 hours work week) and rounding to the nearest dollar.

CITY OF PHILADELPHIA

PERSONNEL ACTION PLAN (PAP)
Revised FEBRUARY 12, 1997; Effective

OFFICE OF BEHAVIORAL HEALTH AND MENTAL RETARDATION SERVICES
REIMBURSEMENT RATES FOR NON-PHYSICIANS
JANUARY 1, 1997

7.44 Compensation Schedule:

	State Pay Range	Multiple Services Providers	Single Service Providers	MAXIMUM SALARY REIMBURSEMENT RATES 37.5 HRS.	40 HRS.	HOURLY	M C (
1. CEO (Refer to Section 7.28 for PAP category definition)	54	$ 7,000,000		$ 86,983	$ 92,782	$ 44.47	
	53		$ 7,000,000	$ 82,387	$ 87,879	$ 42.12	
	52	$ 5,000,000		$ 79,903	$ 85,229	$ 40.85	
	51		$ 5,000,000	$ 76,460	$ 81,557	$ 39.09	
	50	$ 3,000,000		$ 73,154	$ 78,031	$ 37.40	
	49		$ 3,000,000	$ 70,005	$ 74,672	$ 35.79	
	48	$ 1,000,000		$ 68,480	$ 73,045	$ 35.01	
	47		$ 1,000,000	$ 64,098	$ 68,371	$ 32.77	
	46	$ 500,000		$ 61,321	$ 65,409	$ 31.35	
	45		$ 500,000	$ 59,991	$ 63,990	$ 30.67	
	44	$ 300,000		$ 57,409	$ 61,236	$ 29.35	
	43		$ 300,000	$ 53,731	$ 57,313	$ 27.47	
	42						
	41		$ 100,000	$ 50,269	$ 53,620	$ 25.70	

Annual rates are approximates derived by multiplying the hourly rate by 1,956 (for a 37.5 hours work week) and by 2,086.4 (for a 40 hours work week) and rounding to the nearest dollar.

CITY OF PHILADELPHIA

PERSONNEL ACTION PLAN (PAP)
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REIMBURSEMENT RATES FOR NON-PHYSICIANS
JANUARY 1, 1998

7.44 Compensation Schedule (Cont.):

PHILA. PAP CATEGORY: (Refer to Sections 7.29 to 7.42 for PAP Category definitions)	State PAP Code	State Pay Range	MAXIMUM SALARY REIMBURSEMENT RATES 37.5 HRS.	40 HRS.	HOURLY	MAXIMUM COMBINED (Salary Plus 37.5 HRS.
2. Multiple Component Services Dir.	MCSD	49	$ 70,005	$ 74,672	$ 35.79	$ 94,850
3. Component Director	CD	48	$ 68,480	$ 73,045	$ 35.01	$ 92,783
4. Unit Director	UD	46	$ 61,321	$ 65,409	$ 31.35	$ 83,083
5. Supervisor, Provider of Service	S-POS	45	$ 59,991	$ 63,990	$ 30.67	$ 81,281

6. Provider of Service 3	POS	44	$	57,409	$	61,236	$	29.35	$	77,783
7. Provider of Service 2	POS	38	$	44,069	$	47,007	$	22.53	$	59,709
8. Provider of Service 1	POS	35	$	39,492	$	42,124	$	20.19	$	53,507
9. Administrative Services Director	ASD	45	$	59,991	$	63,990	$	30.67	$	81,281
10. Administrative Supervisor	AA	42	$	52,558	$	56,062	$	26.87	$	71,210
11. Administrative Assistant/Specialist	AA	38	$	44,069	$	47,007	$	22.53	$	59,709
12. Clerical Supervisor	CA	31	$	31,668	$	33,779	$	16.19	$	42,906
13. Clerical Assistant	CA	30	$	31,668	$	33,779	$	16.19	$	42,906
14. Program/Maintenance Supervisor	PMA	35	$	39,492	$	42,124	$	20.19	$	53,507
15. Program/Maintenance Assistant	PMA	*30	$	31,668	$	33,779	$	16.19	$	42,906

Annual rates are approximates derived by multiplying the hourly rate by 1,956 (for a 37.5 hours work week) and by 2,086.4 (for a 40 hours work week) and rounding to the nearest dollar.

Exhibit 8

MAXIMUM ALLOWABLE RATES OF REIMBURSEMENT
FOR PSYCHIATRIC PHYSICIANS

For Salaried Psychiatrists:

	Psychiatric Physician 1	Psychiatric Physician 2	Psychiatric Physician 3
Base Allowable Reimbursement Maximum Rates (including benefits)	$ 111,449.78	$125,148.61	$125,148.61
B. Service Payment (retention)	13,000.00	13,000.00	13,000.00
C. Adequate Performance Payment	6,000.00	6,000.00	6,000.00
D. Board Certification	5,000.00	5,000.00	5,000.00
E. Board Certification and Practicing in Forensic or Child Psychiatry	5,000.00	5,000.00	5,000.00
TOTAL: Allowable Reimbursement Maximum Rate	$140,449.78	$154,148.61	$154,148.61

INTERIM CARE REPORT AND INVOICE	CITY OF PHILADELPHIA **DEPARTMENT OF PUBLIC HEALTH** Office of Behavioral Health/Mental Retardation Services	Facility Number	Month

Facility Name

Facility Address

BSU CASE NUMBER	Dates Services Rendered	Days in Attend.	Gross Billing	**INCOME**

SSI
SSA
VA
Client's LLR's
TOTAL

Exhibit 10

This Exhibit should be obtained from either the subrecipient or the Department of Health.

This Exhibit should be obtained from either the subrecipient or the Department of Health.

Exhibit 12

This Exhibit should be obtained from either the subrecipient or the Department of Health.

Exhibit 13

This Exhibit should be obtained from either the subrecipient or the Department of Health.

Exhibit 14

This Exhibit should be obtained from either the subrecipient or the Department of Health.

This Exhibit should be obtained from either the subrecipient or the Department of Health.

Exhibit 16

This Exhibit should be obtained from either the subrecipient or the Department of Health.

SECTION 6400

DIVISION OF MATERNAL, CHILD AND FAMILY HEALTH

SECTION 6401 - GENERAL INFORMATION

.01 Division of Maternal, Child and Family Health Mission Statement:
The Division of Maternal, Child and Family aims to improve the health of residents of Philadelphia with a focus on women, children, teens and parents. MCFH provides service, promotes education and supports policies that address knowledge of and access to reproductive health services, effective parenting practices and the care of children with special health care needs. These programs aim to promote optimal health, nurture child and adolescent development and instill resiliency. Integral to all MCFH's activities is a focus on reducing racial and economic health disparities. Combined, these efforts aim to result in healthier families whose children will become adults capable of strengthening communities throughout Philadelphia.

.02 Division of Maternal, Child and Family Health Description:
The Division of Maternal Child and Family Health supports a range of services to improve the health of women, children, adolescents and parenting families. The PDPH Healthy Start program focuses on reducing racial disparities in infant mortality in Philadelphia through case-management services for pregnant and parenting women. Key to this effort is education that highlights the importance of planning and timing first births and adequate birth spacing of subsequent births by increasing access to contraception including long- acting reversible contraception. The Title V State block grant programs aim to provide care to uninsurable and underinsured populations to address access to reproductive and sexual care for adolescents and young adults, including youth with special health care needs. Other Title V funding programs include educating providers and agencies throughout Philadelphia about the implications of the life course perspective and racial, ethnic, socioeconomic disparities in health.

For both Healthy Start and Title V programs, MCFH develops program policy and service standards, hires key personnel, monitors the progress of contract deliverables, and evaluates the effectiveness of funded programs. MCFH coordinates the preparation and submission of all required reports and continuation grant applications.

Section 6410 – Program Descriptions and Operations

.01 The Division of Maternal, Child and Family Health contracts primarily with nonprofit agencies to provide services designed to reduce infant mortality and promote positive health outcomes and improve the quality of life of at-risk families through two main grant sources: Healthy Start and Title V programs.

