



**City of Philadelphia,
Pennsylvania**

**SUBRECIPIENT AUDIT
GUIDE**

Effective June 30, 2007

**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 2007

SECTION 100:

Section 104.03 – OHCD requires 8 copies of reporting package (was 7).

SECTION 200:

No changes

SECTION 300:

No changes

SECTION 400:

No changes

SECTION 500:

No changes

SECTION 600:

No changes.

CITY OF PHILADELPHIA
SUBRECIPIENT AUDIT GUIDE
Highlights of Significant Changes
June 2007

SECTION 1000:

No changes.

SECTION 2000:

No changes.

SECTION 3000:

No changes.

SECTION 4000:

Section 4130.04 – Narrative changed.
Section 4130.05 – Section added.
Section 4160.01 – Contact person changed.

SECTION 5000:

Changed city department name to Office of Supportive Housing (OSH) from Office of Emergency Services and Support (OESS), throughout section 5000.
Section 5120.01 – Added CFDA 14.238
Section 5120.02 – Changed text
Section 5120.03 – Subsection added
Section 5120.04 – Changed text
Section 5140.04 – Changed text
Section 5140.08 – Subsection added
Section 5140.90 – Subsection added
Section 5150.02 – Header changed to OSH
Section 5150.03 – New Supplemental Schedule required
Section 5160.01 – New section added.

SECTION 6000:

No changes.

SECTION 6100:

Section 6120 – CFDA numbers changed

SECTION 6200:

No changes.

CITY OF PHILADELPHIA
SUBRECIPIENT AUDIT GUIDE
Highlights of Significant Changes
June 2007

SECTION 6300:

No changes.

SECTION 6400:

No changes.

SECTION 6500:

No changes.

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 30, 1997).

SECTION 101 (CONT.)

.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

-
- (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.

SECTION 103 (CONT.)

letter," is not required by generally accepted auditing standards, but is widely utilized to avoid misunderstanding as to the auditor's responsibility and the organization's 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.

SECTION 103 (CONT.)

.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 A single copy of the audit report is to be delivered to the:

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 (Audit Report, OMB Data Collection Form, and Management Letter) that must be submitted to each respective City Department to whom a report is to be delivered.**

<u>City Department</u>	<u>Number of Reporting Packages</u>
<ul style="list-style-type: none"> • Department of Commerce Economic Development Administrator Office of Economic Development One Parkway Building, 12th Floor Philadelphia, Pennsylvania 19102 	4 (1) (2)
<ul style="list-style-type: none"> • Department of Human Services Contracts Audit Unit 1601 Cherry Street, 7th Floor Philadelphia, Pennsylvania 19102 	3
<ul style="list-style-type: none"> • NTI/Empowerment Zone Director of Administration Room 168, City Hall Philadelphia, Pennsylvania 19107 	3
<ul style="list-style-type: none"> • Mayor’s Office of Community Services Fiscal Officer 990 Spring Garden Street 7th floor Philadelphia, Pa 19123 	5

SECTION 104 (CONT.)

- Office of Housing and Community Development
Audit Manager - Audit Department
1234 Market Street, 17th Floor
Philadelphia, Pennsylvania 19107 8

- Office of Emergency Shelter and Services 5 (2)
Contracts Auditor-Fiscal Unit
1315 Cherry Street, 2nd Floor
Philadelphia, Pennsylvania 19107

- Department of Public Health 5
Contract Audit Supervisor
Audit Unit-Special Financial Services
1101 Market Street, 10th Floor
Philadelphia, Pennsylvania 19107

- (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, 14.239, 14.241, 14.231, 14.238 and 14.900 are included in the audit report, then seven additional copies of the report must be sent to the City of Philadelphia, Office of Housing and Community Development.

.04 The Organization is required to submit, at a minimum, one copy of the final audit report (or additional copies if required) and the original Data Collection Form to:

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, IN 47132

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 Independent Public Accountant, 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.

.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.

<u>City Department</u>	<u>Title of Contact</u>	<u>Telephone Number</u>	<u>Fax Number</u>
Commerce Department	Economic Development Administrator	683-2023	557-8538
Human Services Department	Contracts Audit Supervisor	683-4207	683-4298
NTI/Empowerment Zone	Fiscal Manager	683-2166	683-2162
Mayor's Office of Community Services	Fiscal Officer	685-3643	685-3643
Office of Housing and Community Development	Audit Manager	686-9728	686-9800
Office of Emergency Shelter and Services	Budget Officer	686-7180	686-7187
Public Health Department	Contract Audit Supervisor	685-5310	685-5348

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.

SECTION 202 (CONT.)

