

City of Philadelphia, Pennsylvania



**Schedule of Financial Assistance
Fiscal Year Ended
June 30, 2019
Office of the Director of Finance**



City of Philadelphia, Pennsylvania

Schedule of Financial Assistance

Fiscal Year Ended June 30, 2019

**CITY OF PHILADELPHIA
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**CITY OF PHILADELPHIA
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION

Letter of Transmittal



CITY OF PHILADELPHIA

OFFICE OF THE DIRECTOR OF FINANCE

Room 1330 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102
(215) 686-6140
FAX (215) 568-1947

ROB DUBOW
Director of Finance

December 23, 2020

Honorable James F. Kenney
Mayor, City of Philadelphia
Room 215 City Hall
Philadelphia, PA 19102

Dear Mayor Kenney:

The Schedule of Financial Assistance (SFA) of the City of Philadelphia (City) for the fiscal year ended June 30, 2019, comprised of the Schedule of Expenditures of Federal Awards (SEFA), the Schedule of Expenditures of Pennsylvania Department of Human Services (PaDHS) Awards and associated Supplemental Financial Schedules, and the Schedule of Federal Cash Receipts passed through the Pennsylvania Department of Community and Economic Development (PaDCED), is submitted herewith. I believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the Federal, PaDHS and PaDCED financial activity of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial assistance have been included.

THE FEDERAL SINGLE AUDIT REQUIREMENT

The United States Congress enacted the Single Audit Act Amendments of 1996 (the Act), which the President signed into law on July 5, 1996. The Office of Management and Budget (OMB) issued Circular A-133, in accordance with the Act, to clarify and establish audit requirements for States, Local Governments, and Non-Profit Organizations. On December 26, 2013, OMB Circular A-133 was superseded by the issuance of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). In fiscal year 2016, OMB's new Uniform Guidance became effective for the City. The City is required by the Act to have an annual audit performed on its entire operations, including a separate reporting on its Federal financial activity, the SEFA. The SEFA is presented in accordance with the requirements contained in the Uniform Guidance.

The City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019, presents the entire operations of the City. The CAFR was issued under separate cover on February 25, 2020. The SFA is issued in conjunction with the CAFR in order to comply

with the reporting provisions of the Act. The report of the independent auditor on the SEFA, dated December 23, 2020 is reported in conjunction with the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance, and the PaDHS Single Audit Supplement. The financial presentations in each report are derived from the same financial activity in the City's various funds. Copies of the reporting package (CAFR and SFA) and Data Collection Form must be forwarded to the Federal Audit Clearinghouse (The U.S. Bureau of the Census). In addition, a reporting package must be issued to each grantor agency (federal, state or other government) affected by an audit finding on the Schedule of Findings and Questioned Costs or the Summary Schedule of Prior Year Findings. The report must be forwarded within 30 days of our receipt, but no later than nine months after our fiscal year end of June 30, 2019. In accordance with the Act, the SEFA will be made available for public inspection. The Federal financial activity of the City of Philadelphia is presented in the Financial Section of the SFA.

AGREED-UPON PROCEDURES REPORTS

In July 2019, the PaDHS reissued the Single Audit Supplement as an aid to local government entities and their independent auditors in the specific auditing and performance of the Single Audit. This supplement provides program specific auditing and reporting requirements which are applied in conjunction with the Single Audit Act's required standards and guidelines for programs funded through the PaDHS.

The Schedule of Expenditures of Pennsylvania Department of Human Services Awards, and associated Supplemental Financial Schedules, are presented in the Supplementary Financial Information Section.

On January 3, 2003, the PaDCED requested specific auditing and reporting requirements for all federal cash receipts passing through the department. The Schedule of Federal Cash Receipts Passed through PaDCED is presented in the Supplementary Financial Information Section.

OTHER REPORTING ENTITIES

For Single Audit purposes, other quasi-governmental organizations included in the CAFR, as required by the Governmental Accounting Standards Board, are treated as subrecipients of the City. Only those Federal funds passed on to these agencies by the City are included in the SEFA. Each quasi-governmental agency is required to perform its own Single Audit, which would include Federal financial assistance received directly by the agency from all sources.

COGNIZANT AGENCY

The OMB, in accordance with the Act, assigned the U.S. Department of Housing and Urban Development as the City's Cognizant Agency.

INDEPENDENT AUDITOR

The Philadelphia Home Rule Charter establishes the City Controller, a separately elected official, as the independent auditor of the City of Philadelphia. Our Cognizant Agency has recognized the independence of the City Controller, and the Single Audit was conducted through her appointed Certified Public Accountant in charge of auditing, in accordance with the Home Rule Charter.

AUDITOR REPORTS

The Single Audit Act Amendments of 1996, in conjunction with the American Institute of Certified Public Accountants, requires that the auditor issue four reports in connection with the examination of the SEFA: The Independent Auditor's Report on (1) the Schedule of Expenditures of Federal Awards; (2) Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; (3) Compliance with Requirements Applicable to Each Major Program; and (4) Internal Control Over Compliance. Additionally, the Pennsylvania state departments of Human Services and Community and Economic Development require that the Auditor issue a report on the application of certain agreed-upon procedures. These Federal and State requirements have been met and the reports are included herein.

PLAN FOR CORRECTIVE ACTION

The Act requires that the City submit its Plan for Corrective Action to eliminate such cases of material non-compliance cited in the Independent Auditor's Report on Compliance and Internal Controls. The City's Plan for Corrective Action to eliminate those cases of non-compliances and material weaknesses and or significant deficiencies in the systems of internal control, is presented in the Corrective Action Plan.

ACKNOWLEDGMENTS

The preparation of this report has been accomplished with the efficient and dedicated service of the Office of the Director of Finance. I would like to express my appreciation to all the members of the Grants Accounting and Administration Unit, and to the City Agencies involved in the management of Federal assistance funds, who assisted and contributed to the report's preparation, and enabled the City to successfully complete this Single Audit. I would also like to thank the Mayor, who continues to support our efforts to establish strong, centralized accounting and administrative internal control systems for the effective and efficient management of grant-funded programs City-wide.

Respectfully submitted,



Rob Dubow,
Director of Finance

FINANCIAL SECTION

Schedule of Expenditures of Federal Awards

City of Philadelphia
Schedule of Expenditures of Federal Awards
July 1, 2018 to June 30, 2019

Grantor Agency Project Title	City ID Number	CFDA	Contract Number	Federal Award	Federal Expenditure	Subrecipient Expenditures
<u>U.S. Department of Agriculture</u>						
Child Nutrition Cluster- PA Department of Education:						
School Lunch Breakfast and Milk FY19	221934	10.555	Receipts	210,210	148,105	0
Subtotal CFDA # 10.555 National School Lunch Program				210,210	148,105	0
Summer Food Program - Gen FY19	143978	10.559	Receipts	52,038	52,038	0
Summer Food Program FY18	160658	10.559	300-51-726-0	5,306,459	3,708,522	0
Summer Food Program FY19	160659	10.559	300-51-726-0	5,037,751	1,509,293	0
Subtotal CFDA # 10.559 Summer Food Service Program for Children				10,396,248	5,269,853	0
Subtotal: Child Nutrition Cluster PA Department of Education				10,606,458	5,417,958	0
Pass- Through- PA Department of Education:						
After School Snack Program FY18	160693	10.558	300-51-726-0	1,957,744	86,407	0
After School Snack Program FY19	160694	10.558	300-51-726-0	2,279,343	1,172,228	0
Child & Adult Care Food Program	240900	10.558	Agreement #300-51-6	1,085,652	261,426	239,708
Subtotal CFDA # 10.558 Child and Adult Care Food Program				5,322,739	1,520,061	239,708
Subtotal: Pass-Through PA Department of Education				5,322,739	1,520,061	239,708
Pass- Through- PA Department of Human Services:						
Supported Work Prog (Workwise) SNAP 9 months	80325	10.561	4100065378	281,250	60,991	60,890
Supported Work Program (Workwise) - SNAP FY18	80321	10.561	4100065378	375,000	123,779	87,447
Supported Work Program (Workwise) - SNAP FY19	80323	10.561	4100065378	93,750	61,854	57,877
Subtotal: Pass-Through PA Department of Human Services				750,000	246,624	206,214
Total U.S. Department of Agriculture				16,679,197	7,184,643	445,922
<u>U.S. Department of Housing & Urban Development</u>						
Direct- U.S. Department of Housing & Urban Development:						
HUD Homes Inspection Services FY17	143483	14.000	Receipts	136,952	195	0
HUD Homes Inspection Services FY18	143484	14.000	Receipts	92,554	91,015	0
HUD Homes Inspection Services FY19	143530	14.000	Receipts	2,452	2,452	0
Subtotal CFDA # 14.000 HUD Home Inspection Services				231,958	93,662	0
CDBG Prior Year	H720PY	14.218	B-18-MC-42-0012	5,772,183	5,772,183	5,772,183
CDBG Year 36	H72036	14.218	B-10-MC-42-0012	55,325,903	593,258	593,258
CDBG Year 37	H72037	14.218	B-11-MC-42-0012	46,186,638	202,338	202,338
CDBG Year 38	H72038	14.218	B-12-MC-42-0012	38,344,629	341,885	341,885
CDBG Year 39	H72039	14.218	B-13-MC-42-0012	40,049,151	844,196	445,565
CDBG Year 40	H72040	14.218	B-14-MC-42-0012	39,308,769	202,047	202,047
CDBG Year 41	H72041	14.218	B-15-MC-42-0012	39,046,238	1,559,194	1,559,194
CDBG Year 42	H72042	14.218	B-16-MC-42-0012	38,807,206	1,168,810	1,168,810
CDBG Year 43	H72043	14.218	B-17-MC-42-0012	38,700,839	3,493,240	3,486,082
CDBG Year 44	H72044	14.218	B-18-MC-42-0012	42,828,109	27,624,087	19,734,863
CDBG Year 44 Program Income	H72044	14.218	B-18-MC-42-0012	7,262,774	7,262,774	7,262,774
NSP 2 Program Income	729988	14.218	Program Income	880,088	880,088	880,088
Subtotal CFDA # 14.218 Community Development Block Grant Program				392,512,527	49,944,100	41,649,087
McKinney Shelter Program (S-11) FY18	241420	14.231	E-17-MC-42-0012	2,767,109	673,968	536,334
McKinney Shelter Program (S-11) FY19	241422	14.231	E-18-MC-42-0012	913,691	1,139,754	1,139,754
McKinney Shelter Program (S-11) FY19	241423	14.231	E-18-MC-42-0012	934,259	986,612	886,612
McKinney Shelter Program (S-11) FY19	241421	14.231	E-18-MC-42-0012	179,723	182,230	179,651
Subtotal CFDA # 14.231 Emergency Solutions Grant Program				4,794,782	2,982,564	2,742,351
Home Investment Partnership	72HM11	14.239	M-17MC-42-0203	21,541	21,541	21,541
Home Investment Partnership	72HM13	14.239	M-17MC-42-0203	49,425	49,425	49,425
Home Investment Partnership	72HM18	14.239	M-17MC-42-0203	7,896,797	259,001	259,001
Home Investment Partnership	72HM14	14.239	M-17MC-42-0203	1,187,235	1,187,235	1,187,235
Home Investment Partnership	72HM12	14.239	M-17MC-42-0203	748,715	748,715	748,715
Home Investment Partnership	72HM15	14.239	M-14MC-42-0203	693,152	693,152	693,152
Home Investment Partnership	72HM16	14.239	M-15MC-42-0203	1,155,772	1,555,772	1,555,772
Home Investment Partnership	72HM17	14.239	M-16MC-42-0203	431,595	431,595	381,009
Home Investment Partnerships	06HM16	14.239	M-15-MC-42-0203	7,800,365	248,982	248,982
Home Investment Partnerships	72HM19	14.239	M-15-MC-42-0203	545,428	545,428	545,428
Home-Payroll-FY19	723113	14.239	PA H 10-F-001	244,000	244,000	0
Subtotal CFDA # 14.239 Home Investment Partnerships Program				20,774,025	5,984,846	5,690,260
HOPWA - Payroll FY19	723114	14.241	PA H 18 F001	213,000	213,000	0
HOPWA- Housing for Persons with AIDS	72HW15	14.241	PA-H15-F-001	9,256,519	13,719	13,719
HOPWA- Housing for Persons with AIDS	72HW17	14.241	PA-H16-F-001	7,157,610	160,077	160,077

City of Philadelphia
Schedule of Expenditures of Federal Awards
July 1, 2018 to June 30, 2019

HOPWA- Housing for Persons with AIDS	72HW16	14.241	PA-H16-F-001	7,223,295	44,640	44,640
HOPWA- Housing for Persons with AIDS	72HW18	14.241	PA-H17-F-001	7,157,610	483,748	483,748
HOPWA- Housing for Persons with AIDS	2HW172	14.241	PA-H17-F-001	1,345,600	343	343
HOPWA- Housing for Persons with AIDS	2HW192	14.241	PA-H18-F-001	613,129	613,129	613,129
HOPWA- Housing for Persons with AIDS	72HW19	14.241	PA-H18-F-001	7,343,330	6,320,644	6,320,644
Subtotal CFDA # 14.241 Housing Opportunities for Persons with AIDS				40,310,093	7,849,300	7,636,300
CoC- 1260 Housing Develop Corp Hopin I	242363	14.267	PA0040L3T001710	817,728	419,806	419,806
CoC- 1260 Housing Development Corp - CTT	242341	14.267	PA0468L3T001708	193,920	193,565	193,565
CoC- 1260 Housing Development Corp - Hopkin IV	242337	14.267	PA0336L3T001709	421,008	349,717	349,717
CoC- 1260 Housing Development Corp Hopin	242316	14.267	PA 0040 L3 T00 1609	817,728	315,033	315,033
CoC- 1260 Housing Development Corp -Hopin II	242329	14.267	PA0041L3T001710	733,872	582,678	582,678
CoC- Action AIDS Back on Track	242369	14.267	PA0868L3T001700	193,488	78,927	72,361
CoC- APM - Escalera	242357	14.267	PA0023L3T001710	72,720	51,471	51,471
CoC- APM Escalera	242311	14.267	PA-0023 L3 T00 1609	72,720	18,180	18,180
CoC- APM-Esperanza	242332	14.267	PA0466L3T001708	104,280	104,280	104,280
CoC- Bethesda - Bainbridge	242333	14.267	PA0013L3T001710	144,816	144,816	144,816
CoC- Bethesda - Bainbridge Consolidated	242377	14.267	PA0013L3T001811	151,344	37,626	37,626
CoC- Calcutta House - Independence Place	242331	14.267	PA0050L3T001710	118,919	112,073	112,073
CoC- Calcutta House Apartments	242325	14.267	PA0002L3T001704	42,296	25,248	25,248
CoC- Calcutta House Apartments	242373	14.267	PA0002L3T001805	45,312	13,476	13,476
CoC- Calcutta House Independence Place FY18	242320	14.267	PA0786L3T001600	156,422	33,253	33,253
CoC- Calcutta House Independence Place FY19	242359	14.267	PA0786L3T001701	158,006	50,820	46,080
CoC- Catch Patriot House	242336	14.267	PA0434L3T001705	62,393	62,392	62,392
CoC- CEA BHRS	242371	14.267	PA0863L3T001700	184,800	28,970	28,970
CoC- CES HMIS	242350	14.267	PA0789L3T001701	214,200	125,250	0
CoC- DePaul ST Raymond's House	242352	14.267	PA0569L3T001703	328,179	246,504	246,504
CoC- DePaul St. Raymonds House	242308	14.267	PA-0569L3T001602	328,179	54,687	54,687
CoC- DOEH Housing First Project	242315	14.267	PA 0681 L3 T00 1603	361,080	89,966	89,966
CoC- DOEH Housing First Project	242361	14.267	PA0619L3T001704	310,529	178,776	178,776
CoC- Edison 64	242388	14.267	PA0865L3T001700	360,100	2,728	0
CoC- Family Rapid Re Housing	241310	14.267	PA0757L3T001500	2,552,751	376,532	376,532
CoC- First Foundation	242368	14.267	PA0866L3T001700	508,825	45,826	28,572
CoC- FIT Rapid ReHousing	242370	14.267	PA0869L3T001700	364,270	141,541	128,187
CoC- Friends Rehabilitation Program - Assisted Living	242306	14.267	PA-0012-L3T001609	323,748	25,738	25,738
CoC- Gaudenzia Shelton Court	242318	14.267	PA-0568L3T001601	108,755	26,302	26,302
CoC- Gaudenzia Shelton Court	242353	14.267	PA0568L3T001702	102,230	56,043	56,043
CoC- Gaudenzia Tioga Arms	242349	14.267	PA0690L3T001704	310,243	261,838	261,838
CoC- Help Help RRH	242365	14.267	PA0788L3T001701	511,600	161,651	150,136
CoC- Help-Help RRH	242322	14.267	PA0788L3T001600	510,580	203,468	180,439
CoC- HMIS	242327	14.267	PA0036L3T001710	247,196	56,158	0
CoC- HMIS	242372	14.267	PA0036L3T001811	461,396	11,539	0
CoC- Housing First & Community Integration	241323	14.267	PA 0758L3T001601	975,269	117,662	117,662
CoC- Housing First & Community Intergration	242351	14.267	PA0758L3T001702	975,269	600,000	600,000
CoC- Methodist (Bridge Hope)	242338	14.267	PA0672L3T001702	218,950	214,398	214,398
CoC- Northern Home for Children - Generations	242307	14.267	PA0566L3T001603	80,943	44,677	44,677
CoC- Northern Home for Children Generation	242354	14.267	PA0566L3T001704	80,943	46,711	46,711
CoC- Pathways Bonus Project	242326	14.267	PA0004L3T001704	528,260	467,225	467,225
CoC- Philadelphia Rapid Re-Housing	242345	14.267	PA0619L3T001704	192,335	158,610	158,610
CoC- Planning Grant	242319	14.267	PA0784L3T001600	978,951	140,675	23,046
CoC- Planning Grant	242366	14.267	PA0864L3T001700	979,975	749,000	91,928
CoC- Project Home - Fairmount	242364	14.267	PA0007L3T001710	42,387	16,686	16,686
CoC- Project Home - Hope Haven I	242356	14.267	PA0038L3T001710	149,520	93,279	93,279
CoC- Project Home - Integrated Supportive	242358	14.267	PA0501L3T001702	266,430	170,263	170,263
CoC- Project Home - Kate's Place	242334	14.267	PA0469L3T001708	268,920	268,920	268,920
CoC- Project Home - Rowan Diamond	242362	14.267	PA0470L3T001708	139,356	74,947	74,947
CoC- Project Home Fairmount (1523)	242317	14.267	PA-0007 L3 T001609	44,856	17,990	17,990
CoC- Project Home Hope Haven I	242309	14.267	PA-0038 L3 T001609	149,520	27,069	27,069
CoC- Project Home in Community/The Cross	242346	14.267	PA0049L3T001710	393,588	300,000	300,000
CoC- Project Home Integrated Supportive Housing	242310	14.267	PA-0501L3T001601	266,430	51,081	51,081
CoC- Project Home Kairos House	242304	14.267	PA-0055 L3 T00 1608	248,400	15,025	15,025
CoC- Project Home Kairos House	242347	14.267	PA0055L3T001709	234,576	188,235	188,235
CoC- Project Home Rowan Diamond	242314	14.267	PA-0470 L3 T00 1607	139,356	62,085	62,085
CoC- Project Home Rowan Judson	242303	14.267	PA-0338 L3-T00 1608	488,160	39,861	39,681
CoC- Project Home Rowan Judson	242348	14.267	PA0338L3T001709	488,160	441,171	441,171

The accompanying notes are an integral part of this schedules

City of Philadelphia
Schedule of Expenditures of Federal Awards
July 1, 2018 to June 30, 2019

CoC- Project Home ST. John the Evangelist	242340	14.267	PA0607L3T001706	606,256	558,482	558,482
CoC- Raise of Hope Belfield Ave Townhouse	242312	14.267	PA-0546 L3 T00 1606	84,048	29,045	29,045
CoC- Rapid Re-housing	242313	14.267	PA0759L3T001601	629,026	227,188	207,298
CoC- Rapid Re-Housing FY18	242328	14.267	PA0691L3T001400	101,800	79,762	79,762
CoC- Rapid Re-housing FY19	242355	14.267	PA0759L3T001702	631,390	342,090	327,172
CoC- Rapid Re-Housing FY19	242375	14.267	PA0691L3T001802	106,720	32,952	32,952
CoC- Reunification	242330	14.267	PA0072L3T001710	3,011,904	2,611,623	2,611,623
CoC- Reunification	242379	14.267	PA0072L3T001811	3,086,332	210,627	210,627
CoC- Salvation Army Apartments	242339	14.267	PA0059L3T001710	351,216	321,215	321,215
CoC- Valley Youth - RAP 4 Youth	242360	14.267	PA0787L3T001701	728,915	346,791	324,709
CoC- Valley Youth Rap 4 Youth	242323	14.267	PA0787L3T001600	728,711	136,878	125,835
CoC- Volunteers of America(VOA)	241208	14.267	PA0673L3T001300	352,323	71,229	71,229
CoC- WAA-Safe at Home	242367	14.267	PA0867L3T001700	244,490	21,404	13,997
CoC-Gaudenzia-Tioga Arms	242305	14.267	PA 0690 L3 T00 1603	364,992	75,536	75,536
SPC - Project Home - St. John II (06C3T000800)	240953	14.267	PA0006C3T000800	441,600	35,549	35,549
Subtotal CFDA # 14.267 Continuum of Care Program				<u>32,195,910</u>	<u>14,092,819</u>	<u>12,970,465</u>
Choice Neighborhoods	722250	14.889	PA3A518CNG113	30,000,000	6,400,363	6,082,683
Choice Neighborhoods Grant	622250	14.889	PA3A518CNG113	30,000,000	51,170	0
Subtotal CFDA # 14.889 Choice Neighborhoods Implementation Grants				<u>60,000,000</u>	<u>6,451,533</u>	<u>6,082,683</u>
HUD Healthy Homes Supplement	143562	14.905	PALHD0284-15	325,000	151,172	151,172
HUD Lead Hazard Demo	143561	14.905	PALHD0284-15	3,389,272	1,114,475	787,511
HUD Lead Hazard Demo - Part 7	147151	14.905	PALHB0702-18	3,500,000	17,268	0
Subtotal CFDA # 14.905 Lead Hazard Reduction Demonstration				<u>7,214,272</u>	<u>1,282,915</u>	<u>938,683</u>
Subtotal: Direct U.S. Department of Housing & Urban Development				<u>558,033,567</u>	<u>88,681,739</u>	<u>77,709,829</u>
Pass- Through- PA Department of Community and Economic Development:						
Emergency Solutions Grant Program	241424	14.231	C000070339	200,000	50,581	50,581
Subtotal CFDA # 14.231 Emergency Solutions Grant Program				<u>200,000</u>	<u>50,581</u>	<u>50,581</u>
Subtotal: Pass- Through- PA Department of Community and Economic Development:				<u>200,000</u>	<u>50,581</u>	<u>50,581</u>
Pass- Through- Delaware Valley Regional Planning Commission:						
Short Range Planning	724102	14.218	#19-63-006	119,758	10,000	10,000
Short Range Planning	724103	14.218	#19-63-006	119,758	118,366	0
Subtotal CFDA # 14.218 Community Development Block Grant Program				<u>239,516</u>	<u>128,366</u>	<u>10,000</u>
Subtotal: Pass- Through- Delaware Valley Regional Planning Commission:				<u>239,516</u>	<u>128,366</u>	<u>10,000</u>
Pass- Through- PA Department of Health:						
HUD Lead Based Paint Hazard Control FY 18	144601	14.900	4100077833	873,112	251,039	0
Subtotal CFDA # 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing				<u>873,112</u>	<u>251,039</u>	<u>0</u>
Subtotal: Pass-Thorough PA Department of Health				<u>873,112</u>	<u>251,039</u>	<u>0</u>
Total U.S. Department of Housing & Urban Development				<u>559,346,195</u>	<u>89,111,725</u>	<u>77,770,410</u>
<u>U.S. Department of the Interior</u>						
Direct- U.S. Department of the Interior:						
Tinicum Wildlife Preserve	360143	15.608	Receipts	5,138	5,138	0
Subtotal CFDA # 15.608 Fish and Wildlife Management Assistance				<u>5,138</u>	<u>5,138</u>	<u>0</u>
Subtotal: Direct U.S. Department of the Interior				<u>5,138</u>	<u>5,138</u>	<u>0</u>
Total U.S. Department of the Interior				<u>5,138</u>	<u>5,138</u>	<u>0</u>
<u>U.S. Department of Justice</u>						
Direct- U.S. Department of Justice:						
2015 Human Trafficking Grant	111095	16.320	2015-VT-BX-K044	730,691	340,675	0
Subtotal CFDA # 16.320 Services for Trafficking Victims				<u>730,691</u>	<u>340,675</u>	<u>0</u>
Improv Criminal Justice Resp - Arrest Program	100684	16.590	2017-WE-AX-0015	899,666	294,953	294,953
Subtotal CFDA # 16.590 Grants to Encourage Arrest Policies and Enf. Of Protection Orders				<u>899,666</u>	<u>294,953</u>	<u>294,953</u>
Implementation of the IBR/NIBRS	110980	16.734	2016-FU-CX-K056	3,872,621	1,068,554	0
Subtotal CFDA # 16.734 Special Data Collections and Statistical Studies				<u>3,872,621</u>	<u>1,068,554</u>	<u>0</u>
Edward Byrne Justice Assistance Grant (JAG) - Phase IX	111054	16.738	2013-DJ-BX-1040	1,522,507	270,719	0
Edward Byrne Justice Assistance Grant (JAG) - Phase X	111071	16.738	2014-DJ-BX-1025	1,099,995	6,258	0
JAG - XI	111073	16.738	2015-DJ-BX-0752	1,140,839	243,297	0
JAG - XII	111077	16.738	2016-DJ-BX-0949	1,226,155	232,043	0
JAG - XIII	111083	16.738	2017-DJ-BX-0727	1,598,674	418	0
JAG VIII - Interest	111042	16.738	2012-DJ-BX-0175	2,014	3,655	0
JAG XI Mentor Program	840747	16.738	2015-DJ-BX-0752	349,507	82,356	44,269
Subtotal CFDA # 16.738 Edward Byrne Memorial Justice Assistance Grant Program				<u>6,939,691</u>	<u>838,746</u>	<u>44,269</u>
Forensic Casework Backlog Reduction	111191	16.741	2017-DN-BX-0074	823,553	300,291	211,639
Forensic casework DNA Backlog Reduction Program 2016	111190	16.741	2016-DN-BX-0098	824,458	539,940	341,964

The accompanying notes are an integral part of this schedules

City of Philadelphia
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Subtotal CFDA # 16.741 DNA Backlog Reduction Program				1,648,011	840,231	553,603
SMART Probation	840716	16.745	2013-SM-BX-0004	749,972	50,068	44,441
Subtotal CFDA # 16.745 Criminal and Juvenile Justice and Mental Health Coll.				749,972	50,068	44,441
Philadelphia School Diversion Program	841050	16.829	2014-JZ-FX-K003	600,000	218,100	218,100
Subtotal CFDA # 16.829 Juvenile Justice Education Collaboration Assistance				600,000	218,100	218,100
2017 SAKI Backlog Elimination Program	111192	16.833	2017-AK-BX-0026	910,945	208,693	205,199
Subtotal CFDA # 16.833 National Sexual Assault Kit Initiative				910,945	208,693	205,199
2018 JLEO FBI Program	111193	16.922	MOU	450,085	9,085	0
Federal Forfeiture Funds - DOJ	690310	16.922	Receipts	712,523	79,891	0
Subtotal CFDA # 16.922 Equitable Sharing Program				1,162,608	88,976	0
Subtotal: Direct U.S. Department of Justice				17,514,205	3,948,996	1,360,565
Pass-Through- PA Commission on Crime and Delinquency						
Addressing Root Causes (ARC)	100726	16.738	2015/2016-JG-LS-287	149,985	25,084	0
Subtotal CFDA # 16.738 Edward Byrne Memorial Justice Assistance Grant Program				149,985	25,084	0
Victim Witness (RASA) FY19	840794	16.523	2018-VS-ST-29242	6,558	6,558	0
Victim Witness (RASA) FY19	840806	16.523	2018-VS-ST-29242	184,674	104,017	0
Subtotal CFDA # 16.523 Juvenile Accountability Block Grants				191,232	110,575	0
Basic Service-Victim of Juvenile Offenders FY19	690519	16.575	2016/2017/2018-VF-0	439,125	144,308	0
Basic Service-Victim of Juvenile Offenders FY17	690517	16.575	2016-VF 06/07 27275	877,472	400,692	0
Philadelphia Cares	690801	16.575	2016-VF-05-28259	1,009,178	197,269	61,240
RASA Victim Witness FY17	690447	16.575	2016-VF-06/07-27275	2,166,262	877,593	0
Victim Witness (RASA) FY15	840790	16.575	2015-VS-ST-25664	0	0	0
Victim Witness FY19	690463	16.575	2016/2017/2018-VF-0	2,258,835	400,783	0
Victims of Juvenile Offenders (VOJO)	840523	16.575	2015-VF-05-26067	256,052	87,614	0
Victims of Juvenile Offenders (VOJO)	690511	16.575	2014-VA-GX-0061; st	274,550	70,767	0
VOJO - Victims of Juvenile Offenders FY19	840527	16.575	2018-VF-05-29244	432,155	99,704	0
RASA Victim Witness FY14	690431	16.575	25535	1,368,746	1,368,746	0
Subtotal CFDA # 16.575 Crime Victim Assistance				9,082,375	3,647,476	61,240
PCCD Stop FY18	690146	16.588	2016/2017-VA-03/01/1	40,000	40,000	0
Subtotal CFDA # 16.588 Violence Against Women Formula Grant				40,000	40,000	0
Cross System Data & Information Sharing	150725	16.738	2016-JG-LS-28576	149,932	60,961	60,961
JAG XI Interest	111074	16.738	Interest	9,202	6,658	0
Subtotal CFDA # 16.738 Edward Byrne Memorial Justice Assistance Grant Program				159,134	67,619	60,961
Phila County Vocational Coordinators	841101	16.812	2016-SR-04 / ST-2752	333,169	28,360	28,360
Subtotal CFDA # 16.812 Second Chance Act Reentry Initiative				333,169	28,360	28,360
Subtotal: Pass-Through- PA Commission on Crime and Delinquency				9,955,895	3,919,114	150,561
Total U.S. Department of Justice				27,470,100	7,868,110	1,511,126
U.S. Department of Labor						
Pass- Through- PA Department of Labor and Industry:						
Program Partnerships Project	100727	17.258	090-18-301-1	191,200	7,673	0
Subtotal CFDA # 17.258 WIA Adult Program				191,200	7,673	0
Subtotal: Pass-Through- PA Department of Labor and Industry				191,200	7,673	0
Pass- Through- Private Industry Council (PIC):						
Phil-A-Job II - Work Experience Additional	160654	17.225	18129/S126	15,555	9,749	0
Phil-A-Job II - Work Experience Additional	160653	17.225	18129/S126	20,570	19,473	0
Phil-A-Job II - Work Experience FY18	160651	17.225	18145/S124	164,700	0	0
Phil-A-Job II - Work Experience FY19	160652	17.225	18145/S124	217,800	221,366	0
Phil-A-Job II - Work Experience FY19	160665	17.225	19145/S124	284,700	188,909	0
Subtotal CFDA # 17.225 Unemployment Insurance				703,325	439,497	0
PYN - Slip Summer Program 2019	160701	17.278		11,571	5,719	0
Subtotal CFDA # 17.278 WIA Dislocated Worker Formula Grants				11,571	5,719	0
Subtotal: Pass-Through- Private Industry Council (PIC)				714,896	445,216	0
Pass- Through- Philadelphia Corporation for the Aging (PCA) :						
Comm on Aging - PCA FY18	50312	17.235	1-0301-00	820,161	880	0
Comm on Aging - PCA FY19	50314	17.235	1030100	832,108	832,108	0
Subtotal CFDA # 17.235 Senior Community Service Employment Program				1,652,269	832,988	0
Subtotal: Pass-Through- Philadelphia Corporation for the Aging (PCA)				1,652,269	832,988	0
Pass- Through- Free Library of Philadelphia Foundation:						
Finanta Year 3	80441	17.235	LG-80-16-0061-16	25,000	11,048	0
Subtotal CFDA # 17.235 Senior Community Service Employment Program				25,000	11,048	0
Subtotal: Pass-Through- Free Library of Philadelphia Foundation:				25,000	11,048	0
Total U.S. Department of Labor				2,583,365	1,296,925	0

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U.S. Department of Transportation

Direct- U.S. Department of Transportation:

Extend RW 9L/27R-Design Phase	C42605	20.106	3-42-0076-111-2017	16,686,735	7,302,196	0
Reconstruct Runway	C42611	20.106	3-42-0074-021-2018	1,684,631	208,672	0
Reconstruction of N&S Aprons & Taxiways	C42612	20.106	3-42-0076-113-2018	18,182,302	6,998,879	0
Rehabilitate Airfield Signs/Approach Aid	C42610	20.106	3-42-0074-020-2017	930,980	573,228	0
Subtotal CFDA # 20.106 Airport Improvement Program				37,484,648	15,082,975	0
Subtotal: Direct U.S. Department of Transportation				37,484,648	15,082,975	0

Pass- Through- Delaware Valley Regional Planning Commission:

Regional GIS Implement & Coordination	120467	20.205	18-53-305	25,000	5,234	0
Regional GIS Implement & Coordination FY19	120471	20.205		25,000	17,273	0
SHRPP-DVRPC - PY	120233	20.205	Receipts	53,092	53,092	0
Supportive Regional Highway Planning Program DVRPC	120472	20.205	#19-60-050	163,649	149,901	0
Wissahickon Gateway - Study	720219	20.205	Contract No. 17-67-17	100,000	41,203	0
Subtotal CFDA # 20.205 Highway Planning and Construction				366,741	266,703	0
Measures on Connectivity	100721	20.505	17-67-190	80,000	77,368	0
Sidewalk Repair Prioritization	100722	20.505	17-67-180	100,000	98,621	0
Transit Planning and Programming FY19	104624	20.505	19-63-005	98,535	98,535	0
Vision Zero & Traffic Safety	100720	20.505	17-67-200	30,000	29,535	0
Subtotal CFDA # 20.505 Metropolitan Transportation Planning and State and Non-Metr. Pl.				308,535	304,059	0
Subtotal: Pass-Through- Delaware Valley Regional Planning Commission				675,276	570,762	0

Pass- Through- PA Department of Transportation:

ADA Ramp Reserve List	C12267	20.205	068593A	467,200	9,611	0
American Street	C12209	20.205	066526C; 0651145A	22,109,097	5,554,214	0
Bridge Design/Inspection - PY	120253	20.205	Receipts	205,143	205,143	0
Cherokee Street Bridge over Valley Green	C12309	20.205	R18060032	100,000	82,514	0
City ADA Ramps	C12304	20.205	R17060012	6,951,670	2,126,270	0
City ADA Ramps 2	C12305	20.205	R17060010	503,200	269,937	0
Citywide Resurfacing 104	C12282	20.205	0651059A; R1706000	12,210,134	5,117,186	0
Citywide Resurfacing 105	C12283	20.205	0651062A	1,159,200	92,655	0
Delaware Ave (Lewis-Orthodox)	C12169	20.205	065697B	5,141,600	30,234	0
Delaware Ave (Lewis-Orthodox)	C12169	20.205	068581A	9,579,037	56,044	0
FEDERAL HIGHWAYS - CY	120241	20.205	Receipts	458	458	0
Federal Highways - PY	120243	20.205	Receipts	113,218	103,333	0
Frankford Creek Greenway	C16066	20.205	BRC-PRD-20-84	1,283,023	44,626	0
Island Avenue Signals/Transit 1st II	C12140	20.205	065699C	1,460,400	81,096	0
Lincoln Drive	C12194	20.205	065695C	348,880	5,155,280	0
Montgomery Avenue/Amtrak	C12182	20.205	065595D	2,275,200	126,220	0
Schuylkill River Swing Bridge	C12298	20.205	0651147	4,900,000	160,149	0
South Philadelphia Neighborhood Bikeway	C12288	20.205	651030	147,500	35,000	0
Swanson Street	C12281	20.205	0651048	600,000	93,010	0
Traffic Operations Center	C12249	20.205	68553	280,000	45,813	0
Traffic Operations Center - ITS	C12268	20.205	069541A	2,002,636	20,345	0
Subtotal CFDA # 20.205 Highway Planning and Construction				71,837,596	19,409,138	0
Comprehensive Highway Safety Program FY18	150514	20.600	CTSP-G-2018	296,565	114,563	114,563
Subtotal CFDA # 20.600 State and Community Highway Safety				296,565	114,563	114,563
Schuylkill River Swing Bridge (TIGER)	C12298	20.933	0651147	3,265,000	2,552,657	0
Westmoreland Street over Conrail	C12297	20.933	0651146	890,999	10,123	0
Subtotal CFDA # 20.933 National Infrastructure Investments				4,155,999	2,562,780	0
Subtotal: Pass-Through- PA Department of Transportation				76,290,160	22,086,481	114,563
Total U.S. Department of Transportation				114,450,084	37,740,218	114,563

U.S. Department of Treasury

Direct- U.S. Department of Treasury:

Federal Forfeiture Funds - DOT	690311	21.016	Receipts	554,090	107,282	0
Federal Forfeiture - DOT - All Years	110994	21.016	Receipts	2,474,065	761,259	0
Subtotal CFDA # 21.016 Equitable Sharing				3,028,155	868,541	0
Subtotal: Direct U.S. Department of Treasury				3,028,155	868,541	0
Total U.S. Department of Treasury				3,028,155	868,541	0

U.S. Equal Employment Opportunity Commission

Direct- U.S. Equal Employment Opportunity Commission:

Deferred Cases - EEOC	540034	30.002	Receipts	65,600	65,600	0
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Subtotal CFDA # 30.002 Equal Employment Opportunity Commission				65,600	65,600	0
Subtotal: Direct U.S. Equal Employment Opportunity Commission				65,600	65,600	0
Total U.S. Equal Employment Opportunity Commission				65,600	65,600	0