THE PDPH HEALTHY START PROGRAM OVERVIEW:
In 2014, the Philadelphia Department of Public Health (PDPH) received a 5 year grant extension for the Healthy Start grant, which has provided funding to PDPH since 1991. The grant was awarded under the HRSA-14-122: Level 3: Leadership and Mentoring Healthy Start program. The PDPH healthy Start will have national, regional, citywide and target goals and activities. These include the following:

PDPH Healthy Start National Grant Responsibilities:
PDPH HS will be one of 15 Healthy Start programs nationally to join HRSA's Healthy Start evaluation initiative. This Initiative aims to develop a standardized curriculum and evaluation process based on emerging research to further improve perinatal health outcomes and reduce racial and ethnic health disparities through the Healthy Start Program.

PDPH Healthy Start Regional Grant Responsibilities:
PDPH HS in collaboration with the Pennsylvania Perinatal Partnership and four other Healthy Start Programs in Pennsylvania will create a HS CoIIN (Collaborative Improvement and Innovation Network). PDPH HS will focus on sharing its experience with the Philadelphia Perinatal Depression Institute, the STARRS smoking reduction program, delivery hospital progress towards BabyFriendly designation, supporting universal developmental screening through a range of early childhood home visiting programs, training providers to communicate about birth spacing and promoting access to contraceptive services including long-acting reversible contraception.

PDPH Healthy Start Citywide Responsibilities:
PDPH HS will serve as a hub for the Philadelphia Healthy Start Community Action Network (CAN). This network will bring diverse stakeholders from City government, service providers, community health centers, hospitals and health systems, PDPH HS program participants, community leaders, public health organizations and faith based organizations to reach greater collective impact with targeted interventions aimed to reduce infant mortality. The PDPH HS is uniquely positioned to serve as the backbone organization to spearhead this initiative and will leverage investments that are already being made in complementary place-based initiatives including one of the nation's first five Promise Zones and a HUD Choice Neighborhoods Initiative Planning Grant.

PDPH Healthy Start Target Community Responsibilities:
The target community includes West, Southwest and Lower North Philadelphia. PDPH HS will increase awareness of and educate ALL residents of the target area with a focus on the benefits of the following for overall health and strong families: having insurance, access to a medical home, positive parenting, and father's involvement in parenting. Within the target community, PDPH HS will be based in two clinical hubs; one at Health Center #3 and the other at Health Center #5. From these hubs, PDPH HS will provide culturally-competent, strength-based, trauma-informed, family-centered comprehensive case management services to 1,000 Healthy Start participants including pregnant women and new mothers and their infants. HRSA has asked Healthy Start case management services to focus on expanding comprehensive care for participants and their families. PDPH will initiate group prenatal care and support both Health Centers to become certified in Centering Pregnancy. Initial participant assessments are broad and assess obstetrical, medical and behavioral health needs, in addition to access to health insurance, parenting knowledge and potential parenting concerns (e.g. a history of childhood abuse), availability of social support, educational aspirations and accomplishments, and basic needs including safety, housing conditions, financial needs, food insecurity, and availability of transportation. The PDPH HS case management team will identify health and social needs, provide evidence-based education and care strategies (see table below) and make needed referrals. The case manager/CHW available to help with remediation of barriers to care and monitor success of referral sources. PDPH HS will develop the Healthy Start Father Initiative with a designated Men's and Family Support Social Worker who will reach out to fathers/partners of PDPH HS program participants and men in the target community to help fathers parent their children.

TITLE V PROGRAM OVERVIEW:

Philadelphia Life Course Perspective Program

Program Goals and Objectives: The Life Course Perspective conceptualizes birth outcomes as not simply the result of nine months of pregnancy, but as a result of a complex interplay of factors, which influence a woman's health throughout her lifetime. During the period of

this Grant Agreement the Grantee created a Life Course Institute, which provided training, informed policy discussions and advocated approaching health care in terms of the life course perspective. There were 3 objectives of this educational effort:

Objective 1: The Grantee shall expand efforts to address racial and ethnic disparities by implementing an interactive, standards-based, results-focused training program in Philadelphia that is guided by Life Course Perspective principles. *Objective 2: The Grantee shall train Grantee staff, other PDPH divisions, City government partners, health care providers, insurers, community social service agencies and faith-based organizations.*

Objective 3: The Grantee shall develop Life Course Perspective Curricula, which will include an initial introductory session, and conduct follow-up sessions on specific issues and topics that are found to be most crucial to improving women's preconception health and reducing infant mortality.

Program Activities: Introduction to the Life Course Perspective trainings were facilitated by the MCFH Life Course Institute Program Coordinator. The trainings highlight social determinants of health, racial and ethnic disparities across the life span. The overall goal of all life course perspective trainings is to increase knowledge of the life course perspective and improve understanding of racial, ethnic and socioeconomic-based health disparities. To further the practical implications of the life course perspective, the Life Course Perspective Coordinator serves as liaison to several citywide and community-based projects that aimed to address racial and ethnic disparities in health care and strengthen protective factors for infants, children, teens and families living in Philadelphia

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Breastfeeding Education and Support Program:

Program Goals and Objectives: This program aims to promote breastfeeding education for providers throughout Philadelphia and advocate for policies that support breastfeeding

Objective 1: The Grantee shall provide training and technical assistance, as needed, to health care practitioners, Women Infants & Children (WIC) staff, social service agencies and community-based organizations in Philadelphia.

Objective 2: The Grantee shall provide educational materials and workshops to WIC Offices, health, social services, and community-based organizations that provide breastfeeding information to prenatal and postpartum women in Philadelphia.

Objective 3: The Grantee shall provide trainings in Philadelphia that include four intensive 20-hour lactation support workshops for health care providers who work with pregnant women and new mothers.

Objective 4: The Grantee shall collaborate with the City of Philadelphia and community based advocacy agencies to support the Business Case for Breastfeeding and promote breastfeeding-friendly work places.

Objective 5: The Grantee shall participate in the Baby-Friendly Hospital Initiative to encourage all delivery hospitals and federal and City-run health care centers to become centers of breastfeeding support.

Program Activities: The MCFH Lactation Consultant trains family practice physicians, pediatricians, obstetricians, midwives, nurses, doulas, breastfeeding counselors, dieticians, nutritionists, social workers, case managers, health insurance providers, WIC providers and pregnant women in Philadelphia. Settings include medical/nursing schools, hospitals, public health centers, and community-based agencies. The Interdisciplinary Breastfeeding Management Course was developed to strengthen

the knowledge and skills of staff in delivery hospitals to enable implementation of the Ten Steps to Successful Breastfeeding.

The MCFH Lactation Consultant regularly teaches this 20-hour course (excluding the HIV and Breastfeeding section) based on the UNICEF and BabyFriendly™ USA guidelines. Upon completion of the course, participants affiliated with the delivery hospitals will have partially fulfilled Step 2 of the 10 Steps to Successful Breastfeeding as their hospital advances towards becoming a BabyFriendly Hospital. This is an important way for MCFH to support all 6 birthing hospitals in Philadelphia on the pathway to fully achieving BabyFriendly status by 2016. This course is certified by the Pennsylvania State Nurses Association and offers 6.75 nursing contact hours for each day of attendance. The MCFH Lactation Consultant also works in a variety of settings to advance breastfeeding.

As a co-leader of the Philadelphia Breastfeeding Taskforce, MCFH's Lactation Consultant helped to set meeting agendas and co-facilitated quarterly taskforce meetings with the Maternity Care Coalition. The Taskforce successfully engaged staff from Philadelphia's delivery hospitals and created an opportunity for hospitals to support one another and keep each other aware of efforts to implement goals of the Baby-friendly Hospital Initiative.

The MCFH Lactation Consultant moderates the PhillyPFHITaskforce listserve, which is used as a means for communicating and collaborating on a regular basis. Quarterly, the MCFH Lactation Consultant supervises and provides support to MCFH breast-feeding educators including the Title V Lactation Consultant and the Peer Support Breastfeeding counselor. Community activities include participating in World Breastfeeding Week at the Children's Hospital of Philadelphia and St. Christopher's Hospital for Children; supporting the North Philadelphia Breastfeeding Project; updating the Philadelphia Breastfeeding Resource Guide for 2014; and leading the development of two conferences that explored how to improve support for breastfeeding mothers. The first conference focused on early child-care providers and the second on members of faith-based communities.