.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 24, 1997) 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:

	<u>Total</u>	<u>Assistance From</u>		<u>City</u>
		<u>Federal</u>	<u>State</u>	
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	<u>100,000</u>	<u>50,000</u>	<u> </u>	<u>50,000</u>
	<u>\$ 1,075,000</u>	<u>\$ 800,000</u>	<u>\$ 225,000</u>	<u>\$ 50,000</u>

SECTION 301 (CONT.)

.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 24, 1997). 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 24, 1997).

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.

SECTION 302 (CONT.)

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

SECTION 302 (CONT.)

- 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.

SECTION 401 (CONT.)

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 not 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.

SECTION 404 (CONT.)

.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.

SECTION 404 (CONT.)

.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.

SECTION 406 (CONT.)

- 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 reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions 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 reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions 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.

SECTION 408 (CONT.)

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:

- Reportable conditions in internal control over a major program. The auditor's determination of whether a deficiency in internal control is a reportable condition 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 reportable conditions which are individually or cumulatively material weaknesses.

SECTION 408 (CONT.)

- 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.

SECTION 408 (CONT.)

- 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

SECTION 408 (CONT.)

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.

SECTION 409 (CONT.)

.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.

SECTION 410 (CONT.)

.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

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA (1) Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Award Period</u>	<u>(2) Expenditures</u>
Federal Financial Assistance: (3)				
<u>U.S. Department of Health and Human Services:</u>				
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	<u>XX,XXX</u>
Total U.S. Department of Health and Human Services				<u>XXX,XXX</u>
<u>U.S. Department of Housing and Urban Development:</u>				
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, Rehab- ilitation and New Construction	XX.XXX	XXXX	X/X/XX-X/X/XX	<u>XXX,XXX</u>
Total U.S. Department of Housing and Urban Development				<u>XXX,XXX</u>
Total Federal Financial Assistance				<u>\$ XXX,XXX</u>

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

SECTION 412 (CONT.)

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

<u>State Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA (1) Number</u>	<u>(8) DCA Project Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Award Period</u>	<u>(2) Expenditures</u>
State Financial Assistance:					
<u>Pennsylvania Department of Public Welfare:</u>					
Direct Program: (6) Mental Health Inpatient 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	<u>XXX,XXX</u>
Total Pennsylvania Department of Public Welfare					<u>XXX,XXX</u>
<u>Pennsylvania Department of Community Affairs:</u>					
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	<u>XXX,XXX</u>
Total Pennsylvania Department of Community Affairs					<u>XXX,XXX</u>
Total State Financial Assistance					<u>\$ XXX,XXX</u>

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

SECTION 412 (CONT.)

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

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

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.

SECTION 412 (CONT.)

- (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:

<u>Subrecipient Name</u>	<u>Subrecipient Expenditures</u>
--------------------------	----------------------------------

(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.

<u>City of Philadelphia</u> <u>Department</u>	<u>Contract</u> <u>Number</u>	<u>Schedule</u> <u>Reference</u>
--	----------------------------------	-------------------------------------

(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.

SECTION 415 (CONT.)

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			City Share
				Total	Federal Share	State Share	
1. Indirect Costs Claimed in Excess of Allowable	<i>ABC Program</i>	<i>XX.XXX</i>	<i>XX-XXX</i>	\$ 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	<u>13.93%</u>
Allowable indirect costs	120,113
Less: indirect costs billed to City	<u>140,450</u>
Difference - questioned costs	<u>\$ 20,337</u>

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

<u>Finding Description</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Award Number</u>	<u>Questioned Costs</u>			<u>City Share</u>
				<u>Total</u>	<u>Federal Share</u>	<u>State Share</u>	
1. (Cont.)							
<u>Criteria:</u>							
OMB Circular A-122, Attachment A, Subsection D(2)(b) excludes capital expenditures from the computation of indirect costs.							
<u>Recommendation:</u>							
We recommend that the (Name of Organization) remit the overbilled amount of \$20,337 to the City of Philadelphia.							
2. <u>Lack of Time and Attendance Records</u>	<i>XYZ Program</i>	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 Coordinator, 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

<u>Finding Description</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Award Number</u>	<u>Questioned Costs</u>			<u>City Share</u>
				<u>Total</u>	<u>Federal Share</u>	<u>State Share</u>	

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)	<u>3,974</u>
Total	<u>\$ 21,254</u>

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

<u>Finding Description</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Award Number</u>	<u>Questioned Costs</u>			<u>City Share</u>
				<u>Total</u>	<u>Federal Share</u>	<u>State Share</u>	

