

SECTION 6200

COORDINATING OFFICE FOR DRUG AND ALCOHOL ABUSE PROGRAMS

SECTION 6201 - GENERAL INFORMATION

.01 The Coordinating Office for Drug and Alcohol Abuse Programs (CODAAP) is a component of the Philadelphia Department of Health, 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, CODAAP has a broad range of responsibilities which fall into the general categories of planning, funding, monitoring and coordination. Under the category of planning, CODAAP'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, CODAAP 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 CODAAP, is the liaison function it provides between contract programs and federal/state funding and regulatory agencies.

.02 In addition to its overall management responsibilities, CODAAP is engaged in a number of more direct activities. CODAAP 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. It also publishes the CODAAP REPORT, a newsletter for drug/alcohol treatment and prevention professionals.

SECTION 6210 - PROGRAM DESCRIPTIONS AND OPERATIONS

.01 CODAAP provides the following types of program services.

.02 Treatment Services:

Treatment services supported by CODAAP 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:

CODAAP supported prevention services reach more than 120,000 students and citizens in Philadelphia each year. These prevention services are both school and community-based.

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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 CODAAP 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 - CODAAP 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 - CODAAP.

SECTION 6220 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The following federal CFDA numbers are applicable to CODAAP programs:

<u>Reference</u>	<u>CFDA Number</u>	<u>Formal Reference</u>
PENN DOT	20.600	State and Community Highway Safety Program
ADAMH	93.959	Alcohol & Drug Abuse Mental Health Block Grant
OSAP	93.194	Office of Substance Abuse Prevention
Family Preservation	93.667	Social Services Block Grant
Governor's Discretionary Fund	84.186	Governor's Discretionary Fund
Drug Abuse Improvement	93.196	Targeted Cities

.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

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| the Schedule of Findings and Questioned Costs

.02 Service objective projection and implementation are integral parts of the CODAAP contracting process. Each year prior to the allocation of funds, CODAAP 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 CODAAP could be, for example, the number of residential days, number of counseling hours, methadone visits, and school presentations. CODAAP 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 CODAAP 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 CODAAP's 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 CODAAP. 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?

.05 Copies of the service objective forms used by CODAAP and their instructions for completion are included as *Exhibits 1 to 6*.

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.

SECTION 6240 (CONT.)

.02 The financial and compliance procedures for CODAAP 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 CODAAP to fund its provider agencies. This method allows CODAAP 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 CODAAP.
- That medical assistance billings for the program are fully recorded and that re-billings are submitted on claims which have been denied for payment.
- That medical assistance payments are recorded on the accrual basis recognizing any applicable reserves for uncollectible amounts (after pursuing all means of collecting on payments as discussed above).

Expenditures:

.05 The Agency reports expenses to CODAAP in Section III of Form 311 "Year-To-Date Fiscal Report and Cash Request" (*Exhibit 7*). 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 CODAAP 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 CODAAP, and consider the following items:

SECTION 6240 (CONT.)

- Personnel costs charged to the program as reported to CODAAP 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 CODAAP.

Budget Modifications:

.06 The contract between CODAAP and the Agency contains a clause, labeled Budget and Service Modifications, which states the following:

"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 CODAAP. 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 CODAAP on a monthly basis, by client, for such services on Form 310 - Fee-for-Service Invoice/Report (*Exhibit 8a*).

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The fee-for-service type of funding requires special types of audit tests, since there are no expenses reported to CODAAP. 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 CODAAP.
- 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 CODAAP 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-CODAAP) revenue.
 - Rate per unit billed to CODAAP 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 with \$300,000 or more of expenditures 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

<u>Supplemental Financial Schedule</u>	<u>Section Ref. to Sample Format</u>	<u>Single Audit Report</u>	<u>Program Audit Report</u>
• 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

SECTION 6250 (CONT.)