Preconception Health Indicators Report:

Program Goals and Objectives: The Grantee shall create a Preconception Health Indicators Report that will be made publicly available on the PDPH website. The information will be analyzed and used to assist in creating, assessing, monitoring and evaluating preconception health issues and interventions. Health indicators shall include: general health and life status; education and income; enrollment in public benefits; access to health care; reproductive health and family planning; tobacco, alcohol and substance use; nutrition and physical activity; mental health; physical abuse; emotional and social support, chronic health conditions, sexually transmitted diseases and history of a prior adverse pregnanc*y.*

Program Activities: The surveillance report was initially created in response to Dr. Michael Lu's 12-point plan to close the Black-White gap in birth outcomes by focusing on preconception health; and in FY'14, the report expanded to include all populations served by the PDPH, Division of Maternal, Child and Family Health including prenatal women, infants, children, and adolescents.

The report has three main components:

(1) Approximately 10 health indicators were selected to describe preconception, prenatal, infant, child and adolescent health. The indicators are primarily taken from the Healthy People 2020 goals, however if there were insufficient Healthy People 2020 goals for a population, indicators were developed based on the data available at the Philadelphia level. To identify

priority areas for focused interventions in Philadelphia, each indicator is presented with Philadelphia, statewide and national data to provide context and assist in comparison.

(2) Health disparities are explored by stratification of indicator variables by race and ethnicity. Changes of indicator rates over time are shown to demonstrate trends. Geographic mapping of indicators by the 18 Philadelphia planning districts further helps to identify targeted areas of need.

(3) Detailed tables are included as an appendix to the report. This report will be made available to the public, including the detailed tables, so that other organizations working to improve maternal and child health in the city can make better assessments of needs and plan interventions. Smaller organizations in Philadelphia, particularly community agencies, may not have independent access to the data or the staff capacity to for complex data gathering. Having readily accessible health indictors will help to make public health efforts in Philadelphia data-driven.

Prenatal Care Program

Program Goals and Objectives: The Grantee shall reduce the access gap in prenatal care for minority, low income, and uninsurable women

Objective 1: The Grantee shall provide culturally sensitive prenatal care to uninsurable (not eligible for insurance through the Pennsylvania Medicaid program) women residing in Philadelphia through a subcontract.

Objective 2: The subcontractor shall assess patients for medical coverage eligibility and maintain documentation that patients served by these funds are ineligible for medical insurance while receiving prenatal care. Documentation of patients' ineligibility shall be documented by trained benefits counselors.

Objective 3: Prenatal care shall include comprehensive medical as well as smoking assessments.

Program Activities: Prenatal patients received comprehensive medical care and quality prenatal care as defined by the United States Preventative Task Force Recommendations. The quality of clinical care is monitored by the Obstetrical Medical Consultant, who also facilitates trainings with clinical staff and conducts prenatal and postpartum medical chart reviews. To assure that language barriers are addressed, interpreters are available at many of the prenatal sites and Interpretalk is available at all sites. These services are used routinely to translate and to facilitate communication for bilingual patients with complex questions related to their medical care. Health Center prenatal materials are also available in many languages. All uninsured patients who enrolled into prenatal care were assessed for Medicaid eligibility. Only women who were found to be ineligible by a trained benefits counselor are eligible for services funded by Title V.

Comprehensive Youth Clinic Program:

Program Goals and Objectives: The Grantee shall provide care coordination for the Comprehensive Youth Clinics at Philadelphia health centers.

Objective 1: Youth will be assessed for psychosocial and reproductive needs

Objective 2: Youth will be scheduled for referrals to clinical, social support and behavioral health services; they will receive following-up to assure access to referral care.

Objective 3: Youth will be engaged in reproductive life planning and will be provided information on access to free and affordable birth control and prevention of STDs and HIV.

Program Activities: In FY'14, the populations served and scope of services broadened to better reach high-risk youth in Philadelphia, link those teens to care, and begin development of a teen-centered approach to care that would better address health disparities affecting teens in Philadelphia. The Youth Care Coordinator and the Director of MCFH, a board certified pediatrician and adolescent medicine specialist, worked together to provide services and build partnerships to support teen-centered care. The Youth Care Coordinator continued to screen adolescents in PDPH Health Care Centers and also reached out to youth in school settings. In addition, the adolescent medicine specialist provided comprehensive adolescent services and worked to build partnerships to improve the capacity of pediatricians to provide reproductive care.

Nutrition Education and Counseling Program:

Program Goals and Objectives: This program aims to reduce the proportion of health center enrolled youth who are overweight or obese in addition to increasing access to services to help eliminate food insecurities.

Objective 1: Services shall include performing detailed nutrition and physical activity assessments involving food preferences, eating patterns, food shopping, cooking, and food security.

Objectives 2: Assessments are conducted using motivational interviewing techniques to provide counseling and assist patients (and care providers) in setting achievable goals.

Program Activities: The MCFH nutritionist is a highly experienced pediatric registered dietician whose clinical focus in the PDPH Health Centers is on addressing family-based solutions for obesity, management of Type II diabetes mellitus, and hyperlipidemia. She is certified by the American Dietetic Association in Weight Management. The focus of her counseling is to address how socioeconomics, food access, culture, and acculturation impact food options for the families in Philadelphia including longtime residents of Philadelphia and recent immigrants from Mexico, the Caribbean, Central America, Africa, and South East Asia. All care is provided without judgment with the goal of empowering teens and families to develop their own approach to weight management that is realistic and achievable. The nutritionist uses motivational interviewing to help both teens and their families express their opinion about any weight concerns. If weight loss was a desired goal, the nutritionist works with the teen and family to understand their reasons for wanting a change. With the nutritionist's guidance, the teen and family identified goals related to, for example, activity-level, snacking choices or the number of sugary drinks consumed. Anticipated challenges were discussed and strategies ware developed including difficulty gaining access to healthy choices, challenges for working families, and food insecurity. Working jointly with the teen's pediatrician, the nutritionist-helped families achieve a better understanding of possible and achievable behavioral health changes that would benefit all household members. Such changes include taking advantage of the PDPH Get Healthy Philly programs, encouraging decreased consumption of high caloric drinks, and highlighted ways to increase physical activity.

Lactation Support for Pregnant and Nursing Mothers:

Program Goals and Objectives: The Grantee shall employ the services of International Board Certified Lactation Consultants (IBCLC) and Certified Lactation Consultants (CLC) to provide services to prenatal patients enrolled in City health centers and community based organizations.

Objective 1: Provide one-on-one breastfeeding education

Objective 2: Provide consultation to breastfeeding mothers on a walk-in basis at the Philadelphia Health Centers.

Objective 3: Provide professional consultation and resources to prenatal and pediatric providers at the Philadelphia Health Centers.

Program Activities: Pregnant and postpartum women receiving prenatal care in the PDPH Health Centers that are funded by Title V Lactation Support for Pregnant and Nursing Mothers program are provided breastfeeding education, counseling, and referrals. A Lactation Consultant and Peer Breastfeeding Support Educator teach prenatal women about the benefits of breastfeeding and how to initiate breastfeeding at the time of delivery, and provide resources to support and problem-solve breastfeeding concerns. In addition, women were referred to WIC for breastfeeding support and access to breast pumps in preparation for returning to school or work. In FY'14, MCFH requested that breastfeeding educators focus on supporting women to initiate and become comfortable with breastfeeding. The Peer Breastfeeding Support Educator was available to meet with women during the infant's first few weeks of life to support women through one of the most challenging stages of breastfeeding.

Services for Children with Special Health Care Needs Program:

Program Goals and Objectives: The Grantee shall increase awareness of and access to comprehensive information related to services and programs for CSHCN. Specific activities shall include:

Objective 1: The Grantee shall work with community based health/social service teams to plan and incorporate culturally and linguistically competent values, policies, structures, and practices in all aspects of their work. Through these collaborations the grantee shall advance cultural and linguistic competence as an essential approach to address racial and ethnic disparities and promote equity for people who experience disabilities and their families.