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			City Share
				Total	Federal Share	State 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. <u>Excessive Cash Balances</u>	<i>CBA Program</i>	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

<u>Finding Description</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Award Number</u>	<u>Questioned Costs</u>			<u>City Share</u>
				<u>Total</u>	<u>Federal Share</u>	<u>State Share</u>	

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

<u>Finding Description</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Award Number</u>	<u>Questioned Costs</u>			<u>City Share</u>
				<u>Total</u>	<u>Federal Share</u>	<u>State Share</u>	
4. <u>Missing Documentation</u>	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:

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

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

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

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 to 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:

<u>Section No.</u>	<u>Section and Subsection Heading</u>	<u>Section No. Reference Applicable to Program Audit</u>
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 Services	Entire Section
4000	Office of Housing and Community Development	Entire Section
5000	Offices of Services to the Homeless and Adults	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 one 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 each contract award for each City of Philadelphia department.

SECTION 504 (CONT.)

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.

SECTION 504 (CONT.)

.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.

<u>Schedule and/or Report</u>	<u>Section No. Reference Applicable to Program Audit</u>
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

SECTION 504 (CONT.)

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

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

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.

<u>City Department</u>	<u>Title of Contact</u>	<u>Telephone Number</u>	<u>Fax Number</u>
Commerce Department	Economic Development Administrator	683-2023	557-8538
Human Services Department	Contracts Audit Supervisor	683-4207	683-4298
Mayor's Office of Community Services	Assistant Fiscal Director of Finance	685-3643	683-0491
Empowerment Zone	Fiscal Manager	683-2166	683-2162
Office of Housing and Community Development	Audit Manager	686-9728	686-9800
Office of Emergency Shelter and Services	Contracts Auditor, Fiscal Unit	686-7180	686-7187
Public Health Department	Contract Audit Supervisor	685-5310	685-5348

SECTION 1000

CITY REPRESENTATIVE AND DEPARTMENT OF COMMERCE

SECTION 1001 - GENERAL INFORMATION

.01 City Representative and Department of Commerce contracts fund Economic Development Programs using Federal, State and City funds. The Federal Funding source is the U.S. Department of Housing and Urban Development's Community Development Block Grant Funds (CDBG) and the Economic Development Administration. 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. Philadelphia Industrial Development Corporation (PIDC) and Philadelphia Commercial Development Corporation (PCDC), each have 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 The Enterprise Zone Areas, 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. Enterprise Zone Area Programs are involved in three low income neighborhoods in the City: American Street, Hunting Park West, and West Parkside and a fourth Enterprise Zone is located at the Port of Philadelphia.

SECTION 1100

.01 The City Representative and Department of Commerce administer various programs as detailed in the following section.

SECTION 1110 - PROGRAM DESCRIPTIONS AND OPERATIONS

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 PCDC or 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.

SECTION 1110 – (CONT.)

Targeted Neighborhood Commercial Area (TNCA) Program

.04 In order to assist the City of Philadelphia's Department of Commerce in the implementation of its economic development strategy, The Philadelphia Commercial Development Corporation (PCDC) will work in thirty-eight (38) low and moderate income neighborhoods throughout the city. PCDC 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 Targeted Neighborhood Commercial Area (TNCA) Program. The principal goal of the TNCA 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 TNCA, PCDC requires that the local business form a business association. The business association should represent at least sixty percent of the retail/commercial businesses in the TNCA. This requirement assists PCDC 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. PCDC will contact the business association in each TNCA 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 Commercial Development Corporation - Urban Local Development Corporation (PCDC-ULDC), and other subrecipients, shall assist small businesses in obtaining financing for business expansion and start-up. Funds shall be secured from private and public lending agencies and the Small Business Revolving Loan Fund (SBRLF) to assist firms with financing for business start-up or expansion. In addition, PCDC-ULDC shall provide limited technical assistance.

Programs to Create Low/Moderate Income Employment Opportunities

.07 PCDC-ULDC, 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 and the Small Business Revolving Loan Fund (SBRLF) to assist firms with financing for business start-up or expansion. In addition, PCDC-ULDC shall provide limited technical assistance, as necessary, to complete financing packaging activities.

The Small Business Revolving Loan Fund and Program Income

.08 PCDC-ULDC 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.

SECTION 1110 (CONT.)

Neighborhood Commercial Revitalization Security Program and Micro-Enterprise Assistance

.09 PCDC-ULDC shall assist in combating crime which affects for-profit and non-profit firms which provide goods or services to the low and moderate income neighborhoods located in the TNCA's.

.10 Micro-Enterprise Assistance – PCDC-ULDC and other subrecipients shall provide and complete technical and non-CDBG funded loan packaging assistance services through its Micro Loan Program.