U.S. Library of Congress

Direct- U.S. Library of Congress:						
National Library Service Material	520998	42.001	Donated Books	104,631	104,631	0
Subtotal CFDA # 42.001 Books for the Blind and Physically Handicapped				104,631	104,631	0
Subtotal: Direct U.S. Library of Congress				104,631	104,631	0
Total U.S. Library of Congress				104,631	104,631	0

U.S. Environmental Protection Agency

Direct- U.S. Environmental Protection Agency:						
Air Pollution Control Program (F) FY19	143832	66.001	A-00304517-8	1,784,066	1,060,759	0
Air Pollution Control Program FY17	143837	66.001	A-00304517-0	1,855,120	68,406	0
Air Pollution Control Program FY18	143843	66.001	A-00304517-5	1,941,691	587,166	76,743
Subtotal CFDA # 66.001 Air Pollution Control Program Support				5,580,877	1,716,331	76,743
Ambient Air Monitoring Network FY17	143502	66.034	PM-97311804-2	214,426	86,237	0
Ambient Air Monitoring Network FY18	143504	66.034	PM-97311804-4	163,387	122,016	0
Ambient Air Monitoring Network FY19	143512	66.034	PM-97311805-0	163,387	10,828	0
National Air Toxics Trends Site FY18	143753	66.034	#XA-97333004-02	39,000	494	0
National Air Toxics Trends Site FY19	143944	66.034	XA-97333004-04	38,615	38,582	0
Subtotal CFDA # 66.034 Surveys, Studies, Research, Investig. Clean Air Act				618,815	258,157	0
Phila Air Quality Survey Project	143498	66.204	AA-96346101-1	100,000	76,056	0
Subtotal CFDA # 66.204 Multipurpose Grants to States and Tribes				100,000	76,056	0
Watershed Security Initiative Contamination Warning	W28044	66.478	H1-83413701-5	3,484,803	6,879	0
Subtotal CFDA # 66.478 Water Security Initiative Contamination Warning System				3,484,803	6,879	0
Subtotal: Direct U.S. Environmental Protection Agency				9,784,495	2,057,423	76,743
Pass- Through- Phila Redevelopment Authority:						
Brownfields Site Assessment Grant	492011	66.818	BF-963374-01	168,673	62,659	42,659
Subtotal CFDA # 66.818 Brownfield Assesment and Clean Up Grant Program				168,673	62,659	42,659
Subtotal: Pass- Through- Phila Redevelopment Authority:				168,673	62,659	42,659
Pass- Through- PENNVEST:						
Green Infrastructure Tree Planting	C17056	66.458	51001021005-CN	1,825,375	93,440	0
Subtotal CFDA # 66.458 Capitalization Grants for Clean Water State Revolving Funds				1,825,375	93,440	0
Subtotal: Pass- Through- PENNVEST:				1,825,375	93,440	0
Total U.S. Environmental Protection Agency				11,778,543	2,213,522	119,402

U.S. Department of Education

Pass- Through- PA Department of Human Services:						
ID - Early Intervention (70170) FY19	150877	84.181	Allocation Letter	6,009,536	6,009,536	6,009,536
Subtotal CFDA # 84.181 Special Education Grants for Infants and Families				6,009,536	6,009,536	6,009,536
Subtotal: Pass-Through- PA Department of Human Services:				6,009,536	6,009,536	6,009,536
Total U.S. Department of Education				6,009,536	6,009,536	6,009,536

U.S. Election Assistance Commission

Pass- Through- PA Department of State:						
HAVA - Title II - Section 251 Polling Places	730028	90.401	4100029051	1,457,878	53,477	0
Subtotal CFDA # 90.401 Help America Vote Act Requirements Payments				1,457,878	53,477	0
Subtotal: Pass-Through- PA Department of State:				1,457,878	53,477	0
Total U.S. Election Assistance Commission				1,457,878	53,477	0

U.S. Department of Health & Human Services

Direct- U.S. Department of Health & Human Services:						
Surveillance, intervention, and referral to services activitis for infants with Zika	143816	93.073	NU50DD000042-01-0	522,278	215,933	215,933
Subtotal CFDA # 93.073 Birth Defects and Developmental Prevention & Surveill.				522,278	215,933	215,933
Get Healthy Philly Sodium Reduction in Communities Program	143497	93.082	5 NU58DP000012-02-	489,381	296,327	189,952
GHP-Sodium Reduction FY19	143509	93.082	5 NU58DP000012-03-	395,000	234,632	142,754
Subtotal CFDA # 93.082 Sodium Reduction in Communities				884,381	530,959	332,706
Federal Tuberculosis Control FY18	143748	93.116	6 NU52PS004713-04-	650,734	301,870	70,288
Federal Tuberculosis Control FY19	143778	93.116	5 NU52PS004713-05-	591,378	277,166	55,267
Subtotal CFDA # 93.116 Project Grants and Cooperative Agreements for Tuberculosis Cntr				1,242,112	579,036	125,555
WICY (Women, Infant, Children and Youth) HIV Services FY18	146634	93.153	2H12HA24868-06-00	365,529	38,535	19,421

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WICY (Women, Infant, Children and Youth) HIV Services FY19	146635	93.153	5 H12HA24868-07-00	365,529	310,630	247,240
Subtotal CFDA # 93.153 Coordinated Services for Women, Infants, Children				<u>731,058</u>	<u>349,165</u>	<u>266,661</u>
(HCQIS) Health Center Dental Yr3	143803	93.224	3 H80CS29024-03-00	322,437	23,590	0
HRSA Health Care Quality Improvement	143876	93.224	2 H80CS29024-03-00	23,894	52,262	52,149
HRSA Health Center #10 FQHC New Access Point	143889	93.224	6 H80CS29024-04-01	650,020	608,261	278,716
HRSA Health Center #10 FQHC New Access Point	144410	93.224	5 H80CS29024-05-00	651,152	27,268	0
HRSA Health Center Dental Component	143877	93.224	6 H80CS29024-04-01	349,981	302,657	24,570
HRSA Health Center Dental Component	144412	93.224	6 H80CS29024-04-01	21,428	21,428	0
HRSA Health Center Outreach & Enrollment	143892	93.224	6 H80CS29024-04-01	503,123	497,822	497,123
NAP HC#10 SUD - MH Supplement	143894	93.224	3 H80CS29024-04-07	285,000	94,848	47,192
Subtotal CFDA # 93.224 Health Center Program				<u>2,807,035</u>	<u>1,628,136</u>	<u>899,750</u>
Comprehensive Addiction/Recovery Service	144570	93.243	1H79SP080336-01	999,658	87,044	0
Health Strategies to Prevent Diabetes	144510	93.243	1 NU58DP006628-01-	1,200,000	518,916	486,784
Subtotal CFDA # 93.243 Substance Abuse and Mental Health Services Projects of Reg. Sgn.				<u>2,199,658</u>	<u>605,960</u>	<u>486,784</u>
Immunization Program - Donated Vaccines	149999	93.268	Direct Assistance in Fc	26,936,053	27,582,103	0
Childhood Immunization Program FY17	143518	93.268	5NH23IP0000735-05-	3,151,238	1,685,470	1,302,638
Childhood Immunization Program PPHF	143513	93.268	5NH23IP0007350500	1,794,442	55,008	54,055
FED Immunization & Vaccines PPHF	143522	93.268	6NH23UIP000735-05-	1,279,132	1,211,819	1,159,869
Subtotal CFDA # 93.268 Immunization Cooperative Agreements				<u>33,160,865</u>	<u>30,534,400</u>	<u>2,516,562</u>
Hepatitis B United Grant	144091	93.270	NU51PS005069-02-00	8,000	7,183	7,183
Perinatal Hepatitis B Prevention Program-Auxiliary Prevention Projects	143794	93.270	5 NU51PS005057-00	40,000	22,125	21,562
Philadelphia Improving Hepatitis B&C Care CASCA	143726	93.270	5NU51PS00519-02-03-	139,389	94,630	94,630
Subtotal CFDA # 93.270 Viral Hepatitis Prevention and Control				<u>187,389</u>	<u>123,938</u>	<u>123,375</u>
ELC Ebola Bio Safety non PPHF FY 2017	143788	93.323	NU50CK000430-03-0	4,794	4,794	4,794
ELC Zika Pregnancy Registry (Non-PPHF)	143790	93.323	6 NU50K000430-03-0	452,619	47,406	42,534
Enhanced Epidemiology & Lab Cap FY18	143791	93.323	NU50CK000430-04-0	2,099,154	471,959	353,113
Enhanced Epidemiology & Lab Cap FY19	143808	93.323	6 NU50CK000430-05-	2,083,788	1,438,606	1,218,451
PPHF Building EPID Lab Capacity (ELC) FY18	143789	93.323	NU50CK000430-04-0	633,284	60,394	60,394
Subtotal CFDA # 93.323 Epidemiology and Lab Capacity for Infectious Diseases				<u>5,273,639</u>	<u>2,023,159</u>	<u>1,679,286</u>
Adult Immunization Practice	144128	93.733	1H23IP000990-01	1,061,309	92,080	88,288
Subtotal CFDA # 93.733 Capacity Building Assistance for Public Health Immunization				<u>1,061,309</u>	<u>92,080</u>	<u>88,288</u>
Connections for BCC Diabetes Component 2	144037	93.757	6NU58DP005526-04-0	1,392,796	663,260	631,185
Connections for BCC Heart Disease Comp 1	144036	93.757	6NU58DP005526-04-0	1,392,796	562,030	555,106
Connections for Better Chronic Care	144033	93.757	5NU58DP005526-03-0	1,392,796	150,953	150,953
Connections for Better Chronic Care Diabetes Component 2	144034	93.757	5NU58DP005526-03-0	1,392,796	54,157	47,739
Subtotal CFDA # 93.757 State and Local Public Action to Prevent Obesity, Diabetes				<u>5,571,184</u>	<u>1,430,400</u>	<u>1,384,983</u>
Enhanced Epidemiology & Lab Capacity ELC - Ebola	143782	93.815	3U50CK000430-01S2	1,277,029	262,441	171,765
Subtotal CFDA # 93.815 Domestic Ebola Supplement to Eidemiology and Lab Capacity Inf.Dis				<u>1,277,029</u>	<u>262,441</u>	<u>171,765</u>
HIV Emergency Relief FY19	144056	93.914	2H89HA000013-29-00	1,443,087	296,963	14,318
HIV Emergency Relief FY18	144049	93.914	2 H89HA00013-28-03	1,428,630	1,283,089	68,776
HIV Emergency Relief Project - CQI FY19	144059	93.914	2H89HA000013-29-00	446,803	75,966	68,251
HIV Emergency Relief Project - UA/CMI FY19	144057	93.914	2H89HA000013-29-00	371,145	135,790	0
HIV Emergency Relief Project FY18	144051	93.914	2 H89HA00013-28-03	20,309,345	14,905,113	14,362,487
HIV Emergency Relief Project FY19	144058	93.914	2H89HA000013-29-00	20,514,879	4,536,799	4,310,363
HIV Emergency Relief UA/CMI FY17	144045	93.914	H89HA00013-27-00	255,796	10,386	0
HIV Emergency Relief UA/CMI FY18	144050	93.914	2 H89HA00013-28-03	389,304	370,440	0
HIV Emergency Relief-CQI FY18	144052	93.914	2 H89HA00013-28-03	442,327	233,420	201,998
Subtotal CFDA # 93.914 HIV Emergency Relief Project Grants				<u>45,601,316</u>	<u>21,847,966</u>	<u>19,026,193</u>
Outpatient HIV Early Intervention FY18	143496	93.918	2 H76HA00077-27-00	538,002	348,284	250,076
Outpatient HIV Early Intervention FY19	143546	93.918	5 H76HA00077-28-00	789,009	314,225	205,498
Subtotal CFDA # 93.918 Grants to Provide Outpatient Early Intervention Services				<u>1,327,011</u>	<u>662,509</u>	<u>455,574</u>
Healthy Start Initiative (West) FY18	143499	93.926	H49MC00135-18-00	1,813,453	1,564,706	1,541,292
Healthy Start Initiative (West) FY 2019	143510	93.926	6 H49MC00135-19-02-	1,455,979	161,807	161,807
Subtotal CFDA # 93.926 Healthy Start Initiative				<u>3,269,432</u>	<u>1,726,513</u>	<u>1,703,099</u>
SPNS HCV FY18	144231	93.928	5 u90ha30518-03-00	643,930	149,127	149,127
SPNS HCV FY19	144232	93.928	5 u90ha30518-03-00	643,930	425,931	416,931
Subtotal CFDA # 93.928 Special Projects of National Significance				<u>1,287,860</u>	<u>575,058</u>	<u>566,058</u>
AIDS Prevention Project Navigation FY18	144217	93.940	5 NU62PS005039-03-0	2,798,766	557,178	524,437
AIDS Prevention Project Navigation FY19	144218	93.940	6NU62PS005039-04-0	3,806,823	1,408,231	1,233,941
CSP Component B FY18	144150	93.940	6 NU62PS924545-01-	707,941	62,416	0
CSP Component B FY19	144157	93.940	6 NU62PS924545-02	707,941	28,498	0
CSP HIV Surveillance FY18	144152	93.940	1 NU62PS924545-01-	150,000	515,859	160,501
CSP HIV Surveillance FY19	144155	93.940	6NU62PS924545-02	989,160	402,599	130,066
CSP Prevention Project FY18	144153	93.940	1 NU62PS924545-01-	3,174,782	3,174,782	2,335,616

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CSP Prevention Project FY19	144156	93.940	6NU62PS924545-02	4,748,990	1,601,543	1,134,068
CSP Project FY18	144151	93.940	1 NU62PS924545-01-	1,186,845	279,322	0
CSP Project FY19	144154	93.940	6NU62PS924545-02	598,386	296,080	0
National HIV Behavioral Surveillance FY18	143374	93.940	5NU62PS005088-03-C	693,136	168,982	158,112
National HIV Transgender FY18	143379	93.940	5NU62PS005088-03-C	206,800	118,278	103,775
Subtotal CFDA # 93.940 HIV Prevention Activities Health Department Based				19,769,570	8,613,768	5,780,516
Philadelphia Cooperative Agreement Controlled Trial	144035	93.943	5U01PS004505-04	645,540	212,269	202,301
Philadelphia Cooperative Reengage Controlled Trial	144060	93.943	6U01PS00S004505-01-	317,494	149,523	130,003
Subtotal CFDA # 93.943 Epidemiologic Research, Studies, of Acquired Immunodeficiency				963,034	361,792	332,304
Medical Monitoring Project (MMP) FY18	143856	93.944	NU62PS004960-04	483,212	394,718	287,895
National Hepatitis C FY18	143387	93.944	6 NU62PS005088-03-	132,580	91,139	83,869
National HIV Behavioral Surveillance FY19	143378	93.944	5NU62PS005088-04-C	412,837	108,893	66,319
National HIV Transgender FY19	143386	93.944	5NU62PS005088-04-C	300,000	71,429	35,464
Subtotal CFDA # 93.944 Human Immunodeficiency Virus (HIV)/Acq. Immunodef.				1,328,629	666,179	473,547
Sexually Transmitted Disease FY18	143817	93.977	NH25S004355-05-02	4,430,370	1,561,599	1,079,943
STD - Program Income FY16	143812	93.977	Program Income	96,215	55,561	48,777
STD - Program Income FY17	143815	93.977	Program Income	146,207	7,522	0
STD Surveillance Network FY18	143821	93.977	NH25PS004248-05-0	718,494	129,036	25,670
Strengthening STD Prevention & Control	143823	93.977	1 NH25PS005145-01-	1,843,711	834,567	659,619
Subtotal CFDA # 93.977 Sexually Transmitted Diseases (STD) Preventive and Control Grant				7,234,997	2,588,285	1,814,009
Subtotal: Direct U.S. Department of Health and Human Services				135,699,786	75,417,677	38,442,948

Pass- Through- PA Department of Drug and Alcohol Programs:

Homeless 2 Home Behavioral Health Project FY19	150610	93.243	Allocation Letter	731,874	1,164,663	1,164,663
Philadelphia Alliance for Child Trauma Services (PACTS) FY18	150608	93.243	5U79SM063192-02	400,000	74,049	74,049
Philadelphia Alliance for Child Trauma Services (PACTS) FY19	150609	93.243	3U79SM063192-03S1	707,692	364,664	358,331
Subtotal CFDA # 93.243 Substance Abuse and Mental Health Services Projects of Reg. Sgn.				1,839,566	1,603,376	1,597,043
Navig & Hous SVCS- Indiv w/ Opioid Use	150621	93.788	4100083253	1,015,805	423,427	423,427
Opioid STR - Treatment Drug Court	150943	93.788	4100070849	688,126	153,427	153,427
State Opioid Response (SOR) Prevention (App 71-084)	150949	93.788	4100070849	81,719	110,000	110,000
State Opioid Response (SOR) Treatment (App 71-084)	150950	93.788	4100070849	478,500	820,207	520,207
Subtotal CFDA # 93.788 Opioid STR				2,264,150	1,507,061	1,207,061
Opioid State Targeted Response Treatment	150942	93.959	Allocation Letter	11,979	957,807	957,807
Opioid State Targeted Response-Prevent	150941	93.959	Grant Agreement	11,979	11,979	11,979
SAPT - Alcohol Intervention/ Treatment Service Fee FY19	150940	93.959	Grant Agreement	95,638	212,186	212,186
SAPT - Alcohol Intervention/ Treatment FY19	150939	93.959	Allocation Letter	2,080,512	2,126,618	2,126,618
SAPT - Drug Intervention/ Treatment FY19	150937	93.959	Allocation Letter	4,996,858	4,927,399	4,927,399
SAPT- Drug Intvn/Trmt Service Fee	150919	93.959	Allocation Letter	1,052,554	32,287	32,287
SAPT-Drug Intervention/Treatment Service Fee FY19	150938	93.959	Allocation Letter	1,382,060	1,614,154	1,614,154
Substance Abuse Prevention (SAPT) FY16	150910	93.959	Allocation Letter	2,500,913	118,509	118,509
Substance Abuse Prevention (SAPT) FY19	150936	93.959	Allocation Letter	3,173,607	3,173,607	3,173,607
Subtotal CFDA # 93.959 Block Grants for Prevention and Treatment of Substance Abuse				15,306,100	13,174,546	13,174,546
Subtotal: Pass- Through- PA Department of Drug and Alcohol Programs:				19,409,816	16,284,983	15,978,650

Pass- Through- PA Department of Human Services:

Title IV-E Legal Custodianship (SPLC) FY18	222219	93.090	Award Letter	5,910,095	11,563	11,345
Title IV-E Legal Custodian FY19	222224	93.090	Award Letter	5,423,723	3,983,559	0
Subtotal CFDA # 93.090 Guardianship Assistance				11,333,818	3,995,122	11,345
MH - Homeless Grant (70154) FY19	150864	93.150	Allocation Letter	438,674	438,674	438,674
Subtotal CFDA # 93.150 Project for Assistance in Transition from Homelessness				438,674	438,674	438,674
Caseworker Visitation Grant FY18	221483	93.556	Award Letter	213,594	2,101	0
Caseworker Visitation Grant FY19	221485	93.556	Award Letter	216,590	216,590	0
Subtotal CFDA # 93.556 Promoting Safe and Stable Families				430,184	218,691	0
Supported Work Program (Workwise) - FY18	80320	93.558	4100065378	7,546,034	2,757,468	2,549,458
Supported Work Program (Workwise) FY19	80324	93.558	4100065378	5,659,525	3,271,471	3,147,889
Supported Workwise Program (F) FY19	80322	93.558	4100065378	1,886,509	1,729,685	1,640,731
Temporary Assistance for Needy Families (TANF) FY15	221409	93.558	Children & Youth Proj	26,033,804	340	340
Temporary Assistance for Needy Families (TANF) FY16	221653	93.558	Children & Youth Proj	26,033,804	5,931	5,794
Temporary Assistance for Needy Families (TANF) FY17	221656	93.558	Children & Youth Proj	26,033,804	5,513	5,513
Temporary Assistance for Needy Families (TANF) FY18	221659	93.558	Children & Youth Proj	26,033,804	225,785	225,785
Temporary Assistance for Needy Families (TANF) FY19	221662	93.558	Children & Youth Proj	26,033,804	22,185,584	22,185,584
Subtotal CFDA # 93.558 Temporary Assistance for Needy Families				145,261,088	30,181,777	29,761,094
Child Support Enforcement FY19	690484	93.563	Title IV-D Program	1,699,698	1,699,698	0
Child Support Program FY19	841028	93.563	Revenue Based	23,892,492	18,951,671	0

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Subtotal CFDA # 93.563 Child Support Enforcement				25,592,190	20,651,369	0
Title IV-B FY19	221683	93.645	Award Letter	2,575,773	2,151,210	2,151,210
Subtotal CFDA # 93.645 Steph Tubbs Jones Child Welfare Service Program				2,575,773	2,151,210	2,151,210
Title IV-E Demonstration Project	221439	93.648	Award Letter	64,843,211	11,886	11,886
Title IV-E Demonstration Project	221443	93.648	Award Letter	62,432,121	16,073	16,073
Title IV-E Demonstration Project	221447	93.648	Award Letter	60,298,449	249,047	249,047
Title IV-E Demonstration Project FY18	221490	93.648	Award Letter	59,836,117	959,985	953,253
Subtotal CFDA # 93.648 Child Welfare Training or Demonstration				247,409,898	1,236,991	1,230,259
Information Technology Grant (ITG) FY 19	222255	93.658	Award Letter	3,196,501	507,389	0
Title IV-E Foster Care FY15	221410	93.658	Award Letter	23,525,340	424	424
Title IV-E Foster Care FY16	222007	93.658	Award Letter	3,264,912	9,231	0
Title IV-E Foster Care FY17	222014	93.658	Award Letter	3,946,026	19,460	0
Title IV-E Foster Care FY18	222025	93.658	Award Letter	2,861,878	918,743	918,743
Title IV-E Foster Care FY19	222030	93.658	Award Letter	88,495,964	79,236,935	53,536,368
Title IV-E Program Income	229995	93.658	Child Support SSI	176,914	176,914	0
Subtotal CFDA # 93.658 Foster Care Title IV-E				125,467,535	80,869,096	54,455,535
Title IV-E Adoption Assistance FY18	222058	93.659	Award Letter	16,984,368	36,397	35,779
Title IV-E Adoption Assistance FY19	222066	93.659	Award Letter	24,725,111	28,322,941	0
Subtotal CFDA # 93.659 Adoption Assistance				41,709,479	28,359,338	35,779
Family Preservation Funds -Title XX FY19	150499	93.667	Award Letter	605,304	605,304	605,304
HAP - Bridge Housing (F)FY19	241268	93.667	Allocation Letter	2,717,027	2,717,027	2,717,027
HAP - Bridge Housing FY18	241182	93.667	Allocation Letter	2,583,144	188,274	188,274
HAP - Case Management (F) FY19	241271	93.667	Allocation Letter	300,704	300,704	300,704
HAP - Case Management (F) FY19	241266	93.667	Allocation Letter	1,463,520	873,636	873,636
HAP - Case Management FY18	241185	93.667	Allocation Letter	864,802	66,870	66,870
HAP - Case Management FY18	241180	93.667	Allocation Letter	1,463,520	45,367	45,367
HAP - Program Income FY19	241274	93.667	Allocation Letter	19,865	8,009	8,009
HAP - Program Income FY18	241188	93.667	Allocation Letter	11,859	7,052	7,052
ID - SSBG (70177) FY19	150878	93.667	Allocation Letter	1,422,353	1,422,353	1,422,353
MH - SSBG (70135) FY19	150863	93.667	Allocation Letter	5,532,135	5,532,135	5,532,135
Title XX - Child Protective Services FY19	221779	93.667	Award Letter	2,888,308	2,888,308	0
Subtotal CFDA # 93.667 Social Services Block Grant				19,872,541	14,655,039	11,766,731
Title IV-E Independent Living FY19	222023	93.674	Award Letter	1,044,895	938,066	938,066
Subtotal CFDA # 93.674 Chafee Foster Care Independence Program				1,044,895	938,066	938,066
ID - Program Income	150999	93.778	Allocation Letter	652,282	652,282	0
ID - TSM Admin Federal (70175) FY19	150881	93.778	Grant Agreement	612,998	612,998	612,998
ID - Waiver Admin (70175) FY19	150879	93.778	Allocation Letter	6,915,552	6,915,552	6,915,552
ID - Waiver EI (70184) FY19	150880	93.778	Allocation Letter	478,452	309,624	309,624
Medicare Part D - Retirees	350438	93.778	Receipts	26,934	26,934	0
Title IV-E Medical Assistance FY18	222148	93.778	Award Letter	264,476	8,730	0
Subtotal CFDA # 93.778 Medical Assistance Program				8,950,694	8,526,120	7,838,174
Temp Money Follows the Person MFP FY19	150886	93.791	Allocation Letter	180,000	180,000	0
Subtotal CFDA # 93.791 Money Follows the Person Rebalancing Demonstration				180,000	180,000	0
MH - CMHSBG (70167) FY19	150865	93.958	Allocation Letter	3,148,881	3,079,748	3,079,748
Subtotal CFDA # 93.958 Block Grants for Community Mental Health Services				3,148,881	3,079,748	3,079,748
HAP - Bridge Housing (PENNFREE)FY19	241269	93.959	Allocation Letter	1,251,804	1,238,013	1,238,013
HAP- Program Income - PennFree FY18	241187	93.959	Allocation Letter	3,839	2,590	2,590
Subtotal CFDA # 93.959 Block Grants for Prevention and Treatment of Substance Abuse				1,255,643	1,240,603	1,240,603
Subtotal: Pass- Through- PA Department of Human Services:				634,671,293	196,721,844	112,947,218
Pass- Through- PA Department of Community and Economic Development:						
Community Services Block Grant - Lead FY18	143763	93.569	MOU	405,000	199,880	0
Community Services Block Grant - Lead FY19	143777	93.569	MOU	405,000	186,451	0
Community Services Block Grant CY18	160716	93.569	18DPR0001	207,000	202,074	0
Community Services Block Grant CY19	160715	93.569	19-6076	207,000	203,711	0
CSBG - Adminstration FY17	80330	93.569	C000057053	5,226,164	166,457	166,457
CSBG - Adminstration FY18	80331	93.569	C000066926	5,647,334	2,703,987	1,601,327
CSBG - Adminstration FY19	80332	93.569	C000066926	5,330,531	724,456	237,049
CSBG - Discretionary Funds FY19	80333	93.569	C000066926-3	30,000	27,409	0
CSBG - Emergency Assistance Access Mgr	241353	93.569	MOU	13,338	10,462	0
CSBG - Emergency Assistance FY19	241352	93.569		405,936	405,936	0
Serve Philadelphia	50315	93.569	MOU Agreement 19SI	218,578	131,047	0
Subtotal CFDA # 93.569 Community Services Block Grants				18,095,881	4,961,870	2,004,833

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Subtotal: Pass- Through- PA Department of Community and Economic Development:				18,095,881	4,961,870	2,004,833
Pass- Through- Family Planning Council:						
Family Planning Services FY18	143528	93.217	180301	616,502	73,805	0
Family Planning Services FY19	143531	93.217	190301	348,346	348,288	241,219
Family Planning Supplemental FY17	143524	93.217	#170301	106,054	199,750	0
Subtotal CFDA # 93.217 Family Planning Services				1,070,902	621,843	241,219
C & B Cancer Prevention (F) FY16	143383	93.919	170304	975,393	615,634	207,074
C & B Cancer Prevention FY18	143384	93.919		952,181	98,251	98,251
Subtotal CFDA # 93.919 Cooperative Agr. St. Based Compr.Breast & Cerv, Cncer Erly Det.				1,927,574	713,885	305,325
Subtotal: Pass- Through- Family Planning Council:				2,998,476	1,335,728	546,544
Pass- Through- Philadelphia Corporation for the Aging (PCA) :						
Older Adult Program FY18	160684	93.044	1-0119-00-3117	776,100	241	0
Older Adult Program FY19	160685	93.044	1-0119-00-3117	776,101	746,330	0
Subtotal CFDA # 93.044 Spec. Programs for the Aging Title III, Part B Supp. Ser				1,552,201	746,571	0
Med Improvement for Patients and Prov (MIPP)	50303	93.071	H80CS00016	10,957	13,134	0
Subtotal CFDA # 93.071 Medicare Enrollment Assistance				10,957	13,134	0
Comm on Aging - Apprise FY18	50311	93.324	Agreement No 10-301	36,739	3,090	0
Comm on Aging - Apprise FY19	50313	93.324	Agreement No 10-301	36,739	38,791	0
Subtotal CFDA # 93.324 State Health Insurance Assistance Program				73,478	41,881	0
Subtotal: Pass- Through- Philadelphia Corporation for the Aging (PCA) :				1,636,636	801,586	0
Pass- Through- PA Department of Health:						
Bioterrorism Grant - Cities Readiness Initiative	144401	93.069	SAP#4100080549	626,112	533,592	526,946
Bioterrorism Grant - Core (PREV B) FY19	144400	93.069	SAP#4100080549	574,938	574,886	567,015
Subtotal CFDA # 93.069 Public Health Emergency Preparedness				1,201,050	1,108,478	1,093,961
Philadelphia Integrated System of Care Expansion (PISCE) FY18	150079	93.104	SU79SM062463-02	1,000,000	326,670	326,670
Philadelphia Integrated System of Care Expansion (PISCE) FY19	150080	93.104	SU79SM062463-02	700,086	700,086	691,516
Subtotal CFDA # 93.104 Comprh. Comm. Mental Serv. Children SED				1,700,086	1,026,756	1,018,186
Opioid Involved Mortality	144197	93.136	SAP 4100075927 SAF	25,000	25,000	25,000
Opioid Involved Mortality Surveillance	144194	93.136	SAP 4100075927 SA	18,037	17,619	0
Opioid Involved Mortality Surveillance Part 2 FY18	144193	93.136	SAP 4100075927	90,446	13,783	13,783
Opioid Involved Mortality Surveillance Part 2 FY19	144195	93.136	SAP 4100075927 SA	90,446	85,726	85,720
Subtotal CFDA # 93.136 Injury Prevention & Control Research and St. Com. Based				223,929	142,128	124,503
Citywide Opioid Overdose Surveillance FY18	144198	93.324	SU38OT000143-05	50,000	30,045	0
Citywide Opioid Overdose Surveillance FY19	144199	93.324	NU38OT000297-01-0	50,000	516	0
Subtotal CFDA # 93.324 State Insurance Assistance Program				100,000	30,561	0
MSA Tobacco FY19	143798	93.520	SAP#4000020370-SA	244,698	140,370	140,370
Subtotal CFDA # 93.520 Centers for Disease Control and Prevention ACA				244,698	140,370	140,370
SPAN	144820	93.539	SAP#4100081965	120,000	90,189	90,189
Subtotal CFDA # 93.539 PPHF Capacity Building Assistance to Strengthen Pub. Health Immun.				120,000	90,189	90,189
Phila Project to End Lead Poisoning	143919	93.753	6 NUE2EH001400-01	394,162	89,502	0
Philadelphia Project to End Lead Poisoning Supplemental Funding	144020	93.753	6 NUE1E001280-03-0	291,972	122,799	0
Subtotal CFDA # 93.753 Child Lead Poisoning Prevention Surveillance Program				686,134	212,301	0
A Large Scale Long Term Trial of Nutrition	144775	93.847	574745	15,088	15,088	15,088
Subtotal CFDA # 93.847 Diabetes, Digestive, and Kidney Diseases Extramural Research				15,088	15,088	15,088
Bioterrorism Hosp Prepare Program MRC FY19	144402	93.889	SAP#4100080549	10,343	10,343	10,343
Community Preparedness for Opioid Crisis	144403	93.889	SAP#4100080549	211,096	211,096	211,096
Subtotal CFDA # 93.889 National Bioterrorism Hospital Preparedness				221,439	221,439	221,439
Ryan White Title II - Fed (RW Part B) FY18	143948	93.917	SAP 4100062912-EA	1,295,326	65,242	65,242
Ryan White Title II (F) FY19	143953	93.917	SAP 4100080127	7,034,000	6,168,539	5,792,121
Subtotal CFDA # 93.917 HIV Care Formula Grants				8,329,326	6,233,781	5,857,363
Children with Special Healthcare Needs FY19	143831	93.994	SAP#4100073279	630,431	502,917	487,111
Fed Sudden Death in Young Fed FY19	143844	93.994	SAP#4100073279	58,890	30,161	30,161
MIC Primary Services FY19	143829	93.994	SAP#4100073279	760,674	738,486	691,558
Services for Children FY19	143830	93.994	SAP#4100073279	909,130	783,212	723,985
Title V : Children with Special Healthcare Needs	143747	93.994	SAP3 4100073279	276,877	55,032	55,032
Title V : Federal Services for Children	143746	93.994	SAP3 4100073279	295,772	219,525	219,525
Subtotal CFDA # 93.994 Maternal and Child Health Services Block Grant to the States				2,931,774	2,329,333	2,207,372
Subtotal: Pass- Through- PA Department of Health:				15,773,524	11,550,424	10,768,471
Pass- Through- PA Commission on Crime and Delinquency:						

City of Philadelphia
Schedule of Expenditures of Federal Awards
July 1, 2018 to June 30, 2019

Philadelphia Treatment Court and DUI	840850	93.788	2018-CU-01-28766	13,043	13,043	8,420
Subtotal CFDA # 93.788 State Targeted Response to the Opioid Crisis Grants				13,043	13,043	8,420
Subtotal: Pass- Through- PA Commission on Crime and Delinquency:				13,043	13,043	8,420
Total U.S. Department of Health and Human Services				828,298,455	307,087,155	180,697,084

U.S. Corporation for National & Community Service

Direct- U.S. Corporation for National & Community Service:						
Youth Policy Institute (YPI) FY18	80819	94.006	53284	51,690	18,932	0
Youth Policy Institute (YPI) FY19	80821	94.006	18NDHCA001	216,793	104,230	273
Subtotal CFDA # 94.006 AmeriCorps				268,483	123,162	273
Foster Grandparent Program	100659	94.011	17FAPA002	463,166	467,368	0
Subtotal CFDA # 94.011 Foster Grandparent Program				463,166	467,368	0
Subtotal: Direct- U.S. Corporation for National & Community Service:				731,649	590,530	273

Pass- Through- PA Department of Labor & Industry:

2018-2019 Americorps Competitive Award	100714	94.006	SAP # 4100080858	1,060,064	1,060,064	1,060,064
Americorps Competitive Award	80535	94.006	SAP # 4100078372	1,060,064	600,311	600,311
Subtotal CFDA # 94.006 AmeriCorps				2,120,128	1,660,375	1,660,375
Subtotal: Pass- Through- PA Department of Labor & Industry				2,120,128	1,660,375	1,660,375
Total U.S. Corporation for National & Community Service				2,851,777	2,250,905	1,660,648

U.S. Executive Office of the President

Direct- U.S. Executive Office of the President:						
Drug Violence Intelligence Initiative - HIDTA 2017	111067	95.001	G17PC0003A	133,450	25,472	0
Drug Violence Intelligence Initiative - HIDTA 2018	111068	95.001	G18PC0003A	133,450	116,690	0
Subtotal CFDA # 95.001 High Intensity Drug Trafficking Areas Program				266,900	142,162	0
Subtotal: Direct- U.S. Executive Office of the President:				266,900	142,162	0
Total U.S. Executive Office of the President				266,900	142,162	0

U.S. Social Security Administration

Direct- U.S. Social Security Administration:						
SSA - Prisoners Incentive Payments	230057	96.006	Receipts	162,400	162,400	0
Subtotal CFDA # 96.006 Supplemental Security Income				162,400	162,400	0
Subtotal: Direct- U.S. Social Security Administration:				162,400	162,400	0
Total U.S. Social Security Administration				162,400	162,400	0

U.S. Department of Homeland Security

Direct- U.S. Department of Homeland Security:						
PA Task Force I - 2015 Grant	130171	97.025	EMW-2015-CA-0018-	1,268,733	46,246	0
PA Task Force I - 2016 Grant	130172	97.025	EMW-2016-CA-00010	1,339,493	35,749	0
PA Task Force I - 2017 Grant	130173	97.025	EMW-2017-CA-00070	1,265,013	562,889	0
PA Task Force I - 2018 Grant	130174	97.025	EMW-2018-CA-0003'	1,255,990	376,675	0
Response Cooperative Agreement	130320	97.025	EMW-2013-CA-USR-	4,661,063	3,456,367	0
Subtotal CFDA # 97.025 National Urban Search and Rescue Response				9,790,292	4,477,926	0
FY 2016 Assistance to Firefighters Grant (FPS)	130157	97.044	EMW-2016-FP-00764	952,381	462,528	0
FY 2017 Assistance to Firefighters Grant (FPS)	130159	97.044	EMW-2017-FO-06396	2,733,636	1,346,009	0
Subtotal CFDA # 97.044 Assistance to Firefighters Grant				3,686,017	1,808,537	0
Port Security Grant Fast Boat 1 FY16	C25002	97.056	EMW2016PU00319S	383,475	263,745	0
Subtotal CFDA # 97.056 Port Security Grant Program				383,475	263,745	0
National Explosives Detection Canine Team	A42026	97.072	HSTS0216-H-NCP465	3,623,033	555,500	0
Subtotal CFDA # 97.072 National Explosives Detection Canine Team Program				3,623,033	555,500	0
SAFER - FEMA Grant FY19	130354	97.083	EMW-2017-FH-00595	16,669,092	2,755,905	0
Subtotal CFDA # 97.083 Staffing for Adequate Fire & Emergency Response				16,669,092	2,755,905	0
TSA Threat Assessment & Sector Network	A42214	97.090	HSTST02-16-H-SLR7	0	0	0
Subtotal CFDA # 97.090 Law Enforcement Reimbursement Agreement Program				0	0	0
Homeland Security Bio-Watch Program FY19	143464	97.091	06OHBIO000006-13-0	410,823	410,823	0
Subtotal CFDA # 97.091 Homeland Security Biowatch				410,823	410,823	0
Subtotal: Direct- U.S. Department of Homeland Security:				34,562,732	10,272,436	0
Pass- Through- PA Emergency Management Agency:						
Emergency Management Performance Grant	100376	97.042	Receipts	114,976	114,976	0
Subtotal CFDA # 97.042 Emergency Management Performance Grants				114,976	114,976	0
Subtotal: Pass- Through- PA Emergency Management Agency:				114,976	114,976	0

City of Philadelphia
Schedule of Expenditures of Federal Awards
July 1, 2018 to June 30, 2019

Pass- Through- Southeastern PA Regional Taskforce:

2016 Homeland Security Grant	100676	97.067	EMW-2016-SS-00048	2,210,661	27,745	0
2017 Homeland Security Grant	100678	97.067	EMW-2017-SS-00062	1,300,000	2,400,913	0
2018 Homeland Security Grant	100679	97.067	EMW-2018-SS-00046	2,946,000	248,955	0
Subtotal CFDA # 97.067 Homeland Security Grant Program				<u>6,456,661</u>	<u>2,677,613</u>	<u>0</u>
Subtotal: Pass- Through- Southeastern PA Regional Taskforce:				<u>6,456,661</u>	<u>2,677,613</u>	<u>0</u>

Pass- Through- Maritime Exchange For Delaware River & Bay:

2016 Port Security Program - FEMA	110960	97.056	EMW2016-PU-00270	176,643	138,634	0
Port Security (Boat) FY17	130153	97.056	EMW-2017-PU-00253	219,000	145,307	0
Subtotal CFDA # 97.056 Port Security Grant Program				<u>395,643</u>	<u>283,941</u>	<u>0</u>
Subtotal: Pass- Through- Maritime Exchange For Delaware River & Bay:				<u>395,643</u>	<u>283,941</u>	<u>0</u>
Total U.S. Department of Homeland Security				<u>41,530,012</u>	<u>13,348,966</u>	<u>0</u>

U.S. Army Corps of Engineers

Direct- U.S. Army Corps of Engineers:

Homeless Alcoholic Men FY 19	150683	14.235	DACA-31-1-15-468	90,000	90,000	0
Subtotal CFDA #14.235 Supportive Housing Program				<u>90,000</u>	<u>90,000</u>	<u>0</u>
Subtotal: Direct U.S. Army Corps of Engineers				<u>90,000</u>	<u>90,000</u>	<u>0</u>
Total U.S. Army Corps of Engineers				<u>90,000</u>	<u>90,000</u>	<u>0</u>

Total Schedule of Expenditures of Federal Awards

<u>1,616,177,966</u>	<u>475,603,654</u>	<u>268,328,691</u>
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**CITY OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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CITY OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal financial assistance programs of the City of Philadelphia (City). The City's reporting entity is defined in Note I.1. to the City's annual financial statements. All federal financial assistance received directly by the primary government from federal agencies as well as federal financial assistance passed through other governmental agencies is included on this schedule. Federal financial assistance, if any, relating to the City's component units is reported separately by other auditors. Except for the programs listed in note 3 below, federal program expenditures included in the accompanying schedule are presented on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The U.S. Department of Housing and Urban Development has been designated the cognizant agency for the City's single audit. The information in this schedule is presented in accordance with the requirements contained in the Uniform Guidance.