Objective 2: The Grantee shall provide case management and home visiting services (HIP), not obtainable elsewhere, to help Philadelphia families with a CSHCN improve and maintain their children's health. The Grantee shall assemble a community-based multidisciplinary program for home visits to support the program. Services shall be provided to CSHCN, birth to twenty-one years of age, as defined by the federal Maternal and Child Health Bureau. Services shall include facilitating and coordinating access to medical and supportive services in the community, providing health education, and assisting families and their children in achieving independence and self-advocacy.

Objective 3: The Grantee shall bring together providers and families of CSHCN to discuss issues relevant to CSHCN. This Consortium will convene every two months in Philadelphia. The Grantee shall facilitate educational and informational presentations on issues relevant to CSHCN.

Objective 4: The Grantee shall award funding in the form of Mini-Grants to support Philadelphia community based projects and organizations.

Program Activities: MCFH supports effective partnerships to optimize knowledge of resources in an effort to jointly address the health and social service needs of families caring for a child with special health care needs. MCFH CSHCN has nurtured mutually beneficial collaborations throughout the state and collaborated with multiple local agencies in Philadelphia:

The Philadelphia Special Needs Consortium (PSNC) provides a valuable forum for education, networking, and advocacy related to children with special needs in Philadelphia. Participants included health care providers, community service and advocacy agencies, state agencies, other City of Philadelphia departments, as well as, family members.

The Health Intervention Program (HIP) ensures that CSHCN and their families are offered support and other services to meet the challenges that may accompany having a child with special needs, in order to enable the child and family to live an everyday life, as far as possible, in the same manner as families of typically developing children. The three contracted HIP agencies, LaSalle Neighborhood Nursing Center, Congreso, and Health Promotion Council receive referrals from a wide variety of sources, including healthcare providers, social service providers and other community-based organizations. An intervention plan is developed with the family after the family their child and siblings are fully assessed. The focus of the program is to optimize the health of the child with special needs, as well as, their siblings and family members. The HIP teams address all factors that impact health and wellbeing with a focus on accessing health care and education. One goal of HIP is to ensure that all family members have health insurance, a medical home, and understand how to access care for their health issues. HIP teams are learning how the Affordable Care Act will impact their families and helping families to negotiate changes. In addition, HIP teams prioritize education issues including referrals to early intervention, ensuring appropriate school placements, and attending Individualized Education Program conferences. The HIP teams are increasingly finding that many families are struggling with additional challenges beyond anticipated medical and educational needs.

In FY'14, the teams worked with many intellectually disabled parents and caregivers, who face significant challenges negotiating complex healthcare systems and providing appropriate developmental stimulation for their children. Other parents are suffering from trauma, either from current circumstances, such as domestic violence, or from their own childhood trauma, adverse childhood experiences, or neglect. The HIP teams often must address these issues in order to 'get to' the health and education issues of the children with special needs. This may involve using different modalities to educate parents and supporting parents to seek services for their own health needs. For those suffering from current or childhood trauma, HIP staff often role-model how to get needs met in a medical setting (e.g., how to speak to staff at a doctor's visit). HIP teams are relying more on specific knowledge of and access to scarce community resources, such as the one or two behavioral health agencies with expertise in treating parents suffering the effects of childhood trauma. To address these specific challenges, the HIP teams are finding that they need to spend significantly more time directly with the families *and* more time identifying appropriate supports to assure that referrals are effective. MCFH funds between 5 to 8 mini-grants annually that successfully served a variety of unique needs for CSHCN.

SECTION 6420 - FEDERAL CFDA NUMBER/OTHER REGULATIONS

The CFDA Numbers are as follows:

- Maternal & Child Health Block Grant is 93.994
- Healthy Start Initiative is 93.926

B. Provider assures that, under this contract, it and any subcontractors shall cooperate fully with the Commonwealth to enable it to comply with any reporting, audit, or fiscal requirements imposed under 42 U.S.C. Section 706 and 300w-5.

C. The Contractor assures that should the federal government conduct any investigation or should the Department be a party to any hearing under U.S.C. 300w-5 or 300w-6 that the Contractor (Provider) any subcontractors will cooperate in general with the Commonwealth in such investigation or hearing (both prior to and during the time of such hearing) and specifically will make available for examination and copying by the Commonwealth, the U.S. Department of Health and Human Services, or the Comptroller General of the United States documentary records required under 42 U.S.C. 300w-6.

.03 For contract funding relating to the Healthy Start Grant, the contracts have certain special terms and conditions, which the auditor should read and apply in the performance of the audit.

SECTION 6430 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Independent Auditor's Report(s) on Specific Compliance Applicable to Major or Non-major Federal, State and City Financial Assistance, as appropriate.

.02 Organization must agree to the following conditions as part of the program compliance efforts:

- Provider agrees, at a minimum, to participate in on-site visits/reviews by Philadelphia Department of Public Health Division of Maternal, Child and Family Health staff and share and discuss freely program information that will enhance service outcome.
- Provider agrees, at a minimum, for the Philadelphia Department of Public Health Division of Maternal, Child and Family Health staff to monitor services through the review of reports, records and logs and on-site visits.
- Provider agrees, at a minimum, for audits of client case files to be monitored through random selection and can be scheduled or occur unannounced.
- Provider agrees to, at a minimum, to submit one (1) hard copy and one (1) electronically formatted Annual Report narrative to the primary programmatic contact at 1101 Market Street, 9th Floor, Philadelphia, 19107.
- Provider agrees to submit electronically quarterly data to the Program Evaluation Unit within **15** business days following the end of each quarter that shall include racial, ethnic and insurance data on the attached table and the number of families/youth counseled, trained and referred.
    - 1st Quarter Report covers July – September and is due on October 15, 2014.
    - 2nd Quarter Report covers October – December and is due on January 15, 2015.
    - 3rd Quarter Report covers January – March and is due on April 15, 2015.
    - 4th Quarter Report covers April – June and is due on July 15, 2015.
- Provider agrees to submit signed monthly invoices, with supporting documentation that details expenditures, in a format approved by the Health Department, by the 15th of each month following the month of services. One (1) original and one (1) electronic copy will be sent to the Division of Maternal, Child and Family HealthDocumentation must include: Invoice for the Division of Maternal, Child and Family Health; Program Invoice Summary Form; Section III – Contract Expenses; Miscellaneous Item Detail; Personnel Roster; as well as supporting documentation for all expenses.
- Provider agrees to conduct contract activities and submit program/other reports and invoices as required by the Division of Maternal, Child and Family Health.

SECTION 6440 - FINANCIAL COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department Program has specified auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Independent Auditor's Report(s) on Specific Compliance Applicable to Major or Non-major Federal, State and City Financial Assistance, as appropriate.

.02 The financial and compliance procedures for MCFH are provided on the following pages based upon one type of program services:

a. Program Funded Projects (Section 6440.03 to 6440.07)

Program Funded Projects:

- Provider agrees, at a minimum, to participate in on-site visits/reviews by Philadelphia Department of Public Health Division of Maternal, Child and Family Health staff and share and discuss freely program information that will enhance service outcome.
- Provider agrees, at a minimum, for the Philadelphia Department of Public Health Division of Maternal, Child and Family Health staff to monitor services through the review of reports, records and logs and on-site visits.
- Provider agrees, at a minimum, for audits of client case files to be monitored through random selection and can be scheduled or occur unannounced.
- Provider agrees to, at a minimum, to submit one (1) hard copy and one (1) electronically formatted Annual Report narrative to the primary programmatic contact at 1101 Market Street, 9th Floor, Philadelphia, 19107.
- Provider agrees to submit electronically quarterly data to the Program Evaluation Unit within **15** business days following the end of each quarter that shall include racial, ethnic and insurance data on the attached table and the number of families/youth counseled, trained and referred.
    - 1st Quarter Report covers July – September and is due on October 15, 2014.
    - 2nd Quarter Report covers October – December and is due on January 15, 2015.
    - 3rd Quarter Report covers January – March and is due on April 15, 2015.
    - 4th Quarter Report covers April – June and is due on July 15, 2015.
- Provider agrees to submit signed monthly invoices, with supporting documentation that details expenditures, in a format approved by the Health Department, by the 15th of each month following the month of services. One (1) original and one (1) electronic copy will be sent to the Division of Maternal, Child and Family HealthDocumentation must include: Invoice for the Division of Maternal, Child and Family Health; Program Invoice Summary Form; Section III – Contract Expenses; Miscellaneous Item Detail; Personnel Roster; as well as supporting documentation for all expenses.