Community Economic Development Program

.11 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

.12 PCDC shall implement a CDBG-funded Housing Rehabilitation Assistance Program. PCDC 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. PCDC shall utilize a revolving fund established with the City under contract (#6-81061), 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.

Real Estate Management Activities

.13 PCDC shall manage property acquired by PCDC using CDBG funds as needed. In addition, PCDC may acquire properties for the Old Philadelphia Company Store with the prior written approval by the City. Projects under his paragraph shall be fundable in accordance with 24 CFR 570.208 (s)(1)(i), principally benefiting low and moderate-income people.

Planning Activities

.14 PCDC-ULDC shall review the status of services and the physical conditions of each of the thirty-one (31) designated TNCA areas and submit a revised action plan on a quarterly basis. The action plan shall include a complete history of all public and private investment in each TNCA area.

PCDC-ULDC shall develop a plan to identify capital improvement projects in the TNCA districts. PCDC-ULDC shall comply in whole with the requirements set forth by the City's Finance Department in qualifying proposed capital projects as eligible for said use.

PCDC-ULDC shall develop comprehensive strategic plans for neighborhood economic

SECTION 1110 (CONT.)

development, historic preservation, mixed-use real estate, etc. These plans shall include need assessment, feasibility and capacity development. This shall include a review, status report and update of all existing strategic plans that PCDC-ULDC has undertaken since January, 1, 1980.

PCDC-ULDC shall participate in the coordination of economic development projects with City departments and City-related agencies. PCDC-ULDC shall attend meeting with the Office of Housing and Community Development and the Commerce Department. PCDC-ULDC shall work in conjunction with City and related-City agencies in the development of plans and programs for the federally designated Empowerment Zone, especially in relationship to the development of programs and projects related to the Old Philadelphia Company Store, the Youth Mall and Cecil B. Moore Avenue.

PCDC-ULDC shall identify new TNCA areas and identify their needs for presentation to the Commerce Department for inclusion in the CDBG Plan.

The Philadelphia Company Store

PCDC-ULDC shall modify and implement its training program for low and moderate income people under the Old Philadelphia Company Store. Under the revised program, it is anticipated that at least twenty-five (25) people shall be trained.

Acquisition/Site Development

.15 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

.16 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)

.17 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.

.18 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

SECTION 1110 (CONT.)

of Commerce.

.19 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

.20 The Department of Community and Economic Development (DCED) funds several Economic Development Projects including the Enterprise Zones 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

.21 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.

SECTION 1120 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

.01 The Federal CFDA Number is 14.218 for all 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.

.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 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 1130 – (CONT.)

.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.

Neighborhood Revitalization/Programs to Assist Businesses

.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.
- For subrecipients in designated Enterprise Zones an updated listing of available commercial/industrial real estate shall be maintained. The inventory shall be distributed

SECTION 1130 – (CONT.)

to Philadelphia area industrial real estate brokers and businesses interested in locating within the enterprise zone.

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

SECTION 1130 – (CONT.)

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, 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.

Targeted Neighborhood Commercial Area (TNCA) Program

.10 The TNCA service areas are divided into three categories: Targeted Public Investment Areas (TPIA's), Planning Public Investment Areas (PPIA's) and Limited Public Investment Areas (PLIA's). The TPIA designation is for neighborhood retail areas that have been identified for the infusion of public funding to ensure the stability and the potential for retail expansion. In the TPIA.s, PCDC will focus its Small Business Lending, Public Improvement and Façade Rehabilitation activities. The PPIA designation indicates that a particular area is either new to the program or needs some level of planning and development assistance, but is not ready for the infusion of public funds. PCDC will focus its efforts under this contract to developing appropriate levels of support and planning in order to implement a public and/or private investment strategy in the 2000 program period. The Limited Public Investment Areas (LPIUA's) designation is for neighborhood shopping areas where the City and PCDC has identified on-going needs to ensure the

SECTION 1130 – (CONT.)

continued stability of the retail shopping area. The LPIA's at one point were TPIA's or PPIA's.

Regardless of the designation of the given TNCA, the following types of services will be available: technical assistance, Small business Revolving Loan and Micro Loan services to new businesses and business expansions, and Storefront and Security Façade Rebate Grants to new businesses. In addition, PCDC 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 TNCA designated areas.

.11 PCDC-ULDC and other subrecipients 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 TNCA areas. Subrecipients shall prepare and distribute two (2) 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 two times a year.