2. COMPONENT UNITS

The City's annual financial statements include the operations of the following entities and their expenditures of federal awards. Amounts listed include funds provided directly by the federal government and, in some cases, significant funds received first by the City and passed on to the respective entities. Only funds received first by the City, and then passed on, have been included in the accompanying SEFA. These entities have had separately performed financial statement audits conducted in accordance with the requirements of Uniform Guidance:

<u>Entity</u>	<u>Expenditures of Federal Awards</u>
School District of Philadelphia	\$ 377,216,435
Community College of Philadelphia	\$ 70,272,362
Philadelphia Redevelopment Authority	\$ 13,656,293
Philadelphia Authority for Industrial Development	\$ 994,630
Philadelphia Housing Authority	\$ 414,843,806

CITY OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

3. NOTES TO SPECIFIC PROGRAMS

The following explanatory notes relate to specific grant programs of the City, as indicated by CFDA Number.

HUD Section 108 Loans (14.218) – The Federal Department of Housing and Urban Development (HUD) awards Section 108 Loans to the City for the purposes of Housing and Economic Development. The Housing portion is received by the primary government and disclosed on the SEFA under CFDA 14.218 (City ID Numbers: 06986). The Economic Development portion is received by the Philadelphia Industrial Development Corporation (PIDC), a quasi-governmental agency. During fiscal year 2019 the City, through PIDC, did not make any loans under the HUD 108 Loan program (CFDA 14.248). Through PIDC, the City had direct federal loan balances outstanding at June 30, 2019, under the HUD 108 Loan Program (CFDA 14.248), in the amount of \$68,545,000. Loan repayments and investment proceeds from unloaned funds are used to repay HUD. As reported in the SEFA, there were no HUD Section 108 loan repayments made in fiscal year 2019.

4. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

5. CITY ID NUMBER

Number used by the Grants Accounting and Administration Unit (GAAU) to track grant activity in the City's accounting system.

6. INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate per 2 CFR 200.510(b)(6).

CITY OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

7. FEDERAL AWARDS PASSED THROUGH THE PA DEPARTMENT OF HEALTH

The Pennsylvania Department of Health (PA-DOH) has requested additional information regarding federal program funding. The table below provides the additional information requested to assist the PA-DOH in monitoring the various programs. The accrued or deferred revenues in the beginning, and end of year columns in the table below are reported on a net basis. Refer to the SEFA for the corresponding contract numbers.

Project Title	City ID Number	CFDA Number	Federal Funding Received during the Year	Accrued or (Deferred) at the beginning of the Year	Federal Revenue Recognized during the Year	Accrued or (Deferred) at end of the Year
Bioterrorism Grant Cities	144401	93.069	238,037.56	0.00	260,441.57	22,404.01
Bioterrorism Grant Core	144400	93.069	174,976.86	0.00	423,182.23	248,205.37
Philadelphia Integrated System	150079	93.104	472,072.00	(102,933.98)	472,072.00	(248,336.13)
Philadelphia Integrated System	150080	93.104	384,277.00	0.00	575,188	190,911.00
Opioid Involved Mortality	144197	93.136	0.00	0.00	0.00	0.00
Opioid Involved Mortality	144194	93.136	35,984.76	0.00	35,984.76	(18,365.35)
Opioid Involved Mortality	144193	93.136	32,015.10	19,938.82	12,076.28	0.00
Opioid Involved Mortality	144195	93.136	0.00	0.00	0.00	0.00
Citywide Opioid Overdose	144198	93.324	25,000.00	(5,413.00)	25,000.00	(367.52)
Citywide Opioid Overdose	144199	93.324	33,332.00	0.00	33,332.00	(32,816.21)
MSA FDA State Tobacco	143798	93.520	0.00	0.00	0.00	0.00
SPAN	144820	93.539	28,457.62	0.00	43,272.28	14,814.66
Phila. Project to End Lead	143919	93.753	70,482.00	0.00	71,205.00	723.00
Phila. Project to End Lead	144020	93.753	141,323.95	1,827.00	139,496.95	(10,070.30)
A Large Scale Long Term	144775	93.847	0.00	0.00	15,088.00	15,088.00
Bioterrorism Hospital	144402	93.889	10,342.59	0.00	10,342.59	0.00
Community Preparedness for Opioid	144403	93.889	0.00	0.00	45,564.00	45,564.00
Ryan White Title II - FED	143948	93.917	1,596,458.16	749,276.13	1,596,458.16	(778,585.32)
Ryan White Title II - FED	143953	93.917	4,131,472.42	0.00	5,882,764.70	1,751,292.28
Title V Children w spec care	143831	93.994	223,173.75	0.00	300,289.58	77,115.83
Title V: Fed Sudden Death in Young	143844	93.994	0.00	0.00	9,370.00	9,370.00
Title V: MIC Primary Svs	143829	93.994	617,891.47	0.00	669,392.92	51,501.45
Title V: Service for Children	143830	93.994	303,268.86	0.00	456,399.24	153,130.38
Title V Children w spec care	143747	93.994	91,449.08	91,449.08	0.00	0.00
Title V: Fed Service for Children	143746	93.994	157,727.61	157,727.61	0.00	0.00

CITY OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

8. FEDERAL AWARDS PASSED THROUGH THE PA DEPARTMENT OF DRUG AND ALCOHOL PROGRAMS

The Pennsylvania Department of Drug and Alcohol Programs (PA-DDAP) has requested additional information regarding federal program funding. The table below provides the additional information requested to assist the PA-DDAP in monitoring the various programs. The accrued or deferred revenues in the beginning, and end of year columns in the table below are reported on a net basis. Refer to the SEFA for the corresponding contract numbers.

Project Title	City ID Number	CFDA Number	Federal Funding Received during Year	Accrued or (Deferred) at Beg Year	Federal Revenue Recognized during Year	Accrued or (Deferred) at End Year
Homeless 2 Home	150610	93.243	607,313.00	0.00	962,113.00	354,800.00
Philadelphia Alliance	150608	93.243	236,744.00	84,754.00	151,990.00	(11,090.43)
Philadelphia Alliance	150609	93.243	177,192.00	0.00	290,600.00	113,408.00
Navig & House SVCS	150621	93.788	0.00	0.00	14,790.80	14,790.80
Opioid STR-Treatment	150943	93.788	0.00	0.00	0.00	0.00
State Opioid Response Prevention	150949	93.788	0.00	0.00	0.00	0.00
State Opioid Response Treatment	150950	93.788	0.00	0.00	0.00	0.00
Opioid State Targeted	150942	93.959	565,928.00	0.00	565,928.00	0.00
Opioid State Targeted	150941	93.959	0.00	0.00	11,979.00	11,979.00
SAPT- Alcohol	150940	93.959	32,395.00	0.00	60,333.00	27,938.00
SAPT- Alcohol	150939	93.959	688,987.00	0.00	1,123,305.00	434,318.00
SAPT-Drug	150937	93.959	1,466,034.00	0.00	2,337,636.00	871,602.00
SAPT-Drug	150919	93.959	0.00	0.00	0.00	0.00
SAPT-Drug	150938	93.959	713,199.00	0.00	1,253,544.00	540,345.00
Substance Abuse	150910	93.959	0.00	0.00	0.00	0.00
Substance Abuse	150936	93.959	1,856,137.00	0.00	2,687,514.00	831,377.00

9. FEDERAL AWARDS PASSED THROUGH PA COMMISSION ON CRIME AND DELINQUENCY

The Pennsylvania Commission on Crime and Delinquency (“PCCD”) provided funding under CFDA 16.575 Crime Victim Assistance. Federal expenditures reported in the SEFA for contract number 27275 include \$385,788 of expenditures for City ID number 690447 RASA VW incurred in fiscal year 2017. Federal expenditures reported for contract 27275 include \$89,760 of expenditures incurred in fiscal year 2017 and \$197,176 of expenditures incurred in fiscal year 2018 for City ID number 690517 VOJO.

These prior year expenditure omissions in the SEFA were resolved as of April 16, 2020 with PCCD as a result of Management Letters dated March, 4 2020 for the Single Audit Reports for fiscal years 2017 and 2018.

INDEPENDENT AUDITOR'S SECTION

Auditor's Reports

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings



CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1679
(215) 686-6680 FAX (215) 686-3832

REBECCA RHYNHART
City Controller

CHRISTY BRADY
Deputy City Controller

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

To the Honorable Mayor and Honorable Members
of the Council of the City of Philadelphia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Philadelphia, Pennsylvania's basic financial statements, and have issued our report thereon dated February 25, 2020. Our report on the basic financial statements includes an emphasis-of-matter paragraph describing a change in accounting principle, discussed in Notes I.14. and III.14.A. to the basic financial statements. Our report also includes a reference to other auditors. Other auditors audited the financial statements of the following entities, as described in our report on the City of Philadelphia, Pennsylvania's financial statements.

Primary Government

Municipal Pension Fund
Philadelphia Gas Works Retirement Reserve Fund
Parks and Recreation Departmental and Permanent Funds
Philadelphia Municipal Authority
Pennsylvania Intergovernmental Cooperation Authority

Component Units

Community College of Philadelphia
Philadelphia Parking Authority
Philadelphia Redevelopment Authority
Community Behavioral Health
Philadelphia Authority for Industrial Development
Philadelphia Gas Works
Philadelphia Housing Authority

C I T Y O F P H I L A D E L P H I A
O F F I C E O F T H E C O N T R O L L E R

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Philadelphia Parking Authority were not audited in accordance with *Government Auditing Standards*. Also, the reported amounts for the Philadelphia Housing Authority (PHA) include PHA's discretely presented component units whose financial statements (except for St. Ignatius Senior Housing I, L.P., St. Ignatius Senior Housing II, L.P., St. Francis Villa Senior Housing, L.P., 1952 Allegheny Associates, L.P., Spring Garden Development Associates, L.P., Uni-Penn Housing Partnership II, and Mantua Phase II, L.P.) were not audited in accordance with *Government Auditing Standards*.

We have also audited the basic financial statements of the School District of Philadelphia, a component unit of the City of Philadelphia, in accordance with *Government Auditing Standards* and issued a separate report on the School District's internal control over financial reporting and on compliance and other matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Philadelphia, Pennsylvania's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Philadelphia, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Philadelphia, Pennsylvania's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001, 2019-002, and 2019-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2019-004 to 2019-010 to be significant deficiencies.

C I T Y O F P H I L A D E L P H I A
O F F I C E O F T H E C O N T R O L L E R

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Philadelphia, Pennsylvania's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

City of Philadelphia, Pennsylvania's Response to Findings

The City of Philadelphia, Pennsylvania's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Philadelphia, Pennsylvania's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it. We have also included our comments to the City of Philadelphia, Pennsylvania's responses that we believe do not adequately address our findings and recommendations.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CHRISTY BRADY, CPA
Deputy City Controller
Philadelphia, Pennsylvania
February 25, 2020



CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1679
(215) 686-6680 FAX (215) 686-3832

REBECCA RHYNHART
City Controller

CHRISTY BRADY
Deputy City Controller

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES SINGLE AUDIT SUPPLEMENT

To the Honorable Mayor and Honorable Members
of the Council of the City of Philadelphia

Report on Compliance for Each Major Federal Program

We have audited the City of Philadelphia, Pennsylvania's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Pennsylvania Department of Human Services (DHS) Single Audit Supplement* that could have a direct and material effect on each of the City of Philadelphia, Pennsylvania's major federal and DHS programs for the year ended June 30, 2019. The City of Philadelphia, Pennsylvania's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City of Philadelphia, Pennsylvania's basic financial statements include the operations of the School District of Philadelphia, Community College of Philadelphia, Philadelphia Redevelopment Authority, Philadelphia Authority for Industrial Development, and Philadelphia Housing Authority, which expended a total of \$876,983,526 in federal awards which is not included in the City of Philadelphia, Pennsylvania's Schedule of Expenditures of Federal Awards for the year ended June 30, 2019. Our audit, described below, did not include the operations of these component units because they had separate audits performed in accordance with the *Uniform Guidance*.

Management's Responsibility

Management is responsible for compliance with federal and DHS statutes, regulations, and the terms and conditions of its federal and DHS awards applicable to its federal and DHS programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Philadelphia, Pennsylvania's major federal and DHS programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the DHS Single Audit Supplement. Those standards, the Uniform Guidance, and the DHS Single Audit Supplement require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or DHS program occurred. An audit includes examining, on a test basis, evidence about the City of Philadelphia, Pennsylvania's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for major federal and DHS programs. However, our audit does not provide a legal determination of the City of Philadelphia, Pennsylvania's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Philadelphia, Pennsylvania complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and DHS programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and the DHS Single Audit Supplement and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-011, 2019-012, 2019-013, and 2019-014. Our opinion on each major federal and DHS program is not modified with respect to these matters.

The City of Philadelphia, Pennsylvania's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Philadelphia, Pennsylvania's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of Philadelphia, Pennsylvania is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Philadelphia, Pennsylvania's

C I T Y O F P H I L A D E L P H I A
O F F I C E O F T H E C O N T R O L L E R

internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and DHS program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and DHS program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the DHS Single Audit Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Philadelphia, Pennsylvania's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or DHS program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or DHS program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or DHS program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-011, that we consider to be a significant deficiency.

The City of Philadelphia, Pennsylvania's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Philadelphia, Pennsylvania's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the DHS Single Audit Supplement. Accordingly, this report is not suitable for any other purpose.

C I T Y O F P H I L A D E L P H I A
O F F I C E O F T H E C O N T R O L L E R

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Philadelphia, Pennsylvania as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Philadelphia, Pennsylvania's basic financial statements. We issued our report thereon dated February 25, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CHRISTY BRADY, CPA
Deputy City Controller
Philadelphia, Pennsylvania
December 23, 2020

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results

Section I – Summary of Auditor’s Results:

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiency(ies) identified? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☒ yes ☐ none reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) ☒ yes ☐ no

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Crime Victim Assistance	16.575
Airport Improvement Program	20.106
Highway Planning and Construction	20.205
Special Education-Grants for Infants and Families	84.181
Guardianship Assistance	93.090
Temporary Assistance for Needy Families	93.558
Foster Care Title IV-E	93.658
Adoption Assistance	93.659
Medical Assistance Program	93.778
Block Grants for Community Mental Health Services	93.958

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

<u>Finding No.</u>		<u>Page</u>	<u>Questioned Cost</u>
<u>Section II - Financial Audit Material Weaknesses:</u>			
2019-001	Inadequate Staffing Levels, Lack of Technological Investment and Insufficient Oversight Led to Undetected Material Misstatements	X	
2019-002	Untimely and Inaccurate Preparation of Schedule of Expenditures of Federal Awards Resulted in Late Submission of the Single Audit Reporting Package to the Federal Audit Clearinghouse	X	
2019-003	Breakdowns in the Functionality and Application IT Controls of the OnePhilly System Increase the Risk for Material Payroll Errors	X	
<u>Section III - Financial Audit Significant Deficiencies</u>			
2019-004	Deficiencies in OnePhilly System's IT General Controls Require Improvement to Minimize Vulnerabilities	X	
2019-005	OIT's IT General Controls Require Strengthening	X	
2019-006	Treasurer's Bank Reconciliation Procedures Still Require Improvement.	X	
2019-007	Failure of Departments to Properly Approve Biweekly Payrolls Increases Risk for Improprieties	X	
2019-008	Accounts Payable Reporting Needs Improvement	X	
2019-009	Capital Asset Control Deficiencies Increase Risk of Reporting Errors	X	
2019-010	SAPs Require Updating to Ensure Accurate and Consistent Application of Accounting Rules and Regulations	X	
<u>Section IV – Federal and PA. Department of Human Services Findings and Questioned Costs</u>			
2019-011	Subrecipient Monitoring - Significant Deficiency and Compliance Finding Special Education – Grants for Infants and Families (EI) – CFDA #84.181 Temporary Assistance for Needy Families (TANF) – CFDA #93.558 Medical Assistance Program – (MH/ID/EI) CFDA 93.778 Block Grants for Community Mental Health Services (MH) – CFDA #93.958	X	
2019-012	Special Tests - Compliance Finding	X	\$366,449

CITY OF PHILADELPHIA

Schedule of Findings and Questioned Costs- June 30, 2019

<u>Finding</u> <u>No.</u>		<u>Page</u>	<u>Questioned</u> <u>Cost</u>
2019-12 continued	Guardianship Assistance (SPLC) – CFDA #93.090 Stephanie Tubbs Jones Child Welfare Services Program – CFDA#93.645 Foster Care Title IV-E – CFDA #93.658 Adoption Assistance – CFDA #93.659 Medical Assistance Program – CFDA #93.778 Act 148 Pennsylvania Department of Human Services		
2019-013	Reporting - Compliance Finding	X	\$2,602,006
2019-014	Reporting - Compliance Finding Act 148 Pennsylvania Department of Human Services	X	\$1,201,065

Schedule of Findings and Questioned Costs

Section II - Financial Audit Material Weaknesses

2019-001 INADEQUATE STAFFING LEVELS, LACK OF TECHNOLOGICAL INVESTMENT AND INSUFFICIENT OVERSIGHT LED TO UNDETECTED MATERIAL MISSTATEMENTS

Philadelphia's Home Rule Charter places responsibility for the City of Philadelphia's (city's) accounting and financial reporting functions with the Office of the Director of Finance (Finance Office). In that capacity, the Finance Office prepares the city's Comprehensive Annual Financial Report (CAFR). To complete these tasks, Finance Office accountants collect, analyze, and summarize enormous amounts of financial and grant-related data, as well as other information obtained from the city's accounting system (FAMIS¹), numerous city agencies, and assorted quasi-government units, such as the Philadelphia Gas Works and the Philadelphia Redevelopment Authority.² Our current audit again disclosed a number of conditions, which collectively we consider to be a material weakness, that impede the ability of Finance Office accountants to prepare a timely, accurate, and completed CAFR without significant adjustments recommended by the City Controller's audit staff. More specifically, we observed that:

- Staff reductions in the Finance Office, as well as a lack of a comprehensive financial reporting system, have compromised the timely and accurate preparation of the CAFR;
- While the accuracy of the Aviation Fund financial statements was improved, the Division of Aviation's (DOA's) late submission of its financial statements and compilation delayed preparation and audit of the CAFR; and
- Late receipt of component unit financial reports hampered CAFR preparation.

Each of these conditions is discussed in more detail below.

Staff Shortages Along with the Lack of a Comprehensive Financial Reporting System Have Contributed to Significant Financial Statement Errors

Condition: Errors totaling \$213 million were not detected by Finance Office accountants during preparation of the city's fiscal year 2019 CAFR.

Criteria: Financial statements should be prepared to communicate relevant and reliable information. Accordingly, the statements should be free of all errors that might affect a reader's ability to make confident and informed decisions.

Effect: Because Finance Office accountants corrected the most significant of the errors we identified, the city's publicly issued fiscal year 2019 CAFR can be relied upon for informative decision making.

¹Financial Accounting and Management Information System

²These quasi-government units are considered component units for purposes of the city's CAFR.

Cause: Ongoing inadequate staffing, along with the lack of a comprehensive financial reporting system, have hindered the ability of the Finance Office to produce a timely and accurate CAFR for audit. More specifically:

- The Finance Office has continued to operate with a reduced staff size. Since fiscal year 2000, the number of Finance Office accountants has declined by over 23 percent (from 64 full-time employees in fiscal year 2000 to 49 in fiscal year 2019). While the number of accountants increased by three in comparison to the fiscal year 2018 amount, the current staff size is still not the level of hiring needed to address this problem. Inadequate staff size has resulted in significant and complex parts of the CAFR, such as the preparation of the full accrual government-wide financial statements, being performed by Finance Office accounting management. These factors have made the task of completing the CAFR more difficult and compromised the ability of Finance Office management to perform adequate reviews of the financial statements and related financial disclosures.
- Accountants in the Finance Office lacked a comprehensive financial reporting system to prepare the CAFR. Instead, accountants produce the CAFR using numerous Excel, Lotus 1-2-3 (a program that has been discontinued and unsupported since 2014), and Word files with various links between the files. Using multiple linked files creates a cumbersome process which can adversely affect the accuracy and completeness of the CAFR. While several Lotus 1-2-3 files previously used for CAFR preparation were converted to Excel for the fiscal 2019 CAFR, the Finance Office still used Lotus 1-2-3 to produce certain capital asset amounts.

During the current audit, we observed that the Finance Office continued to work with the accounting firm they hired in the prior year to help with the preparation and review of the CAFR. Although the initial plan (as it had also been for the fiscal year 2017 and 2018 CAFR) was for the accounting firm to assist with the preparation of a compilation package with detailed documentation supporting the financial statements, the Finance Office was again unable to implement that plan for the fiscal year 2019 CAFR. However, the accounting firm assisted the Finance Office with the preparation of a new CAFR review checklist which provided accountants with detailed instructions for verifying the accuracy and completeness of the fund financial statements. We noted the checklist did not yet include guidelines for review of the full accrual government-wide financial statements. Also, the accounting firm researched the potential impact recent Government Accounting Standards Board (GASB) Statements would have on the city's CAFR.

Despite the improvement noted, we still found that the Finance Office failed to detect significant errors in the CAFR submitted for audit and did not provide finalized footnotes until very late in the audit process. Examples of undetected errors included:

- The General Fund's unassigned fund balance was overstated by \$120.9 million because the Finance Office misclassified the unobligated Philadelphia Beverage Tax (PBT) monies, for which the city administration has clearly expressed intent that those funds be used for the expansion of Pre-K programming, Community Schools, and debt service on Rebuild bonds. According to GASB guidelines, funds constrained by a government's intent to use them for a specific purpose should be classified as assigned fund balance. After we raised concerns that the

unobligated PBT monies met the GASB guidelines for assigned fund balance, Finance Office accountants reclassified the \$120.9 million of unobligated PBT monies as assigned fund balance.

- Our audit testing found a total of \$30.2 million of unrecorded accounts payable for the General Fund, HealthChoices Behavioral Health Fund, Grants Revenue Fund, and Water Fund, which was not detected because of weaknesses in the payables identification and recording process, discussed in more detail below in finding 2019-008 of this report.

An example of an untimely provided footnote was the disclosure for enterprise funds capital asset activity, for which we did not receive a substantially completed version for audit until February 6, 2020, less than three weeks before we issued the audit opinion.

Recommendations: Without sufficient accounting staff and a comprehensive financial reporting system to prepare and review information needed for the CAFR, the risk increases that significant errors can occur and not be timely discovered and corrected. We continue to recommend that Finance Office management either hire more accountants, or invest in a new comprehensive financial reporting system that will reduce the current labor-intensive procedures needed to prepare the city's CAFR [50107.01]. The Finance Office, in conjunction with the Office of the Chief Administrative Officer and Office of Innovation and Technology (OIT), have begun a project which is expected to modernize core financial, grants, procurement, and supply chain business processes, known as the Optimize Procurement and Accounting Logistics Enterprise Resource Planning (OPAL ERP) project. The OPAL ERP project is expected to replace financial accounting systems such as FAMIS. As part of the OPAL ERP project, Finance Office management should include a comprehensive financial reporting system for CAFR preparation.

In the meantime, we recommend that, for the fiscal year 2020 CAFR, management follow through with its plan to use the accounting firm to assist with the preparation of a compilation package with detailed documentation supporting the CAFR [500118.01]. Additionally, Finance Office accountants should utilize the accounting firm to assist with developing a CAFR review checklist for the full accrual government-wide financial statements [500119.01]. While we support the Finance Office's hiring of the accounting firm as a short-term remedy to improve the CAFR preparation and review process, we believe the appropriate long-term solution is to either hire more accountants or invest in a comprehensive financial reporting system, as recommended above.

Views of the Responsible Officials: The Accounting Bureau (Accounting) is committed to continuing to produce an accurate and well-prepared CAFR and to continuously improving the City's financial reporting. As previously communicated, we believe that the loss of institutional knowledge over time has presented a greater challenge than the reduction in the quantity of staff. Notwithstanding, we have actively worked with the Office of Human Resources and implemented staff retention and training strategies. Since FY15, we have worked to increase the Accounting office workforce. We added 4 employees in 2016 and during FY2019, we hired a Director of Compliance and Internal Controls, who will continue to work with the Office of the City Controller to address city-wide policies, procedures and practices, identify areas of weakness, develop new procedures, and ensure all departments adhere to

established policies and internal control measures. Moreover, we have already started the process of adding employees to the Finance Office for FY20.

We continue to focus on training, with an emphasis on the CAFR preparation process. Our senior management accountants continue to attend the National Government Finance Officers Association (GFOA) conference so that management stays informed of current industry trends, regulatory updates, and best practices in government financial management. For FY20, we hope to source virtual trainings for our non-supervisory staff within budget constraints. We will continue to look for additional effective training opportunities for our staff.

Thank you for acknowledging the improvements in our CAFR preparation and review due to the retention of an external accounting firm and the strides made towards developing a comprehensive checklist for accountants. We will maintain the services of the outside accounting firm to continue to assist in the CAFR compilation efforts. Finance continues to focus on enhancing our reporting processes and we continue to increase efficiencies. Nonetheless, we would like to point out that your statement that the “General Fund’s unassigned balance was overstated” is misleading, because there is no financial impact to the General Fund. The use of the “assigned” classification does not represent a notable constraint as in the case of the “committed” or “restricted” classifications, and therefore including this item as a material weakness consideration is unreasonable. Further, the treatment of the audited unobligated Philadelphia Beverage Tax (PBT) monies in prior years underscores the immateriality of the assignment of these funds for FY2019.

We acknowledge that a new comprehensive financial reporting system will improve the CAFR preparation process, and we have begun planning for the implementation of such system through our OPAL project. We continue to evaluate the timing of implementation as we move forward with our planning efforts to replace FAMIS.

Accounting has received the GFOA Certificate of Achievement for Excellence in Financial Reporting for 39 consecutive years and has successfully addressed all GFOA recommendations presented in that process. As always, Accounting will continue to critique the errors in the drafts sent to the Controller’s Office and the adjustments resulting from the most recent (FY2019) CAFR audit with the entire accounting staff as a learning tool to produce improved financial statements going forward.

Auditor’s Comments on Agency’s Response: In above response, management states “General Fund’s unassigned balance was overstated” is misleading, because there is no financial impact to the General Fund. The use of the “assigned” classification does not represent a notable constraint as in the case of the “committed” or “restricted” classifications, and therefore including this item as a material weakness consideration is unreasonable. Further, the treatment of the audited unobligated Philadelphia Beverage Tax (PBT) monies in prior years underscores the immateriality of the assignment of these funds for FY2019.

We disagree with management’s above statements. According to GASB standards, unassigned fund balance should represent fund balance not restricted, committed, or assigned to specific purposes. The unobligated PBT monies, which totaled \$120.9 million at June 30, 2019, meet the GASB guidelines for

assigned fund balance (i.e. funds constrained by a government's intent to use them for a specific purpose) since the city administration has clearly expressed intent that the PBT monies be used for the expansion of Pre-K programming, Community Schools, and debt service on the Rebuild bonds. In fact, when we asked the GASB for its feedback on this issue, the assigned GASB senior research manager agreed with our assessment. Therefore, in the CAFR presented for audit, the General Fund's unassigned fund balance (which totaled \$246.7 million) was overstated by \$120.9 million because it included the unobligated PBT monies, which comprised nearly half of the reported unassigned fund balance.

Management also states, "As always, Accounting will continue to critique the errors in the drafts sent to the Controller's Office and the adjustments resulting from the most recent (FY2019) CAFR audit with the entire accounting staff as a learning tool to produce improved financial statements going forward." We disagree with management's use of the term "drafts" when describing the financial statements submitted to us for audit. Effective internal control requires that, before the Finance Office submits the CAFR to us for audit, accounting management should perform a review of those financial statements for accuracy and completeness. The \$213 million of CAFR errors cited on page 1 of the report occurred because the city's controls over the financial reporting process failed to prevent or detect and timely correct the misstatements. In fact, we found most of the \$213 million of CAFR errors very late in the audit process, proposing most of our audit adjustments within the one-month period prior to the issuance of the audit opinion, when the Finance Office should have already completed its financial statement review procedures and finalized the statements.

In above response, management also states, "Since FY15, we have worked to increase the Accounting office workforce. We added 4 employees in 2016 and during FY2019, we hired a Director of Compliance and Internal Controls...Moreover, we have already started the process of adding employees to the Finance Office for FY20." Management's statement does not address the decrease in the total staff size of the Finance Office's accounting division from fiscal year 2016 to fiscal year 2018. As noted in previous reports, the total staff size in the accounting division was 49 in fiscal year 2016, 47 in fiscal year 2017, and 46 in fiscal year 2018. Also, as we stated in the cause of finding 2019-001 above of the report, while the number of accountants increased by three in fiscal year 2019 (bringing the staff size back up to the fiscal year 2016 level), the current staff size is still not the level of hiring needed to address the ongoing staff shortages that have hindered the ability of the Finance Office to produce a timely and accurate CAFR for audit.

While Improvement Was Noted, Late Submission of Aviation Fund Financial Statements Delayed Preparation and Audit of CAFR

Condition: In the prior audit, we reported that the DOA's management did not perform an adequate review of the Aviation Fund financial statements before submitting them to the Finance Office for inclusion in the city's CAFR. Consequently, management failed to detect material errors totaling \$122.4 million in the Aviation Fund financial statements, \$66.1 million of which involved calculation errors on the Statement of Cash Flows. During the current audit, we found significant improvement in this condition as a result of the DOA's corrective actions. DOA management hired a new consultant to assist with preparation of the financial statements and supporting compilation package. The new consultant was an accounting firm with experience in preparing the Water Fund financial statements. We observed that the compilation package provided detailed support for the statements and included a financial statement

review checklist that documented the procedures performed and contained evidence of review by the DOA's deputy chief financial officer (CFO). While the review checklist did not include procedures for the Statement of Cash Flows, we noted that the compilation contained a more detailed supporting calculation for this statement. The compilation also included a certification signed by the deputy CFO, who affirmed that she had reviewed the financial statements and was satisfied that they met acceptable standards of presentation and disclosure. Our testing of the fiscal year 2019 Aviation Fund financial statements found no material misstatements. Therefore, we believe that sufficient improvement has been made to consider this condition resolved [500118.02, 500118.03].

Despite this improvement, the Aviation Fund financial statements and supporting compilation were again completed very late. Although the DOA provided us with various revenue, accounts payable, and capital asset data during November and December 2019 so audit testing could proceed, the DOA did not submit its completed financial statements and compilation to the Finance Office until January 6, 2020, which was 11 days later than the previous year. While the DOA submitted a draft version of the financial statements to the Finance Office on October 17, 2019, those statements were very preliminary with various open items. The DOA made significant financial statement changes between the October 17, 2019 and January 6, 2020 versions.

Criteria: In preparing the city's CAFR, Finance Office accountants must collect, analyze, and summarize financial information from numerous sources, including the DOA. It is essential that the DOA complete and submit the Aviation Fund financial statements and compilation to the Finance Office at an earlier date, so they have adequate time to review and incorporate those statements into the CAFR.

Effect: The DOA's failure to provide the Aviation Fund financial statements and compilation on time can result in delays in timely completing the financial reporting and auditing processes for the city's CAFR. It also increases the risk for CAFR errors, as Finance Office accountants have less time to adequately review the statements.

Cause: The delay in the DOA's submission of the Aviation Fund financial statements and compilation, according to DOA management, was the result of turnover in their accounting personnel as well as the hiring of a new consultant to assist with preparation of the statements and compilation.

Recommendation: To improve the timeliness of its financial reporting, we continue to recommend that DOA management work with the Finance Office to facilitate an earlier deadline for the completion of the Aviation Fund financial statements and compilation, which includes the review checklist [500118.04].

Views of the Responsible Officials: Thank you for acknowledging that your testing of the fiscal year 2019 Aviation Fund financial statements found no material errors. Thank you for also highlighting our enhanced financial statement preparation with supporting compilation package that included detailed support and a review checklist. Thank you also for acknowledging that we provided key financial statement data during November and December 2019 to enable audit testing to timely proceed. While the turnover of key finance members in addition to having a new consultant contributed to the delay in issuing the FY 19 financial reports, we are pleased that that we made tremendous improvements and our prior year finding has been resolved. We would also like to note that during FY2020 there has been no

additional personnel turnover and we have retained our consultant. This provides continuity and familiarity with preparing the reports along with the reporting process. Though it is recommended that DOA work with the Finance Office to facilitate an earlier deadline, with the continuity mentioned above, it is anticipated that DOA will meet all required deadlines.

Late Receipt of Component Unit Financial Reports Still Delayed Preparation and Audit of CAFR

Condition: As we have reported for the last several years, late receipt of component unit financial reports continued to delay preparation and audit of the city's CAFR. As shown in Table 1 below, six of the city's ten component units still did not submit their final reports by the due dates requested by Finance Office accountants.

The greatest challenge to the timely completion of the CAFR came from the Philadelphia Municipal Authority, the Philadelphia Redevelopment Authority, and the School District of Philadelphia. These three agencies submitted their reports very late (January 27, 2020, January 29, 2020, and February 7, 2020, respectively), leaving the Finance Office accountants and the Controller's Office auditors very little time to ensure that they were accurately included in the city's CAFR before it was issued on February 25, 2020.

Table 1: Late Submission of Component Unit Financial Reports

<u>COMPONENT UNIT</u>	<u>DUE DATE</u>	<u>DATE RECEIVED</u>	<u>DAYS LATE</u>
Philadelphia Gas Works	12/2/2019	1/6/2020	35
Philadelphia Housing Authority	7/31/2019	10/29/2019	90
Philadelphia Municipal Authority	12/31/2019	1/27/2020	27
Philadelphia Parking Authority	7/31/2019	1/6/2020	159
Philadelphia Redevelopment Authority	12/31/2019	1/29/2020	29
School District of Philadelphia	11/1/2019	2/7/2020	98

Note: Community Behavioral Health, Community College of Philadelphia, Pennsylvania Intergovernmental Cooperation Authority, and Philadelphia Authority for Industrial Development submitted their financial reports timely.

Source: Prepared by the Office of the Controller

Criteria: An essential element of timely financial reporting is that it promotes management accountability and communicates information early enough to allow users of the financial statements to make informed decisions.

Effect: The failure of component units to submit their financial statements on time increases the risk for errors or omissions, as Finance Office accountants become limited in the amount of time available to adequately review the reports. The risk of error also increases as accountants must make significant changes to the financial statements and footnote disclosures each time a component unit's financial information is added to the report. Additionally, each series of changes requires considerable audit time to ensure that accountants have correctly changed previous amounts and footnotes presented for audit. During the current

year audit, we identified, and the Finance Office corrected, a misclassification error relating to the component units totaling \$2.4 million.³

Cause: There is no incentive for component units to submit their final financial statements timely to the city and no consequences for those who do not meet the required deadline.

Recommendation: We again recommend that, early in the CAFR preparation process, Finance Office accountants solicit the assistance of the director of finance to secure the cooperation of all component unit management in the timely submission of their respective final financial reports to the city's Finance Office [50102.01].