Provider agrees to conduct contract activities and submit program/other reports and invoices as required by the Division of Maternal, Child and Family Health.

Budget Modifications:

Contracts between PDPH MCFH and the provider can be revised within the parameters of the contracts with the written request of approval of the Director of MCFH. Detailed justification must accompany all requests for a budget revision. The impact on services should be addressed also.

.03 Based upon the above the auditor should determine that:

* The budgetary amounts reported on the Program Invoice Summary Form and Section III Contract Expenses are the final amounts approved, including any modifications.

* If applicable, the Provider has followed the modification process as detailed above prior to revising the budget and expending funds for previously unauthorized expenses.

SECTION 6450 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 The Organization's audit report must include the following supplemental financial schedules for each City of Philadelphia contract, in addition to the financial statements and auditor's reports as specified in Sections 400 and 500 of this Audit Guide. A designation has been made for those supplemental schedules required for a "Single Audit" Report (Section 400) or a "Program Audit" Report (Section 500). The auditor will be required to issue an opinion on the Supplemental Schedules listed below as specified in Section 400 of this Audit Guide.

.02 The supplemental financial schedules for a program funded and a fee-for-service project, are as follows:

Program Funded Project

Supplemental Financial Schedule	Sample	Section Ref. to Audit Format	Single Audit Report	Program Report
* Statement of Functional Expenditures by Contract/Program and Revenues by Funding Source (1)	6450.03	Yes	No (3)	
* Reconciliation of Agency Reported Expenditures/Revenues to Audited Expenditures/Revenues (2)	6450.04	Yes	Yes	

Explanatory Notes:

(1) Statement will present expenditures by cost center and revenues by category type as reported and utilized in the Instructions for Maternal and Infant Health Program Reporting Budget Forms.

(2) The statement must present expenditures and revenues as reported to MIH, report any additional accruals and other adjustments to reconcile the amount reported on the Statement of Functional Expenditures by Contract/Program and Revenues by Funding Source.

The reconciliation schedule is required for each contract. An explanation need not be provided for any accrual amounts; however, an explanation of any "other adjustment" must be provided when such adjustment is ten percent (10%) or more than the amounts reported by the provider to MCFH. Where there are no adjustments, the auditor must still present a reconciliation schedule and just state that there were no reconciling items.

(3) The Statement of Revenues and Expenditures should contain the captions provided in the sample report format.

Fee-for-Service Projects

Supplemental Financial Schedule	Section Ref. to Sample Format	Single Audit Report	Program Audit Report
* Schedule of Fee-for-Service (4)	6450.05	Yes	Yes
* Reconciliation of Reported Units to Audited Units of Service (5)	6450.06	Yes	Yes

Explanatory Note:

(4) The schedule is to present units of service rendered as reported to MCFH, plus or minus auditor's adjustments, rate per unit and total fee-for-service.

(5) The schedule must present units of service as reported to MCFH, plus or minus auditor's adjustments, and adjusted units of service. The adjusted units of service must agree to the units reflected on the Scheduled of Fee-for-Service. If the amounts reported to MCFH agree with amounts reflected in Scheduled of Fee-for-Service the auditor must still present a Reconciliation Schedule but just state that there were no adjustments.

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF MATERNAL & CHILD HEALTH
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
STATEMENT OF FUNCTIONAL EXPENDITURES BY CONTRACT/PROGRAM
AND REVENUES BY FUNDING SOURCE
JULY 1, 20XX to JUNE 30, 20XX

	Outreach Services	Education Services
Expenditures by cost center:		
Personnel Services:		
Administrative salaries	$ XXXX	$ XXXX
Administrative benefits	XXXX	XXXX
Client oriented services salaries	XXXX	XXXX
Client oriented service benefits	XXXX	XXXX
Operating expenses: (A)	XXXX	
Board expenses	XXXX	
Consultant expenses	XXXX	
Rent XXXX		
Utilities	XXXX	
Insurance	XXXX	
Housekeeping	XXXX	
Communications	XXXX	
Office supplies	XXXX	
Medical supplies	XXXX	
DrugsXXXX		
Rehabilitation services	XXXX	
Staff travel	XXXX	
Maintenance expense:		
Building	XXXX	
Equipment	XXXX	
Motor vehicle expense	XXXX	
Other operating expenses	XXXXX	
Fixed assets: (A)		
Office equipment and furnishings	XXXXX	
Total expenditures by cost center	XXXXX	XXXX

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF MATERNAL & CHILD HEALTH
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
STATEMENT OF FUNCTIONAL EXPENDITURES BY CONTRACT/PROGRAM
AND REVENUES BY FUNDING SOURCE
JULY 1, 20XX to JUNE 30, 20XX

	Outreach Services	Education Services
Funding sources:		
Client fees	$ XXXX	$
City of Philadelphia, Office of MCH	XXXX	XXXX
Medical assistance fees, Commonwealth of Pennsylvania	XXXX	
Foundation revenues	XXXX	
Total funding	XXXXX	XXXX
Excess of expenditures over funding sources	$ XXXXX	$ XXX

(A) Note to auditor - Categories presented as samples are not inclusive of all possible budget categories per Section III - Facility expenses of the Year-to-Date Fiscal Report and Cash Request.

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF MATERNAL & CHILD HEALTH
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES
TO AUDITED EXPENDITURES/REVENUES
JULY 1, 20XX to JUNE 30, 20XX

	Amount Reported on Fiscal Report	Audit Accruals	(A) Other Adjustments	Amount per Audit Report
Expenditures by cost center:				
Personnel Services:				
Admin Salaries	$ XXXX	$ XX	$	$ XXXX
Admin Benefits	XXXX	XX		XXXX
Client oriented service salaries	XXXX		XX	XXXX
Client oriented service benefits	XXXX			XX
Operating expenses:				
Board expenses	XXXX			XXXX
Consultant expenses	XXXX			XXXX
Rent XXXX	XX		XXXX	
Utilities	XXXX		(X)	XXXX
Insurance	XXXX			XXXX
Housekeeping	XXXX			XXXX
Communications	XXXX			XXXX
Office supplies	XXXX			XXXX
Medical supplies	XXXX			XXXX
Drugs XXXX			XXXX	
Rehabilitation supplies	XXXX			XXXX
Staff Travel	XXXX			XXXX
Maintenance expenses:				
Building	XXXX			XXXX
Equipment	XXXX			XXXX
Motor vehicle expense	XXXX			XXXX
Other operating expenses	XXXXX			XXXXX
	XXXXX	XXX	(XX)	XXXXX
Fixed assets:				
Office equipment and furnishings	XXXXX			XXXX
Total expenditures by cost center	XXXXX			

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF MATERNAL & CHILD HEALTH
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES
TO AUDITED EXPENDITURES/REVENUES
JULY 1, 20XX to JUNE 30, 20XX

	Amount Reported on Fiscal Report	Audit Accruals	(A) Other Adjustments	Amount per Audit Report
Funding sources:				
Client fees	$ XXXXX	$ XX	$	$ XXXXX
Office for Maternal and Child Health XXXXX	XXX		XXXXX	
M.A. fees, Commonwealth of PA	XXXXX	XXX	XXX	XXXXX
Total funding	XXXXX	XXX	XXX	XXXXX
Excess of Expenditures over Funding Sources	$ XXXXX	$ XXX	$ XXX	$ XXXXX

(A) See following page for explanation of adjustments in excess of ten percent (10%) of line item total.