.12 PCDC-ULDC and other subrecipients shall assist in the delivery of public improvement projects in the coordination of City-funded public improvements provided by the City and/or the Redevelopment Authority and/or PIDC in such a way as to maintain the confidence of the business and residential communities. This task shall be performed only if sufficient public improvement resources are available through other contracts or funding sources to undertake these activities.

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

.13 PCDC-ULDC and other subrecipients 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 TNCA areas.

.14 PCDC-ULDC and other subrecipients 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.)

.15 On-going technical assistance shall not be provided to firms for which PCDC-ULDC has arranged financing in prior years. If a firm has previously been assisted by PCDC-ULDC, PCDC-ULDC must qualify and quantify the new technical assistance that the firm is to be provided and

SECTION 1130 – (CONT.)

report it as a new activity, in accordance with the "Technical Assistance Guidelines".

.16 PCDC-ULDC shall provide limited technical assistance to individual firms in the TNCA area in order to facilitate their private investment, viability or participation in the NCR process. 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 TNCA Manager's staff. Assistance is considered to be successfully completed when a business implements the recommendation(s) developed by PCDC-ULDC staff.

.17 PCDC-ULDC shall provide technical assistance to certified for-profit minority and female-owned businesses which receive City of Philadelphia contracts to do public improvements in low and moderate income areas.

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

.18 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.

.19 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.

.20 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.

.21 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.

SECTION 1130 (CONT.)

.22 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, 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.

The Small Business Revolving Loan Fund and Program Income

.23 The SBRLF shall be utilized for loans and grants. It is anticipated that at least one job shall be created for every \$15,000 used, unless otherwise approved by the City. PCDC-ULDC shall service and collect SBRLF loans and ATC investments/loans. Refer to the contract for detail on the "Terms and Conditions for Providing Financial Assistance".

The audit procedure for the above is:

- Select a sample of transactions and determine that minimum requirements were met.

Neighborhood Commercial Revitalization Security Program and Micro-Enterprise Assistance

.24 PCDC-ULDC shall assist in combating crime which affects **for-profit and non-profit firms** which provide goods or services to the low and moderate income neighborhoods located in the TNCA areas. This activity shall be carried out through the provision of technical assistance which shall be provided for interior or exterior, nonfacade security deficiencies of the firm that could lead to criminal victimization. (This type of assistance is normally provided through individual security audits.)

The audit procedure for the above is:

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

.25 Micro-Enterprise Assistance – Area Benefit

PCDC-ULDC and other subrecipients shall provide and complete technical and non-CDBG funded loan packaging assistance services through its Micro-Loan Program to at least four (4) firms, regarding start-up or expansion, which provide goods or services to low and moderate income neighborhoods. (Negative feasibility studies for projects shall not be included in completed technical assistance).

SECTION 1130 (CONT.)

.26 Micro-Enterprise Assistance

PCDC-ULDC shall provide and complete technical and non-CDBG funded loan packaging assistance service through its Micro Loan Program to at least twenty-four (24) firms, regarding start-up or expansion. A firm shall qualify as a micro-enterprise if the number of people employed on a full or part-time basis, including the owner(s) of the firm, is equal to or less than five persons and at least 51% of those persons are either low or moderate income, pursuant to 24 CFR 570-201 (c). Once a firm is qualified as a small business, then PCDC-ULDC shall continue to provide assistance to the firm for a period up to three years without recertifying it. Assistance may include the provision of direct or indirect lending. (Negative feasibility studies for projects shall not be included in completed technical assistance). In addition to the Micro Loan Program, PCDC-ULDC shall design and implement a program to assist firms utilizing available funding from but not limited to, the Philadelphia Contractors Assistance (Loan) and Comcast (Loan) program which meet the micro-enterprise criteria pursuant to 24 CFR 570.201(c). PCDC-ULDC shall undertake this work through the Small Business Support Center/One Stop Capital Shop, the Micro Loan Fund and the Skilled Tradesperson facility.

The audit procedure for the above is:

- Select a sample of Micro-Enterprise transactions and determine that the requirements were met.

Community Economic Development Program

.27 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 NBO or the NBO 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 project and Neighborhood Commercial 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

.28 PCDC-ULDC 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.

.29 PCDC-ULDC 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:

SECTION 1130 (CONT.)

- Utilizing a revolving fund as established with the City, one of the annual objectives of PCDC-ULDC'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.

Real Estate Management Activities

.30 Projects under this task shall be fundable in accordance with 24 CFR 570.208.a.1, principally benefiting low and moderate income people.

The audit procedure for the above is:

- Determine that the tasks performed benefit low and moderate income people.

Acquisition/Site Development

.31 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

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

UDAG

.33 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 procedures for the above is:

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

SECTION 1130 (CONT.)