Views of the Responsible Officials: We agree that the timely submission of all component unit reports is critical to the timely issuance and accuracy of the City's CAFR. We will continue to meet with management and auditors of various component units concerning timely submission of financial reports, as well as have additional meetings to provide guidance and assist with problems in component units that experience issues that delay the preparation of their financial reports. Finance continues to send initial requests for component unit financial statements and data in as early as May for all entities with March 31FYE, with required responses no later than June 30. We also continue to send requests for all other Component Units by end of June, with responses required by August 31. Follow-up requests are sent out to component units, with an emphasis on the importance of timely submission of financial data highlighted in all communications. The three component units called out for very late submissions, PMA, PPA and SDP, provided valid reasons for their delay or showed evidence of improvement. PMA (Philadelphia Municipal Authority) was late due the transfer of \$300M of capital assets from PMA to the City. This transfer was required due to the maturity of the underlying PMA bonds, and required additional coordination between the City and PMA. PRA (Philadelphia Redevelopment Authority) indicated their audited financial statements were held up pending the completion of their single audit report. The SDP (School District of Philadelphia) actually improved from FY2018 (submitted 2/12/2019) to FY2019 (submitted 2/7/2020). We will continue to work with the Component Units to ensure timely submission of audited financial statements; as well as continuing to engage the City's Director of Finance, as needed.

2019-002 UNTIMELY PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS RESULTED IN LATE SUBMISSION OF THE SINGLE AUDIT REPORTING PACKAGE TO THE FEDERAL AUDIT CLEARINGHOUSE

Condition: Because the city expends more than \$750,000 of federal awards, Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a single audit of grant activities to be performed each year. The Finance Office's Grants Accounting and Administrative Unit (GAAU) is responsible for preparing the Schedule of Expenditures of Federal Awards (SEFA). GAAU personnel employ a manual process to enter grant expenditures from the city's accounting system into the SEFA through a fund schedule, which is adjusted based on mandatory grant reconciliations provided by the city departments responsible for

³ This \$2.4 million error was a misclassification between asset categories and had no effect on net position. It was not included in the \$213 million error total discussed on page 1 of the report.

grants (departments). For fiscal year ending June 30, 2019, a preliminary SEFA was not prepared and provided for audit until March 28th of the following calendar year, which was 3 days prior to the required deadline of March 31st, to submit the reporting package⁴.

Also, for the past several years, we have reported that GAAU has provided an inaccurate SEFA for audit. Due to the late receipt of the SEFA, we were unable to determine its accuracy for the reporting purpose.

Criteria: OMB's Uniform Guidance, Title 2, Part 200, Subpart F Audit Requirements, paragraph .512 requires the single audit to be completed and the data collection form and reporting package to be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Effect: GAAU's untimely preparation and submission of the SEFA, caused delays in planning the audit and subsequent testing of the SEFA and major programs. As a result, the city did not submit a Single Audit reporting package to the Federal Audit Clearinghouse by the federally required deadline. Non-compliance with the reporting requirements is a violation of federal grants terms and conditions. The city's continued failure to meet this filing requirement could affect future federal funding.

Cause: GAAU uses reconciliations of expenditures recorded in the city's FAMIS accounting system and amounts reported to grantor agencies, prepared by various city departments, to verify the accuracy of the SEFA and make necessary adjustments. For fiscal year 2019, GAAU sent requests for these reconciliations in November 2019. Second and third requests were sent to departments who did not meet the initial deadline on December 23, 2019 and January 17, 2020, respectively. Untimely responses from the departments and multiple follow-ups further delayed in the preparation and submission of a SEFA for audit.

Recommendations: We recommend that GAAU allocate adequate resources to ensure timely preparation and submission of the SEFA for audit purposes [500118.05]. We also recommend the proactive enforcement of the existing policies and procedures requiring departments to complete the FAMIS expenditure reconciliations by the due date [500114.12].

Views of the Responsible Officials: Finance recognizes the importance of submitting a timely and accurate federal awards and major programs schedule (SEFA) to our auditors. More importantly, there is a crucial need for the timely completion of our audits, and the timely submission of an accurate Single Audit Reporting pack to the Federal Audit Clearing House to prevent a violation of federal grant terms and conditions and to prevent the elimination of federal funding for the City's grants and programs. While we acknowledge GAAU needs to continue all efforts to improve the SEFA submission timeline, we must also point out that the Controller's Office needs to ensure its audits are completed on time, as late audits contribute to further delays in the submission to the Federal Audit Clearing House.

⁴ On March 19, 2020 the OMB issued memorandum M-20-17, "Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations," allowing recipients and subrecipients that have not filed their single audits with the Federal Audit Clearinghouse as of the date of the issuance of this memorandum that have fiscal year ends through June 30, 2020, to delay the completion and submission of the Single Audit reporting package, as required under Subpart F of 2 CFR § 200.501 – *Audit Requirements*, to six months beyond the normal due date.

GAAU staff undergo a meticulous process involving numerous departments and requiring multiple follow-ups to produce a complete and accurate SEFA. We communicate the importance of providing complete and accurate information to the departments and we emphasize the need to provide timely data. GAAU provides guidance to departments and conducts numerous collaborative meetings with departments whenever necessary throughout the audit period to discuss issues and assist with resolutions. Our department continues to explore additional ways to provide a completed SEFA to our auditors in a timelier fashion. We agree that additional resources will aid in expediting the SEFA preparation.

Another step to accelerate the preparation of the SEFA, would involve fast-tracking the FAMIS Reconciliation process. GAAU will attempt to begin FAMIS reconciliations early, with Q3 FY2020 FAMIS reconciliations conducted in May 2020 and Q4 FY2020 reconciliations performed by August 2020. Our goal will be to accelerate departmental revenue validations so that these are completed no later than early September and we hope to complete AP accrual validations starting early September. GAAU is committed to working very closely with departments that have late expense and revenue transfers due to Grantor related issues on final award amounts. Further, our goal is to complete the reconciliation of Grant Fund Schedules by end of October 2020 and to provide you with the fully reconciled fund schedules and the SFA version A in November. We are hopeful that an accelerated timeline would result in a timely preparation of the SEFA and we hope to continue working with departments to ensure the requirements of SAP G 3-1 are followed.

We maintain that certain best practices will also enable a timely submission of the Single Audit Reporting Package, including 1) The provision of a “provided by client list” with a detailed schedule of all required support for the audit with target due dates and dates of receipt from Finance for tracking purposes 2) The establishment of multiple planning meetings, including an entrance conference to iron out expectations for all parties and discuss considerations for the upcoming audit and any takeaways from the previous audit, 3) Regular audit status update meetings to identify any constraints and issues and to monitor audit progress 4) The completion of audit testing for the CAFR and Single Audit at the same time and 5) The acceleration of the audit testing timeline, including cross-cutting procedures, where applicable, to ensure that the audits are completed in an accelerated timeline and reporting packages are submitted ahead of time.

Auditor’s Comments on Agency’s Response: In above response, management states, “While we acknowledge GAAU needs to continue all efforts to improve the SEFA submission timeline, we must also point out that the Controller’s Office needs to ensure its audits are completed on time, as late audits contribute to further delays in the submission to the Federal Audit Clearing House.”

To perform a timely audit, it is important that we receive the SEFA in a timely manner. Without a SEFA, we are not able to perform initial audit planning procedures, such as analytical reviews, risk assessment of the programs, selection of the major programs, and planning the internal control and compliance testing. Also, our audit timelines are dependent on the timely receipt of accurate financial schedules and supporting documentation for audit. As noted in the condition of finding 2019-002 of the report, for fiscal year 2019, the GAAU did not provide the preliminary SEFA for audit until March 28, 2020, which was only three days prior to the required deadline of March 31st, to submit the Single Audit reporting package.

Management also states “We maintain that certain best practices will also enable a timely submission of the Single Audit reporting package, including 1) The provision of a “provided by client list” with a

detailed schedule of all required support for the audit with target due dates and dates of receipt from Finance for tracking purposes 2) The establishment of multiple planning meetings, including an entrance conference to iron out expectations for all parties and discuss considerations for the upcoming audit and any takeaways from the previous audit, 3) Regular audit status update meetings to identify any constraints and issues and to monitor audit progress 4) The completion of audit testing for the CAFR and Single Audit at the same time and 5) The acceleration of the audit testing timeline, including cross-cutting procedures, where applicable, to ensure that the audits are completed in an accelerated timeline and reporting packages are submitted ahead of time.”

The best practices management listed above have been in place during our audits, including a provided by client (PBC) list with target dates that was given to the Finance Office at the entrance conference on June 4, 2019 for the fiscal year 2018 audit. We also held multiple entrance conferences with the grantor departments that had major programs selected for audit. We held periodic update meetings with the Finance Office and tracked the status of the receipt of documents on the PBC list throughout the audit. The key obstacle to submitting the Single Audit reporting package to the Federal Audit Clearinghouse on time remains the Finance Office’s untimely preparation and submission of the SEFA for audit.

2019-003 BREAKDOWNS IN THE FUNCTIONALITY AND APPLICATION IT CONTROLS OF THE ONEPHILLY SYSTEM INCREASE THE RISK FOR MATERIAL PAYROLL ERRORS

Condition: As part of our audit of the city’s fiscal 2019 CAFR, we engaged an independent accounting firm to perform an assessment of the information technology (IT) application and general controls related to the city’s new Oracle eBusiness Suite/PeopleSoft Workforce Management System (the OnePhilly system). The OnePhilly system replaced the legacy Human Resources (HR), Benefits, Payroll, and Time and Attendance systems.⁵ In December 2018, the HR and Benefits modules went live. The next rollout was in March 2019 with the Payroll and Time and Attendance modules. The Finance Office oversees the OnePhilly Team, whose role is to manage the OnePhilly system project.

This assessment found multiple breakdowns in the functionality and application controls of the OnePhilly system, which we consider to be a material weakness. Specifically, the following was noted:⁶

- Assumed time was automatically recorded by the OnePhilly system if an employee’s timecard was short of time in comparison to the employee’s scheduled time. Assumed time is a concept where the OnePhilly system assumes that the employee works his/her minimum scheduled hours in a given week or pay period, regardless of what has been entered into Oracle Time & Labor (OTL). The addition of this time was not reviewed for accuracy or authorization.

⁵ The city’s plan is also for the OnePhilly system to replace the legacy Pension system, but the OnePhilly Pension module has not yet been implemented.

⁶ This assessment also noted significant deficiencies in the IT general controls for the OnePhilly system, which are discussed on pages 10 to 13 of this report. We also issued a separate report to the Finance Office on the OnePhilly IT controls assessment, which communicated the material weakness in application IT controls, the significant deficiencies in IT general controls, and other observations with lesser impact.

- Changes were made to employee timecards by the OnePhilly Team or the Finance Office's Central Payroll Unit without documented authorization or approval.
- Employees or timekeepers were able to enter time to hour types that may not be authorized for the department. When time was entered, an hour type was to be selected from a drop-down menu. Examples included regular time, leave time, on call time, etc. Hour types were not restricted by department.
- The OnePhilly Team ran a process which automatically changed employee timecards that were unapproved to approved status.
- Employees who entered their time via Manager Self-Service were able to authorize their own timecards instead of being submitted to his/her direct supervisor for approval.
- The OnePhilly system was not accurately calculating all employee leave accruals as multiple defects were self-identified during and after the testing period. According to the OnePhilly team, as of November 4, 2019, approximately 3,000 employees' vacation and sick balances were not accurately reflected in the OnePhilly system. The city departments were instructed to verify their employees' balances outside of the system.
- A defect was self-identified by the OnePhilly Team with the code that was written to transfer the time from Timelink to the OnePhilly system, which resulted in an incomplete time entry transfer. Timelink is the software for departments and employees which use a timeclock to record start and end times.
- During the recalculation of one employee's pay, a difference of \$.06 in the hourly rate was identified; however, the OnePhilly Team did not provide an explanation for this difference.
- The Timecard Status Summary Dashboard (including the Missing Timecard Report) was not restricted by department. The super timekeepers were able to view all employees on the Dashboard. In addition, the Timecard Status table within the Dashboard did not reflect the total population of timecards as the missing timecards were not included. During a walkthrough, the missing timecards listing did not accurately update when different departments were selected.
- The Overpaid / Underpaid report had known inaccuracies according to the OnePhilly Team and required a full review each week. The report was created for each payroll cycle to identify employees which may have been overpaid or underpaid based upon employee type, scheduled hours, and hours entered. The report had over 3,000 lines requiring individual review.
- The controls for monitoring the completeness and accuracy of outbound interface files were inconsistent between the various outbound interfaces. There were customized outputs which were sent to various third parties, including unions for city employees. Certain third parties have requested specific formats which include checks on the completeness and accuracy of the

produced files. However, for those groups which have not requested a similar level of detail, there were no formalized monitoring controls in place over the completeness and accuracy of the output files.

- OnePhilly OTL was not available on Mondays and portions of Tuesdays for self-service and timekeeper time entry.
- While the city departments' supervisory and executive-level approvals of the bi-weekly payroll transactions were electronic signoffs in the city's previous payroll system, since the OnePhilly Go-Live, departmental approvals of payroll were no longer electronic. Instead, departments were now required to have the supervisory and executive-level approvers physically sign a paper report, which was then scanned and sent to the OnePhilly Team and Central Payroll Unit.

Criteria: Application controls should be adequately designed to ensure the completeness, accuracy, and validity of processing data, as well as the confidentiality and availability of data. Also, controls should be sufficiently tested to ensure that they are operating effectively.

Effect: There is the potential for the payroll expense and other related liability accounts as reported in the city's CAFR to be materially misstated due to the controls breakdown. In addition, individual employee pay may be inaccurate and/or unauthorized.

Cause: The scope of our consultant's engagement was to assess the application controls in place when the OnePhilly system was in production, supporting the city's HR, Benefits, Payroll, and Time and Attendance processes. As many of these conditions appeared to be in existence from the time of the OnePhilly system Go-Live, the potential cause may have occurred before Go-Live. Therefore, it appears that the city may not have dedicated sufficient resources to identifying, prioritizing, testing, and implementing necessary modifications to the OnePhilly system.

Recommendation: Finance Office management and the OnePhilly Team should evaluate the sufficiency of resources dedicated to identifying, prioritizing, testing, and implementing necessary modifications to the OnePhilly system. A formalized framework should be established and leveraged for identifying, prioritizing, and resolving system issues. Where applicable, this should include resolving the issue prospectively, as well any necessary retrospective corrections. Finally, the identification and tracking to resolution of the issues should be communicated on a periodic basis to applicable stakeholders or departments [303519.01].

Views of the Responsible Officials:

- The City of Philadelphia is committed to ensuring employees get paid on time. After thoughtful discussion, management agreed to running an Assumed Time program in the event that Departments are unable to update, review and approve time captured for the period. The statement that "time is not reviewed for accuracy and authorization" is inaccurate. Payroll timekeepers are tasked with reviewing the time entries for their departments for accuracy. Departments are also tasked with providing multi-level sign offs of time details captured in the time detail report for that

department. Timekeepers go back in retro-effective time periods, perform necessary follow-ups, and update assumed time to reflect actual hours and submit and approve these changes. Management made the decision to leave all pay periods open during the first three months of stabilization, to allow timekeepers adequate time to make updates. Management updated this timeline in July 2019 and allowed timecards to remain open for 6 pay periods, until November 2019, when they switched to the normal timeline of 3 pay periods. Only Authorized personnel make changes to employee timecards after following the required approval steps for that specific process.

- The OnePhilly and Central Payroll teams perform certain citywide and cross functional tasks. These teams follow the appropriate steps when performing their functions, including making changes to employee timecards. Some of the changes are made with documental approvals from departments, others are made after discussion with departments, and other changes are made by higher-level payroll examiners, who possess the requisite skillset and knowledge to perform certain city-wide updates to employee records that do not require departmental level approvals.
- Only relevant hours types are authorized for employees and timekeepers. The time types that timekeepers have access to are driven by both Department and Compulsory Union Code (CUC). Hours type should not be restricted at the department level. Hours types are driven by CUC and therefore, not all hours types are available for each employee. For example, Hazmat or Acting Out of Rank is available only for CUC “F” or firefighters, and Stress Pay is available only for Police. All hours types are reviewed and approved by managers and timekeepers.
- The OnePhilly team does not approve all timecards in unapproved status. Only timecards in the most current processing period that are in working status are approved in order to ensure all employees get paid. Timekeepers are then tasked with updating these timecards after the close of the processing period. In the absence of the automatic approval process and the Assume Time program, if managers and timekeepers did not complete their review and approval of employee timecards by the payroll processing deadline, employees would not receive their paychecks. Management determined that the risks related to not paying employees was greater than the risk of paying employees and retroactively adjusting these payments if needed. Further, the number of instances in which employees’ current timecards remain in unapproved status has significantly decreased.
- The number of employees with access to OTL Manager Self-Service has always been limited. Only supervisors and managers have access to OTL Manager Self-Service, which represents ~5% of all employees. Only a portion of that approximately 5% were actually using OTL Manager Self-Service instead of OTL Employee Self-Service to submit their hours worked. However, we are pleased that the system was updated to restrict the ability of management and supervisors to enter their hours worked using OTL Manager Self-Service.
- The OnePhilly team was fully aware of the leave accrual issues that existed in the system and alerted the Controller’s office of the unwavering testing and resolution efforts carried out by the team. Leave accrual have been fixed and are now accurately reflected in the system. A sick abuse

program to enable departments to systematically track leave balances is targeted to be released by end of this month. This timeline may be impacted by COVID-19.

- Upon identification, this issue was resolved in a timely fashion.
- The team identified the root cause of the issue and logged a defect. The issue will be resolved by June 30, 2020. This timeline may be impacted by COVID-19.
- The Timecard Status Summary Dashboard allows timekeepers to view meaningful data during the time capture phase of payroll processing, such as, timecards in approved status and timecards in working or error status. All of this information is accessed and viewed at the department level. The Missing Timecard Report is the only dataset that is a citywide view in the Timecard Status Summary Dashboard. Timekeepers cannot edit this data, and they DO NOT have access to sensitive payroll and PII information of employees in other departments. We have requested an update to be made to the dashboard so that missing timecard details can be viewed at the department level only. The target timeline for this resolution is June 30, 2020. This timeline may be impacted by COVID-19.
- The team provided and demonstrated initial versions of the Overpaid/Underpaid reports during the walkthroughs. Those initial reports were fine-tuned and enhanced, as can be expected with any implementation, and this was communicated to the auditors. A team of payroll examiners conduct the review of the Overpaid/Underpaid reports. The statement that the 3,000-line report requires individual review is inaccurate.
- Post June 30, 2019, the OnePhilly team expanded controls over reconciliation of outbound interfaces. There are two sets of controls in place: controls that are required by the receiving organization/external entities for reconciliation purposes, and internal reconciliation controls and other controls that are carried out by the OnePhilly team during the interface execution process.
- The suspension of time only impacts self-service users and timekeepers every Monday and every other Tuesday. The overwhelming majority of city employees (greater than 75%) are not self-service users and are not impacted by the suspension of time. Notwithstanding, the OnePhilly team will implement a process that suspends time entry only for the current pay cycle, instead of for all pay-periods. The expected timeline for implementation, considering other enhancement priorities, is September 2020.
- The change from electronic to paper signoffs in and of itself is not an issue. In fact, the current paper sign-off process requires supervisory and executive-level approvers to review the time detail report before manual sign-off. As already communicated to the Controller's office, the team is going to enhance the sign-off process even further, and specifically, Central Payroll has worked with the One Philly Team to develop the blueprint for automation of the payroll sign-off process. The target timeline for the additional enhancements to be completed is May 2020.

Auditor’s Comments on Agency’s Response: In above response, management states that “Timekeepers go back in retro-effective time periods, perform necessary follow-ups, and update assumed time to reflect actual hours and submit and approve these changes.”

We note that, in a subsequent comment in its response, management states that the OnePhilly and Central Payroll Teams make changes to employee timecards, and not always “with documental approvals from departments.”

Management also states that “only relevant hours types are authorized for employees and timekeepers. The time types that timekeepers have access to are driven by both Department and Compulsory Union Code (CUC). Hours type should not be restricted at the department level. Hours types are driven by CUC and therefore, not all hours types are available for each employee. For example, Hazmat or Acting Out of Rank is available only for CUC ‘F’ or firefighters, and Stress Pay is available only for Police. All hours types are reviewed and approved by managers and timekeepers.

During the in-scope period, the independent accounting firm engaged by us to assess the OnePhilly system’s IT application and general controls (our consultant) witnessed that employees and timekeepers could select from the full listing of hours types and submit time. It is our consultant’s understanding that an initial system fix was implemented in November 2019.

Regarding the Overpaid / Underpaid report, management states the following:

The team provided and demonstrated initial versions of the Overpaid/Underpaid reports during the walkthroughs. Those initial reports were fine-tuned and enhanced, as can be expected with any implementation, and this was communicated to the auditors. A team of payroll examiners conduct the review of the Overpaid/Underpaid reports. The statement that the 3,000-line report requires individual review is inaccurate.

Management’s response confirms that these reports were not fully functioning during the in-scope period. Further, the fact that the 3,000-line report – which only relates to one payroll type, for one pay period – requires manual review is not disputed. It appears, consistent with the OnePhilly Team’s remarks during the exit conference, that the OnePhilly Team has interpreted “individual review” to mean that one individual is responsible for reviewing the entire report.

Schedule of Findings and Questioned Costs

Section III - Financial Audit Significant Deficiencies

2019-004 DEFICIENCIES IN ONEPHILLY SYSTEM'S IT GENERAL CONTROLS REQUIRE IMPROVEMENT TO MINIMIZE VULNERABILITIES

As discussed in finding 2019-003 of this report, we engaged an independent accounting firm to conduct an assessment of the IT application and general controls of the city's new OnePhilly system. In addition to the material weakness found in application controls,⁷ this review noted the following deficiencies in the OnePhilly system's IT general controls:

- There was no formal, documented monitoring of the third parties which significantly support the OnePhilly system.
- Authorization of OnePhilly elevated access for new users and transferred users was not performed using a formal, documented format. In addition, periodic user reviews had not been performed, and there was no formally documented Segregation of Duties policy.
- Passwords were not configured to meet city requirements, including complexity, minimum length, and expiration after 90 days.
- Go-Live approvals were not formally documented and maintained.

Each of these conditions is discussed in more detail below.

Monitoring of Third Parties Was Not Formally Documented

Condition: There was no formal, documented monitoring of the third parties which significantly support the OnePhilly system. Specifically, the following was noted:

- There was no evidence of a formal review and evaluation by the OnePhilly Team of the Ciber Oracle Managed Services (COMS) Service Organization Control (SOC) 2 report, and the CenturyLink Managed Network and Hosting Services SOC 2 report.⁸
- The 2018 COMS SOC 2 report (the most recently available report) was performed by an accounting firm that did not have offices in the United States (U.S.), and was not noted to be part of a network of firms with a U.S. presence.
- Within the CenturyLink SOC 2 report, physical access and environmental controls at the Sterling, Virginia data center where the city's data is housed were not part of the scope of that control evaluation. Also, the OnePhilly Team has not evaluated the sufficiency or effectiveness of these controls.

⁷ See pages 7 to 9 of this report for more detail on the material weakness in OnePhilly IT application controls.

⁸ The city engaged Ciber, an HTC Global Company, (Ciber) to customize and implement the OnePhilly system. In addition, COMS has been contracted to perform the managed services of the day-to-day operations of the system. Ciber hosts the OnePhilly system with CenturyLink, a network services and managed services company.

- There was no evidence of formal monitoring of the Service Level Agreement (SLA) between OnePhilly and Ciber.

Criteria: Reliance on third parties to support key processes requires formalized monitoring controls by the OnePhilly team to ensure that services are being provided as contractually required. SLAs are established with third parties to define minimal acceptable services, including system availability, response times, and other performance metrics. SOC reports are American Institute of Certified Public Accountants (AICPA) defined reports which are performed by public accounting firms to evaluate and report on the controls at a third-party service provider. SOC reports allow management and auditors to gain comfort over controls at a third-party service provider without the need to perform their own audit procedures.

Effect: Formal review of third parties, including ongoing monitoring, was not documented. In addition, there was an increased risk of unauthorized access, and exposure of confidential employee data.

Cause: The primary third party, Ciber, was embedded and working closely with the OnePhilly Team for the development and support of the OnePhilly system. This can seem to cause a breakdown in the boundaries between the OnePhilly Team and the third party.

Recommendation: The OnePhilly Team should establish and document routine monitoring of performance of third parties, including against established SLAs, evaluation of relevant SOC reports, and other applicable reports [303519.02].

Views of the Responsible Officials: The review of the SOC reports that were provided during the audit would have been conducted by the previous OnePhilly director, who is no longer with the City of Philadelphia. All future SOC report reviews will be conducted by a team of reviewers comprising representatives from OIT's Information Security Group (ISG), Law and Finance. Where control gaps exist, vendor due diligence checks will be conducted.

In this global and technologically enhanced world, an audit firm does not need to be located in the US to perform its functions in accordance with US Audit guidelines. Also, the auditor on this engagement is a US registered CPA, and his team includes consultants from a PCAOB registered firm. The SOC report was created in AICPA format, and the auditors confirmed that their audit was conducted in accordance with AICPA standards. This fact is also highlighted within the SOC report, both in the "Scope" and the "Service Auditor's Responsibilities" sections.

As noted previously, we have assembled a team who will perform all future SOC report reviews, as well as conduct vendor due diligence checks where there are control gaps, moving forward.

There are numerous mechanisms in place to monitor SLA: Daily performance dashboard reports are sent to the OnePhilly team. Management reviews these automated system generated reports daily. There are also weekly PMO meetings scheduled and minutes to these meetings are maintained. Additional monthly SLA meetings are also conducted.

Cause: Initial elevated access was required only within the OnePhilly Team, which used informal requests to obtain and grant access to new team members. As the system went live, a formalized process to provision and review users was not established.

Recommendation: The OnePhilly Team should develop a comprehensive document that clearly identifies incompatible roles, responsibilities, and permissions. A formal process should be established to request and approve user access, which specifies the access required, considering the documented SoD requirements. Finally, a quarterly review of user access should be performed, with any identified SoD breakdowns removed, or acknowledged with identification of monitoring controls in place [303519.04].

Views of the Responsible Officials: During the audit, OnePhilly provided ample documentation concerning separation of duties and systematic permissioning based on responsibilities across departments. Based on feedback from Eisner Amper, we agreed to develop a single, comprehensive and easy to read document on Segregation of Duties. This document is in progress and the team aims to complete it during FY2021. Regarding access provisioning and de-provisioning, the OnePhilly security provisioning team was an integral part of building out the responsibilities in the system and are well versed with systematic permissioning and segregation of duties. As communicated during the audit, quarterly citywide access reviews occurred by default during implementation in December and March, because departments provided the listing of employees approved to be added during this time, and therefore, only payroll process owners were added, and access was reviewed and granted based on the assigned roles and responsibilities details provided by Departments. We also communicated that the team established quarterly reviews of user access post June 30, 2019. Furthermore, the team is making additional updates to the user access process, including daily automated de-provisioning of employee transfers and terminations target June 30, 2020.

Password Configurations Were Not in Compliance With City Requirements

Condition: The OnePhilly system was configured at Go-Live with a password requirement of case sensitivity and, for user accounts created after Go-Live, a password expiration of 90 days. Additionally, passwords for user accounts converted from the legacy system did not expire and thus did not meet the city's minimum expiration requirements.

Criteria: The OnePhilly system password settings did not meet the minimum requirements as outlined in the OIT's Information Security Access Control Policy V8 – section 6.5.2. This policy requires passwords to have a minimum length of eight characters; be composed of alphabetic, numeric, and special characters; not be the same as the User ID; not contain proper names or words taken from the dictionary; and be changed at a minimum every 90 days.

Effect: Inadequate password configurations significantly increases the possibility of unauthorized access to the system, including malicious or accidental data manipulation or breach of data confidentiality.

Cause: The OnePhilly system password settings were not configured in consideration of the OIT Information Security Access Control Policy requirements.

Recommendation: The OnePhilly password settings should be updated to meet OIT password requirements [303519.05].

Views of the Responsible Officials: As previously communicated, the password policy implemented by Ciber at Go-live was two-fold: 1) the standard password policy for Oracle was implemented across the board and 2) The password change requirement for all new users was set to 90 days, plus, the password change requirement established in Legacy for all legacy users was transferred; essentially, the timelines for password change for each user was already established in legacy, and these password expiration requirements were transferred from Legacy to OnePhilly at conversion. We also previously communicated that the OnePhilly team submitted a ticket request to Ciber to have the password policy updated to align directly with the OIT Information Security Access Control Policy. We also previously noted that the plan for implementing the city-wide policy was targeted to be implemented by April 30, 2020. This implementation has been completed despite being slightly delayed due to the COVID-19 crisis.

Go-Live Approval Documentation Was Not Maintained

Condition: Documented formal approvals or signoffs by the OnePhilly Steering Committee, authorizing the Go-Live of the system in December 2018 (HR and Benefits) and March 2019 (Payroll and Time & Attendance), were not documented or maintained. In addition, meeting minutes, including reports/presentations used to support the Steering Committee's decision to Go-Live, including the decision to defer the Payroll and Time & Attendance Go-Live from December to March, were not maintained.

Criteria: The Go-Live approval sets the baseline of the new system in production. For a large, multiyear project, supporting significant processes, and a Steering Committee representing multiple stakeholders, having documented approvals or signoffs by each Steering Committee person is a critical control element.

Effect: Without documented approval of the Go-Live by the Steering Committee, there is no evidence that full consideration and review was performed of known risks, open tasks to be completed, completion of testing scenarios and agreement of all Steering Committee members.

Cause: The scope of our consultant's engagement was to review the IT general controls in place when the OnePhilly system was in production, supporting the city's HR, Benefits, Payroll, and Time & Attendance processes. As the Go-Live approval is the final step in the implementation project, the potential cause may have occurred before Go-Live, during the project. It appears that there was not adequate management oversight over the OnePhilly project to ensure that the documentation of the Go-Live approval was maintained.

Recommendation: The OnePhilly Team should maintain formal agendas and meeting minutes of the Steering Committee meetings, including capturing the results of any voting decisions by Steering Committee members. For any future module implementation, formal Go-Live approval by the Steering Committee should be obtained and documented prior to Go-Live [303519.06].

Views of the Responsible Officials: The team maintained and provided ample documentation of steering committee meeting agendas and presentations, go live timelines, and emails to the steering committee

confirming Go-live was successful, among other communications. Therefore, the determination that the lack of a single, formal document, with signoffs from each steering committee member constitutes a significant deficiency, in light of the support provided, is unduly harsh.

2019-005 OIT'S IT GENERAL CONTROLS REQUIRE STRENGTHENING

Condition: We conducted, with the assistance of a consultant, a review of OIT's IT general controls over key financial-related applications.⁹ This review noted the following deficiencies in OIT's IT general controls:¹⁰

- The current change management policy provided by OIT management did not specifically address (1) details on the Change Advisory Board (CAB) approval process that our prior review noted as having been added to the policy and (2) how end-user testing should be documented. OIT management indicated that they are working on an updated change management policy, which will address the CAB approval process and documentation of end-user testing. Additionally, the policy did not clearly identify the level of approvals required for the different types of changes that are migrated to production. As noted in prior reviews, the procedure was still inconsistently applied when performing change requests for in-scope applications. Change requests sampled by us were not consistently supported by documented end-user testing, including detailed testing procedures, and identification that testing was completed. Also, for sampled change requests, the service tickets did not consistently document required approvals, including evidence of review and approval by the CAB.
- OIT did not properly segregate duties in the following cases:
 1. Three OIT programmers had development rights to Basis2 as well as database administrator access rights.
 2. Four OIT employees had database administrator access as well as systems administrator access within FAMIS and ADPICS.
 3. Two OIT employees had database administrator access as well as systems administrator access within Basis2.

Criteria: Change management procedures should establish clear performance and documentation standards for end-user testing and required approvals to ensure that requested application changes are adequately tested and properly approved before migration to production. Also, OIT's Information Security Administrator Acceptable Use Policy Section 5.1.1 states that IT administrators shall ensure that information systems are configured to provide the ability for segregation of duties to reduce potential damage from the actions of one person. For example, responsibility for initiating transactions, recording transactions and custody of information systems on which the transactions have been performed are assigned to separate individuals.

⁹ The key financial-related applications included in the review were FAMIS, Advanced Purchasing Inventory Control System (ADPICS), Legacy Payroll (through March 18, 2019 when replaced by OnePhilly), Pension Payroll, Health and Welfare (through December 17, 2018 when replaced by OnePhilly), Taxpayer Inquiry and Payment System (TIPS), and Basis2.

¹⁰ We also issued a separate report to OIT communicating these significant findings as well as other observations with lesser impact.

Effect: Inadequate compliance with established procedures to perform end-user testing and management approval increases the possibility that unauthorized or inadequately reviewed changes will be implemented in the production environment. Also, with the combination of (a) developer access rights, which allows for the creation or modification of code, configuration, and data, along with (b) the database administrator's ability to make direct data changes to the database tables, there is an increased risk for unauthorized and improper code migrations, configuration changes, and data changes occurring without detection. Lastly, with the combination of (a) systems administrator access rights, which allows for the creation or modification of user rights to perform transactions or change system configurations, along with (b) the database administrator's ability to make direct data changes to the database tables, there is an increased risk for unauthorized and improper data changes occurring without detection.

Cause: OIT management has not performed adequate monitoring of the change management function to ensure that established procedures are routinely followed and that the policy clearly identifies standards for documenting end-user testing and the required approvals (including CAB) for the different change types. For the three cases discussed above, OIT management did not exercise sufficient oversight of assigned system access rights to ensure that duties were adequately segregated or, if segregation of duties was not feasible, that there was monitoring of the employees' activities.

Recommendations: To improve IT general controls over financially significant systems, we recommend that OIT management:

- Review its change control procedures and implement measures to ensure that required steps for application changes are performed and documented in accordance with the policy. Also, OIT should update its change management policy to include (1) documentation standards for end-user testing and (2) more detail related to required approvals for all change types and how those approvals should be documented in the service ticket [300413.05].
- Separate the developer/programmer function from the database administrator function for the three programmers with development rights to Basis2 as well as database administrator access rights. If segregation of duties is not feasible, OIT should monitor the activities of the three programmers to ensure they are authorized and appropriate [300419.02].
- Separate the systems administrator function from the database administrator function for the four OIT employees who have database administrator and systems administrator access within FAMIS and ADPICS. If segregation of duties is not feasible, OIT should monitor the activities of these employees to ensure they are authorized and proper [300419.03].
- Separate the systems administrator function from the database administrator function for the two OIT employees who have database administrator and systems administrator access within Basis2. If segregation of duties is not feasible, OIT should monitor the activities of these employees to ensure they are authorized and appropriate [300419.04].

Views of the Responsible Officials: OIT will assess separating the functions mentioned above and will segregate the duties associated with each among available employees where possible. Where, due to limited

resources, OIT must rely on one employee to perform multiple functions, OIT will make every effort to monitor employee activity. Additionally, OIT will continue to review its change management control procedures and implement measures to ensure that the process is adhered to for application changes. OIT will also work to revise its change management policy to include the two additional recommended requirements.

2019-006 TREASURER'S BANK RECONCILIATION PROCEDURES STILL REQUIRE IMPROVEMENT

Condition: In the prior audit, we reported that, while the Office of the City Treasurer's (Treasurer's) reconciliation of the consolidated cash account had improved, there remained an unreconciled variance as well as the need for formal reconciliation procedures. Also, while Treasurer management asserted that four long unreconciled accounts had been fully reconciled, the Treasurer was unable to provide bank reconciliations that covered a large portion of the unreconciled period. A resulting condition from the Treasurer's failure to reconcile accounts for several years was noncompliance with Pennsylvania's Disposition of Abandoned and Unclaimed Property Act (escheat act).

While the Treasurer made certain remediation efforts, deficiencies still existed in the Treasurer's bank reconciliation procedures. Specifically, the following was noted:

- The prior report disclosed that, with the assistance of a consultant, the Treasurer investigated and identified most of the \$33.3 million unknown variance, which resulted from the Treasurer's failure to reconcile the consolidated cash account during fiscal years 2015 through 2017. As of January 2019, the remaining difference was down to \$528,607, where book activity exceeded bank activity. The current audit disclosed that, since the Treasurer and Finance Office determined that additional investigation was unlikely to yield further adjustments to the variance, the remaining difference of \$528,607 was written off and charged to the General Fund in December 2019.
- Also, we previously reported that, during the investigation of the \$33.3 million unknown variance, the consultant noted 22 receipt transactions totaling \$13.5 million – seven deposits amounting to \$2.2 million and 15 wire transfers totaling \$11.3 million – that could not be matched to FAMIS. At the May 15, 2019 exit conference, Treasurer management asserted that they had matched and closed out the \$13.5 million of receipt transactions with no resulting effect on the \$528,607 variance. During the current audit, we requested the documentation for the matching of the \$13.5 million of receipts to FAMIS, but Treasurer management was unable to provide us with this evidence. However, according to the Treasurer, the 15 wire transfers were internal transfers into the consolidated cash account from other city bank accounts, and no adjustments to the city's books were necessary because the revenue had already been recorded. To verify the Treasurer's assertion, we selected the four largest internal transfers which totaled \$8.5 million (75 percent of the \$11.3 million of transfers) and, using information we extracted from the Revenue Department's files of recorded revenue receipts, confirmed that these transfers had already been recorded as revenue. Based upon this work, we deem the matter of the \$11.3 million in transfers to be resolved. However, since the Treasurer has not provided evidence for the matching of the seven deposits totaling \$2.2 million to FAMIS, that issue is still considered unresolved.

- Although Treasurer personnel timely prepared the fiscal year-end consolidated cash bank reconciliation, they were not timely in their investigation and resolution of reconciling items. Our testing noted numerous long outstanding reconciling items, which had been accumulating since the Treasurer started reconciling the consolidated cash account again in June 2017. As shown in Table 2 below, as of June 30, 2019, there were 1,058 book balance reconciling items over 90 days old with a net total dollar amount of \$1.3 million and 43 bank balance reconciling items over 90 days old totaling \$1.6 million.