ABC NOT-FOR-PROFIT CORPORATION
OFFICE OF MATERNAL AND CHILD HEALTH
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF PROVIDER REPORTED EXPENDITURES/REVENUES
TO AUDITED EXPENDITURES/REVENUES (CONT.)
July 1, 20XX to June 30, 20XX

Explanation of Other Adjustments:

Budget Category	Adjustment Explanation	Adjustments
Expenditure adjustments:		
Administrative salaries	To reclassify wages incorrectly allocated to administrative salaries, should be chargeable to client oriented services salaries.	$ (XX)
Client oriented service salaries	To reclassify from administrative salaries as explained above.	XX
Utilities	To adjust for expenses charged to this contract which pertain to another program.	(XX)
Total expenditure adjustments		(XX)
Funding source adjustments:		
Medical assistance fees	To record previously denied billings which were collected by Agency and not reported.	XXX
	To adjust reserve for uncollectible billings on current year billings.	XXX
Total funding source adjustments		XXX
Net adjustments		$ XX

ABC NOT-FOR-PROFIT ORGANIZATION
OFFICE OF MATERNAL AND CHILD HEALTH
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
SCHEDULE OF FEE-FOR-SERVICE
JULY 1, 20XX to JUNE 30, 20XX

Type of Service	Units of Service	(A) Rate per Unit	Total Fee-for-Service
Home Nursing Service	XXXX	$ XX.XX	$ XXXXX
Total	$ XXXXX		$ XXXXX

(A) Rate per unit is amount as approved in the contract agreement.

ABC NOT-FOR-PROFIT ORGANIZATION
OFFICE OF MATERNAL & CHILD HEALTH
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED UNITS OF SERVICE TO AUDITED
UNITS OF SERVICE

Type of Service	Units as Reported to MIH	Adjustments	Units per Audit
Home Nursing Services	XXXX	(XX) (A)	XXXX

Explanation of Adjustments:

(A) Documentation does not exist that infant received Home Visiting Services.

SECTION 6500

DIVISION OF DISEASE CONTROL

SECTION 6501 - GENERAL INFORMATION

.01 The mission of the Division of Disease Control (DDC) is to protect the health of Philadelphia residents against preventable communicable and non-communicable diseases. The Division has traditionally concentrated its efforts on the control of sexually transmitted diseases (STDs), acute communicable diseases (CDs) (such as hepatitis, meningitis and rabies) and vaccine-preventable diseases (such as measles, mumps, rubella). DDC has also been called upon to respond to newly emerging pathogens, such as pandemic influenza, SARS, and enteroinvasive E. coli; and to prepare the City for public health emergencies including use of biological agents (anthrax, smallpox) as weapons of terrorism. Core activities of the Division are to conduct surveillance, perform epidemiologic investigations and analyses, and implement appropriate disease control and prevention activities.

SECTION 6510 - PROGRAM DESCRIPTIONS AND OPERATIONS

.01 Currently operating program services under DDC's purview include:

a. Sexually Transmitted Diseases (STD) Control Program

The Centers for Disease Control and Prevention has provided Philadelphia with financial assistance to assist in maintaining the following Sexually Transmitted Disease (STD) Control Program activities:

1. Screening of uninsured persons for STDs of importance including gonorrhea, Chlamydia, and syphilis.

2. Surveillance for gonorrhea, Chlamydia and syphilis to insure accurate and complete morbidity reporting from public and private laboratories and physicians;

3. Field follow-up of selected persons with positive lab tests for gonorrhea, chlamydia, HIV, or syphilis and their sex partners;

4. Maintenance and enhancement of existing LAN-based STD Program Management System;

5. Conducting the citywide High School STD Screening Program; and

6. Contact tracing and partner services for persons with syphilis or HIV;

7. Support for public and professional STD education activities.

b. Federal Childhood Immunization

The Centers for Disease Control & Prevention (CDC), through its Prevention Health Services (PHS) grants, awarded the Philadelphia Department of Public Health (PDPH) its own Childhood Immunization Project commencing on January 1, 1995. The purpose of this funding is to eliminate the occurrence of vaccine-preventable childhood disease in Philadelphia by improving the quality and quantity of vaccination-delivery services in the city. In addition, the Department is responsible for oversight of the Vaccines for Children program and all activities related to 317 funding..

c. Enhanced Epidemiology and Laboratory Capacity

The purpose of the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) grant is to enhance local infrastructure for preventing and controlling infectious diseases and other public health threats. This includes the capacity to identify and monitor the occurrence of known infectious diseases of public health importance; detect new and emerging infectious disease threats; identify and respond to disease outbreaks; and implement and evaluate public health interventions to improve prevention and control of infectious diseases. Specifically, the program assists in strengthening and expanding capacities in the following three interrelated areas: Epidemiology, Laboratory, and Health information Systems.

d. Public Health Preparedness

The purpose of this grant program is to develop emergency-ready public health departments by upgrading and integrating State and local public health jurisdictions' preparedness for and response to terrorism, pandemic influenza, and other public health emergencies. These emergency preparedness and response efforts are intended to support the National Response Plan and the National Incident Management System. In addition, the activities required in this grant agreement are designed to develop emergency-ready public health departments in accord with the National Preparedness Goals and the Centers for Disease Control and Prevention (CDC) Preparedness Goals.

SECTION 6520 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The following Federal CFDA numbers are applicable to DDC Programs:

Program	CFDA No.
Sexually Transmitted Diseases	93.977
Federal Childhood Immunization	93.268 93.539 93.733

Enhanced Epidemiology and Laboratory Capacity	93.521 93.323
Public Health Preparedness	93.069

SECTION 6530 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. At the current time, since each DDC contract awarded to a subrecipient has different quantifiable compliance requirements, the auditor is to read the DDC contract and perform testing of the compliance provisions specified in each contract. Any deficiencies noted as a result of the procedures are to be disclosed in the Independent Auditor's Report(s) on Specific Compliance Applicable to Major or Non-major Federal, State and City Financial Assistance, as appropriate.

SECTION 6540 - FINANCIAL COMPLIANCE PROCEDURES

.01 At this time there are no additional specific financial compliance audit procedures for any of the programs listed in Section 6510, other than those procedures required by Section 307 of this Audit Guide.

SECTION 6550 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 At this time there are no supplemental financial reports and schedules for any of the programs listed in Section 6510.

SECTION 6600

DIVISION OF CHRONIC DISEASE PREVENTION

SECTION 6601 - GENERAL INFORMATION

.01 Mission Statement: The Division of Chronic Disease Prevention (DCDP) seeks to promote healthy eating, active living, and smoke-free environments for all Philadelphians through partnerships with government agencies, community-based organizations, academic institutions, and the business community with the goal of preventing morbidity and mortality from chronic health conditions and extending the quantity and quality of Philadelphians' lives.
Vision Statement: Our vision is a city where all residents can live, learn, work, shop, worship, and play in environments that promote healthy eating, active living, and smoke-free existences.

SECTION 6610 - PROGRAM DESCRIPTIONS AND OPERATIONS

.01 There are two operating units within DCDP: Nutrition and Physical Activity; and Tobacco Policy and Control.

a. Nutrition and Physical Activity

School and afterschool

- Provide support and training to provide changes to procurement, preparation, and promotion of meals served in school settings
- Provide technical assistance to 25 wellness councils in high schools to remove unhealthy foods and drinks from classrooms, stores, fundraisers, and vending machines
- Support 300 afterschool providers in meeting daily physical activity requirements
- Provide technical assistance to wellness councils in 25 high schools to increase physical activity before, during, and after class

Built environment

- Incorporate public health goals into district plans and study the effects of planning and zoning via Health Impact Assessments
- Build network of bike lanes, bike trails, and bike sharing to increase bicycling for recreation and commuting
- Make small-scale safety improvements to 50 corridors/intersections with a high rate of pedestrian, bike, and automobile accidents

Retail Environments

- Provide technical support for supermarkets to implement healthy supermarket standards
- Promote sales and marketing of healthy products in corner stores
- Work with Chinese food take-out owners, pre-packaged food industry, and business associations to reduce salt content of take-out dishes

Media and Policy

- Implement a mass media campaign to reduce salt consumption and portion sizes

- Enforce Philadelphia's menu labeling law, including requirements for sodium, fat, and carbohydrate labeling in sit-down restaurants
- Implement healthy food procurement standards for all City agencies