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

.34 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

.35 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 are 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.

SECTION 1140 (CONT.)

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 City Representative and 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.

	<u>YES</u>	<u>NO</u>	<u>N/A</u>	Working Paper <u>Ref.</u>
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?	—	—	—	

SECTION 1140 (CONT.)

	<u>YES</u>	<u>NO</u>	<u>N/A</u>	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.

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

SECTION 1150.02

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

	<u>CDBG</u> <u>FUNDS</u>	<u>PROGRAM</u> <u>INCOME</u>	<u>OTHER</u> <u>CITY</u> <u>FUNDS</u>	<u>NON-</u> <u>CITY</u> <u>FUNDS</u>	<u>TOTAL</u>
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	<u>XXXX</u>	<u> </u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
Funds Still Available for Draw Down	<u>\$ XXXX</u>	<u>\$</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>
Total Funds Drawn Down	\$ XXXX	\$	\$ XXXX	\$ XXXX	\$ XXXX
Add:					
Program Income	<u> </u>	<u>XXXX</u>	<u> </u>	<u> </u>	<u>XXXX</u>
Total Funds Received	XXXX	XXXX	XXXX	XXXX	XXXX
Less:					
Program Income Expended		XXXX			XXXX
Funds Applied - Prior Fiscal Years					
Funds Applied - Current Fiscal Year	<u>XXXX</u>	<u> </u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
Total Funds Applied	XXXX	XXXX	XXXX	XXXX	XXXX
Total Funds Due From Funding Source	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>
Total Funds Available For Disposition	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>

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

Contract Categories	<u>Project Budget</u>				<u>Accrued Expenditures Prior to 7/1/XX</u>				<u>Accrued Expenditures 7/1/XX to 6/30/XX</u>				<u>Accrued Expenditures Cumulative to June 30, 20XX</u>			
	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	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
Operating Subtotal	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Audit Costs	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
Contract Total	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>

SECTION 1150.04

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

	<u>SALE PROCEEDS</u>	<u>OTHER (SPECIFY)</u>	<u>TOTAL</u>
Program Income (Cumulative to 6/30/XX)	\$ XXXX	\$ XXXX	\$ XXXX
Less: Program Income Expended in Prior Years	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
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	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
Ending Balance as of June 30, 20XX	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>

SECTION 1150.05

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

	<u>AMOUNT PER BOOKS AND RECORDS</u>	<u>AMOUNT PER SUBRECIPIENT INVOICE</u>	<u>DIFFERENCE</u>
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.

SECTION 2001 (CONT.)

.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

SECTION 2101 (CONT.)

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

SECTION 2110 (CONT.)

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.

SECTION 2130 (CONT.)

.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.

<u>Supplemental Financial Schedule</u>	<u>Section Ref. to Sample Format</u>	<u>Single Audit Report</u>	<u>Program Audit Report</u>
• Report of Revenue by Functional Program (1)	2150.02	Yes	Yes
• Report of Functional Expenditures (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

SECTION 2150 (CONT.)

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:

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

REPORT OF REVENUE BY FUNCTIONAL PROGRAM		Agency Name:				City of Philadelphia		
Year Ended		Address:				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 _____

REPORT OF FUNCTIONAL EXPENDITURES		Agency Name:				City of Philadelphia		
Year Ended		Address:				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		Agency Name:				City of Philadelphia		
Year Ended		Address:				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		Agency Name:				City of Philadelphia		
Year Ended		Address:				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
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:

Line 61 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.

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

Line 63 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.

Line 64 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

EXHIBIT A (CONT'D)

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.

EXHIBIT A (CONT'D)

- 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 EXPENDITURES 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).

EXHIBIT B (CONT'D)

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.

EXHIBIT B (CONT'D)

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.

EXHIBIT B (CONT'D)

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.

EXHIBIT B (CONT'D)

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.

EXHIBIT B (CONT'D)

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.

EXHIBIT B (CONT'D)

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.

EXHIBIT B (CONT'D)

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.

EXHIBIT B (CONT'D)

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.

CHILDREN'S DIRECT EXPENSE

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.

EXHIBIT B (CONT'D)

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

EXHIBIT B (CONT'D)

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.

EXHIBIT B (CONT'D)

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

SECTION 2210 (CONT.)

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)

SECTION 2220 (CONT.)

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

SECTION 2230 - (CONT.)