**Table 2: Reconciling Items Outstanding Over 90 Days on
June 30, 2019 Consolidated Cash Account Bank Reconciliation**

	Book Balance Reconciling Items						Bank Balance Reconciling Items	
	Additions to Book Balance		Reductions to Book Balance		Net Activity		Additions to Bank Balance	
Date of Reconciling Item (Fiscal Year=FY)	# of Items	Dollar Amount	# of Items	Dollar Amount	# of Items	Dollar Amount	# of Items	Dollar Amount
Prior to FY 2017	4	†<\$4,397,776>	-	-	4	<\$4,397,776>	-	-
FY 2017	35	\$2,313,313	6	<\$217,167>	41	\$2,096,146	2	\$6,750
FY 2018	284	*<\$6,118,089>	189	<\$12,431,612>	473	<\$18,549,701>	34	\$551,406
FY 2019 (through 3/31/2019)	368	\$29,411,111	172	<\$7,241,861>	540	\$22,169,250	7	\$1,021,048
All Fiscal Years	<u>691</u>	<u>\$21,208,559</u>	<u>367</u>	<u><\$19,890,640></u>	<u>1,058</u>	<u>\$1,317,919</u>	<u>43</u>	<u>\$1,579,204</u>

† = On the June 30, 2019 bank reconciliation under the additions to book balance section, the Treasurer included <\$4,397,776> of reconciling items identified as part of the \$33.3 million unreconciled variance. The <\$4,397,776> consisted of <\$3,869,169> of bank return items and the <\$528,607> remaining unreconciled variance. As of June 30, 2019, no adjustments had been made to correct the book balance for these reconciling items so that is why they remained on the June 30, 2019 bank reconciliation.

* = The <\$6,118,089> total for fiscal year 2018 resulted largely from timing differences between book and bank activity for transfers into the consolidated cash account from the city bank account into which electronic tax and water receipts are first deposited.

Source: Prepared by the Office of the Controller based upon the June 30, 2019 consolidated cash account's bank reconciliation provided by the Treasurer's Office

- In a related matter, we followed up on the status of the ongoing problems with reconciling revenue activity for the Department of Public Health (DPH), as previous audits have noted variances between DPH's recorded collections and the amounts transferred daily to the consolidated cash account from the DPH's separate bank account. The June 30, 2019 consolidated cash bank account reconciliation showed a \$6.9 million variance between DPH's recorded collections and actual transfers from DPH's bank account. In the prior audit, the Treasurer stated they began working with the DPH to develop a revised process for handling the DPH's revenue receipts. During the current year, the Treasurer informed us that the DPH now provides the necessary information for reconciliation, but the revised process has not yet been fully implemented.
- In fiscal year 2020, Treasurer management developed written procedures for the preparation of bank reconciliations and filing of reconciliation documentation. However, we observed that the

procedures were marked as draft, and management indicated that, while these procedures were followed “by and large” by Treasurer staff, they would be updated and finalized when the Treasurer implements its new Treasury Management System.

- Our testing still noted noncompliance with the Pennsylvania escheat act. While \$865,667 related to unclaimed payroll checks from fiscal year 2017 and prior were escheated to the state in September 2019, there remained \$8 million in outstanding vendor checks for calendar years 1999 to 2016 that had not been escheated to the state. In May 2019, the Treasurer transferred \$3 million of unclaimed vendor checks for calendar years 1999 through 2012 to the city’s Unclaimed Monies Fund. For the remaining \$5 million in outstanding vendor checks pertaining to calendar years 2013 through 2016, Treasurer personnel were contacting the payees to give them an opportunity to claim the monies before the funds are transferred to the Unclaimed Monies Fund.
- Lastly, regarding the four long unreconciled accounts for which the Treasurer was unable to provide bank reconciliations for a large portion of the unreconciled period,¹¹ Treasurer management informed us they are unable to prepare those monthly bank reconciliations because either the bank and/or the supporting city records for those months are not available. In light of this situation and given that (1) testing of fiscal year 2019 bank reconciliations did not identify any unreconciled accounts and (2) the Treasurer has taken action to escheat the old outstanding payroll checks and is working towards the escheatment of the old outstanding vendor checks from the general disbursement account (as discussed above), we will no longer report on this condition [500114.06].

Criteria: Standard Accounting Procedure (SAP) No. 7.1.3.b, *Reconciliation of All Bank Accounts in All City Agencies*, requires that monthly reconciliations of city bank accounts readily identify all of the specific transactions comprising the difference between the book and bank balance to allow city agencies to investigate these reconciling items and determine whether they represent errors or irregularities. Effective internal controls require reconciling items to be researched promptly so that corrective action, where necessary, may be taken. Per the Treasurer’s *Bank Reconciliation Policy*, effective October 1, 2019,¹² any reconciling items must be resolved within 90 business days of the reconciled month.

SAP No. 4.1.2, titled *Unclaimed Monies*, instructs city departments to remit all checks outstanding for over one year to the city’s Unclaimed Monies Fund, which is administered by the Finance Office who is then responsible for remitting amounts to the state in accordance with the escheat act. The Pennsylvania escheat act requires that property which remains unclaimed by the owner for a specified dormancy period (depending on property type) be remitted to the Pennsylvania Treasury. The dormancy period is two years for unclaimed wages/payroll and three years for all other unclaimed property types.

¹¹ The four accounts and their unreconciled periods were as follows:

Wells Fargo Bank Payroll Account (closed in May 2018) – Not reconciled from October 2010 through June 2016

Wells Fargo Bank Supplemental Payroll Account (closed in March 2018) – Not reconciled from October 2010 through June 2014

General Disbursement Account – Not reconciled from February 2012 through December 2012

Levy Account – Not reconciled from July 2014 through June 2016

¹² This policy was marked as draft although Treasurer management indicated that its staff follows this policy “by and large”, except for the 90-day requirement to resolve reconciling items.

Effect: Numerous and old reconciling items complicate and prolong the bank reconciliation process. The untimely investigation and disposition of reconciling items increases the risk that errors or irregularities could occur and go undetected. Also, failure to implement and enforce formal written policies and procedures increases the risk that critical control activities may be inconsistently applied or not applied at all and thus creates the potential for errors. Lastly, noncompliance with the Pennsylvania escheat act may subject the city to penalties.

Cause: The Treasurer failed to take adequate steps to ensure that all reconciling items were resolved in a timely manner. Treasurer management indicated that its staff followed the *Bank Reconciliation Policy* “by and large”, except for the 90-day requirement to resolve reconciling items. Treasurer management informed us that the ability to (1) more promptly investigate and resolve reconciling items, (2) finalize the bank reconciliation procedures, and (3) revise the process for DPH revenue receipts is contingent upon the implementation of the new Treasury Management System.

Recommendations: To improve its bank reconciliation procedures, we recommend that Treasurer management take the necessary steps, including establishing a formal timeline, to implement the new Treasury Management System, in order to enable the Treasurer to:

- Finalize the written bank reconciliation procedures [500117.03].
- Investigate all differences between Treasurer account book and bank balances so that any errors can be quickly identified and resolved within the 90-day requirement of the Treasurer’s *Bank Reconciliation Policy* [500119.02].
- Implement the revised process for DPH revenue receipts to eliminate the problems with reconciling the DPH’s recorded collections to bank transfers [500115.06].

With regard to the \$2.2 million of unmatched receipt transactions, if the Treasurer is unable to locate documentation to support the matching of these receipts to FAMIS, we recommend that Treasurer personnel investigate these receipt transactions and address any errors or improprieties discovered by this review. Management should formally establish a time frame for the completion of this task [500117.04].

Lastly, the Treasurer and Finance Office management should work together to ensure that all escheatable amounts are sent to the Pennsylvania Treasury. In the future, the Treasurer should comply with SAP No. 4.1.2 in remitting all checks outstanding over one year to the city’s Unclaimed Monies Fund, and the Finance Office should send all unclaimed monies due to the Pennsylvania Treasury in accordance with the state escheat act [500117.05].

Views of the Responsible Officials: The City Treasurer’s Office (CTO) is pleased that you acknowledged that its reconciliation of the consolidated cash account has improved. Thank you for also acknowledging that the remaining difference of \$528,607 was written off and charged to the General Fund in December 2019, and thus this condition is now closed. We would like to note that CTO provided adequate alternative support for the 4 long unreconciled accounts, which included annual bank reconciliations instead of monthly reconciliations, and thus the statement that “the Treasurer was unable to provide bank reconciliations that

covered a large portion of the unreconciled period” is misleading. However, we acknowledge that you reported this condition as closed. CTO also developed policies and procedures which are final and used by staff. These documents will be updated to reflect any changes required by the implementation of the Treasury Management System. CTO has also re-engaged with the Department of Public Health to implement the revised process that improves the identification and recognition of revenue receipts.

Auditor’s Comments on Agency’s Response: In the finding above, we summarized a finding reported in the prior year as follows: “While Treasurer management asserted that four long unreconciled accounts had been fully reconciled, the Treasurer was unable to provide bank reconciliations that covered a large portion of the unreconciled period.” In its response, management asserts, “We would like to note that CTO¹³ provided adequate alternative support for the 4 long unreconciled accounts, which included annual bank reconciliations instead of monthly reconciliations, and thus the statement that ‘the Treasurer was unable to provide bank reconciliations that covered a large portion of the unreconciled period’ is misleading.”

We disagree with management’s assertion. As stated in our prior year report, with regard to the four long unreconciled accounts, the Treasurer did not provide us with sufficient, documented evidence that they had performed bank reconciliations for all of the unreconciled months.¹⁴ In fact, Treasurer management informed us that they are unable to prepare those monthly bank reconciliations because either the bank and/or the supporting city records for those months are not available.

2019-007 FAILURE OF DEPARTMENTS TO PROPERLY APPROVE BIWEEKLY PAYROLLS INCREASES RISK FOR IMPROPRIETIES

Condition: In the prior audit, we reported on a deficiency in the departmental approval process for payroll where the duties concerning the data entry, review, and approval of bi-weekly payroll transactions were not adequately segregated. Although improved as compared to the prior year’s results,¹⁵ our testing of 50 city departments for the first 20 pay periods during fiscal 2019 indicated that this condition continued. Specifically, we noted 100 occasions (10 percent), in which the same individual posted and approved the on-line payroll time records, applied both the supervisory and executive-level approvals, or performed all three duties. Employees in seven departments performed duplicate functions for more than two pay periods, with the Mayor’s Office and the Department of Planning and Development being the most recurrent among the larger departments.

On March 18, 2019, the city implemented its new OnePhilly payroll system. While the departments approved payroll electronically in the legacy payroll system, since the OnePhilly Go-Live, departmental approvals of payroll were no longer electronic. Instead, department personnel were now instructed to review and approve the Time Entry Detail Report from the OnePhilly system. To evidence the review and approval of departments’ payroll entries, the supervisory and executive-level approvers were required to physically sign a printout of the last page of the OnePhilly Time Entry Detail Report, which was then to be scanned and sent to

¹³ City Treasurer’s Office

¹⁴ The unreconciled months are listed on report page 17, footnote 11.

¹⁵ The prior year’s testing disclosed 257 occasions during fiscal year 2018 (18 percent) in which these payroll functions were not separated. Also, we noted that, for 23 of 55 departments, employees performed duplicate functions for more than two pay periods.

the OnePhilly Team and the Finance Office's Central Payroll Unit by the payroll closing date. The Central Payroll Unit required that the executive-level approver must be an authorized signer listed on the department's payroll signature authorization card.

We tested departments' compliance with the OnePhilly approval process and found most departments did not comply with these new requirements. Our testing of 50 city departments for the 4th quarter of fiscal year 2019 disclosed 278 instances (78 percent) where departments did not submit the Time Entry Detail Report with the required two signatures or did not submit the reports by the payroll closing deadline. Out of these 278 instances, we observed 14 reports which contained the required two approvals but were submitted after the payroll closing deadline. Out of the 50 city departments, only four were in full compliance with the OnePhilly approval process for all pay periods during the 4th quarter of fiscal year 2019.

Criteria: Effective internal control procedures require that payroll data entry, supervisory review, and executive-level approvals be performed by separate, authorized employees.

Effect: Failure to segregate duties and ensure that payroll is reviewed and approved by properly authorized individuals increase the risk of undetected errors. Also, this condition provides opportunities for a person to perpetrate and conceal irregularities during the bi-weekly payroll preparation process, which may result in fraudulent payroll payments.

Cause: The city's legacy payroll system that was in place until March 2019 allowed individuals with supervisory and executive-level approval authority to provide the approval at their level, as well as the levels below them. Finance Office management previously asserted this system feature was intentional to ensure that payroll is processed in emergency situations that may occur when authorized individuals at all levels are not available to perform the payroll review and approval.

The city's new OnePhilly system currently lacks an electronic payroll sign-off process. The director of payroll indicated that the OnePhilly Team and Central Payroll Unit had started work on a project to automate the payroll sign-off process. Regarding the current manual payroll approval procedures for OnePhilly, the Central Payroll Unit did not adequately enforce compliance with requirements.

Recommendation: To improve the departmental payroll approval process for OnePhilly, we recommend that the OnePhilly Team and Central Payroll Unit continue to work together to complete automation of the payroll sign-off process, which should include controls to adequately segregate incompatible duties, particularly the functions of entering, reviewing, and approving payroll transactions. Until the automation is completed, the Central Payroll Unit must remind departments of the current procedures for payroll approvals and enforce compliance with those departments who do not follow requirements [500119.03].

Views of the Responsible Officials: Thank you for acknowledging that improvements were made in the departmental approval process for payroll compared to prior year results. We communicated to departments that at least one level two and one level three sign-off would be required at implementation. After departments' failure to provide two levels of sign-offs, we reviewed the communication initially sent out and concluded that some departments may have mis-interpreted the initial communication to mean "a minimum of one level of authorization is required for the payroll sign-off; either one or more at level 2 or 1 or more at level 3, but one would be sufficient." In addition, there are some departments that have historically needed to

delegate “temporary signature authorization.” For such departments, when only one signature was provided, we have considered that the temporary signature authorization process was enforced. Nonetheless, we assigned a payroll representative to reach out to departments each payroll cycle to request additional sign-offs that are not received by the payroll closing date and time for each cycle. To fully resolve this issue, the following steps have been taken by our team:

1. To provide clarification, in November 2019 we amended the Payroll Close memo that goes out to departments each week to include language that states departments **MUST** have two signers on the Time Entry Edit Report. We also included this as an agenda item for the November 2019 HR Managers’ meeting.
2. In order to be proactive, and to eliminate any instance of having only one signature, or the same person providing two levels of authorization, Central Payroll worked with the One Philly Team to develop the blueprint for automation of the payroll sign-off process. We hope to begin working on this project starting May 2020.

2019-008 ACCOUNTS PAYABLE REPORTING NEEDS IMPROVEMENT

Condition: In computing the accounts payable amounts for inclusion in the city’s fiscal year 2019 CAFR, Finance Office accountants failed to record \$30.2 million of accounts payable.

Criteria: Generally accepted accounting principles (GAAP) require that governments report a liability in the period in which it is incurred.¹⁶ Governmental entities must establish adequate control procedures over the computation of accounts payable to ensure that reported amounts are accurate and complete.

Effect: As a result of the unrecorded payables, the city’s CAFR contained the following misstatements:

- An \$11 million understatement of both expenditures and accounts payable in the General Fund;
- A \$2.7 million understatement of expenditures, a \$1.3 overstatement of beginning fund balance, a \$2.0 million understatement of accounts payable, and a \$1.9 million understatement of due to component units in the HealthChoices Behavioral Health Fund;
- An \$8.4 million understatement of expenditures, a \$3.8 million overstatement of beginning fund balance, and a \$12.2 million understatement of accounts payable in the Grants Revenue Fund; and
- A \$3.0 million understatement of both construction in progress and construction contracts payable in the Water Fund.

¹⁶ There are exceptions to this standard for governmental funds, such as debt principal and interest which are recognized only when due. Also, certain specific accrued liabilities, such as pension benefits and other post employment benefits, are recognized in governmental funds only to the extent that governments in general normally liquidate them with current financial resources.

We proposed adjustments to all four funds to correct the city's CAFR for these errors. However, the Finance Office and Philadelphia Water Department (PWD) management elected not to book our adjustments.¹⁷ In addition, for the funds where fiscal year 2019 expenditures were understated as discussed above, since the city's fiscal year 2019 CAFR was not corrected, reported expenditures for fiscal year 2020 will be overstated by those same amounts.

Cause: Our review of the Finance Office's procedures for computing year-end accounts payable balances disclosed weaknesses that increased the risk for unrecorded payables. Finance Office accountants reviewed payment vouchers posted to FAMIS during fiscal year 2020 through August 16, 2019 in order to identify vouchers for goods or services received on or before June 30, 2019 but not paid until fiscal year 2020, which should be recorded as accounts payable for fiscal year 2019. The Finance Office then requested city departments to provide a list of fiscal year 2019 invoices not yet vouchered or submitted to the Finance Office for processing as of August 16, 2019. Per inquiry of Finance Office management, they computed reported accounts payable by combining (1) the identified payables from their review of FAMIS postings and (2) the information from departments, with the expectation that the departments would supply data on any fiscal year 2019 vendor invoices submitted for payment after the August 16, 2019 cutoff date through September 30, 2019. However, the memorandum that Finance Office management sent to departments requesting this payable data instructed departments to respond by August 23, 2019, 38 days before the date Finance informed us they expected departments to supply payable data. Also, Finance Office management did not provide any evidence documenting a basis for their expectation that departments would provide them with the fiscal year 2019 payables of which department personnel were aware through September 30, 2019.

Our audit testing for unrecorded liabilities – which involved reviewing fiscal year 2020 payment *vouchers* through December 31, 2019 to identify payments for goods or services received on June 30, 2019 or prior – found \$30.2 million of payables that Finance Office accountants failed to include in reported accounts payable amounts. Table 3 below presents a breakdown of this \$30.2 million in unrecorded accounts payable, showing that the vast majority of errors noted was posted to FAMIS after the Finance Office's cut-off date of August 16, 2019. Based upon our testing results, it was clear that the Finance Office's mid-August cut-off date for their review of FAMIS data to identify payables was too early to detect all significant accounts payable. In fact, we found several instances of large unrecorded payables pertaining to payment vouchers posted to FAMIS from early to mid-October 2019.

¹⁷ As part of our audit procedures, for each of the affected funds, we combined these proposed adjustments with other uncorrected CAFR errors and determined that the resulting total was immaterial to the city's fiscal year 2019 financial statements.

Table 3: Unrecorded Accounts Payable by Fund and FAMIS Posting Date Before and After Finance Office's Cut-Off Date

FUND	FAMIS POSTING DATE FOR PAYABLES OCCURRED		TOTAL
	BEFORE	AFTER	
	CUT -OFF DATE†	CUT -OFF DATE†	
General Fund	\$1,002,045	\$9,973,039	\$10,975,084
HealthChoices Behavioral Health Fund	-	\$3,958,905	\$3,958,905
Grants Revenue Fund	\$113,408	\$12,106,139	\$12,219,547
Water Fund	*<\$2,560,908>	\$5,593,719	\$3,032,811
Total	<u><\$1,445,455></u>	<u>\$31,631,802</u>	<u>\$30,186,347</u>

† = The Finance Office's cut-off date for reviewing FAMIS postings to identify fiscal year 2019 accounts payable was August 16, 2019.

*= Our audit testing found a \$2,560,908 overstatement of accounts payable in the Water Fund pertaining to transactions posted to FAMIS before the cut-off date. This \$2,560,908 overstatement was netted against \$5,593,719 of unrecorded payables posted to FAMIS after the cut-off date to arrive at the proposed audit adjustment amount of \$3,032,811.

Source: Prepared by the Office of the Controller

Additionally, it was apparent that the departments' reporting of payables to the Finance Office was incomplete as departments may have been unaware of, misunderstood, or just not complied with the Finance Office's expectation that the departments provide payable data through September 30, 2019. The departments with the largest share of the total unrecorded payables by fund were as follows: Department of Prisons for the General Fund, Department of Behavioral Health and Intellectual Disabilities Services (DBHIDS) for the HealthChoices Behavioral Health Fund, DBHIDS for the Grants Revenue Fund, and the PWD for the Water Fund.

Recommendations: To improve the Finance Office's process for computing accounts payable and decrease the risk of unrecorded liabilities, we recommend that Finance Office management:

- Extend their review of FAMIS payments in the subsequent fiscal year to an appropriate later date that will enable them to identify significant accounts payable. Finance Office accountants should establish an appropriate threshold for each fund and review all payments exceeding that threshold [500119.04].
- Formalize in writing the payable data required from departments, including the exact timeframe to be covered and an appropriate due date for their response. Reinforce these requirements to departments as well as the importance of providing complete and accurate accounts payable information to the Finance Office for inclusion into the CAFR [500119.05].

Views of the Responsible Officials: Departments are provided with a memo explaining the requirements to provide accounts payable data by the applicable cut-off period. Finance will work on expanding this memo, where necessary. Our accounts payable cut-off timeline is based on our 120 days (after year end) timeline to complete the AFR in compliance with the deadline mandated by Charter requirements. While improvements can be made if the Auditors align their cut-off period with the cut-off period for Finance, we may continue to

see discrepancies due to items such as late executed contracts and delayed invoices that hinder departments from providing such accounts payable details within our mandated timeline. Major improvements can be made, and we can reduce discrepancies if departments improve their reporting of accounts payable to the Finance office.

Auditor’s Comments on Agency’s Response: Regarding the finding on deficiencies in accounts payable reporting, in above response, management states “Our accounts payable cut-off timeline is based on our 120 days (after year end) timeline to complete the AFR¹⁸ in compliance with the deadline mandated by Charter /requirements. While improvements can be made if the auditors align their cut-off period with the cut-off period for Finance, we may continue to see discrepancies due to items such as late executed contracts and delayed invoices that hinder departments from providing such accounts payable details within our mandated timeline.”

Generally accepted auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. In testing accounts payable as of June 30th (the city’s fiscal year-end), we search for unrecorded liabilities by examining invoices paid in the subsequent fiscal year to identify payments for goods or services received on or before June 30th that were not accrued as payables. The cut-off period we use for this testing cannot be restricted to the Finance Office’s cut-off period, especially when there is a risk of significant unrecorded payables as evidenced by the results of our current year testing, which found \$30.2 million of unrecorded accounts payable. When there is a risk of significant unrecorded payables, auditors should extend the cut-off period for unrecorded liabilities testing to as close as possible to the audit opinion date.

2019-009 CAPITAL ASSET CONTROL DEFICIENCIES INCREASE RISK OF REPORTING ERRORS

As previously reported during the last several audits, controls over capital assets are deficient because (1) the city does not have a comprehensive capital asset system to facilitate accounting and reporting of these assets and (2) periodic physical inventories of real property assets are not performed. Each of these conditions is discussed in more detail below.

Lack of a Comprehensive Capital Asset System Hampered Reporting Process

Condition: The city still lacks a comprehensive capital asset management system to better manage and account for real property assets. Instead, Finance Office accountants continue to maintain a cumbersome series of Lotus 1-2-3¹⁹ and Excel files, that together with FAMIS, constitute the current fixed asset ledger. Various spreadsheet files accumulate the cost of capital assets and work in progress, while other spreadsheet files are used to calculate depreciation expense and accumulated depreciation reported in the city’s CAFR. Real property addresses are only available in FAMIS by user code, which is identified in an Excel file called the “Proof”.

¹⁸ Annual Financial Report

¹⁹ While Finance Office management informed us that they were in the process of converting the Lotus 1-2-3 files to Excel, some of the files provided to us for our audit testing of fiscal 2019 capital asset amounts were still Lotus 1-2-3 files.

Criteria: Philadelphia’s Home Rule Charter²⁰ requires management to maintain current and comprehensive records of all real property belonging to the city.

Effect: The use of multiple files creates a burdensome and onerous process that can affect the accuracy and completeness of capital asset amounts reported in the CAFR and causes extensive audit effort. For example, we continued to find discrepancies between the “Proof” file and FAMIS – a \$2.8 million discrepancy in the accumulated depreciation balance for buildings and a \$1.0 million variance between vehicle categories.

Cause: While Finance Office management agrees that it would be beneficial to have a comprehensive capital asset system, resources have not been identified to initially fund and continually maintain it.

Recommendation: To improve the accounting and reporting of the city’s capital assets, we continue to recommend that Finance Office management secure the necessary resources to design or purchase a computerized capital asset management system that will provide accurate and useful information such as the book value and related depreciation for each city owned asset [50104.01].

Views of the Responsible Officials: Finance Office continues to improve its process of accounting for real property assets. The number of Lotus 1-2-3 files utilized in our process have been significantly reduced, with a 90% conversion year on year. The remaining 3 files in use will soon be converted. While the excel file reliant fixed asset process is somewhat tedious, there have not been any material errors. It is our hope that this issue will be adequately addressed with new technology in the near future, possibly as part of the OPAL project.

Failure to Inventory Real Property Assets Increases Risk of Inaccurate Accounting Records

Condition: Except for the PWD and the DOA, which both periodically check the physical existence and condition of their real property assets, this year’s audit again disclosed no evidence that the city’s other real property assets had been recently inventoried. In the prior year, we reported that, during fiscal year 2018, the Department of Public Property (Public Property) implemented the Integrated Workplace Asset Management System (IWAMS), which contains various data on the city’s real estate assets, including maintenance and improvement costs. In its response to last year’s report, Finance Office management indicated that it was working with OIT to develop a process to reconcile the city’s fixed asset ledger with IWAMS, thus enabling management to periodically validate the completeness and accuracy of the city’s fixed asset inventory. During the current audit, on November 6, 2019, Finance Office management informed us that it was going to meet soon with OIT to review the IWAMS database and attempt to reconcile IWAMS to the city’s fixed asset ledger; however, as of March 24, 2020, this reconciliation had not yet been performed.

Criteria: SAP No. E-7201, *Real Property Perpetual Inventory*, specifies that the Procurement Department shall physically inspect all city-owned real property on a cyclical basis and check against the inventory listing to determine actual existence, condition and propriety of use. Additionally, the Government Finance Officers Association (GFOA) recommends that governments periodically inventory tangible capital assets, so that all assets are accounted for, at least on a test basis, no less often than once every five years. It also recommends governments periodically inventory the physical condition of all existing capital assets so that the listing of all

²⁰ The Philadelphia Home Rule Charter, Section 6-501

assets and their condition is kept current. Furthermore, the GFOA recommends that a “plain language” report on the condition of the government’s capital assets be prepared, and that this report be made available to elected officials and the general public at least every one to three years.

Effect: Continued failure to perform a physical inventory increases the risk that the city’s recorded real property assets could be inaccurate and/or incomplete.

Cause: This issue has not been a priority for city management. The Finance Office, Procurement Department, and Public Property – the agency responsible for acquiring and maintaining the city’s real property assets – have not developed a coordinated process for physically inventorying all city-owned real property.

Recommendations: We continue to recommend that Finance Office management:

- Work with the Procurement Department and Public Property to periodically take physical inventories of all real property assets, ascertain their condition and use, and ensure that related records are timely and appropriately updated to reflect the results of this effort [50106.04].
- Develop and provide a plain language report on the condition of capital assets at least every one to three years. This report should be made available to elected officials and the general public [500109.02].
- Work with OIT to perform a reconciliation of the IWAMS database to the city’s fixed asset records to identify any discrepancies and ensure the completion and accuracy of the city’s records [500113.14].

Views of the Responsible Officials: Finance Office management have had multiple preliminary meetings with the GIS unit concerning our objective of reconciling the fixed asset ledger to IWAMS. During November we had a meeting with GIS that laid the framework for the reconciliation process and jumpstarted our analysis. We anticipated the analysis would be a cumbersome task and plan to follow up. The team will be following up GIS in another meeting to discuss the progress of the reconciliation in the near future.

2019-010 SAPs REQUIRE UPDATING TO ENSURE ACCURATE AND CONSISTENT APPLICATION OF ACCOUNTING RULES AND REGULATIONS

Condition: The city’s SAPs, which serve as the basis for the city’s system of internal control, continue to be long outdated and fail to reflect the automated processes and practices currently in use. The Finance Office has established over two hundred SAPs to provide city departments and agencies with guidance on how to handle various accounting related activities, including proper procedures for ensuring the accuracy of transactions and the safeguarding of assets. Over the years, as new technologies were adopted and daily practices were enhanced, the existing SAPs have not been updated accordingly, with over 50 percent of them still being more than half a century old.

In April 2019, Finance Office management filled the new position of director of compliance and internal controls, who, in June 2019, was tasked with overseeing the SAP update project. Per discussion with the

director of compliance and internal controls, the SAP update project will involve two phases. Phase one consisted of the following steps: the identification of SAP owners across city departments; the development of a SharePoint site where all existing SAP documentation was uploaded and access to those files was granted to SAP owners; and the review of existing SAP documentation by SAP owners, who identified which SAPs were outdated. We were provided with the project's tracking schedule, which listed all existing SAPs, identified those SAPs deemed obsolete, and provided target deadlines for completing updates. Phase two is the actual update of SAPs, and the goal is to have all SAPs updated by fiscal year 2025, with an initial, prioritized focus on SAPs pertaining to central departments. The director of compliance and internal controls indicated that, after all SAPs are updated, Finance Office management will explore the compilation of a singular SAP manual and examine how to best embed regular SAP review and updates into its process.

Since September 2015, the Finance Office has updated 18 SAPs, with the most recent being an update of eight grant SAPs issued on February 19, 2020²¹ and an addendum to SAP No. 4.1.1.e, *Imprest Funds*, issued on March 11, 2020, which created a debit card/imprest account for DPH in response to the COVID-19 health emergency. Also, the Finance Office estimated that the update to the ninth and final grant SAP – No. G-6-1, *Budgeting Revenue from Other Governments* – would be completed by March 31, 2020. Lastly, in response to the new OnePhilly payroll system implemented in March 2019, the Finance Office has a target timeline of May 31, 2020 for the completion of payroll related SAPs. It is understood that the target timelines may be delayed due to the COVID-19 health emergency.

Criteria: In accordance with Philadelphia's Home Rule Charter, the city's Finance Office is required to establish, maintain and supervise an adequate and modern accounting system to safeguard city finances.²² Also, in its best practices publication, the GFOA recommends that governments perform an on-going review, evaluation, and update of accounting procedures to ensure they remain technically accurate, understandable, and compliant with current rules and regulations.

Effect: With the majority of SAPs not reflecting the automated processes and practices currently in use, there is an increased risk that critical control activities may be inconsistently applied or not performed at all, which could result in accounting errors and/or misappropriation of assets.

Cause: Over the years, the Finance Office experienced staff reductions that have compromised its ability to conduct periodic reviews and updates to the SAPs.

Recommendation: We recommend that the Finance Office continue to complete the review and update of the SAPs. Procedures no longer pertinent should be rescinded, and those that are out-of-date should be revised to reflect the automated processes and practices in use today. Once this initial update is completed, the Finance Office should develop a schedule for periodically updating SAPs on a regular basis in the future [50102.16].

Views of the Responsible Official: We agree with your recommendations to continue the update of the city's SAPs. Management will continue to prioritize this initiative, within budget constraints.

²¹ The eight grant SAPs were Nos. G 1-1, *Grant Closeouts*; G 2-1, *Collection and Deposit of Grant Receipts*; G 2-2, *Program Income*; G 3-1, *Expenditure Reconciliation*; G 5-1, *Subrecipient Monitoring Policy*; G 5-2, *Subrecipient Audit Requirements*; G 5-3, *Resolution of Subrecipient Audit Findings and Questioned Costs*; and G 5-4, *Subrecipient Unspent Funds*.

²²The Philadelphia Home Rule Charter, Section 6-101.

Schedule of Findings and Questioned Costs

Section IV – Federal and PA. Department of Human Services Findings and Questioned Costs

2019-011 REPORTING - SIGNIFICANT DEFICIENCY AND COMPLIANCE FINDING

Special Education – Grants for Infants and Families (EI) – CFDA #84.181

Temporary Assistance for Needy Families (TANF) – CFDA #93.558

Medical Assistance Program (MH/ID/EI) – CFDA #93.778

Block Grants for Community Mental Health Services (MH) – CFDA #93.958

Condition: GAAU did not accurately disclose the total payments to subrecipients in the preliminary SEFA provided for audit. Our testing indicated that subrecipient expenditures for the major programs listed below in Table 1 were understated by \$5.3 million. GAAU concurred with our findings and corrected the amounts reported for subrecipient expenditures. This condition was reported as finding number 2018-013 in the prior year report.

Table 4: Summary of the Subrecipient Expenditure Variances by Major Program				
	CFDA #	Amount Per Auditee (\$)	Amount Per Auditor (\$)	Difference Over/(Under) stated (\$)
Special Education – Grants for Infants and Families ²³	84.181	5,794,536	6,009,536	(215,000)
Temporary Assistance for Needy Families ¹	93.558	28,697,755	29,761,094	(1,063,339)
Medical Assistance Program	93.778	6,915,552	7,838,174	(922,622)
Block Grants for Community Mental Health Services	93.958	-	3,079,748	(3,079,748)
Total		41,407,843	46,688,552	(5,280,709)

Source: Office of the Controller

Criteria: OMB's Uniform Guidance, Title 2, Part 200, Subpart F, paragraph .510(b)(4) requires the total amount provided to subrecipients from each federal program to be included in the SEFA.

Effect: Failure to completely and accurately report subrecipient expenditures can result in noncompliance with terms and conditions of federal awards. It could, for example, lead to the city not correctly identifying subrecipients for audits and monitoring. In addition, grantors will not have accurate information relating to the total amount of federal awards that were expended by subrecipients.

Cause: For the TANF program, GAAU did not accurately report accounts payable related to subrecipients. For the MH/ID/EI, programs the Philadelphia Department of Behavioral Health Services (DBHIDS) did not timely respond to GAAU's request for departments to identify subrecipient expenditures. Additionally, the DBHIDS did not timely provide GAAU with the required expenditure reconciliations.

Recommendations: We recommend that GAAU reinforce with departments the need to provide complete and accurate information to assist in reporting the correct amounts for total payments to subrecipients. Also, GAAU should work with departments to ensure that expenditure reconciliations are received on timely basis.

²³ Funding for this program is passed through the PA Department of Human Services.

Additionally, GAAU should strengthen its SEFA preparation procedures to ensure that all payments to subrecipients are properly reported as subrecipient expenditures.

Views of the Responsible Officials: We agree the Departments must perform all expenditure reconciliations of federal funding between the amount recorded in the FAMIS accounting system with the amount reported to the Grantor. This will result in improved reporting of payments to subrecipients. Over the past several years GAAU has reinforced with Departments the need to comply with prescribed municipal policies to complete an expenditure reconciliation each time expenditures are reported to the Grantor during the award period.

Contact Person: Leon Minka, Accounting Manager, Finance (215) 686-6172

2019-012 SPECIAL TESTS - COMPLIANCE FINDING**Children and Youth Programs****Guardianship Assistance – CFDA #93.090****Stephanie Tubbs Jones Child Welfare Services Program – CFDA #93.645****Foster Care Title IV-E – CFDA #93.658****Adoption Assistance – CFDA #93.659****Medical Assistance Program – CFDA #93.778****Act 148 Pennsylvania Department of Human Services**

Condition: The Department of Human Services (DHS) reported salaries and benefits costs that exceeded maximum allowable amounts by \$457,716 on its fiscal 2019 County Children and Youth Social Service Programs' Fiscal Summary. The programs are funded through the Pennsylvania Department of Human Services (PaDHS).

Criteria: The PA Code, Title 55, Chapter 3170, section 3170.41 through 3170.43 provides for PaDHS to reimburse salaries up to the limit of the county civil service personnel compensation plan, or where applicable up to the limit of Commonwealth compensation levels. The Commonwealth will not participate in costs which exceed the maximum salary levels.

Effect: The fiscal 2019 County Children and Youth Social Services Programs' Fiscal Summary included ineligible expenditures of \$457,716. Because DHS is reimbursed a percentage of the expenditures it reports to PaDHS, we determined that ineligible costs had resulted in excess reimbursement of \$366,449. That amount represents questioned costs distributed to the following programs:

Table 5: Funding Source		Questioned Costs
CFDA #93.090		\$ 3,111
CFDA #93.645		2,016
CFDA #93.658		65,122
CFDA #93.659		22,697
CFDA #93.778		121
PaDHS – Act 148		273,382
Total		\$366,449

Cause: DHS does not have procedures in place to ensure that salaries and benefits requested for reimbursement do not exceed the maximum allowable amount per the Commonwealth Compensation Plan.

Recommendation: DHS should revise its procedures to ensure that amounts requested for reimbursement do not exceed the maximum allowable amount per the Commonwealth Compensation Plan.

Views of the Responsible Officials: plans and will request waivers from the state department in the future for occasions where salaries being charged to the State Act 148 invoice exceed allowable limits. DHS understands the importance of adhering to PaDHS approved salary compensation

Contact Person: Nadine Perese, Budget Director, DHS (215) 686-6136

2019-013 REPORTING - COMPLIANCE FINDING

Children and Youth Programs

Act 148 Pennsylvania Department of Human Services

Condition: The Department of Human Services (DHS) improperly reported \$3,566,773 of Central Service Costs (indirect costs) on their Act 148 Invoice based on an indirect cost rate of 13.61 percent. DHS should have based its claim on a rate of 9.32 percent calculated by using actual expenditures for central services costs determined by the city.

Criteria: The PA Code, Title 55, Chapter 3170, section 3170.60(c) states that in order to claim administrative overhead costs, the program should submit prior year financial data (expenditure data for the most recent financial periods) in accordance with and in support of their cost allocation plan. Furthermore, when costs are claimed, they shall be specifically identified and shall be included in the cost allocation plan.

Effect: The Act 148 Invoice included ineligible expenditures of \$3,566,773. Because DHS is reimbursed a percentage of the expenditures it reports to PaDHS, we determined that ineligible costs had resulted in excess reimbursement request of \$2,602,006.

Cause: The Act 148 invoice submitted by DHS improperly calculated the central services costs to be allocated to various cost centers using a prior year indirect cost rate of 13.61 percent. Additionally, DHS did not identify the error during their review of submitted expenditures.

Recommendation: We recommend that DHS strengthen internal controls over its report preparation and review procedures for the Act 148 invoice to ensure that expenditures submitted to the Commonwealth are calculated in accordance with program requirements.

Views of the Responsible Officials: DHS plans to utilize the approved percentages in the City of Philadelphia Cost Allocation Plan to charge indirect costs to the State Act 148 invoice.

Contact Person: Nadine Perese, Budget Director, DHS (215) 686-6136

2019-014 REPORTING - COMPLIANCE FINDING

Children and Youth Programs

Act 148 Pennsylvania Department of Human Services

Condition: The Department of Human Services (DHS) improperly reported \$1,768,574 in unsupported expenditures in its fiscal year 2019 Act 148 County Children and Youth Fiscal Summary (Fiscal Summary) submitted to the Pennsylvania Department of Human Services (PaDHS). DHS also improperly reported \$178,308 of encumbered funds as expenditures on the Fiscal Summary. Funding for these programs is from PADHS.