Clinical Services
- Work with 25 large employers to remove or reduce copayments for high blood pressure, high cholesterol, and diabetes treatments

b. Tobacco

Smoke-free environments
- Work with Philadelphia Housing Authority to introduce and implement 100% smoke-free policies in all multi-unit public and assisted housing developments
- Support smoke-free policies for municipal parks by 2015 and university, college, and hospital campuses
- Promote indoor and outdoor smoke-free norms through media campaigns

Tobacco retailers and youth access
- Work with supermarkets and Chinese food take-outs to reduce tobacco sales and marketing, especially to minors
- Educate about and enforce youth tobacco sales laws

Youth leadership
- Recruit through local partners and train approximately 10 youth, particularly African-American, Hispanic, and Asian youth, for the *Get Healthy Philly Council. Youth will engage* peers, adults, civic leaders around healthy eating, active, and smoke-free living

Cessation
- Promote quitting and quit resources, like the Quitline, through mass media campaigns
- Enhance the ability of 260 primary care and behavioral health providers to offer effective tobacco cessation counseling and treatment through public health detailing
- Work with private employers to Implement value based insurance benefits to improve control of smoking
- Provide community-based cessation services to 200 smokers annually and capacity building in 8 federally-qualified health centers serving 90,000 patients and surrounding neighborhoods

SECTION 6620 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The following Federal CFDA numbers are applicable to DCDP Programs:

Program	CFDA No.
Sodium Reduction	93.082
Connections for Better Chronic Care	93.757

SECTION 6630 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. At the current time, since each DCDP contract awarded to a sub recipient has different quantifiable compliance requirements, the auditor is to read the DCDP contract and perform testing of the compliance provisions specified in each contract. Any deficiencies noted as a result of the procedures are to be disclosed in the Independent Auditor's Report(s) on Specific Compliance Applicable to Major or Non-major Federal, State and City Financial Assistance, as appropriate.

SECTION 6640 - FINANCIAL COMPLIANCE PROCEDURES

.01 Other than those procedures required by Section 307 of this Audit Guide, the Prevention and Public Health Fund must be conducted. On a semi-annual basis a report from each entity awarded a grant, cooperative agreement, or contract from such funds with a value of $25,000 or more, summarizing the activities undertaken and identifying any sub-grants or sub-contracts awarded (including the purpose of the award and the identity of the recipient), to be posted not later than 30 days after the end of each 6-month period.

SECTION 6650 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 At this time there are no supplemental financial reports and schedules for any of the programs listed in Section 6610.

SECTION 6700

AIR MANAGEMENT SERVICES

SECTION 6701 - GENERAL INFORMATION

.01_Air Management Services (AMS) is the local air pollution control agency for the City of Philadelphia. AMS programs are conducted under authorities provided by the Philadelphia Code, the Pennsylvania Air Pollution Control Act, and the Federal Clean Air Act. These programs include activities directed to the prevention and control of air pollution and air pollution nuisances, as required to achieve and maintain national ambient air quality standards, reduce air toxics, and to provide healthy air quality citywide. AMS is also responsible for the abatement of community noise and vibration nuisances and for the control of asbestos from building renovation and demolition projects. In addition, AMS operates a citywide system of air monitoring stations to determine compliance with federal air quality standards. In recent years, AMS has participated in cooperative regional initiatives to encourage voluntary actions to reduce air pollution and save on energy.

AMS' core mission is as follows:
Air Management Services, a component of the Philadelphia Department of Public Health, is committed to protecting the health, well-being and quality of life of the people who live, work and visit Philadelphia from the adverse effects of air pollution.

.02 AMS pursues and achieves its mission through seven major units. These are: Facilities Compliance and Enforcement, Source Registration, Program Services, Asbestos Control, the AMS Lab, Voluntary Programs, and Administration.

SECTION 6710 - PROGRAM DESCRIPTIONS AND OPERATIONS

.01 Facility Compliance and Enforcement

The Facility Compliance and Enforcement Unit is responsible for enforcing state, federal and local laws related to air quality. Their responsibilities include:

- Inspecting permitted facilities or any operation that may cause air pollution or create an air pollution nuisance.
- Collecting, reviewing and auditing various reports from facilities and submit to DEP or EPA if necessary.
- Meeting with and assist facility personnel to achieve compliance.
- Obtaining fuel, coatings or materials samples or observing emission tests.
- Responding to requests for service by the public 24 hours per day, including noise, vibration and nuisance odors.
- Respond to releases of carbon monoxide in enclosed structures.
- Assisting first responders and incident commanders during hazardous material incidents.
- Issuing Notices of Violation (NOV's) for sources that are not in compliance, and assess penalties as necessary and/or refer to Law Department.
- Maintaining databases for documenting compliance actions and reporting that activity to the state and EPA.
- Updating EPA AFS database with compliance and enforcement data from I-STEPs.

- Initiating orders to abate sources of air pollution, noise or vibrations.
- Negotiating compliance schedules and agreements to achieve compliance.

Source Registration Activities

Source Registration is charged with overseeing the permitting process to ensure that all regulated sources of pollution in the City are emitting within established limits and that all emissions are properly reported to the City. They also:

- Process and review permit applications, licenses, reports and other documents, such as dust control plans for implosions.
- Observe emissions tests done by permitted facilities.
- Processing permit or other fees.
- Prepare public notices and conduct public hearings
- Monitoring Report Form and Compliance Certification Form reminders and initial processing.
- Provide technical, regulatory and policy information to the public, industry and government agencies.

Asbestos Control Unit

The Asbestos Control Unit is responsible for enforcing all state, local and federal laws related to asbestos handling and abatement. Their responsibilities include:

- Inspecting asbestos abatement sites to ensure regulatory compliance.
- Responding to complaints and other inquiries about asbestos in Philadelphia.
- Reporting possible cases of criminal asbestos abatement operations (which include abatement activities conducted without proper notification and licensing).
- Issuing notices of violation and assessing penalties.
- Licensing asbestos abatement contractors.
- Training and certifying asbestos air monitors.
- Certifying building surveyors and analytical labs.

Program Services Activities

Program Services provides internal support and coordination of projects and systems that cut across unit boundaries, as well as external support to City and outside agencies. Their activities include:

- Extracting, analyzing and quality assuring data, creating graphs/trends/summaries of criteria air pollutants, toxics (cancer risk) and database reports.
- Providing public information about air quality, including updating the AMS intranet and internet website including the current air quality forecast.
- Preparing documents, reports, maps, regulation proposals, amendments, background documents, comment/response documents, maintenance plans, summaries/data comparisons, public notices, outreach materials, and Air Pollution Control Board meeting materials.
- Reporting data to state and federal officials as required.
- Staying on top of issues related to the SIP, CTG RACT Regulations and City Council Bills.

- Responding to citizen, PA DEP, EPA, MARAMA, other air agencies, City Planning, and MOS requests.
- Assisting in modeling reviews.
- Assisting companies with their Emission Inventory Submittal.
- Calculating Philadelphia's progress toward achieving air quality goals.
- Working with DOT, Commerce, and the Mayor's Office for Economic Development and the Department of Licenses & Inspections to ensure AMS is in the City's Development Permit Guide and Business Services Portal.
- Identifying areas which are of potential concern in terms of risk from air toxics, considering risk analysis, compliance assistance, outreach and education.
- Preparing Quarterly Service Levels.
- Ensuring Grant Commitments are met.
- Relaying Training information to staff.
- Providing technical assistance to internal and external stakeholders.
- Working with database contractors. Providing a computer support center to all units of AMS, maintaining and upgrading the hardware and software components of the AMS local area network (LAN) computer system.

Voluntary Programs Activities

Voluntary Programs oversees a variety of non-regulatory programs, such as elective grant projects (not base grants, which are for operations), the Philadelphia Diesel Difference—a stakeholder group committed to reducing diesel pollution in the City—and other public-private partnership groups. Its activities include:

- Engaging in public outreach on subjects related to air quality.
- Coordinating with the Office of Sustainability, other organizations.
- Editing documents and correspondence for agency.
- Supporting other AMS Staff as needed.