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 SERVICES

SECTION 3001 - GENERAL INFORMATION

.01 The Mayor's Office of Community Services (MOCS) is an Agency founded over twenty-seven (27) years ago to fight the "War on Poverty." It does so by providing specialized services to citizens within their respective communities so that they may reach the goal of self-sufficiency and break the cycle of poverty and dependency. To achieve this goal, MOCS has created programs for youth, senior citizens, the homeless and single parents. MOCS has also enacted services that address unemployment, inadequate housing, aids, drug and alcohol abuse, etc. by direct case management as well as through referral services.

SECTION 3100

.01 The Mayor's Office of Community Services administers various programs as detailed in the following section.

SECTION 3110 - PROGRAM DESCRIPTIONS AND OPERATIONS

Foster Grandparents Program

.01 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. There are 20 host institutions located throughout the city where foster grandparents volunteer to serve as a "special friend" and companion to children who are deprived of the benefit of a normal relationship with a mature, caring adult, largely due to a physical or mental handicap. The foster grandparent engages in daily activities which facilitate constructive person to person relationships. They comfort and reassure the children, and they foster self-worth, growth and confidence. A strong advisory board is supportive of the foster grandparents by sponsoring recreational events, fundraising projects and providing technical experience in developing goals. The foster grandparents are paid a small hourly stipend in return for four hours of service five days a week. They also receive a hot meal daily, vacation and sick leave, a free annual physical examination and reimbursement for transportation to and from the institution. The program is open to low-income males and females, age sixty (60) and over, who are in good health, live in Philadelphia and are interested in working with children and adolescents with special needs. Funding for this program is provided by the Mayor's Office of Community Services and ACTION, a Federal Agency.

West Oak Lane Senior Center (WOLSC)

.02 The West Oak Lane Senior Center (WOLSC) provides congregate meals, transportation, social and health services and recreational activities to senior citizens on a daily basis. The Center works closely with other City, State and Federal Agencies to enhance the quality of service delivery for these citizens. This Program is open to adults sixty (60) years and older who reside in the northwestern part of the city and do not require day treatment. The WOLSC Advisory Council is comprised of Center participants whose primary responsibility is to function as an informal

SECTION 3110 (CONT.)

reference base, and provide information which addresses the needs of the seniors who are actively involved at the center. The Advisory Council also manages fundraising projects to provide trips and seasonal entertainment. General funding is provided by the Philadelphia Corporation for Aging and the Mayor's Office of Community Services.

Neighborhood Operations

.03 Neighborhood Operations is the outreach component of the Mayor's Office of Community Services (MOCS) which serves economically disadvantaged residents within the city and county of Philadelphia. The Mayor's Action Centers (MACs) are established in seven community based locations and present community services to residents through eight neighborhood area offices. Each of the MACs host community services satellite sites through their perspective service area boundary zip codes.

Continuously the staff of the MAC's are actively involved in door-to-door canvassing and distributing outreach information, in an ongoing attempt to reach out to Philadelphia's economically disadvantaged residents. The staff also coordinates Informational Forums in an effort to present comprehensive information to residents in need. The range of topics include, but are not limited to:

- Community Voter Education
- Racial Harmony
- Efficiency and energy related Consumer Information
- Community Housing and Health Issues
- Employment Seeking
- Senior Health & Insurance
- Community Town Meeting Issues

The MACs provide emergency food cupboard services to eligible Philadelphia residents at all seven (7) community base locations located in Frankford, North West, North Central, North Philadelphia, east of Broad, South Philadelphia, West and Southwest Philadelphia while also providing USDA Commodity Food distribution through community satellite distribution sites.

Workwise Program

.04 This is a comprehensive program designed to address problems that have prevented Public Assistance recipients from obtaining employment. Workwise is committed to making a positive impact on these individuals so that they are absolutely ready to embrace the workforce. Program activities include Life Skills Training, Job Development and Job Placement. Job Coaches are assigned to participate throughout the employment process to assist in the transition from unemployment to employment. This program is funded through the PA Department of Public Welfare.

SECTION 3110 (CONT.)

Philadelphia Empowerment Zone (EZ)

.05 The Philadelphia Empowerment Zone is a federal initiative spearheaded by the U.S. Department of Housing and Urban Development, and funded with a \$79 million Social Services Block Grant through the U.S. Department of Health and Human Services. Six urban EZs were established nationally in 1994 to foster economic development and to revitalize target communities by attracting business development and investment; creating jobs and training residents to fill them; by involving community residents in creating a vision for their neighborhoods; and by granting residents the power to make decisions related to the allocation of funding for specific programs. The three neighborhoods that make up the Philadelphia EZ have created programs that span from non-profit community lending institutions and housing trust funds to public health outreach and job training programs. As the initiative was intended to have flexibility in the regulatory sense, the primary program monitoring objective is to ensure that all programs meet four broad goals as mandated by HUD, and that all programs demonstrate benefit to Empowerment Zone residents.