Criteria: Pennsylvania Code, Title 55, Chapter 3140, sections 3140.42 through 3140.45, provide for PaDHS to reimburse program costs based on actual expenditures. In addition, the Office of Children Youth and Families Bulletin 3140-18-01 Fiscal Summary instructions for the County Children and Youth Social Services Programs, issued by PaDHS, specify the reporting of actual expenditures.

Cause: The Act 148 invoice submitted by DHS improperly included encumbrances and unsupported expenditures in their request for reimbursement. Additionally, DHS did not identify the errors during their review of submitted expenditures.

Effect: The Act 148 Invoice included ineligible expenditures of \$1,946,882. Because DHS is reimbursed a percentage of the expenditures it reports to PaDHS, we determined that ineligible costs had resulted in excess reimbursement request of \$1,201,065.

Recommendation: We recommend that DHS strengthen internal controls over its report preparation and review procedures to ensure that only expenditures which are properly supported are included in the Fiscal Summary.

Views of the Responsible Officials: DHS understands the importance of strengthening internal controls to ensure that only actual expenditures are reported for reimbursement to the State for Act 148 Country Children & Youth funding reimbursement and plans to do so in the following fiscal years, internally as well as externally with expenditures from other departments.

Contact Person: Nadine Perese, Budget Director, DHS (215) 686-6136

Summary Schedule of Prior Years Audit Findings

**CITY OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Reference Number	Status	Questioned Costs
PA Department of Human Services		
Children and Youth Programs		
2016-013	Unresolved	\$43,401
<u>Condition:</u>	The Department of Human Services (DHS) invoiced for Central Service Costs (indirect costs) using a Cost Allocation Plan (CAP). When using a cost driver to distribute the indirect costs set by the CAP, DHS used total payroll expenditures, which included both reimbursable payroll and non-reimbursable payroll. By using total payroll rather than reimbursable payroll expenditures, indirect costs associated with non-reimbursable payroll expenditures of \$66,229, considered to be unallowable costs, were included on its fiscal year 2016 County Children and Youth Act 148 Fiscal Summary (Fiscal Summary) submitted to the Pennsylvania Department of Human Services (PaDHS). Funding for this program is provided through the PaDHS.	
2019 Update:	DHS submitted a revised FY16 Act 148 invoice for settlement. Questioned cost will be considered for adjustment by PaDHS at audit.	
Contact:	Lief Erickson, Operations Director-Finance, Department of Human Services (215) 683-6059	
2016-012	Unresolved	\$305,142
<u>Condition:</u>	The Department of Human Services (DHS) improperly reported \$323,054 of unsupported salaries as expenditures in its fiscal year 2016 Act 148 County Children and Youth Programs Fiscal Summary (Fiscal Summary) submitted to the Pennsylvania Department of Human Services (PaDHS). DHS also reported \$46,699 of encumbered funds as expenditures on the Fiscal Summary for the Social Services Block Grant (Title XX). Funding for these programs is passed through the PaDHS.	
2019 Update:	DHS submitted a revised FY16 Act 148 invoice for settlement. Questioned cost will be considered for adjustment by PaDHS at audit.	
Contact:	Lief Erickson, Operations Director-Finance, Department of Human Services (215) 683-6059	

City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Reference Number	Status	Questioned Costs
Children and Youth Programs		
2016-011	Unresolved	\$0
<u>Condition:</u>	<p>During various times of the award year, the Department of Human Services (DHS) failed to adequately perform monitoring procedures over their subrecipients for a number of its Children and Youth Programs. In certain instances, for example, DHS did not properly inform subrecipients of their award allocation between federal, state, and city funds by funding source at the time of the subaward. This condition was reported as part of the finding number 2015-017 in the prior year report. Additionally, DHS could not provide evidence that it performed a risk assessment to plan the <i>during-the-award monitoring</i> for the non-CUA (Community Umbrella Agencies) subrecipients sampled. The non-CUA subrecipients represented 13 of the 20 sample subrecipients tested. We also observed that DHS did not perform follow-up procedures on deficiencies noted during its subrecipient performance evaluation for all six CUA subrecipients tested. DHS staff performs a monthly Quality Visitation Review (QVR), which assess the CUAs through reviews with the family members to ensure that what is documented in case records is consistent with the family's experience. They also perform a quarterly Case File Review (CFR) of the CUAs to ensure appropriate child visitation, quality of safety assessment, and safety and service planning. During our review of two monthly QVRs, which assessed five of six sampled CUAs, and CFRs for six sampled CUAs, we noted that DHS did not follow up and require the CUAs to respond with a plan of correction for scorings of less than 75%, or below acceptable.</p>	
2019 Update:	<p>The funding source information on award letters and the CUA plans of correction were implemented during Fiscal Year 2017. The fiscal component of financial risk assessment has been implemented as of March 2018. Risk assessments are performed on subrecipients, who are also undergoing an additional level of review through an invoice sampling process that began as a pilot in March 2018 and was incorporated into a monthly process in July 2018.</p>	
Contact:	<p>Nadine Perese, CFO, Department of Human Services (215) 683-6060</p>	

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
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Children and Youth Programs

2015-020	Unresolved	\$261,629
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Condition: The Department of Human Services (DHS) overstated expenditures by \$356,613 in its fiscal year 2015 Act 148 County Children and Youth Social Service Programs Fiscal Summary submitted to the Pennsylvania Department of Human Services (PaDHS). DHS failed to offset \$136,613 in client-generated revenues and included expenditures totaling \$220,000, which were funded with a Human Services Development Fund (HSDF) grant. At the time of audit, DHS had not adjusted its Fiscal Summary to the state. Funding for this program is received through the Pennsylvania Department of Human Services.

2019 Update: DHS submitted a revised FY 15 Act 148 invoice for settlement. Questioned cost will be considered for adjustment by PaDHS at audit.

Contact: Lief Erickson, Operations Director-Finance, Department of Human Services (215) 683-5689

2015-021	Unresolved	\$19,114
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Condition: The Department of Human Services (DHS) failed to recover funds advanced to a subrecipient. The advance amount over and above what was expended was reflected on the 4th quarter Act 148 invoice, but never recovered. Funding for this program is passed through the Pennsylvania Department of Human Services.

2019 Update: Due to the small number of advances currently granted by DHS (one in FY17 and none in FY18 or FY19), the department has chosen not to employ a different advance payment accounting mechanism. If and when DHS begins approving advances in the future, a highly rigorous advance payment accounting mechanism will be employed.

Contact: Carolyn Pownell, Accounts Payable Administrator, Department of Human Services
(215) 683-6056

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
Children and Youth Programs		
2015-017	Unresolved	\$0
<u>Condition:</u>	<p>During various times of the award year, the Department of Human Services (DHS) failed to adequately perform monitoring procedures over their subrecipients for a number of its Children and Youth Programs. In certain instances, for example, DHS did not properly inform subrecipients of their award allocations between federal, state, and city funds at the time of the sub-award. Additionally, DHS could not provide evidence that it performed during-the-award monitoring for three of twenty-three subrecipients sampled. We also observed that DHS did not ensure that federal awards were used for authorized purposes. The Contracts and Audit Unit of the Office of the Deputy Managing Director for Health and Human Services, which assists DHS in monitoring subrecipients, often identified differences between expenditure amounts shown in subrecipient audit reports and the related grant amounts disbursed and recorded on the city's books and records. However, it frequently left these differences unresolved. We observed instances of when subrecipient audit reports indicated that grant expenditures were less than amounts disbursed by the city, but could find no evidence that the Contracts and Audit Unit followed up to determine whether these differences were due to timing or whether they were excess grant proceeds that subrecipients should return to the city.</p>	
2019 Update:	<p>Since 2016, DHS has been investigating all subrecipient grant reporting variances by corresponding with the agency and obtaining explanations and supporting documentation to account for the discrepancies (often attributed to timing differences. DHS monitors subrecipients during the award period in various forms, including budget reviews by the Audit Unit and ongoing communication between the agency and DHS program managers. Funding information is included on award letters prior to and at the beginning of the award period also in effect since 2016.</p>	
Contact:	<p>Nadine Perese, CFO, Department of Human Services (215) 683-6060</p>	

City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019

Reference Number	Status	Questioned Costs
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Children and Youth Programs

2015-018	Unresolved	\$0
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Condition: The city's Department of Human Services (DHS) and the Contracts and Audit Unit of the Deputy Managing Director for Health and Human Services failed to follow internal controls designed to present accurate disclosures of federal program amounts provided to subrecipients in the Schedule of Federal Expenditures (SEFA). Footnote disclosures of governmental funding awarded to subrecipients presented in the preliminary SEFA prepared by the city's Finance Office (Finance) indicated that only \$138.6 million of federal funds had been paid to subrecipients instead of more appropriately \$206.4 million, as substantiated in the city's accounting records. Our review of the records indicated payments had been unallocated by funding source. After a series of meetings between Finance, DHS, the Contracts and Audit Unit, and the Controller's Office, Finance agreed to correct the footnote disclosures. Funding provided to the subrecipients for operations of the city's DHS programs is received through the Pennsylvania Department of Human Services (PaDHS).

2019 Update: Any changes to DHS funding sources throughout the year would be reflected through year-end expenditure transfers and grant reconciliations by the Budget Unit. The Audit Unit now inquires with the Budget Unit during the subrecipient database update periods about whether any adjustments were made that would need to be reflected in the periodic updates.

Contact: Nadine Perese, CFO, Department of Human Services (215) 683-6060

2015-019	Unresolved	\$0
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Condition: In spite of the Department of Human Services (DHS) only billing the state \$796,410 for one of its Foster Care awards, the city's Finance Office (Finance) reported \$1,800,042 of federal expenditures applicable to the award in the Schedule of Expenditures of Federal Awards (SEFA). Funding for these programs is received through the Pennsylvania Department of Human Services (PaDHS).

2019 Update: For the FY17 and FY18 SEFAs, DHS and Finance met to discuss any inconsistencies and errors. DHS will continue this process for current and future fiscal years. In addition, DHS is working to update document identification information in FAMIS to differentiate between subrecipients and vendors.

Contact: Nadine Perese, CFO, Department of Human Services (215) 683-6060

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
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Combined Homeless Assistance Programs

2015-023	Unresolved	\$56,771
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Condition:

The Office of Homeless Services (OHS) inappropriately reported to the Pennsylvania Department of Human Services (PaDHS) a net overage of \$45,945 in grant expenditures for the Combined Homeless Assistance Programs (HAP). A significant portion of the overage - \$56,771 - was attributable to unallowable Case Management expenditures of the Social Services Block Grant (SSBG) reported in the Schedule of Expenditures of Federal Awards (SEFA). This amount was offset by a net total of \$10,826 in reported and unreported expenditures for the following HAP programs: Administration, Bridge Housing, PENNFREE Bridge Housing, program income, and the state portion of Case Management and Bridge Housing. Funding for the HAP is received through the PaDHS.

2019 Update:

OHS has documentation to support total expenditures reported on the County Report of Income and Expenditures. The differences were a result of certain expenditures that were not properly reflected in FAMIS, the City's accounting system. OHS disputes the finding. This does not warrant further action in accordance with 2CFR Section 200.511 (b) (3).

Contact:

Leticia Devonish, Director, Office of Homeless Services

(215) 686-7176

Total PA Department of Human Services Questioned Costs:

\$686,057

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
U.S. Department of Health and Human Services		
HIV Prevention, Immunization Cooperative		
2015-022	Unresolved	\$0
<u>Condition:</u>	As in the prior year, monitoring procedures of the Department of Public Health (DPH) over subrecipients did not ensure that federal awards were used for authorized purposes. Differences between expenditure amounts shown in subrecipient audit reports and grant expenditures recorded in the city's books and records that were identified by the Contracts and Audit Unit of the Deputy Managing Director for Health and Human Services (HHS), which assists DPH in monitoring subrecipients, were often left unresolved.	
2019 Update:	<p>DPH meets with HHS audit unit periodically throughout the year to discuss and review concerns. These sessions are also used as a channel to resolve and address any issues identified by the HHS audit unit. The grants unit collaborates with the division staff to monitor activity on each grant by implementing the following steps:</p> <ol style="list-style-type: none"> (1) Tracks expenditures via assigned index codes and prepares necessary adjustments (2) Prepares monthly grant worksheets to track spending by encumbrance documents (3) Schedules quarterly meetings with divisions to review spending and for compliance matters <p>DPH also reviews audit letters to determine whether there are any unresolved issues. The AIDS Activity and Coordinating Office (AACO) diligently monitors subrecipients via their Mainstay system to determine that awards are used appropriately and that expenditures are within awards granted.</p> <p>The Division of Disease Control (DDC) monitors via review of the invoices submitted based on contractual terms. A thorough review of accompanying salary spread sheets and budgetary information is completed to ensure accuracy and compliance.</p> <p>We have noted that differences in subrecipient reports and the city's books are either due to timing differences in the vendors recognition of revenue when invoices are sent to the City versus the City's recognition when invoices are actually paid.</p>	
Contact:	Sami Jarrah, Deputy Commissioner, DPH (215) 686-5207	

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
Immunization Cooperative Agreements		
2018-015	Unresolved	\$0
<u>Condition:</u>	The city's Department of Public Health (DPH) failed to file the annual SF-425 Federal Financial Report (SF-425) for the Immunization and Vaccines for Children Program during fiscal year 2018. The annual SF-425 report of expenditures serves as documentation of the financial status of grants according to the official accounting records of the recipient. This program is funded through the U.S Department of Health and Human Services – Center for Disease Control (CDC). The Federal Award Identification Number for the Immunization and Vaccines for Children Program is 6NH23IP000735-05-02.	
2019 Update:	The interim FFR was resubmitted as a grant note per advice of the Grants Management Specialist. This issue is now resolved.	
Contact:	Andrea Jordan, Administration Service Director III, Department of Health (215) 685-5338	

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
Social Services Block Grant		
2018-016	Unresolved	\$0
<u>Condition:</u>	<p>The city's Department of Behavioral Health and Intellectual Disability Services (DBHIDS) failed to provide documentation evidencing program monitoring of its subrecipient agencies during fiscal year 2018. We selected 21 subrecipient agencies for testing the program monitoring compliance, of which 11 were from DBHIDS and 10 were from the Office of Homeless Services (OHS). During the audit, we obtained evidence for all 10 subrecipient samples tested for OHS. However, after numerous requests to management, DBHIDS failed to provide evidence of subrecipient monitoring for the remaining 11 sampled subrecipient agencies paid out of the Social Services Block Grant. Despite this, we relied on evidence of program monitoring for four of the 11 subrecipient agencies obtained during our fiscal year 2018 City of Philadelphia CAFR audit. We still have not received evidence of program monitoring for the remaining seven sampled agencies. Funding for this program is received from the U.S. Department of Health and Human Services (HHS) and passed through the Pennsylvania Department of Human Services (PaDHS).</p>	
2019 Update:	<p>The prior year finding from 2018 was not finalized until Q 2 of fiscal year 2020. In light of the notification timing difference for fiscal year 2019, DBHIDS did not have the opportunity to improve on deficiencies cited in the original finding. However in 2019, DBHIDS work closely with Finance and the HHS contract unit to improve some existing procedures in contractor classification and monitoring.</p>	
Contact:	<p>Joe Lowry, Chief Financial Officer, Department of Behavioral Health and Intellectual Disability Services (215) 685-2497</p>	
Total U.S. Department of Health and Human Services Questioned Costs:		\$0

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
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U.S. Department of Justice

Edward Byrne Memorial Competitive Grant Program

2017-013	Unresolved	\$8,610,562
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Condition:

The Managing Director's Office (MDO) failed to adequately perform after-the-award monitoring procedures by not ensuring its subrecipient, the Philadelphia 2016 Host Committee (Host Committee), had a single audit conducted. The City of Philadelphia (city) hosted the Democratic National Convention (DNC) in July 2016, and the Host Committee was established and subawarded \$8,610,562 of program funds to aid the city with various obligations in support of the DNC. The Host Committee ceased operations shortly after the DNC. Funding for this program was received from the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance.

2019 Update:

The MDO submitted a corrective action plan to the grantor agency in calendar year 2018. MDO has not received final approval of the corrective action plan, and we remain in active communication with the grantor agency to address any questions.

Contact:

Marcia R. Dixon, Director of Finance & Administration, Criminal Justice & Public Safety, MDO (215) 686-2131

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
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Edward Byrne Memorial Competitive Grant Program

2017-014	Unresolved	\$0
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Condition:

The Managing Director's Office (MDO), in conjunction with the Grants Accounting and Administrative Unit (GAAU) of the Finance Office, processed and approved all program transactions in the city's Financial Accounting and Management Information System (FAMIS) under an incorrect Catalog of Federal Domestic Assistance (CFDA) number for the Edward Byrne Memorial Competitive Grant. This program supported the City of Philadelphia's hosting of the Democratic National Convention (DNC) in July 2016, and the funding is received from the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance.

2019 Update:

The MDO submitted a corrective action plan to the grantor agency in calendar year 2018. MDO has not received final approval of the corrective action plan, and we remain in active communication with the grantor agency to address any questions.

Contact:

Marcia R. Dixon, Director of Finance & Administration, Criminal Justice and Public Safety, MDO (215) 686-2131

Total U.S. Department of Justice Questioned Costs:	\$8,610,562
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**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
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U.S. Department of Homeland Security

National Urban Search and Rescue (US&R) Response System

2018-010

Unresolved

\$0

Condition:

The Pennsylvania Task Force 1 (PA-TF1), on behalf of the city's Philadelphia Fire Department (PFD), submitted quarterly *Federal Financial Reports* (SF-425s) and Semi-Annual Performance Reports that were inaccurate for federal awards received under the National Urban Search and Rescue Response System - Readiness Cooperative Agreement. Our review of SF-425s submitted in fiscal year 2018 disclosed that amounts reported for "*Cash Disbursements*", "*Federal share of expenditures*" and "*Federal share of unliquidated obligations*" were understated. Auditee's SF-425s were prepared on a cash basis. Under the cash basis, cash disbursement amounts should be equal to the federal share of expenditure amounts. The understated amounts for "*Federal share of expenditures*" and "*Federal share of unliquidated obligations*" reported on the SF-425s.

As a result, any lines on the SF-425s that were calculated using the auditee amounts were incorrect. Additionally, the "*Federal share of expenditures*" totals that were reported on the two fiscal year 2018 Semi-Annual Performance Reports were identical to the sums reported on the SF-425 Reports. Therefore, the Semi-Annual Performance Reports submitted for fiscal year 2018 were also erroneous. Funding for this program is received from the U.S. Department of Homeland Security and administered by the Federal Emergency Management Agency under Federal Award Identification Numbers: EMW-2015-CA-00018, EMW-2016-CA-00010, and EMW-2017-CA-00076.

2019 Update:

During the exit conference for the audit, it was agreed that the Fire Department would produce reports to help more accurately capture and prepare the PA-TF1 (task force) federal financial reports. The task force agrees to adhere to the City of Philadelphia's municipal policy/uniform procedures for expenditure reconciliation.

These procedures are outlined in the City of Philadelphia Office of the Director of Finance's Standard Accounting Procedure # G 3-1. With the assistance of the Sponsoring Agency's (Philadelphia Fire Department) fiscal unit, the task force will complete the Office of the Director of Finance Grants Accounting and Administration Unit FAMIS Reconciliation form. FAMIS is the City's Central Accounting System.

The aforementioned reconciliations will provide assurance that grant information contained in the FAMIS accounts is accurate and reliable for financial statement preparation and audit requirements. It will also ensure that the financial information contained in the Schedule of Expenditures of Federal Awards (SEFA) accurately reflects FAMIS for each grant award.

Contact:

Cpt. Brian Booth, Grant Program Manager, Philadelphia Fire Department PA-Task Force 1, (215) 683-9245

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
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Disaster Grants – Public Assistance

2018-011	Unresolved	\$90,020
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Condition:

The Office of Emergency Management (OEM) and Division of Aviation (DOA) could not provide adequate documentation to support \$121,361 in materials costs they charged for the snow removal project under the Disaster Grants – Public Assistance program. The DOA's support for materials listed a total amount used for each type of material by location but did not provide usage records. As a result, the auditors could not verify the accuracy of the use of materials and related costs. Funding for this program is received from the U.S. Department of Homeland Security and pass-through the Pennsylvania Emergency Management Agency. The Federal Award Identification Number for the Public Assistance program is FEMA-4267-DR-PA-101-60000-00.

2019 Update:

It is Aviation's policy to document the usage of contractor time, the usage of materials and supplies, food vouchers disbursed and accommodations used for all inclement weather events. Since we have learned through this audit that our current recording document is insufficient in capturing the necessary information to substantiate the items used and claimed, we are working with our staff to update the recording document and accompanying instruction guidelines and procedures to ensure that all items used during inclement weather events will be captured and recorded in a detailed and accurate manner.

However, the Airport believes that the amount in this finding should be prorated over the number of storm days as these materials and supplies were used daily in this weather event. Also, the documents previously submitted to FEMA disclosed there were no use logs for materials during the storm and the amount requested by the City was well considered, approved and reimbursed by FEMA.

Contact:

Brandon Lapsley, Homeland Security Grant Program Manager, OEM (215) 686-1450

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
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Disaster Grants – Public Assistance

2018-012	Unresolved	\$39,593
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Condition: The Office of Emergency Management (OEM), on behalf of the Division of Aviation (DOA) incorrectly claimed \$67,477 for overtime fringe benefits based on a fringe rate of 54.92 percent. However, the rate included the cost of worker's compensation, legal fees, employee disability, life insurance, and medical insurance, which are not applicable to overtime. OEM should have based its claim on a rate of 11.953 percent determined by the city for the overtime fringe benefits, which would have resulted in charges of \$14,686. Funding for this program is received from the U.S. Department of Homeland Security and pass-through the Pennsylvania Emergency Management Agency (PEMA). The Federal Award Identification Number for this grant is FEMA-4267-DR-PA-101-60000-00.

2019 Update: The Division of Aviation acknowledges the use of the 54.92% fringe benefit rate, which is a combination of regular time = 42.97% and overtime = 11.953% as calculated by the City's Finance Department. As an agency of the City, whenever we reimburse, or get reimbursed from, a fellow agency, we only calculate the hours of overtime labor worked, and assume that the associated fringe benefits rate in our force account labor totals are appropriate. We were unaware that straight- or regular-time salaries and benefits of permanent employees engaged in emergency work were not eligible for Public Assistance funding under the regulations covering the awarded grant. In the future, we will note this fringe benefits rate cap requirement and will work closely with Central Finance and OEM to ensure the appropriate rate is used.

Contact: Brandon Lapsley, Homeland Security Grant Program Manager, OEM (215) 686-1450

Total U.S. Department of Homeland Security Questioned Costs:	\$129,613
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**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
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**Community Development Block Grants/Entitlement Grants
National Urban Search and Rescue (US&R) Response System**

2018-013	Unresolved	\$0
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Condition: GAAU did not accurately disclose the total payments to subrecipients in the preliminary SEFA provided for audit. Our review of records indicated that subrecipient expenditures for the major programs were overstated by \$10.2 million. GAAU concurred with our findings and corrected the amounts reported for subrecipient expenditures. This condition was reported as finding number 2017-016 for the Community Development Block Grants/Entitlement Grants (CDBG) in the prior year report.

2019 Update: We agree with the finding that the subrecipient spending for the two programs was not accurate. We reinforced with the Department's Responsible Certifying Official pursuant to 2 CFR 200.415 the need to make accurate subrecipient determinations for fiscal year 2019 financial reporting purposes in accordance with the Uniform Guidance.

Contact: Leon Minka, Accounting Manager, Finance (215) 686-6172

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
U.S. Department of Transportation		
Highway Planning and Construction		
2018-014	Resolved	\$0
<u>Condition:</u>	The internal control procedures at the city's Department of Streets failed to detect fiscal year 2019 expenditures being recorded as fiscal year 2018 expenditures. Our testing of 33 significant transactions covering 95.24% of the total expenditures for the Highway Planning and Construction program revealed that four transactions with amounts totaling \$3,967,374 should have been recorded in fiscal year 2019 instead of fiscal year 2018. Consequently, GAAU incorrectly included the amount in the fiscal year 2018 preliminary SEFA until detected by the auditors. Funding for this program is received from the U.S. Department of Transportation and is pass-through Pennsylvania Department of Transportation.	
2019 Update:	This finding does not warrant further action in accordance with 2CFR Section 200.511 (b) (3).	
Contact:	Deborah McKee, Fiscal Officer, Department of Street, (215) 686-5466	
Total US. Department of Transportation Questioned Costs:		\$0

**City of Philadelphia
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2019**

Reference Number	Status	Questioned Costs
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**Edward Byrne Memorial Competitive Grant
Community Development Block Grants/Entitlement Grants
Block Grant for Prevention and Treatment of Substance Abuse
Community Service Block Grant
Emergency Solutions Grant Program**

2017-016	Unresolved	\$0
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Condition: GAAU did not accurately disclose the total payments to subrecipients in the preliminary SEFA provided for audit. Our review of records indicated that subrecipient expenditures for the major programs listed were either understated, overstated, or not reported at all, which nets to \$14.7 million. GAAU concurred with our findings and corrected the amounts reported for subrecipient expenditures.

2019 Update: In FY 2018 GAAU continued to work with Departments to enforce existing procedures to improve the accuracy of financial reporting. The additional tools developed by GAAU such as the customized reports from the City's accounting system enabled Departments to better identify and quantify subrecipient expenditures in FY 2018. Except for 14.218, the CFDA numbers cited in this finding did not have any repeat findings in FY 2018.

Contact:	Leon Minka, Accounting Manager, Finance	(215) 686-6172
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City of Philadelphia
Summary Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2019

Status of Prior Year Audit Findings – Financial Audit

2018-001 INADEQUATE STAFFING LEVELS, LACK OF TECHNOLOGICAL INVESTMENT AND INSUFFICIENT OVERSIGHT LED TO UNDETECTED MATERIAL MISSTATEMENTS

Staff Shortages Along with the Lack of a Comprehensive Financial Reporting System Have Contributed to Significant Financial Statement Errors

Condition: Errors totaling \$236 million were not detected by Finance Office accountants during preparation of the city's fiscal year 2018 CAFR.

Untimely and Inadequate Review Procedures for Aviation Fund Statements Resulted in Undetected Material Errors

Condition: The Division of Aviation's (DOA's) accounting management failed to detect material errors totaling \$122.4 million in the Aviation Fund financial statements submitted to the Finance Office for inclusion in the city's fiscal year 2018 CAFR.

Late Receipt of Component Unit Financial Reports Still Delayed Preparation and Audit of CAFR

Condition: Previously, we recommended that the Finance Office strive to more timely complete its evaluation of potential component units (PCUs) and its requests for financial statements for those entities determined to be component units. The current audit noted that Finance Office accountants performed the PCU evaluation process in a timelier manner, sending out PCU questionnaires by July 12, 2018 and receiving all completed questionnaires by August 31, 2018. In the prior year, the Finance Office did not timely determine that the Philadelphia Housing Authority (PHA) was a component unit and consequently requested its financial statements very late. For the current year, Finance Office accountants sent the request for PHA's statements much earlier (March 28, 2018) so that PHA, whose fiscal year-end is March 31st, had adequate notice of the city's reporting requirements. The Finance Office requested all other component units' financial reports by September 7, 2018. Based on the improvement noted, we consider this condition resolved.

Despite the above noted improvement, as we have reported for the last several years, late receipt of component unit financial reports continued to delay preparation and audit of the city's CAFR. Six of the city's ten component units still did not submit their final reports by the due dates requested by Finance Office accountants.

The greatest challenge to the timely completion of the CAFR came from the Philadelphia Redevelopment Authority (PRA), the School District of Philadelphia, and Philadelphia Municipal Authority (PMA). These three agencies submitted their reports very late (February 12, 2019 for PRA and the School District and February 13, 2019 for PMA), leaving the Finance Office accountants and the Controller's Office auditors little time to ensure that they were accurately included in the city's CAFR before it was issued on February 25, 2019.

City of Philadelphia
Summary Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2019

Status of Prior Year Audit Findings – Financial Audit

Status: In the FY 2019 Schedule of Findings and Questioned Costs, this finding is updated as 2019-001 and is deemed unresolved.

2018-002 UNTIMELY AND INACCURATE PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS RESULTED IN LATE SUBMISSION OF THE SINGLE AUDIT REPORTING PACKAGE TO THE FEDERAL AUDIT CLEARINGHOUSE

Condition: Because the city expends more than \$750,000 of federal awards, Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a single audit of grant activities to be performed each year. The Finance Office's Grants Accounting and Administrative Unit (GAAU) is responsible for preparing the Schedule of Expenditures of Federal Awards (SEFA). GAAU personnel employ a manual process to enter grant expenditures from the city's accounting system into the SEFA through a fund schedule, which is adjusted based on mandatory grant reconciliations provided by the city departments responsible for grants (departments). For fiscal year ending June 30, 2018, a preliminary SEFA was not prepared and provided for audit until March 18th of the following calendar year, which was 13 days prior to the required deadline of March 31st, to submit the reporting package.

Also, for the past several years, we have reported that GAAU has provided an inaccurate SEFA for audit. In the preliminary fiscal year 2018 SEFA submitted for audit, we again observed the following errors made by GAAU and the Philadelphia Department of Human Services (DHS) concerning the Children and Youth Program:

- Total expenditures for Stephanie Tubbs Jones Child Welfare Services Program, Catalog of Federal Domestic Assistance (CFDA) #93.645 - Title IV-B were not reported. This error was discovered during the auditor's review of the grant reconciliations and the Act 148 invoice, which were prepared by DHS.
- As reported in the prior year, the Temporary Assistance for Needy Families (TANF), CFDA #93.558 – Title IV, Part A program reported expenditures for the fiscal year 2017 award which, when totaled from prior year SEFAs through the current year, exceeded the award amount.

However, the total expenditures for TANF, CFDA #93.558 – Title IV, Part A program which were significantly understated in fiscal year 2017 were materially correct for fiscal year 2018.

Additionally, the preliminary SEFA did not include the required amount provided to subrecipients from each federal program. Since the preliminary SEFA had no subrecipient information, we were not able to follow up on the prior year finding #2017-012 *Weaknesses in Controls Led to Inaccurate Subrecipient Expenditure Amounts Reported on the Schedule of Expenditures of Federal Awards* included in Section II of the Schedule of Findings and Questioned Costs reported in the fiscal year 2017 Schedule of Financial Assistance.

City of Philadelphia
Summary Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2019

Status of Prior Year Audit Findings – Financial Audit

Status: In the FY 2019 Schedule of Findings and Questioned Costs, this finding is updated as 2019-002 and the late SEFA is deemed unresolved. The inaccurate SEFA portion is deemed Resolved.

2018-003 WHILE IMPROVED, REMAINING DEFICIENCIES IN TREASURER’S BANK RECONCILIATION PROCEDURES STILL CREATE POTENTIAL FOR UNDETECTED ERRORS AND IRREGULARITIES

While Reconciliation of Consolidated Cash Account Has Improved, There Remains a \$529,000 Unreconciled Variance and Need for Formal Reconciliation Procedures

Condition: In the last three reports, we noted that the Treasurer had not properly reconciled the consolidated cash account during fiscal years 2015 through 2017, with differences between book and bank activity not readily identified or investigated and no comparison of reported revenue collections to bank deposits. The prior audit disclosed that, starting with the June 2017 activity, the Treasurer began reconciling book and bank activity, comparing reported collections to bank deposits, preparing a detailed list of reconciling items, and sending this list to city departments for investigation. However, for activity prior to June 2017, there was an unknown variance of \$33.3 million, where book activity exceeded bank activity.

Our current audit found that the Treasurer made considerable efforts to correct this condition. In January 2018, the Treasurer hired an accounting supervisor whose main responsibility was reconciling the consolidated cash account. We observed that all fiscal year 2018 reconciliations for the consolidated cash account were prepared and reviewed in a timely manner, with the June 2018 reconciliation completed and reviewed by early August 2018. Also, we noted that the reconciliations included a detailed list of the items making up the difference between the book and bank balance, and the Treasurer continued its practice of sending the monthly list of reconciling items to city departments for their assistance with investigating the items. Based upon the improvement noted, we consider these conditions resolved. However, the current review noted that the Treasurer had not yet formalized in writing its reconciliation procedures for the consolidated cash account.

As for the \$33.3 million unknown variance, the Treasurer hired an accounting firm to assist with this issue. The accounting firm performed a reconciliation of consolidated cash account activity for fiscal years 2015 through 2017, performing a match of bank deposits and disbursements to the book activity per the city’s FAMIS accounting system. When the firm completed its review and issued its report in January 2019, most of the \$33.3 million difference had been identified, with the unknown variance down to \$529,000, where book activity still exceeded bank activity. While the firm noted no remaining unmatched disbursements, there were still some bank receipt transactions that could not be matched to FAMIS – seven deposits totaling \$2.2 million and 15 wire transfers from other city bank accounts totaling \$11.3 million, which the Treasurer asserted were valid transactions due to their internal nature. The Treasurer noted that, as it investigates these unmatched receipt transactions, the amount of the variance will continue to fluctuate.

City of Philadelphia
Summary Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2019

Status of Prior Year Audit Findings – Financial Audit

In a related matter, we followed up on the status of the ongoing problems with reconciling revenue activity for the Department of Public Health (DPH), as last year's report noted there were variances between the DPH's recorded collections and the amounts transferred daily to the consolidated cash account from the DPH's separate bank account. The June 2018 consolidated cash bank reconciliation showed a \$435,000 variance between DPH's recorded collections and actual transfers from DPH's bank account. The Treasurer informed us that they began working with the DPH to develop a revised process for handling the DPH's revenue receipts and plan to finalize and implement the revised process by the end of fiscal year 2019.

Failure to Review Prior Year Activity for Certain Long Unreconciled Accounts Could Allow Errors or Irregularities to Remain Undetected

Condition: In the prior audit, we reported that the Treasurer had not reconciled six city checking accounts for several years. The current audit noted that the Treasurer made considerable efforts to bring these accounts' reconciliations up to date. However, while the Treasurer asserted that all six accounts were now fully reconciled, for four of the six accounts the Treasurer was unable to provide bank reconciliations for all of the unreconciled months. Therefore, for the months where bank reconciliations were not provided, there was no documented evidence that a detailed review of account activity for those months was performed to identify errors or unusual transactions that required further investigation. We did note that, for the Payroll and General Disbursement Accounts, the bank generated a report listing unpaid checks, the dates for which ranged back to the periods with no available reconciliations. While the bank's unpaid checks report allowed the Treasurer to identify and transfer unclaimed payroll checks to the city's Unclaimed Monies Fund, the report did not represent a complete review of transactions for the unreconciled months.

A resulting condition from the Treasurer's failure to reconcile these accounts for several years was noncompliance with Pennsylvania's Disposition of Abandoned and Unclaimed Property Act (escheat act). In February 2019, the Treasurer transferred \$894,612 of unclaimed payroll checks from the closed Wells Fargo Payroll Account into the city's Unclaimed Monies Fund. \$825,638 of the amount transferred related to unclaimed payroll checks from calendar years 2010 through 2016 that should already have been escheated to the state, and the other \$68,974 pertained to outstanding payroll checks from calendar year 2017. With regard to the General Disbursement Account, the January 2019 unpaid checks report from the bank showed \$6.7 million of outstanding vendor checks for calendar years 1999 through 2015 – years for which the unclaimed funds should have been escheated to the state. However, we observed that the bank's unpaid checks report erroneously included a \$2.4 million vendor check from 2005, which the city's FAMIS accounting system listed as voided.

As of March 2019, none of the unclaimed payroll or vendor checks had been escheated to the state. According to our inquiry of the Finance Office accounting supervisor who oversees the city's Unclaimed Monies Fund, the unclaimed payroll checks will most likely be escheated to the state by April 2019.

City of Philadelphia
Summary Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2019

Status of Prior Year Audit Findings – Financial Audit

Status: In the FY 2019 Schedule of Findings and Questioned Costs, this finding is updated as 2019-006 and is deemed “unresolved,” as it was downgraded from a material weakness to a significant deficiency.

2018-004 FAILURE TO CLOSE OUT PRIOR YEAR GRANT ACTIVITY INCREASES RISK OF REPORTING ERRORS

Condition: The Finance Office along with the Department of Behavioral Health and Intellectual Disability Services (DBHIDS) failed to timely identify and close out remaining account balances for completed DBHIDS grants. Specifically, per our review of the city’s FAMIS accounting system records for the Grants Revenue Fund as of June 30, 2018, the city’s books still showed \$31 million of cash balances related to completed DBHIDS grants for prior fiscal years ranging from 2005 to 2015.

Status: In the FY 2019 Schedule of Findings and Questioned Costs, this finding is deemed resolved.

City of Philadelphia
Summary Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2019

Status of Prior Year Audit Findings – Financial Audit

2018-005 FAILURE TO SEGREGATE PAYROLL DUTIES COULD ALLOW FRAUD TO OCCUR

Condition: During fiscal year 2018, the duties concerning the data entry, review, and approval of bi-weekly payroll transactions were again not adequately segregated. Our testing of 55 city departments for 26 pay periods revealed 257 occasions (18 percent), in which the same individual posted and approved the on-line payroll time records, applied both the supervisory and executive-level approvals, or performed all three duties. Employees in 23 departments performed duplicate functions for more than two pay periods, with the Mayor’s Office, the Police Department, the Fire Department, and the Board of Pensions and Retirement being the most recurrent among the larger departments. While there had been improvement in this condition when compared to the previous year’s findings, a significant number of city agencies were still not adequately segregating payroll duties.

Status: In the FY 2019 Schedule of Findings and Questioned Costs, this finding is updated as 2019-007 and is deemed unresolved.

2018-006 CAPITAL ASSET CONTROL DEFICIENCIES INCREASE RISK OF REPORTING ERRORS

Lack of a Comprehensive Capital Asset System Hampered Reporting Process

Condition: The city still lacks a comprehensive capital asset management system to better manage and account for real property assets. Instead, Finance Office accountants continue to maintain a cumbersome series of Lotus 1-2-3 and Excel files, that together with FAMIS, constitute the current fixed asset ledger. Various spreadsheet files accumulate the cost of capital assets and work in progress, while other spreadsheet files are used to calculate depreciation expense and accumulated depreciation reported in the city’s CAFR. Real property addresses are only available in FAMIS by user code, which is identified in an Excel file called the “Proof”.