Administration

Administration provides centralized administrative and organizational support related to the development, allocation and management of agency funding, personnel, and other program resources. It oversees and coordinates certain decentralized administrative support functions associated with agency operating units. Areas of responsibility include implementation of administrative policies and procedures, budget and revenues management, contracts and grants management, facilities and fleet management, personnel management, organizational development, and workforce planning. Administration also provides administrative and executive support to the operation of the City's Air Pollution Control Board (APCB). Administration staff works on the following:

- Grants/contract/vendors.
- Vehicle purchasing/servicing.
- Personnel matters.
- Union issues.
- Filing/scanning/processing payments and applications.
- Unit funding.

- Program/unit planning.
- Assisting w/ public notices and APCB meetings.
- Maintaining/updating unit inventory.
- Disposal of waste and equipment.
- Facility maintenance/upkeep.
- Order/maintain unit supplies.
- Training/travel coordination.
- Maintain records/employee files.
- Stressing the importance of the Air Management Activity Tracking (AMAT).

Air Management Laboratory Program

AMS laboratory provides air samples analysis and monitor the ambient air for pollutants. These include criteria pollutants, which have national ambient air quality standards (NAAQS), as well as air toxics and ozone precursors. This is accomplished by both continuous monitoring of gaseous pollutants with minute-by-minute measurements taken throughout the City and collected by a central computer at the Laboratory and manual monitoring for particulates, toxics and ozone precursors. All data, whether continuous or manual, are eventually entered into the federal (EPA) data system (AIRS/AQS). AMS laboratory also conducts Biowatch surveillance monitoring under a grant from the Department of Homeland Security. Its activities include:

- Monitor the ambient air for criteria, organic and toxic pollutants.
- Support the Biowatch surveillance network.
- Support cooperative efforts with other laboratories in EPA Region III.
- Provide analysis of paints, coatings and inks for Philadelphia and EPA Region III.
- Ensure that all activities meet EPA Quality Assurance (QA) standards.

SECTION 6720 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The following Federal CFDA numbers are applicable to AMS Programs:

Program	CFDA No.
Ambient Air Monitoring Network	66.034
Air Pollution Control Program	66.001
National Air Toxic Trends Site	66.034
Near-Road Monitoring Station	66.034
Homeland Security Biowatch	97.091
South Philadelphia Community Scale Monitoring	66.034

SECTION 6730 - PROGRAM COMPLIANCE PROCEDURES

.01 As discussed in Sections 300 and 500 of this Audit Guide, each City of Philadelphia Department program has specific auditing requirements. These requirements are in addition to those areas of audit specified in Sections 300 and 500 of this Guide. The audit requirements listed on the following pages are not all inclusive and do not represent an audit program for conducting a financial and compliance audit of the program(s). The audit requirements listed are presented as highlights of areas of special interest to the Department. Any deficiencies noted as a result of the procedures are to be disclosed in the Schedule of Findings and Questioned Costs.

SECTION 6740 - FINANCIAL COMPLIANCE PROCEDURES

.01 Audit procedures should include the following:

> Does the Agency have a system in place to adequately account for all applicable income received or earned by the agency and that such income was properly reported to AMS.

.02 All agencies under contract with the City of Philadelphia through AMS must submit monthly invoices. The purpose of the invoice procedures package is to effectively and efficiently process requests for payment from each contract agency. The package indicates what types of reports are required, the information to be included in each report and shows examples of how each report should look.

SECTION 6740 (CONT.)

.03 In order for an agency to invoice AACO (City of Philadelphia) for the expenditure of funds allocated through a contract, the submission of a cover letter, an invoice, a monthly budget performance report, and a personnel roster is required. Actual requirements for the preceding documents are detailed as follows:

- Invoices must include all of the following:

  a) Date submitted;
  b) Period of service for which invoice is being submitted for;
  c) Contract number;
  d) Contract name;
  e) Current period's expenses (as categorized in the contract budget.)

SECTION 6750 - SUPPLEMENTAL FINANCIAL SCHEDULES AND REPORTS

.01 At this time there are no supplemental financial reports and schedules for any of the programs listed in Section 6720.

SECTION 6750.02

STATEMENT OF EXPENDITURES AND REVENUES (SAMPLE)

Provider Name: ABC Not for Profit Organization
Funding Source: XXXXXX
Award Number: XXXXX
Award Amount: $XXX,XXX.XX
Contract Number: XX-XXXXX
Activity Description: XXXXXXXX
Effective Dates (Contract Term): XX/XX/XX to XX/XX/XX

Personnel Services:	$ XXX,XXX	
Fringe benefits:	XX,XXX	
Total personnel expenditures		$ XXX,XXX
Operating Expenditures:		
Travel:	$XX,XXX.XX	
Equipment:	$XX,XXX.XX	
Supplies:	$XX,XXX.XX	
Sub-Contract Expenditures:	$XX,XXX.XX	
Rent:	$XX,XXX.XX	
Utilities:	$XX,XXX.XX	
Communication:	$XX,XXX.XX	
Leased Equipment:	$XX,XXX.XX	
Insurance:	$XX,XXX.XX	
Printing:	$XX,XXX.XX	
Repairs/Maintenance:	$XX,XXX.XX	
Other:	$XX,XXX.XX	
Subtotal Operating Expenditures:		$XX,XXX.XX
Total Direct (Personnel + Operating) Expenditures:		$XX,XXX.XX
Indirect Expenditures:		$XX,XXX.XX
Total Budgeted Expenditures:		$XX,XXX.XX
Program Revenues:		$XX,XXX.XX
Net AMS Funded Expenditures:		**$XX,XXX.XX**

APPENDIX A

NOTIFICATION OF ENGAGEMENT OF INDEPENDENT AUDITOR

CITY OF PHILADELPHIA SUBRECIPIENT AUDIT
NOTIFICATION OF ENGAGEMENT OF INDEPENDENT AUDITOR

ORGANIZATION:

Organization Name:

Federal E.I. No.

Address:

Contact Individual and Title:

Telephone No. (___)_____ Agency Fiscal Year:

City of Philadelphia Department Funding from (indicate by X in space below):

__ Commerce, ___ Human Services, ___ MOCS/EZ, ___ OHCD, ___ OSHA, ___ Health

Signature: _____ Title:

Date:

LICENSED INDEPENDENT PUBLIC ACCOUNTANT:

Firm Name:

Address:

Telephone No. (___)_____ Fax No. (___)

Currently Licensed to Practice in the Commonwealth of Pennsylvania:

Firm License No. _____ Expiration Date:

Anticipated Completion Date of Audit:

Contact Individual and Title:

Period of Last Quality Review _____

Certification: I certify that our firm is independent of the above named provider organization as defined by *Rule of Conduct 101* of the *Code of Professional Ethics of the American Institute of Certified Public Accountants (AICPA),* and that we have not been debarred from performing audits by any Federal or State Agency or by any City of Philadelphia Government Department. In addition, the audit will be performed in accordance with *AICPA Auditing Standards, Government Auditing Standards,* and the *City of Philadelphia Subrecipient Audit Guide.*

Signature: _____ Title:

Date:

****

(For Use by City of Philadelphia)

Date Received _____Audit Control No.
Date Verified _____ Verified By
Licensed

(Rev. 6/00)

APPENDIX B

SCHEDULE OF OTHER GOVERNMENTAL FUNDING

CITY OF PHILADELPHIA
SUBRECIPIENT'S SCHEDULE OF GOVERNMENTAL FUNDING
FOR THE FISCAL YEAR ENDED _____

Funding Agency:						
Pass through:						
	Program Title:	CFDA	Award/Contract Number	Award/Contract Period	Award/Contract Amount	Award/Contract Expenditures
1)		.		To		
2)		.		To		
3)		.		To		
4)		.		To		
5)		.		To		

Funding Agency:						
Pass through:						
	Program Title:	CFDA	Award/Contract Number	Award/Contract Period	Award/Contract Amount	Award/Contract Expenditures
1)		.		To		
2)		.		To		
3)		.		To		
4)		.		To		
5)		.		To		

Total Governmental Funding:		
Prepared By	Agency Name	Federal E.I.N.
Authorized Signature	Title	Date

Please read the attached insturction sheet before completion.

file:c:\subs\1997\ogfunds.wk4