SECTION 3120 - FEDERAL CFDA NUMBERS/OTHER REGULATIONS

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

<u>Program</u>	<u>CFDA No.</u>
Foster Grandparents	94.011
Neighborhood Operations	93.569
West Oak Lane Senior Center	93.045
Work Wise	93.561

.02 With the exception of the Empowerment Zone, all Programs listed in paragraph .01 above are subject to the Special Programs for the Aging, Title III, Parts A and B Grants for State and Community Programs on Aging. (Part C applies to nutrition services for the West Oak Lane Senior Center.) The Work Experience Program/Experience Based Education Program is subject to the Commonwealth of Pennsylvania, Department of Labor and Industry JTPA Policies and Procedures Manual.

.03 The Empowerment Zone program is subject to the U.S. Dept. of Housing and Urban Development 24 CFR Part 598; designated sections of the U.S. Dept. of Health and Human Services 45 CFR Part 96 for SSBG regulations, including Social Services in Empowerment Zones and Enterprise Communities Terms and Conditions; and the Pennsylvania Department of Public Welfare Grant between the Commonwealth and the City of Philadelphia, Grant No. 707151470. All documents are on file with the Empowerment Zone Director of Program Administration.

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 With the exception of the Empowerment Zone, the essential features relating to program operations of all other MOCS 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 ninety (90) 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 ninety (90) days times four (4).

Please refer to CSBG Directive for definitions of Family Unit, Income and Income Exclusions.

- Intake Form/Application
 - Every client should have proper documentation contained in his/her file.
- Client lives within City of Philadelphia/County.
- Board/Advisory Committee/Council's Minutes maintained.
- Quarterly Report 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.
- Empowerment Zone: The essential features relating to program operations of the Empowerment Zone are as follows:
 - All projects/programs must be consistent with the four broad program goals as mandated by HUD and with the approved Strategic Plan.

SECTION 3130 - (CONT.)

- All projects/programs must demonstrate benefit to Zone residents, the latter being defined by the local governance structure.
- All projects/programs must be approved by the local governance structure prior to the expenditure of any funds allocated to community-created benchmarks.

.03 The programmatic audit procedures for the Empowerment Zone are documented as “Contract Monitoring Procedures” and are available in the office of the Empowerment Zone Director of Program Administration.

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 MOCS 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.

.04 The financial audit procedures for all Empowerment Zone programs, including specific requirements directed toward revolving loan funds, are consistent with A-133 requirements and are documented as “Fiscal Monitoring Procedures”. This document is available in the office of the Empowerment Zone Director of Program Administration.

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.

<u>Supplemental Financial Schedule</u>	<u>Section Ref. To Sample Format</u>
• 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

SECTION 3150.02

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

	<u>DCED FUNDS</u>	<u>PROGRAM INCOME</u>	<u>LEVERAGED FUNDS</u>	<u>TOTAL</u>
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	<u>XXXX</u>	_____	<u>XXXX</u>	<u>XXXX</u>
Funds Still Available for Draw Down	<u>\$ XXXX</u>	<u>\$</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>
Total Funds Drawn Down	\$ XXXX	\$	\$ XXXX	\$ XXXX
Add:				
Program Income	_____	XXXX	_____	<u>XXXX</u>
Total Funds Received	XXXX	XXXX	XXXX	XXXX
Less:				
Program Income Expended		XXXX		XXXX
Funds Applied - Prior Fiscal Years				
Funds Applied - Current Fiscal Year	<u>XXXX</u>	_____	<u>XXXX</u>	<u>XXXX</u>
Total Funds Applied	XXXX	XXXX	XXXX	XXXX
Total Funds Due From Funding Source	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>
Total Funds Available For Disposition	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>

SECTION 3150.03

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

Contract Categories	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			Questioned Costs	
	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
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	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXX</u>

SECTION 3150.04

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

	<u>SALE PROCEEDS</u>	<u>OTHER (SPECIFY)</u>	<u>TOTAL</u>
Program Income (Cumulative to 6/30/XX)	\$ XXXX	\$ XXXX	\$ XXXX
Less: Program Income Expended in Prior Years	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
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	<u>XXXX</u>	<u>XXXX</u>	<u>XXXX</u>
Ending Balance as of June 30, 20XX	<u>\$ XXXX</u>	<u>\$ XXXX</u>	<u>\$ XXXX</u>

SECTION 3150.05

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

<u>Category</u>	<u>Amount Per Books and Records</u>	<u>Amount Per 6/30/XX Subrecipient Invoices</u>	<u>(*) Differences</u>
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