Failure to Inventory Real Property Assets Increases Risk of Inaccurate Accounting Records

Condition: Except for the PWD and the DOA, which both periodically check the physical existence and condition of their real property assets, this year’s audit again disclosed no evidence that the city’s other real property assets had been recently inventoried. Also, we previously recommended that the Finance Office compare the Philadelphia City Planning Commission’s (PCPC’s) master database of city-owned facilities to the city’s fixed asset ledger to identify any discrepancies. In its response to last year’s report, management stated that, during fiscal year 2018, the Department of Public Property (Public Property) implemented the Integrated Workplace Asset Management System (IWAMS), which contains various data on the city’s real estate assets, including maintenance and improvement costs, and uses as its “backbone” the PCPC’s master facilities database. In its prior year response, management indicated that it would explore whether the assets

City of Philadelphia
Summary Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2019

Status of Prior Year Audit Findings – Financial Audit

in the IWAMS database could be compared to the city’s fixed asset ledger. During the current audit, Finance Office management informed us that they met with the Office of Innovation and Technology (OIT) in September 2018 to discuss obtaining a database of city-owned property to enable such a comparison; however, as of March 26, 2019, no further action has been taken.

Status: In the FY 2019 Schedule of Findings and Questioned Costs, this finding is updated as 2019-009 and is deemed unresolved.

**2018-007 FAILURE TO TIMELY TRANSFER FUNDS BETWEEN CITY BANK ACCOUNTS
COULD RESULT IN SIGNIFICANT REPORTING ERRORS**

Condition: Reported cash and investment amounts in the city’s CAFR – specifically those reported under the account entitled Equity in Treasurer’s Account – continued to be at an increased risk for significant misstatement because the Finance Office’s accountants still did not always timely transfer monies between city bank accounts to match activity recorded on the city’s accounting system (FAMIS), which is the source of CAFR amounts.

All cash and investments in the bank accounts under the control of the Treasurer are reported under the Equity in Treasurer’s Account, which represents each fund’s share in the Treasurer’s group of bank accounts. While many funds are members of the consolidated cash bank account, which pools monies to maximize the city’s investment earnings, the city must also maintain separate bank accounts for certain funds, such as the Water and Aviation Funds, to comply with legal requirements (e.g. bond covenants and ordinances). Therefore, when there is activity in FAMIS that necessitates moving funds between city bank accounts, such as the transfer of expenditures from consolidated cash member funds to the Water or Aviation Funds, Finance Office accountants must prepare a cash transfer authorization (CTA) to authorize the Treasurer to move the funds.

Our current testing noted the following instances when Finance Office accountants did not timely prepare and submit CTAs to the Treasurer:

- For \$6.6 million of pending transfers due from the Water and Aviation Operating Fund bank accounts to the consolidated cash account – which related to interfund expenditure transfers processed in June 2018 – Finance Office accountants did not prepare the CTA to authorize the transfers until February 2019, at the request of the Controller’s Office. The Treasurer transferred the monies in February 2019. We noted a similar instance in the prior audit.
- A CTA prepared in late June 2018 to transfer \$4 million from the Aviation Operating Fund and consolidated cash bank accounts to the Aviation Capital Fund account was not approved by Finance Office management until September 2018. Finance Office management asserted that this CTA was

City of Philadelphia
Summary Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2019

Status of Prior Year Audit Findings – Financial Audit

delayed because it required additional review by them. The Treasurer made the corresponding transfer in September 2018.

- In September 2018, Finance Office accountants posted an entry in FAMIS to record a \$1.6 million transfer from the Water Revenue Bond Sinking Fund Reserve to the General Fund (a member fund of the consolidated cash account). However, it was not until November 2018, approximately two months later, that the Finance Office prepared the CTA and the Treasurer processed the bank transfer.

Status: In the FY 2019 Schedule of Findings and Questioned Costs, this finding is updated as 2019-011 and is deemed unresolved.

2018-008 LAX MONITORING OF ADJUSTMENTS TO TAX ACCOUNTS MAY LEAD TO UNDETECTED ERRORS OR IRREGULARITIES

Condition: Previously, we reported that Revenue Department accountants did not perform timely reviews of adjustments made to taxpayer accounts, which on any given day can involve millions of dollars. Accountants only performed a very limited review of fiscal year 2016 adjustments in January 2017 while there was no review of fiscal year 2017 adjustments. Our current audit found that accountants had not performed any reviews of adjustment transactions for the majority of fiscal year 2018 – July 2017 through mid-April 2018 – until the responsibility was assigned to the newly hired Financial Reporting Unit (FRU) accounting manager. For adjustment activity posted since mid-April 2018, the FRU accounting manager selected a small sample of adjustments for review each week from the daily adjustment listings. The adjustment review process consisted of the following steps: requesting support from the employee who posted the sampled adjustment, reviewing the support to ensure the adjustment was valid, and retaining each sampled adjustment’s documentation to evidence this review. However, Revenue Department management informed us that, as of January 2019, a formal written policy for the adjustment review process had not yet been established.

Numerous Revenue Department employees have the ability to post payment and receivable adjustments directly to taxpayer accounts on Revenue’s Taxpayer Inquiry and Payment System (TIPS). TIPS is the department’s computerized accounting system, which is the source for taxes receivable reported in the CAFR. Examples of payment adjustments include transferring payments within a taxpayer’s account (i.e. between tax years and/or tax types), transferring payments from one taxpayer account to another, changing the dollar amount of a payment, and creating a new payment on the system. Receivable adjustments involve increasing, decreasing, or entirely deleting a taxpayer’s liability. While employees only had the ability to perform adjustments up to an authorized dollar limit and supervisory approval was required for adjustments exceeding the established limits, the effectiveness of these system security controls was lessened by the fact that employees could have very high dollar limits. For instance, we observed dollar limits as high as \$1 million for non-supervisory personnel and \$25 million for supervisory personnel.

City of Philadelphia
Summary Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2019

Status of Prior Year Audit Findings – Financial Audit

Status: In the FY 2019 Schedule of Findings and Questioned Costs, this finding is deemed resolved.

2018-009 SAPs REQUIRE UPDATING TO ENSURE ACCURATE AND CONSISTENT APPLICATION OF ACCOUNTING RULES AND REGULATIONS

Condition: The city's SAPs, which serve as the basis for the city's system of internal control, continue to be long outdated and fail to reflect the automated processes and practices currently in use. The Finance Office has established over two hundred SAPs to provide city departments and agencies with guidance on how to handle various accounting related activities, including proper procedures for ensuring the accuracy of transactions and the safeguarding of assets. Over the years, as new technologies were adopted and daily practices were enhanced, the existing SAPs have not been updated accordingly, with over 50 percent of them still being more than half a century old.

Since September 2015, the Finance Office has updated 11 SAPs, with the most recent being the following two SAPs issued on April 10, 2019 in conjunction with the implementation of the new OnePhilly payroll system:

- SAP No. E-9011, *Daily Timekeeping Source Documents and Attendance Record-Keeping* – This SAP discusses the forms and methods that departments are to use in preparing daily records of employee attendance.
- SAP No. E-0911, *Signature Authorization Form* – This SAP – which, in the last three reports, we had specifically recommended that the Finance Office update – establishes requirements regarding the signature authorization forms used to verify the propriety of departmental approvals for bi-weekly payrolls and payment vouchers.

Also, during fiscal year 2018, the Finance Office hired a consultant to assist in reviewing and updating the SAPs. In addition to assisting with the update of the two most recently revised SAPs, the consultant has prepared a draft version of a manual which will serve as the single document warehousing all SAPs and generated an archived listing of the old SAPs that will be incorporated into the manual and used as a crosswalk to the updated SAPs. The consultant is also working with the Finance Office to revise the SAP numbering format. Per discussion with Finance Office management, their goal for calendar year 2019 is completing the update of the SAPs for the payroll and grant areas.

Status: In the FY 2019 Schedule of Findings and Questioned Costs, this finding is updated as 2019-0010 and is deemed unresolved.



SUPPLEMENTARY FINANCIAL INFORMATION SECTION

Pennsylvania Department of Human Services

**Pennsylvania Department of Community and
Economic Development**

City of Philadelphia
Schedule of Expenditures of Pennsylvania Department of Human Services Awards
July 1, 2018 to June 30, 2019

<u>Pa. DHS Program</u>	City ID Number	CFDA	Contract Number	Grant Awards	Grant Expenditures	Federal Cash Received
Project Title						
<u>Mental Health/Intellectual Disabilities</u>						
Early Intervention (EI) Evid Base FY 19	150895	0	Award Letter	5,000	4,961	0
ID - Community Services Service Fee(10255) F	150883	0	Allocation Letter	5,000	5,000	0
ID - Community Services (10255) FY19	150882	0	Allocation Letter	17,398,665	17,398,665	0
ID - Early Intervention (10235) FY19	150884	0	Allocation Letter	1,612,617	1,612,617	0
ID - Early Intervention (70170) FY19	150877	84.181	Allocation Letter	6,009,536	6,009,536	5,794,536
ID - Program Income	150999	93.778	Allocation Letter	652,282	652,282	652,282
ID - SSBG (70177) FY19	150878	93.667	Allocation Letter	1,422,353	1,422,353	1,422,353
ID - TSM Admin Federal (70175) FY19	150881	93.778	Grant Agreement	612,998	612,998	612,998
ID - Waiver Admin (70175) FY19	150879	93.778	Allocation Letter	6,915,552	6,915,552	6,915,552
ID - Waiver EI (70184) FY19	150880	93.778	Allocation Letter	478,452	309,624	477,931
ID- Early Intervention Service Fee (10235) FY18	150859	0	Allocation Letter	24,061,482	1,235,390	0
ID- Temp Money Follows the Person MFP FY19	150886	93.791	Allocation Letter	180,000	180,000	180,000
ID- TSM Admin Federal (70175) FY18	150855	93.778	Allocation Letter	692,998	0	93,869
ID- Waiver Admin (10255) FY19	150889	0	Allocation Letter	6,915,552	6,915,552	0
ID-Early Intervention Service Fee (10235) FY19	150885	0	Allocation Letter	20,268,874	18,656,778	0
MH - CMHSBG (70167) FY19	150865	93.958	Allocation Letter	3,148,881	3,079,748	3,079,748
MH - Homeless Grant (70154) FY19	150864	93.150	Allocation Letter	438,674	438,674	438,674
MH - Program Income	150998	0	Allocation Letter	8,019,867	8,019,867	0
MH - Program Maintenance (10248) FY19	150866	0	Allocation Letter	137,960,399	137,210,399	0
MH - SSBG (70135) FY19	150863	93.667	Allocation Letter	5,532,135	5,532,135	5,532,135
MH- Behavioral MH SV (10262)	150867	0	Allocation Letter	4,016,773	4,016,773	0

The accompanying notes are an integral part of this schedule.

City of Philadelphia
Schedule of Expenditures of Pennsylvania Department of Human Services Awards
July 1, 2018 to June 30, 2019

<u>Pa. DHS Program</u>	City ID	CFDA	Contract Number	Grant Awards	Grant Expenditures	Federal Cash Received
Project Title	Number					
MH- Specialized Residences (10258)	150868	0	Allocation Letter	930,058	930,058	0
Total Mental Health/Intellectual Disabilities:				247,278,148	221,158,962	25,200,078
<u>Children and Youth Programs</u>						
Caseworker Visitation Grant FY18	221483	93.556	Award Letter	213,594	2,101	0
Caseworker Visitation Grant FY19	221485	93.556	Award Letter	216,590	216,590	216,590
Child & Youth Act 148- YDC Costs	229999	0	YDC Costs	9,549,306	9,549,306	0
Child Protective Services FY19	221779	93.667	Award Letter	2,888,308	2,888,308	2,888,308
Child Welfare Services	G22CWS	0	Award Letter	11,421	11,421	0
Child Welfare Services - Act 148 FY14	221341	0	Award Letter	351,276,814	494	0
Child Welfare Services - Act 148 FY15	221402	0	Award Letter	378,476,087	19,134	0
Child Welfare Services - Act 148 FY16	221832	0	Award Letter	343,459,981	62,781	0
Child Welfare Services - Act 148 FY17	221836	0	Award Letter	349,659,236	255,090	0
Child Welfare Services- Act 148 FY18	221840	0	Award Letter	353,047,609	6,217,452	0
Child Welfare Services- Act 148 FY19	221845	0	Award Letter	340,384,122	328,928,833	0
Family Group Decision Making (FGDM) FY19	221635	0	State Award Letter	1,258,323	977,550	0
Family Group Decision Making (FGDM) FY19	221636	0	State Award Letter	114,000	68,400	0
Family Preservation Funds -Title XX FY19	150499	93.667	Award Letter	605,304	605,304	605,304
Information Technology Grant (ITG) FY18	222253	0	Award Letter	11,287,437	1,117,142	0
Information Technology Grant (ITG) FY19	222254	0	Award Letter	10,068,978	10,632,138	0
Information Technology Grant (ITG) FY19	222255	93.658	Award Letter	3,196,501	507,389	0
Temporary Assistance for Needy Families (TANF	221409	93.558	Children & Youth Program	26,033,804	340	0
Temporary Assistance for Needy Families (TANF	221653	93.558	Children & Youth Program	26,033,804	5,931	0

The accompanying notes are an integral part of this schedule.

City of Philadelphia
Schedule of Expenditures of Pennsylvania Department of Human Services Awards
July 1, 2018 to June 30, 2019

<u>Pa. DHS Program</u>	City ID			Grant Awards	Grant Expenditures	Federal Cash Received
Project Title	Number	CFDA	Contract Number			
Temporary Assistance for Needy Families (TANF	221656	93.558	Children & Youth Program	26,033,804	5,513	0
Temporary Assistance for Needy Families (TANF	221659	93.558	Children & Youth Program	26,033,804	225,785	2,139,872
Temporary Assistance for Needy Families (TANF	221662	93.558	Children & Youth Program	26,033,804	22,185,584	11,025,542
Title IV-B State Match FY19	221682	0	Award Letter	686,872	642,451	0
Title IV-B FY19	221683	93.645	Award Letter	2,575,773	2,151,210	2,575,773
Title IV-E Legal Custodianship (SPLC) FY18	222219	93.090	Award Letter	5,910,095	11,563	1,674,749
Title IV-E Adoption Assistance FY17	222054	93.659	Award Letter	22,689,650	0	16,910
Title IV-E Adoption Assistance FY18	222058	93.659	Award Letter	16,984,368	36,397	8,055,522
Title IV-E Adoption Assistance FY19	222066	93.659	Award Letter	24,725,111	28,322,941	19,024,000
Title IV-E Demonstration Project FY15	221439	93.648	Award Letter	64,843,211	11,886	0
Title IV-E Demonstration Project FY16	221443	93.648	Award Letter	62,432,121	16,073	0
Title IV-E Demonstration Project FY17	221447	93.648	Award Letter	60,298,449	249,047	3,478,208
Title IV-E Demonstration Project FY18	221490	93.648	Award Letter	59,836,117	959,985	59,155,005
Title IV-E Foster Care FY15	221410	93.658	Award Letter	23,525,340	424	0
Title IV-E Foster Care FY16	222007	93.658	Award Letter	3,264,912	9,231	0
Title IV-E Foster Care FY17	222014	93.658	Award Letter	3,946,026	19,460	498,541
Title IV-E Foster Care FY18	222025	93.658	Award Letter	2,861,878	918,743	3,755,297
Title IV-E Foster Care FY19	222030	93.658	Award Letter	88,495,964	79,236,935	9,710,810
Title IV-E Legal Custodianship (SPLC) FY17	222215	93.09	Award Letter	6,247,875	0	13,811
Title IV-E Legal Custodianship (SPLC) FY19	222224	93.090	Award Letter	5,423,723	3,983,559	2,852,653
Title IV-E Medical Assistance FY18	222148	93.778	Award Letter	264,476	8,730	72,466
Title IV-E Medical Assistance FY19	222153	93.778	Award Letter	382,466	0	85,102

The accompanying notes are an integral part of this schedule.

City of Philadelphia
Schedule of Expenditures of Pennsylvania Department of Human Services Awards
July 1, 2018 to June 30, 2019

<u>Pa. DHS Program</u>	City ID Number	CFDA	Contract Number	Grant Awards	Grant Expenditures	Federal Cash Received
Project Title						
Title IV-E Program Income	229995	93.658	Child Support SSI	176,914	176,914	176,914
Total Children and Youth Programs:				2,741,453,970	501,238,133	128,021,377
<u>Combined Homeless Assistance</u>						
HAP - Administration FY19	241272	93.667	Allocation Letter	136,328	0	136,328
HAP - Briddge Housing (F) FY19	241268	93.667	Allocation Letter	2,717,027	2,717,027	2,583,143
HAP - Bridge Housing (PENNFREE)FY19	241269	93.959	Allocation Letter	1,251,804	1,238,013	1,251,804
HAP - Bridge Housing (S) FY18	241184	0	Allocation Letter	200,654	8,191	0
HAP - Bridge Housing FY18	241182	93.667	Allocation Letter	2,583,144	188,274	0
HAP - Case Management (F) FY19	241266	93.667	Allocation Letter	1,463,520	873,636	1,463,520
HAP - Case Management (F) FY19	241271	93.667	Allocation Letter	300,704	300,704	0
HAP - Case Management (S) FY19	241267	0	Allocation Letter	2,535,576	2,330,981	0
HAP - Case Management FY18	241180	93.667	Allocation Letter	1,463,520	45,367	0
HAP - Case Management FY18	241181	0	Allocation Letter	2,535,576	131,640	0
HAP - Case Management FY18	241185	93.667	Allocation Letter	864,802	66,870	0
HAP - Program Income FY19	241274	93.667	Allocation Letter	19,865	8,009	19,865
HAP - Program Income - Pennfree	241165	93.959	Interest	2,021	0	1,015
HAP - Program Income - Pennfree FY19	241273	93.959	Allocation Letter	5,975	0	5,975
HAP - Program Income (S)FY18	241189	0	Allocation Letter	11,703	3,356	0
HAP - Program Income FY18	241188	93.667	Allocation Letter	11,859	7,052	13,372
HAP Program Income - Pennfree FY17	241177	93.959	Allocation Letter	2,469	0	0
HAP- Program Income - PennFree FY18	241187	93.959	Allocation Letter	3,839	2,590	236
HAP Program Income FY17	241178	93.667	Program Income	6,514	0	443

The accompanying notes are an integral part of this schedule.

City of Philadelphia
Schedule of Expenditures of Pennsylvania Department of Human Services Awards
July 1, 2018 to June 30, 2019

<u>Pa. DHS Program</u>	City ID	CFDA	Contract Number	Grant Awards	Grant Expenditures	Federal Cash Received
Project Title	Number					
Total Combined Homeless Assistance:				16,116,900	7,921,709	5,475,700
<u>Human Services Development Fund</u>						
HSDF - AACO FY19	144383	0	Allocation Letter	800,000	800,000	0
HSDF - AHS Translation Service FY19	144380	0	Allocation Letter	160,000	160,000	0
HSDF - Case Management FY18	241203	0	Allocation Letter	520,973	127,986	0
HSDF - Children & Youth FY19	241204	0	Allocation Letter	914,187	914,187	0
HSDF - Children & Youth FY19	225083	0	Award Letter	220,000	220,000	0
HSDF - Financial Adminstration FY18	143935	0	Allocation Letter	713,645	67,317	0
HSDF - Financial Adminstration FY19	144382	0	Allocation Letter	574,800	508,778	0
HSDF - Lead Abatement FY19	144381	0	Allocation Letter	130,000	110,482	0
HSDF - Violence Reduction	160672	0	Award Letter	612,800	7,010	0
HSDF - Violence Reduction FY19	160674	0	Award Letter	513,000	512,841	0
Human Services Development Fund FY18	080341	0	Award Letter	164,927	126,846	0
Human Services Development Fund FY18	100711	0	MOU	121,237	29,800	0
Human Services Development Fund FY19	100712	0	Allocation Letter	553,285	101,414	0
Total Human Services Development Fund:				5,998,854	3,686,660	0
<u>Child Support Enforcement</u>						
Child Support - Program Income	841023	93.563	Program Income	100,612	0	37,194
Child Support - Program Income FY17	841025	93.563	Program Income	92,287	0	85,560
Child Support - Program Income FY17	841027	93.563	Revenue Based	95,992	0	141,418
Child Support - Program Income FY19	841029	93.563	Revenue Based	73,040	0	52,406

The accompanying notes are an integral part of this schedule.

City of Philadelphia
Schedule of Expenditures of Pennsylvania Department of Human Services Awards
July 1, 2018 to June 30, 2019

<u>Pa. DHS Program</u>	City ID			Grant	Grant	Federal
Project Title	Number	CFDA	Contract Number	Awards	Expenditures	Cash Received
Child Support Enforcement FY18	690483	93.563	Title IV-D Program	996,008	0	476,846
Child Support Enforcement FY19	690484	93.563	Title IV-D Program	1,699,698	1,699,698	658,033
Child Support Program FY18	841026	93.563	Revenue Based	17,190,421	0	8,833,163
Child Support Program FY19	841028	93.563	Revenue Based	23,892,492	18,951,671	21,977,948
Domestic Relations Division (DRD)	842643	0	Title IV-D Program	7,900,000	2,478,189	0
Domestic Relations Division (DRD) FY17	842644	0	Title IV-D Program	7,900,000	609,162	0
Domestic Relations Division (DRD) FY18	842645	0	Revenue Based	7,900,000	1,277,290	0
Domestic Relations Division (DRD) FY19	842646	0	Revenue Based	7,900,000	1,281,748	0
Total Child Support Enforcement:				75,740,548	26,297,758	32,262,568
<u>Other PaDHS Assistance</u>						
ACT 152 (App 120) FY19	150981	0	Allocation Letter	1,935,318	1,644,430	0
Additional SIL Services (S)FY19	221569	0	Award Letter	2,380,214	1,668,234	0
Behavioral Health Services/IGT(173)FY19	150527	0	Allocation Letter	9,169,723	9,169,723	0
Centers of Excellence (10262) FY19	150528	0	Allocation Letter	2,088,091	1,500,000	0
Functional Family Therapy (FFT) FY19	221584	0	State Award Letter	209,000	110,954	0
Functional Family Therapy (FFT) FY19	221585	0	State Award Letter	149,673	78,460	0
Gambling Addiction Assessment & Treatment Fu	150946	0	Grant Agreement	688,126	688,126	0
Health Enterprise Zone (HEZ)	144160	0	4100078789	1,500,000	620,813	0
Housing Initiative FY18	221573	0	Award Letter	1,700,000	3,850	0
Housing Initiative FY19	221574	0	Award Letter	2,677,500	1,617,230	0
Medicare Part D - Retirees	350438	93.778	Receipts	26,934	26,934	26,934
PA Promising Practice - Delinquent FY18	221623	0	Award Letter	900,000	17,014	0

The accompanying notes are an integral part of this schedule.

City of Philadelphia
Schedule of Expenditures of Pennsylvania Department of Human Services Awards
July 1, 2018 to June 30, 2019

<u>Pa. DHS Program</u>	City ID	CFDA	Contract Number	Grant Awards	Grant Expenditures	Federal Cash Received
Project Title	Number					
PA Promising Practice - Delinquent FY19	221625	0	Award Letter	422,135	359,859	0
PA Promising Practice - Dependent FY19	221624	0	Award Letter	686,069	132,713	0
Supported Work Prog (Workwise) SNAP 9 mont	80325	10.561	4100065378	281,250	60,991	0
Supported Work Program (Workwise) - FY18	080320	93.558	4100065378	7,546,034	2,757,468	1,977,166
Supported Work Program (Workwise) - SNAP F	080321	10.561	4100065378	375,000	123,779	169,695
Supported Work Program (Workwise) - SNAP F	080323	10.561	4100065378	93,750	61,854	1,698,608
Supported Work Program (Workwise) FY19	080324	93.558	4100065378	5,659,525	3,271,471	0
Supported Workwise Program (F) FY19	080322	93.558	4100065378	1,886,509	1,729,685	82,732
Time Limited Family Reunification (TLFR)	221496	0	Contract # 4100077799	166,948	166,948	0
Title IV-E Independent Living FY18	222021	93.674	Award Letter	1,044,895	0	532,260
Title IV-E Independent Living FY19	222023	93.674	Award Letter	1,044,895	938,066	2,328,919
Title IV-E Independent Living-Interest	222022	93.674	Interest	7,108	0	1,427
Total Other PaDHS Assistance:				42,638,697	26,748,601	6,817,741
Total Schedule of Expenditures of PaDHS Awards:				3,129,227,117	787,051,825	197,777,464

The accompanying notes are an integral part of this schedule.

**CITY OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF PENNSYLVANIA
DEPARTMENT OF HUMAN SERVICES AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. BASIS OF ACCOUNTING

The modified accrual basis of accounting was used to prepare this schedule. All federal and state financial assistance received from the Pennsylvania Department of Human Services is included.

2. DEPARTMENT OF HUMAN SERVICES MAJOR PROGRAMS

The following represent major programs from the Pennsylvania Department of Human Services as defined in the **Single Audit Supplement**:

Mental Health
Intellectual Disabilities
Early Learning
Child and Youth

3. GOVERNMENTAL FUNDING AWARDED BY THE CITY

The following table identifies funding received from the Pennsylvania Department of Human Services that the city awarded to its subrecipient organizations:

<u>Source</u>	<u>Program</u>	<u>Funding</u>
State - DHS	Mental Health/Intellectual Disabilities	\$ 207,572,313
State – DHS	Behavioral Health Services Initiative	9,169,723
State – DHS	Children and Youth Program	110,393,869
State - DHS	Combined Homeless Assistance Programs	2,508,688
Total Pa. DHS Awards to Subrecipients:		<u>\$329,644,593</u>



CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1679
(215) 686-6680 FAX (215) 686-3832

REBECCA RHYNHART
City Controller

CHRISTY BRADY
Deputy City Controller

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Honorable Members
of the Council of the City of Philadelphia

To the Commonwealth of Pennsylvania,
Department of Human Services

We have performed the procedures enumerated below, which were agreed to by the management of the City of Philadelphia, Pennsylvania and the Commonwealth of Pennsylvania, Department of Human Services (DHS) (the specified parties), on the financial schedules and exhibits of the City of Philadelphia, Pennsylvania as required by the DHS Single Audit Supplement for the year ended June 30, 2019. City of Philadelphia, Pennsylvania's management is responsible for the financial schedules and exhibits. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

- I. The procedures and associated findings applicable to Exhibits A-1 (a) through XIX (a) NBG are as follows:

Procedures

- (a) We have verified by comparison of the amounts and classifications that the financial schedules and exhibits listed below, which summarize amounts reported to DHS for fiscal year ended June 30, 2019, have been accurately compiled and reflect the audited books and records of the City of Philadelphia, Pennsylvania. We also compared the example schedules in the DHS Single Audit Supplement to these schedules to determine that they are presented, at a minimum, at the level of detail and in the format required by the DHS Single Audit Supplement pertaining to this period.

C I T Y O F P H I L A D E L P H I A
OFFICE OF THE CONTROLLER

<u>Program Name</u>	<u>Number</u>	<u>Referenced Schedule/Exhibit</u>
Child Support Enforcement	A-1 (a)	Summary of Expenditures
	A-1 (c)	Summary of Incentives
	A-1 (d)	Summary of Title IV-D Account
Mental Health/Intellectual Disabilities	IV (a) MH NBG	Report of Income and Expenditures
	IV (b) MH NBG	Report of Income and Expenditures
	IV (c) ID NBG	Schedule of Revenues, Expenditures and Carryover Funds
	IV (d) ID NBG	Report of Income and Expenditures
Early Intervention Services	V (a) EI	Early Intervention Services
	V (b) EI	Early Intervention Services
Combined Homeless Assistance Program	XIX (a) NBG	Report of Income and Expenditures

- (b) We have inquired of management as to whether there were any adjustments to reported revenues or expenditures which were not reflected on reports submitted to DHS for the period in question.

Findings

- (c) The procedures detailed in the two preceding paragraphs, (a) and (b) above, disclosed the following adjustments or findings which have not been reflected on reports submitted to DHS for the period in question:
1. The county report submitted to DHS for the Combined Homeless Assistance Program did not agree with the city's books and records. The amounts reported in Exhibit XIX (a) NBG Report of Income and Expenditures were overstated or understated as listed in Table 1 below.

C I T Y O F P H I L A D E L P H I A
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Table 1: Combined Homeless Assistance Program				
Lines from Exhibit XIX (a) NBG	Administration Over/(Under) Stated	Bridge Housing Over/(Under) Stated	Case Management Over/(Under) Stated	Total Over/(Under) Stated
Purchased Services	\$ -	\$ 31,083	\$ 49,750	\$ 80,833
Total Expenditure	\$ -	\$ 31,083	\$ 49,750	\$ 80,833
Other Revenues	\$(42,235)	\$ -	\$ -	\$ (42,235)
Total Revenue	\$ (42,235)	\$ -	\$ -	\$ (42,235)
State HAP Funding	-	\$ 1,190	\$ (1,195)	\$ (5)
SSBG	\$ (136,328)	\$ 364,879	\$ (228,542)	\$ 9
Total Reimbursement	\$ (136,328)	\$ 366,069	\$ (229,737)	\$ 4
Unspent Allocation	\$ (178,563)	\$ 334,986	\$ (279,487)	\$ (123,064)

- II. The procedures and associated findings applicable to Exhibit XX - Federal Awards Reconciliation Schedule are as follows:

Procedures

- (a) We have agreed the expenditure amounts listed on the reconciliation schedule under the “Federal Expenditures per the SEFA” column C to the audited Schedule of Expenditures of Federal Awards (SEFA).
- (b) We have agreed the receipt amounts listed on the reconciliation schedule under the “Federal Awards Received per the audit confirmation reply from Pennsylvania” column D to the subrecipient Federal amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.
- (c) We have recalculated the amounts listed under the “Difference” column E and the “% Difference” column F.
- (d) We have agreed the amounts listed under the “Difference” column E to the audited books and records of the City of Philadelphia, Pennsylvania.
- (e) We have agreed the “Detailed Explanation of the Differences” to the audited books and records of the City of Philadelphia, Pennsylvania.

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O F F I C E O F T H E C O N T R O L L E R

Findings

- (f) The procedures detailed in paragraphs (a) through (e) above, disclosed the following adjustments or findings which have not been reflected on the corresponding schedule:

Exhibit XX – Federal Awards Reconciliation Schedule contained reported revenue amounts in the “Detailed Explanation of the Difference” column that did not agree to the supporting documentation. The revenues in the “Detailed Explanation of the Difference” column agreed to audit confirmation reply from the Office of Budget, Comptroller Operation. However, the following revenues could not be traced to supporting documentation. CFDA #93.658 Foster Care Title IV-E had 132 line items that could not be traced from the confirmation to supporting documentation for a net credit of (\$208,577.22). CFDA #93.778 Medical Assistance Program had three credits that could not be traced to supporting documentation for a total credit of (\$513,271). The exceptions noted for revenues missing supporting documentation are listed by CFDA # in the Table 2 below.

Table 2: Unreconciled Revenue Differences			
CFDA #	Revenue per Confirmation	Revenue Per Books and Records	Difference
93.658	\$76,630,853	\$76,839,430	(\$208,577)
93.778	7,684,490	8,197,761	(513,271)

- III. The procedures and associated findings applicable to Exhibit XXI – County Children and Youth Agency Monitoring Schedule are as follows:

Procedures

- a) We have reconciled the list of providers under “Provider Name” column A to the providers who were paid for In-Home Purchased Services during the year according to the County Children and Youth Agency’s (CCYA) general ledger, cash disbursements journal, or similar record. Note any providers who were paid during the year, but were not included on this schedule.
- b) We have agreed the response in column B to the appropriate Provider contract.
- c) We have agreed information in columns C through I to the CCYA’s monitoring records for In-Home Purchased Service Providers.

Findings

- d) The procedures detailed in paragraphs (a) through (c) above, disclosed the following exceptions or findings which have not been reflected on the corresponding schedule:

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O F F I C E O F T H E C O N T R O L L E R

1. There are 138 providers that were paid \$14,857,857 during the year but not included in Column A of the schedule. Below is a list of providers who are not on the schedule:

Little Darlings Day Care
0001
123 Back to Basics LLC
1939 W Venango St.
386 W Butler
4910 Wyalusing Avenue
5200 Oxford Street
5517 Green Street
7500 Germantown Avenue
Abington ELC
Abington YMCA
Acclaim Academy LLC
Allen Wesley Brooks Jr
Alphabest Education Inc.
Apple Child Care Center
Association Puertorriquenos en Marcha
Bases
Beautiful Beginnings II
Best Friends
Bethanna
Big Brother Big Sister Association
Camphill-it
Caring For Minds Early LLC
Catholic Social Services
Center City Neuropsychology, LLC
Children's Pl Longshore
Christ of Calvary Community Dev. Corp.
Clippersxpress
Communipower II
Community College Child D
Creative Arts For Everyone (CAFE)
Cuddles-N-Care Inc
Curtis McMillan FCCH
Deaf Hearing Communication Centre Inc
Deborah's Little Shep Too
Delco Child Care Assoc
Discovery Place For Littl
Discovery Point Day Care
Dixon Day Care Center
Donetta Hill Hooks Family
Early Foundations FCCH
Early Learning Children's

East Frankford Day Care
Evangelical Lutheran Chur
Fairy Tale Academy
Family School
Fulwood, Terry
Girls Inc Of Greater Philadelphia
Goldberg, Karen
Good Shepherd Corporation
Grace Neighborhood Acad
Green, Arnette
Green, Tohwanda
Hackney, Latoya
Haven Home For Girls
Homeless Advocacy Project
Hope Rising Child Lrng Ct
I. A. Oakley Learning Ctr
ICU Stem Academy
Insti For Econ Dev/Child
It Takes A Village Inc
JC Academy Of Excellence
Johnson Child Care Center
Just Children
Karen's Child Care
Kelley's Inspirational Da
Kelly, Marie
Kids Connection Learning
Kids Smart Inc
Kidz 1st Early Childhood
Kidz Kingdom Learning Cen
Kindercare 073079
Kreation Place
Latonta Godbold
Learn And Play Centers
Learning My Way
Learn-In-Play Day Care
Little Achievers Inc.
Little Darlings Day Care
Little Einstein Preschool
Little Jems Children's
Little Peoples Village
Lorraine Matthews FCCH
Magic Cottage Daycare Ctr

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Mamas Luv Childcare Ctr
Mee Moms Quality Plus Chi
Memorable Moments Learnin
Mercy Neighborhood
Methodist Family Svs
Michelle's Little Miracle
MODS
Mother Goose Cottage
Mrs Connies Family Child
Munchkinland Day Care
Nationalities Service Center
Nesh Elem Sch Age CC Kids
NET Community Care
Northeast Treatment Centers Inc
Olney Academy Inc
Pennsylvania Hospital
People For People Preschool
PFVY – Northeast Day Care
Philadelphia Children's Alliance
Pratt Street Learning Cen
Prodigy Learning Center
Progressive Life Center, Inc.
Pruitt, Patricia
Reintegration Site/ac
Resolute Acquisition Co.
Resource For Human Dvelmt
Retintegration/aftercare

Salisbury Behavioral Health
Smart Beginnings ELC
Smart Choice Child Care
Step By Step Child Care
Sunbright Childcare LLC
Sunrise Learning Academy
Sunshine Learning Academy
Sweet Dreams And Fairy Tales
Sycamore Tree
T.Y.L. II, Inc.
Tabor Childrens Services Incorporated
Tabor Community Partners
Tender Years Family And C
The Caring Center
The Children's Place Pre
The Learning Academy
The Pennsylvania Hospital Of The Uphs
Tiny Stars
Tonys World LLC/North_Tra
Valley Child Care
Vision To Victory Christi
Wee R The World Early Lea
West Phila Community Mental Health
YMCA Of Delaware
YMCA of Gtr Brandywine
Young Scholars Daycare
Your Child In Mine DC

2. The information in columns C through I did not agree to the CCYA monitoring records for In-Home Purchased Services Providers. Table 3 below details the exceptions noted.

Table 3: Summary of Findings for Exhibit XXI		
PROVIDER NAME	COLUMN EXCEPTION	EXCEPTION (COMMENT)
Juvenile Justice Center of Philadelphia	H	Date Follow-up Was Done On Prior Year Monitoring Does Not Agree to CCYA monitoring records.
Little Red Perez Boxing Gym, Inc	E	Exceptions Noted During Current Year Monitoring Do Not Agree to CCYA monitoring records.
Together As Adoptive Parents	D	Schedule indicates the provider was not monitored in the current year, but records indicate monitoring did occur.

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Table 3: Summary of Findings for Exhibit XXI		
PROVIDER NAME	COLUMN EXCEPTION	EXCEPTION (COMMENT)
Pee Wee Prep	C, E, H	C. Most Recent Monitoring Date Does Not Agree to CCYA monitoring records. E. Exceptions Noted During Current Year Monitoring Do Not Agree to CCYA monitoring records. H. Date Follow-up Was Done On Prior Year Monitoring Does Not Agree to CCYA monitoring records.
Childspace – Childspace Mt. Airy	C, D, E	C. Most Recent Monitoring Date Does Not Agree to CCYA monitoring records. D. Schedule indicates the provider was not monitored in the current year, but records indicate monitoring did occur. E. Exceptions Noted During Current Year Monitoring Do Not Agree to CCYA monitoring records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying financial schedules and exhibits required by the DHS Single Audit Supplement. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the City of Philadelphia, Pennsylvania, City Council, and the Commonwealth of Pennsylvania DHS and is not intended to be and should not be used by anyone other than those specified parties.