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 CODAAP award must be presented.** In addition, the supplemental financial statement must detail the costs by budget cost category and type of revenue. Combining multiple CODAAP awards in one financial statement is not acceptable.

- (2) The statement must present expenditures and revenues as reported to CODAAP, 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 CODAAP 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

<u>Supplemental Financial Schedule</u>	<u>Section Ref. to Sample Format</u>	<u>Single Audit Report</u>	<u>Program Audit Report</u>
• 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 CODAAP Fee-for-Service Award.
 - The total units of service per the audit would represent the units reported by the subrecipient to CODAAP, 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 CODAAP.

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- 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 CODAAP. A separate statement for each CODAAP award is to be presented, therefore, combining more than one CODAAP contract on a statement is not acceptable.

SECTION 6250.03

ABC NOT-FOR-PROFIT CORPORATION
 COORDINATING OFFICE FOR DRUG AND ALCOHOL ABUSE PROGRAMS
 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, 19XX to JUNE 30, 19XX

	<u>(1)</u> Outpatient Services XX-XXX	<u>(1)</u> 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	<u>xxxxx</u>	<u>xxxxx</u>
Funding sources:		
Client fees	xxxxx	
City of Philadelphia, Coordinating Office for Drug and Alcohol Abuse	xxxxx	xxxxx
Medical assistance fees, Commonwealth of Pennsylvania	<u>xxxxx</u>	-
Total funding	<u>xxxxxxx</u>	<u>xxxxx</u>
Excess of expenditures over funding sources	<u>\$ xxxxx</u>	<u>\$ xxx</u>

(1) **A separate statement of expenditures and revenues must be provided separately for each CODAAP 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 CODAAP contract.**

SECTION 6250.04

ABC NOT-FOR-PROFIT CORPORATION
 COORDINATING OFFICE FOR DRUG AND ALCOHOL ABUSE PROGRAMS
 CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
 RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES
 TO AUDITED EXPENDITURES/REVENUES
 JULY 1, 19XX to JUNE 30, 19XX

<u>Outpatient Services</u>	Amount Reported on Fiscal <u>Report</u>	(A) Other <u>Adjustments</u>	(B) Amount per <u>Audit</u>
Expenditures by cost center:			
Total personnel services	\$ xxxxx	\$ (xx)	\$ xxxxx
Total operating expenses	xxxxx	(xx)	xxxxxx
Total fixed assets	<u>xxxxx</u>	_____	<u>xxxxx</u>
Total expenditures by cost center	<u>xxxxxx</u>	<u>(xx)</u>	<u>xxxxxx</u>
Funding sources:			
Client fees	xxxxxx		xxxxxx
City of Philadelphia, Coordinating Office for Drug and Alcohol Abuse	xxxxxx		xxxxxx
Medical assistance fees, Commonwealth of Pennsylvania	<u>xxxxxx</u>	<u>xxx</u>	<u>xxxxxx</u>
Total funding	<u>xxxxxxx</u>	<u>xxx</u>	<u>xxxxxxx</u>
Excess of expenditures over funding sources	<u>\$ xxxxxx</u>	<u>\$ xx</u>	<u>\$ xxxxxx</u>

(A) See following page for explanation of adjustments.

(B) Amount funded under contract in accordance with CODAAP fiscal guidelines.

SECTION 6250.04 (CONT.)

ABC NOT-FOR-PROFIT CORPORATION
COORDINATING OFFICE FOR DRUG AND ALCOHOL ABUSE PROGRAMS
CITY OF PHILADELPHIA CONTRACT NUMBER XX-XXXX
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES
TO AUDITED EXPENDITURES/REVENUES (CONT.)
July 1, 19XX to June 30, 19XX

<u>Budget Category</u>	<u>Adjustment Explanation</u>	<u>Adjustments</u>
<u>Funding source adjustments:</u>		
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.	____(x)
Total medical assistant fees adjustments		<u>\$ xxx</u>