CHRISTY BRADY, CPA
Deputy City Controller
Philadelphia, Pennsylvania
December 23, 2020

CITY OF PHILADELPHIA
SUMMARY OF EXPENDITURES
TITLE IV-D CHILD SUPPORT PROGRAM
FYE JUNE 30, 2019

EXHIBIT A-1(A)

COMPARISON OF CHILD SUPPORT PROGRAM INDEX NO. 841028 & 842641 SINGLE AUDIT EXPENDITURES WITH THE REPORTED EXPENDITURES

County: Philadelphia						Year Ended:						Fiscal Year 2019					
Single Audit Expenditures						Reported Expenditures						Single Audit Over/Under Reported					
Quarter Ending: 09/30/18	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid		
1. Salary/Overhead	10,019,715.00	419,013.00	(507,383.00)	9,093,319.00	6,001,591.00	10,019,715.00	419,013.00	(507,383.00)	9,093,319.00	6,001,591.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Fee/Costs	39.00	0.00	0.00	39.00	26.00	39.00	0.00	0.00	39.00	26.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Interest & Program Income	38,354.00	527.00	0.00	37,827.00	24,966.00	38,354.00	527.00	0.00	37,827.00	24,966.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Blood Testing Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Blood Testing Costs	25,492.00	0.00	0.00	25,492.00	16,825.00	25,492.00	0.00	0.00	25,492.00	16,825.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. ADP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Total (1-2-3-4+5+6)	10,006,814.00	418,486.00	(507,383.00)	9,080,945.00	5,993,424.00	10,006,814.00	418,486.00	(507,383.00)	9,080,945.00	5,993,424.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Quarter Ending: 12/31/18	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid		
1. Salary/Overhead	10,243,896.00	421,504.00	(1,070,878.00)	8,751,514.00	5,775,999.00	10,243,896.00	421,504.00	(1,070,878.00)	8,751,514.00	5,775,999.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Fee/Costs	35.00	0.00	0.00	35.00	23.00	35.00	0.00	0.00	35.00	23.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Interest & Program Income	33,740.00	488.00	0.00	33,252.00	21,946.00	33,740.00	488.00	0.00	33,252.00	21,946.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Blood Testing Fee	2,863.00	0.00	0.00	2,863.00	1,890.00	2,863.00	0.00	0.00	2,863.00	1,890.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Blood Testing Costs	24,902.00	0.00	0.00	24,902.00	16,435.00	24,902.00	0.00	0.00	24,902.00	16,435.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. ADP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Total (1-2-3-4+5+6)	10,232,160.00	421,016.00	(1,070,878.00)	8,740,266.00	5,768,575.00	10,232,160.00	421,016.00	(1,070,878.00)	8,740,266.00	5,768,575.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Quarter Ending: 03/31/19	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid		
1. Salary/Overhead	9,693,935.00	400,701.00	(461,070.00)	8,832,164.00	5,829,228.00	9,693,935.00	400,701.00	(461,070.00)	8,832,164.00	5,829,228.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Fee/Costs	36.00	0.00	0.00	36.00	24.00	36.00	0.00	0.00	36.00	24.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Interest & Program Income	122,040.00	1,623.00	0.00	120,417.00	79,475.00	122,040.00	1,623.00	0.00	120,417.00	79,475.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Blood Testing Fee	4,907.00	0.00	0.00	4,907.00	3,239.00	4,907.00	0.00	0.00	4,907.00	3,239.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Blood Testing Costs	21,025.00	0.00	0.00	21,025.00	13,877.00	21,025.00	0.00	0.00	21,025.00	13,877.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. ADP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Total (1-2-3-4+5+6)	9,587,977.00	399,078.00	(461,070.00)	8,727,829.00	5,760,367.00	9,587,977.00	399,078.00	(461,070.00)	8,727,829.00	5,760,367.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Quarter Ending: 06/30/19	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid		
1. Salary/Overhead	9,291,691.00	341,052.00	(2,450,712.00)	6,499,927.00	4,289,952.00	9,291,691.00	341,052.00	(2,450,712.00)	6,499,927.00	4,289,952.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Fee/Costs	63.00	0.00	0.00	63.00	42.00	63.00	0.00	0.00	63.00	42.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Interest & Program Income	197,069.00	2,057.00	0.00	195,012.00	128,708.00	197,069.00	2,057.00	0.00	195,012.00	128,708.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Blood Testing Fee	2,914.00	0.00	0.00	2,914.00	1,923.00	2,914.00	0.00	0.00	2,914.00	1,923.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Blood Testing Costs	26,904.00	0.00	0.00	26,904.00	17,757.00	26,904.00	0.00	0.00	26,904.00	17,757.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. ADP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Total (1-2-3-4+5+6)	9,118,549.00	338,995.00	(2,450,712.00)	6,328,842.00	4,177,036.00	9,118,549.00	338,995.00	(2,450,712.00)	6,328,842.00	4,177,036.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

CITY OF PHILADELPHIA
SUMMARY OF EXPENDITURES
TITLE IV-D CHILD SUPPORT PROGRAM
FYE JUNE 30, 2019

EXHIBIT A-1(a)

COMPARISON OF CHILD SUPPORT PROGRAM INDEX NO. 841028 & 842641 SINGLE AUDIT EXPENDITURES WITH THE REPORTED EXPENDITURES - SUPPLEMENTALS

County: Philadelphia						Year Ended:						Fiscal Year 2019					
Single Audit Expenditures						Reported Expenditures						Single Audit Over/Under Reported					
Quarter Ending: 09/30/16	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable
1. Salary/Overhead	8,482.00	0.00	0.00	8,482.00	5,598.00	8,482.00	0.00	0.00	8,482.00	5,598.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Fee/Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Interest & Program Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Blood Testing Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Blood Testing Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. ADP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Total (1-2-3-4+5+6)	8,482.00	0.00	0.00	8,482.00	5,598.00	8,482.00	0.00	0.00	8,482.00	5,598.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Quarter Ending: 12/31/16	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable
1. Salary/Overhead	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Fee/Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Interest & Program Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Blood Testing Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Blood Testing Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. ADP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Total (1-2-3-4+5+6)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Quarter Ending: 3/31/17	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable
1. Salary/Overhead	36.00	0.00	0.00	36.00	24.00	36.00	0.00	0.00	36.00	24.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Fee/Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Interest & Program Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Blood Testing Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Blood Testing Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. ADP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Total (1-2-3-4+5+6)	36.00	0.00	0.00	36.00	24.00	36.00	0.00	0.00	36.00	24.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Quarter Ending: 6/30/17	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable	Incentive Paid Costs	Net	Amt Paid	Total	Unallowable
1. Salary/Overhead	375.00	0.00	0.00	375.00	248.00	375.00	0.00	0.00	375.00	248.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Fee/Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Interest & Program Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Blood Testing Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Blood Testing Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. ADP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Total (1-2-3-4+5+6)	375.00	0.00	0.00	375.00	248.00	375.00	0.00	0.00	375.00	248.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

EXHIBIT A-1(a)

County: Philadelphia

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CHILD SUPPORT ENFORCEMENT
COMPARISON OF REPORTED INCENTIVES TO INCENTIVES ON DEPOSIT

EXHIBIT A-I (c)

County Philadelphia

Fiscal Year Ended June 30, 2019

Month	MSE Incentive Paid Cost Worksheet Ending Incentive Balance	Audited Title IV-D Account Incentive Balance	Type of Account Structure
July 1, 2018	\$0.00	\$0.00	<input checked="" type="checkbox"/> Separate Bank Account <input type="checkbox"/> Restricted Fund - General Ledger <input type="checkbox"/> Other
September 30, 2018	\$0.00	\$0.00	
December 31, 2018	\$0.00	\$0.00	
March 31, 2019	\$0.00	\$0.00	
June 30, 2019	\$0.00	\$0.00	

Note : Do not include income received from interest or Medical Incentives.

CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT TITLE IV-D ACCOUNT WITH REPORTED TITLE IV-D ACCOUNT

Fiscal Year Ended - June 30, 2019

	Single Audit TITLE IV- D Account	Reported TITLE IV- D Account	Single Audit Over/(Under) Reported
Balance at July 1, 2018	32,706,645.09	32,706,645.09	-
Receipts:			
Reimbursements	22,452,722.16	22,451,930.00	792.16
Incentives	4,490,042.57	4,490,042.57	-
Title XIX Incentives	237.00	237.00	-
Interest	132,168.09	131,688.24	479.85
Program Income	110,958.83	110,958.83	-
Genetic Testing Costs	14,234.42	14,234.42	-
Maintenance of Effort (MOE)	4,920,522.00	4,920,522.00	-
Other: State Grant	7,900,000.00	7,900,000.00	-
Miscellaneous	-	479.85	(479.85)
General Fund DA	579,742.00	579,739.00	3.00
DA's Reimbursement	1,124,590.84	1,125,383.00	(792.16)
Total Receipts	41,725,217.91	41,725,214.91	
Intra-fund Transfer - In	-	-	
Funds Available	74,431,863.00	74,431,860.00	
Disbursements:			
Incentive Paid Costs - Salaries and Overhead	4,490,042.57	4,490,042.57	-
Transfers to General Fund	-	-	-
Vendor Payments	785,666.79	785,666.79	-
Bank Charges	4,371.80	4,371.80	-
Other: Salaries and Fringes	23,430,947.57	23,430,947.58	(0.01)
Indirect Costs (MOE)	-	-	
Vendor Payments DA	-	383,391.00	(383,391.00)
Salaries and Fringes DA	1,705,124.00	1,321,731.00	383,393.00
Unfunded MOE	-	-	
Indirect Costs (DA)	-	-	-
Total Disbursements	30,416,152.73	30,416,150.74	1.99
Intra-fund Transfers - Out	-	-	-
Balance at June 30, 2019	44,015,710.27	44,015,709.26	1.01

The Title IV-D account consists of 3 accounts. Please indicate here the total number of accounts that make up the Title IV-D account.

The Title IV-D account is comprised of 1 checking, 0 savings, 0 CD, and 2 trust fund accounts. Please indicate here the type of accounts that the Title IV-D account is comprised of.

Commonwealth of Pennsylvania
DHS - Bureau of Financial Operations
County Mental Health Report of Income and Expenditures
MH15 - Mental Health Services
Fiscal Year 2018 - 2019
Philadelphia MH Program

Exhibit IV(a) MH NBG

	Sources of DHS Funding	App	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance Of Funds (5)	Grant Fund Adjs. (6)	Total Fund Balance (7)
			Carryover (1)	Allotment (2)	Total Allocation (3)				
A.	MH Services	10248	\$1,637,635	\$136,322,764	\$137,960,399	\$137,210,399	\$750,000	\$0	\$750,000
B.	OTHER STATE FUNDS								
1	Specialized Residences for the Mentally Ill Homeless	10258	\$0	\$930,058	\$930,058	\$930,058	\$0	\$0	\$0
2	Behavioral Health Services Initiative	10262	\$0	\$4,016,773	\$4,016,773	\$4,016,773	\$0	\$0	\$0
3	Reserved – 100%	00001	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal Other State		\$0	\$4,946,831	\$4,946,831	\$4,946,831	\$0	\$0	\$0
C.	SSBG	70135	\$0	\$5,532,135	\$5,532,135	\$5,532,135	\$0	\$0	\$0
D.	CMHSBG Funds								
1	CMHSBG-Non-Categorical Funds	70167	\$0	\$2,203,831	\$2,203,831	\$2,203,831	\$0	\$0	\$0
2	CMHSBG- FEP/Doctor Adair Project	70167	\$69,133	\$317,271	\$386,404	\$385,156	\$1,248	\$0	\$1,248
3	CMHSBG - ECMH Endorsement	70167	\$0	\$11,200	\$11,200	\$11,200	\$0	\$0	\$0
4	CMHSBG - Housing Training Scholarships	70167	\$0	\$5,000	\$5,000	\$2,483	\$2,517	\$0	\$2,517
5	CMHSBG - Peer Crisis	70167	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	CMHSBG - FY 18-19 One Time Allocation	70167	\$0	\$542,446	\$542,446	\$542,446	\$0	\$0	\$0
	Sub-Total CMHSBG Funds		\$69,133	\$3,079,748	\$3,148,881	\$3,145,116	\$3,765	\$0	\$3,765
E.	OTHER FEDERAL FUNDS								
1	PATH Homeless Grant (Federal)	70154	\$0	\$438,674	\$438,674	\$438,674	\$0	\$0	\$0
2	Suicide Prevention in Schools and Colleges	71022	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Reserved	00002	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Reserved	00003	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal Other Federal Funds		\$0	\$438,674	\$438,674	\$438,674	\$0	\$0	\$0
F.	TOTAL		\$1,706,768	\$150,320,152	\$152,026,920	\$151,273,155	\$753,765	\$0	\$753,765

**PHILADELPHIA COUNTY
MENTAL HEALTH SERVICES
REPORT OF INCOME AND EXPENDITURES
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2019**

EXHIBIT IV-(b) NBG

	Total
I. TOTAL ALLOCATION	\$152,026,920
II. TOTAL EXPENDITURES	\$177,357,243
III. COSTS OVER ALLOCATION	
A. County Funded Eligible	\$2,051,073
B. County Funded Ineligible	\$2,004,957
C. Other Eligible	\$9,097,447
D. Other Ineligible	\$0
Subtotal Costs over Allocation	\$13,153,477
IV. REVENUES	
A. Program Service Fees	\$148,932
B. Private Insurance	\$918,353
C. Medical Assistance	\$96,695
D. Medical Assistance - Admin Claims	\$0
E. Room and Board	\$486,329
F. Earned Interest	\$280,562
G. Other	\$6,193,921
Subtotal Revenues	\$8,124,792
V. DHS REIMBURSEMENT	
A. Base Allocation 90%	\$40,804,728
B. Base Allocation 100%	\$14,203,218
C. DHS Categorical Funding 90%	\$2,447,637
D. DHS Categorical Funding 100%	\$85,140,321
E. SSBG 90%	\$0
F. SSBG 100%	\$5,532,135
G. CMHSBG Non-Categorical Funding 90%	\$0
H. CMHSBG Non-Categorical Funding 100%	\$2,203,831
I. CMHSBG Categorical Funding	\$941,285
Subtotal DHS Reimbursement	\$151,273,155
VI. COUNTY MATCH	
10% County Match	\$4,805,819
Subtotal County Match	\$4,805,819
VII. TOTAL DHS REIMB & COUNTY MATCH	\$156,078,974
VIII. TOTAL CARRYOVER	\$753,765

PHILADELPHIA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CARRYOVER FUNDS
INTELLECTUAL DISABILITIES SERVICES
FOR THE TWELVE MONTH PERIOD ENDED June 30, 2019

EXHIBIT IV-(c) ID NBG

Sources of DHS Funding	Appropriation	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance Of Funds (5)	Grant Fund Adj. (6)	Total Fund Balance (7)
		Carryover (1)	Allotment (2)	Total Allocation (3)				
A. ID Services								
1. Community (Non-Residential/Residential)	10255	\$227,208	\$17,171,457	\$17,398,665	\$17,398,665	\$0	\$0	\$0
2. Temporary NBG Funds for Regional Collaboratives	10255	\$0	\$5,000	\$5,000	\$5,000	\$0	\$0	\$0
3. SSBG	70177	\$0	\$1,422,353	\$1,422,353	\$1,422,353	\$0	\$0	\$0
4. Reserved	00001	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal ID Services		\$227,208	\$18,598,810	\$18,826,018	\$18,826,018	\$0	\$0	\$0
B. Waiver								
1. Waiver Administration	10255/70175	\$0	\$13,831,104	\$13,831,104	\$13,831,104	\$0	\$0	\$0
2. Reserved	00002	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Waiver		\$0	\$13,831,104	\$13,831,104	\$13,831,104	\$0	\$0	\$0
C. Other								
1. Temporary MFP Federal Funding	70175	\$0	\$180,000	\$180,000	\$180,000	\$0	\$0	\$0
Subtotal Other		\$0	\$180,000	\$180,000	\$180,000	\$0	\$0	\$0
D. TOTAL		\$227,208	\$32,609,914	\$32,837,122	\$32,837,122	\$0	\$0	\$0

**PHILADELPHIA COUNTY
INTELLECTUAL DISABILITIES SERVICES
REPORT OF INCOME AND EXPENDITURES
FOR TWELVE MONTH PERIOD ENDED JUNE 30.2019**

EXHIBIT IV-(D) ID NBG

	Total
I. TOTAL ALLOCATION	\$32,837,122
II. TOTAL EXPENDITURES	\$36,979,642
III. COSTS OVER ALLOCATION	
A. County Funded Eligible	\$0
B. County Funded Ineligible	\$2,417,794
C. Other Eligible	\$0
D. Other Ineligible	\$0
Subtotal Costs over Allocation	\$2,417,794
IV. REVENUES	
A. Program Service Fees	\$0
B. Private Insurance	\$0
C. Medical Assistance	\$0
D. Medical Assistance - Admin Claims	\$612,998
E. Room and Board	\$0
F. Earned Interest	\$0
G. Other	\$39,284
Subtotal Revenues	\$652,282
V. DHS REIMBURSEMENT	
A. Base Allocation 90%	\$8,739,959
B. Base Allocation 100%	\$7,133,663
C. DHS Categorical Funding 90%	\$912,045
D. DHS Categorical Funding 100%	\$14,629,102
E. SSBG 90%	\$0
F. SSBG 100%	\$1,422,353
Subtotal DHS Reimbursement	\$32,837,122
VI. COUNTY MATCH	
10% County Match	\$1,072,444
Subtotal County Match	\$1,072,444
VII. TOTAL DHS REIMB & COUNTY MATCH	\$33,909,566
VIII. TOTAL CARRYOVER	\$0

EARLY INTERVENTION SERVICES

Sources of DHS Funding	App	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance Of Funds (5)	Grant Fund Adjustments (6)	Total Fund Balance (7)
		Carryover (1)	Allotment (2)	Total Allocation (3)				
A. Early Intervention Services								
1. Early Intervention Services	10235	\$90,444	\$17,076,737	\$17,167,181	\$17,130,032	\$37,149	\$5,277	\$42,426
2. Early Intervention Training	10235	\$0	\$281,772	\$281,772	\$281,772	\$0	\$0	\$0
3. Early Intervention Administration	10235	\$0	\$2,716,274	\$2,716,274	\$2,716,274	\$0	\$0	\$0
4. Infants & Toddlers w/Disabilities (Part C)	70170	\$0	\$6,009,536	\$6,009,536	\$6,009,536	\$0	\$0	\$0
5. IT&F Waiver Administration	10235/70184	\$1,041	\$635,863	\$636,904	\$619,248	\$17,656	\$0	\$17,656
6. Reserved	00001	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Early Intervention Services		\$91,485	\$26,720,182	\$26,811,667	\$26,756,862	\$54,805	\$5,277	\$60,082

EARLY INTERVENTION SERVICES

	Admin Office	Early Intervention	Service Coordination	Total
I. TOTAL ALLOCATION				\$26,811,667
II. TOTAL EXPENDITURES	\$4,601,817	\$22,820,880	\$7,144,133	\$34,566,830
III. COSTS OVER ALLOCATION				
A. County Funded Eligible	\$321,258	\$0	\$0	\$321,258
B. County Funded Ineligible	\$643,229	\$0	\$0	\$643,229
C. Other Eligible	\$0	\$0	\$0	\$0
D. Other Ineligible	\$0	\$0	\$0	\$0
Subtotal Costs Over Allocation	\$964,487	\$0	\$0	\$964,487
IV. REVENUES				
A. Program Service Fees	\$0	\$0	\$0	\$0
B. Private Insurance	\$0	\$0	\$0	\$0
C. Medical Assistance	\$0	\$0	\$3,941,302	\$3,941,302
D. Earned Interest	\$0	\$0	\$0	\$0
E. Other	\$0	\$0	\$0	\$0
Subtotal Revenues	\$0	\$0	\$3,941,302	\$3,941,302
V. DHS REIMBURSEMENT				
A. DHS Categorical Funding 90%	\$2,716,274	\$20,538,792	\$2,882,548	\$26,137,614
B. DHS Categorical Funding 100%	\$619,248	\$0	\$0	\$619,248
Subtotal DHS Reimbursement	\$3,335,522	\$20,538,792	\$2,882,548	\$26,756,862
VI. COUNTY MATCH				
10% County Match	\$301,808	\$2,282,088	\$320,283	\$2,904,179
Subtotal County Match	\$301,808	\$2,282,088	\$320,283	\$2,904,179
VII. TOTAL DHS REIMB & COUNTY MATCH	\$3,637,330	\$22,820,880	\$3,202,831	\$29,661,041
VIII. TOTAL CARRYOVER				\$54,805

**NON BLOCK GRANT COUNTIES
COMBINED HOMELESS ASSISTANCE PROGRAM
Fiscal Year 2018 - 2019**

Philadelphia County

	Administration	Bridge Housing	Case Management	Rental Assistance	Emergency Shelter	Other Housing Supports	Total
I. TOTAL ALLOCATION (Including Reallocated Funds)							\$7,970,371
II. TOTAL EXPENDITURES							
A. Personnel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. Operating	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C. Purchased Services	\$0	\$4,201,012	\$3,769,359	\$0	\$0	\$0	\$7,970,371
D. Reserved	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal of Total Expenditures	\$0	\$4,201,012	\$3,769,359	\$0	\$0	\$0	\$7,970,371
III. REVENUES							
A. Client Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C. Earned Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IV. DHS REIMBURSEMENT							
A. State HAP Funding	\$0	\$1,190	\$2,534,381	\$0	\$0	\$0	\$2,535,571
B. SSBG	\$0	\$2,948,022	\$1,234,978	\$0	\$0	\$0	\$4,183,000
C. SABG	\$0	\$1,251,800	\$0	\$0	\$0	\$0	\$1,251,800
Subtotal DHS Reimbursement	\$0	\$4,201,012	\$3,769,359	\$0	\$0	\$0	\$7,970,371
V. UNSPENT ALLOCATION							\$0

CITY OF PHILADELPHIA

Year Ended June 30, 2019

Supplemental Schedule

RECONCILIATION

Federal Awards Passed through the Pennsylvania Department of Human Services
Expenditures per the SEFA to Revenue Received Per PA Confirm Report

<u>CFDA Name</u>	<u>CFDA Number</u>	<u>Federal Expenditures per the SEFA</u>	<u>Federal Awards Received per the PA Dept of Human Services</u>	<u>Difference</u>	<u>Percentage Difference</u>	<u>Detailed Explanation of the Difference</u>
State Admin Matching for Supplemental Assistance Program	10.561	\$ 246,624	\$ 131,494	\$ 115,130	87.6%	Diff FY 19 \$122,845.01 Expenditures \$95,653 Revenues-Timing Difference. Diff FY 18 \$125,779.36 Expenditures \$35,839 Revenues-Timing Difference. Net Difference \$115,130 Confirmed
Special Education-Grants for Infants and Families	84.181	\$ 6,009,536	\$ 5,794,536	\$ 215,000	3.7%	Diff FY 19 \$6,009,536 Expenditures \$5,794,536 Revenues-Net Difference: \$215,000 Confirmed.
Subsidized Permanent Legal Custodianship	93.090	\$ 3,995,122	\$ 3,974,158	\$ 20,964	0.5%	Diff FY 19 \$3,983,559.77 Expenditures \$2,857,202.20 Revenues -Timing Difference. Diff FY 18 \$11,563.23 Expenditures \$1,185,577.63 Revenues -Timing Difference. Diff FY 17 \$0 Expenditures \$67,114.13 Revenues -Timing Difference. Diff FY16 CFDA 93.658 ITG: \$0 Expenditures \$2/(25.68) Revenue*. Net Difference \$20,964 Confirmed. *Document listed under incorrect CFDA on State Database
Projects for Assistance in Transition from Homelessness (PATH)	93.150	\$ 438,674	\$ 438,674	\$ -	0.0%	Net Difference \$0 Confirmed
Promoting Safe and Stable Families	93.556	\$ 218,691	\$ 382,591	\$ (163,900)	(42.8%)	Diff FY 19 \$216,590 Expenditures \$30,836 Revenues - Timing Difference. Diff FY 18 \$2,100.81 Expenditures \$31,755 Revenues -Timing Difference Net Difference \$(163,900)
Temporary Assistance for Needy Families	93.558	\$ 30,181,777	\$ 20,558,119	\$ 9,623,658	46.8%	Diff FY 19 \$27,186,740 Expenditures \$18,202,807.42 Revenues- Timing Difference. Diff FY 18 \$2,983,253 Expenditures \$2,355,312 Revenues - Timing Difference. Diff FY 17 \$5,513 Expenditures 0 Revenues - Timing Difference. Diff FY 16 \$5,931 Expenditures 0 Revenues - Timing Difference. Diff FY 15 \$340 Expenditures 0 Revenues - Timing Difference. Net Difference \$9,623,658 Confirmed.
Child Support Enforcement	93.563	\$ 20,651,369	\$ 28,373,689	\$ (7,722,320)	(27.2%)	Diff FY 19 \$18,951,671.20 Expenditures \$18,342,009.17 Revenues- Timing Difference. Diff FY 18 \$1,699,698 Expenditures \$9,504,125.64 Revenues- Timing Difference. Diff FY 17 \$0 Expenditures \$(52,925) Revenues- Timing Difference. Diff FY 16 \$0 Expenditures \$580,479.62 Revenues- Timing Difference. Net Difference \$(7,722,320) Confirmed.
Stephanie Tubbs Jones Child Welfare Services Program	93.645	\$ 2,151,210	\$ 2,575,773	\$ (424,563)	(16.9%)	Diff FY 19 \$2,151,210 Expenditures \$ 2,575,773 Revenues Net Difference \$(424,563) Confirmed.
Child Welfare Research Training or Demonstration	93.648	\$ 1,236,991	\$ -	\$ 1,236,991	100.0%	Diff due to invoicing being processed under incorrect CFDA # 93.658 \$63,460,556.07 Diff FY 19 \$0 Expenditures \$0 Revenues-Timing Difference. Diff FY 18 \$959,985 Expenditures \$61,021,572.98 Revenues-Timing Difference. Diff FY 17 \$249,047 Expenditures \$3,247,243.97 Revenues-Timing Difference. Diff FY 16 \$16,073 Expenditures \$(1,715,230.99) Revenues-Timing Difference. Diff FY 15 \$11,886 Expenditures \$(7,788.81) Revenues- Timing Difference. Diff FY 14 \$0 Expenditures \$(29,596.23) Revenues- Timing Difference. Diff FY Unknown \$0 Expenditures \$44,555.15 Revenue- Net Difference \$1,236,992 Confirmed.
Foster Care Title IV-E	93.658	\$ 80,869,096	\$ 76,630,853	\$ 4,238,243	5.9%	Diff FY 19 \$79,021,237.55 Expenditures \$9,981,455.96 Revenues-Timing Difference. Expenses include program income of \$176,914 Diff FY 18 \$918,741.3 Expenditures \$4,333,000.77 Revenues-Timing Difference. Diff FY 17 \$19,460 Expenditures \$579,702.36 Revenues-Timing Difference Diff FY 16 \$9,231 Expenditures \$(507,683.11) Revenues-Timing Difference Diff FY 15 \$424 Expenditures \$0 Revenues-Timing Difference Diff FY 14 \$0 Expenditures \$(40,950.79) Revenues-Timing Difference Diff FY 13 \$0 Expenditures \$(10,279.05) Revenues-Timing Difference Diff FY Unknown \$0 Expenditures \$(1,164,929.46) Revenues-Timing Difference CFDA#93.648 invoicing - \$63,460,556.07 Net Difference \$4,238,243 Confirmed.
Adoption Assistance	93.659	\$ 28,339,338	\$ 27,124,228	\$ 1,235,110	4.6%	Diff FY 19 \$26,322,940.45 Expenditures \$19,057,243.62 Revenues Timing Difference. Diff FY 18 \$36,206.94 Expenditures \$8,728,249.31 Revenues-Timing Difference Diff FY 17 \$ 0 Expenditures \$(627,179.16) Revenues-Timing Difference.. Diff FY 16 \$ 0 Expenditures \$(14,983.59) Revenues-Timing Difference. - Diff FY16 CFDA 93.658 ITG: \$0 Expenditures \$(19,401.73) Revenue*. Net Difference \$1,235,110 Confirmed. *Document listed under incorrect CFDA on State Database
Social Services Block Grant	93.667	\$ 14,655,039	\$ 14,631,100	\$ 23,939	0.2%	Diff FY 19 \$14,347,476 Expenditures \$14,631,100 Revenues Timing Difference. Diff FY 18 \$307,563 Expenditures \$0 Revenues-Timing Difference Net Difference \$23,939 Confirmed.
Charter Foster Care Independence Program	93.674	\$ 938,066	\$ 987,101	\$ (49,035)	(5.0%)	Diff FY 19 \$938,066.40 Expenditures \$710,478.81 Revenues-Timing Difference. Diff FY 18 \$0 Expenditures \$276,622.25 Revenues-Timing Difference. Net Difference \$(49,035) Confirmed.
Medical Assistance Program	93.778	\$ 8,526,120	\$ 7,684,490	\$ 841,630	11.0%	Diff FY 19 \$7,865,108 Expenditures \$8,064,385.20 Revenues-Timing Difference. Expenses include \$652,282 of program income Diff FY 18 \$8,730 Expenditures \$280,264.12 Revenues-Timing Difference. Diff FY 17 \$0 Expenditures \$(146,888.30) Revenues-Timing Difference FY Unknown \$0 Expenditures \$(513,271) Revenue- Net Difference \$841,630 Confirmed.
Money Follows the person Rebalancing Demonstration	93.791	\$ 180,000	\$ 180,000	\$ -	0.0%	Net Difference \$0 Confirmed
Block Grants for Community Mental Health Services	93.958	\$ 3,079,748	\$ 3,079,748	\$ -	0.0%	Net Difference \$0 Confirmed
Block Grants for Prevention and Treatment of Substance Abuse	93.959	\$ 1,240,603	\$ 1,251,800	\$ (11,197)	(0.9%)	Diff FY 19 \$1,258,013 Expenditures \$1,251,800 Revenues- Timing Difference Diff FY 18 \$2,590 Expenditures \$0 Revenues- Timing Difference- Net Difference \$(11,197) Confirmed

SUPPLEMENTAL SCHEDULE

COUNTY:	Philadelphia (51)				PERIOD ENDED:	6/30/2019		
IF COLUMN D IS YES:								
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Notes				1			2	
zoo	Does Provider Contract Include CPSL Requirements	Most Recent Monitoring Date FY '19	Monitored During the Current Year Yes/No FY 19	List Any Exceptions Noted During Current Year Monitoring Missing Clearances	If Applicable, Was CAP Submitted Yes/No Clearances	Is CAP Acceptable to CCYA Yes/No	Date Follow-up Was Done On Prior Year Monitoring FY'20 Eval	Has Provider Implemented The CAP Yes/No
BARRY ZAKIREH, PH.D.	N/A	N/A	n/a	n/a				
BRIDGE THERAPEUTIC CENTER AT FOX CHASE	Yes	3/12/2019	Y	0			6/2/2020	
C.B. COMMUNITY SCHOOLS	Yes	5/23/2019	Y	0			5/23/2019	
CARSON VALLEY CHILDREN'S AID	Yes	Truancy 6/4/2019, RSRI 6/5/19	Y	Truancy 0, RSRI 0			Truancy 6/4/2019, RSRI 6/5/19	
CARSON VALLEY CHILDREN'S AID	Yes	RTF & Inst 5/8/19	Y	2	Y	Y	2/19/2020	Y
CASA OF PHILADELPHIA	Yes	10/25/2018	Y	1	Y	Y	10/25/2018	Y
CITYSPAN TECHNOLOGIES	N/A	N/A	n/a	n/a				
CONGRESO DE LATINOS UNIDOS INCORPORATED	Yes	FSS 3/8/19, FES 12/4-12/5/18, Truancy 5/1/19, DV 2/15/19	Y	FSS-0, FES-0, Truancy (1) DV (1)	Y	Y	FSS 3/8/19, FES 12/4-12/5/18, Truancy 5/1/19, DV 2/15/19	truancy-Y DV -Y
CORA SERVICES INCORPORATED	Yes	FA-10/11/18, IPS-1/10/19, Truancy-5/13/19	Y	FA (1), IPS 0, TRUANCY 0	Y	Y	FA-10/11/18, IPS-1/10/19, Truancy-5/13/19	Y
CORNERSTONE	Yes	Reintegration 4/9/2019	Y	0			3/10/2020	
DIVERSIFIED COMMUNITY SERVICES INC	Yes	1/17/2019	Y	0			1/17/2019	
EDUCATION WORKS INC/POWER CORPS	N/A	N/A	n/a	n/a				
EPISCOPAL COMMUNITY SERVICES	Yes	10/15/2018	Y	0			10/15/2018	
FAMILY SUPPORT SERVICES	Yes	FS-3/28/19 FES-1/10-1/11/19	Y	FS(2), FES-0	Y	Y	FS-3/28/19 FES-1/10-1/11/19	Y
FREE LIBRARY OF PHILA FOUNDATION	Yes	3/6/2019	Y	1	Y	Y	3/6/2019	Y
HEALTH FEDERATION OF PHILADELPHIA INC	Yes	4/11/2019	Y	0			4/11/2019	
INSTITUTE FOR THE DEV. OF AFRICAN-AMER Y	Yes	DFDITH - 6/12/2019 ISP - 6/12/2019	Y	DFDITH -2 ISP - 4	Y	Y	DFDITH - 7/24/20 ISP - 7/23/20	Y
INTERCULTURAL FAMILY SERVICES INC	Yes	FES-11/30/18 Truancy-4/25/19	Y	FES 1, Truancy 1	Y	Y	FES-11/30/18 Truancy-4/25/19	Y
JEWISH FAMILY & CHILDREN'S SERVICE	Yes	FES-12/12/18 Truancy-5/14/19	Y	0			FES-12/12/18 Truancy-5/14/19	
JUVENILE JUSTICE CENTER OF PHILADELPHIA	Yes	Truancy-5-10-19 IPS-1-30-19 IHD - 11/14/18	Y	IPS, Traucny, IHD-0			IHD-12/18/18	
LITTLE RED PEREZ BOXING GYM, INC.	Yes	3/7/2019	Y		Y	Y	3/7/2019	Y
LOWER KENSINGTON	N/A	N/A	n/a	n/a				
LUTHERAN SETTLEMENT HOUSE	Yes	3/22/2019	Y	0			3/22/2019	
MATERNITY CARE COALITION OF GREATER PHIL	Yes	10/24/2018	Y	0			10/24/2018	
MAZZONI CENTER	Yes	3/5/2019	Y	0			3/5/2019	
MENERGY	Yes	3/7/2019	Y	0			3/7/2019	
NATIONAL NURSING CENTERS CONSORTIUM	N/A	N/A	n/a	n/a				
NORRIS SQUARE COMMUNITY ALLIANCE	Yes	2/25/2019	Y	0			2/25/2019	
NORTH CITY CONGRESS	N/A	N/A	n/a	n/a				
NORTHERN CHILDREN'S SERVICES	Yes	11/6/2018	Y	0			11/6/2018	
NORTHERN CHILDREN'S SERVICES	Yes	GH-6/4/2019	Y	0			6/4/2019	
PENNSYLVANIA SCHOOL FOR THE DEAF [5]	Yes	3/14/2019	Y	0			3/14/2019	
PHILADELPHIA MENTAL HEALTH CARE CORP	Yes	3/26/2019	Y	0			3/26/2019	

SUPPLEMENTAL SCHEDULE

PHILADELPHIA MURAL ARTS ADVOCATES	Yes	12/12/2018	Y	0			12/12/2018	
PHILADELPHIA YOUTH NETWORK	Yes	Admin-12/5/18 CC-11/14/18 West- 11-28-18 North-11/19/18	y	CC (1) North (11) Admin (2)	CC-Y North Y Admin Y	Y	Admin-12/5/18 CC-11/14/18 West- 11-28-18 North-11/19/18	y
PRESBYTERIAN CHILDREN'S VILLAGE (The Village, Gemma)	Yes	1/15/2019	Y	5	Y	Y	1/7/2020	Y
PUBLIC HEALTH MANAGEMENT CORP	Yes	3/26/2019	Y	0			3/26/2019	
SOUTHEAST ASIAN MUTUAL ASSISTANCE ASSN	Yes	cua3- 5/29/19 cua 9-5/30/19	Y	CUA 9-(1) CUA 3-(0)	CUA 9-Y	Y	cua3- 5/29/19 cua 9-5/30/19	Y
ST GABES AFTERCARE DELAS	Yes	Reintegration 4/24/2019	Y	0			5/21/2020	
TEMPLE PSYCHIATRY ASSOC	N/A	N/A	n/a	n/a				
TEMPLE UNIVERSITY	Yes	4/24/2019	Y	0			4/24/2019	
THE ATTIC YOUTH CENTER	Yes	4/25/2019	Y	2	Y	Y	4/25/2019	Y
TURNING POINTS FOR CHILDREN	N/A	N/A						
UNITED COMMUNITIES SOUTHEAST PHILA	Yes	Truancy-4/23/19 FES NE-1/31-2/1/19 FES SOUTH-1/29-1/30/19	Y	FES NE (1)	FES NE- Y	Y	Truancy-4/23/19 FES NE-1/31-2/1/19 FES SOUTH-1/29-1/30/19	y
URBAN AFFAIRS COALITION	Yes	GC PYD-10/9/2018 TAP-5/6/19 CHOP-3/29/19 CH PYD-3/25/19 Teenshop PYD-3/15/19 Galaei 5/22/19	Y	GC PYD-(0) TAP-(0) CHOP-(0) CH PYD-(0)Teenshop PYD-(2) Galaei (2)	Teen shop-Y Galaei-Y	Y	GC PYD-10/9/2018 TAP-5/6/19 CHOP-3/29/19 CH PYD-3/25/19 Teenshop PYD-3/15/19 Galaei 5/22/19	Teen shop-Y Galaei-Y
VISION QUEST	Yes	IHD - 11/28/2018 Reint- 5/7/2019	IHD-Y Reint.-Y	IHD-7 Reint.-0	IHD - Y	IHD - Y	IHD-12/11/2019 Reint - 5/28/2020	IHD - Y
WOMEN AGAINST ABUSE	Yes	4/18/2019	Y	0			4/18/2019	
WOMEN IN TRANSITION	Yes	5/3/2019	Y	0			5/3/2019	
WOMEN ORGANIZED AGAINST RAPE	Yes	4/16/2019	Y	0			4/16/2019	
YOUTH ADVOCATE PROGRAM [6]	Yes	IHD-2/12/19 DT - 1/8/19	IHD-Y DT-Y	IHD-0 DT-2	DT - Y	DT - Y	IHD - 1/9/2020 DT - 2/11/2020	DT - Y
YOUTH SERVICES INCORPORATED- YES	Yes	Emergency Shelter- 1/22/2019	Y	0			12/10/2019	
YOUTH SERVICES INCORPORATED	Yes	Truancy-4/11/19 FES-12/19/18 Nurseries-12/5/18	Y	0			Truancy-4/11/19 FES-12/19/18 Nurseries-12/5/18	
A Child's First Step	Yes	Child care- 1/30/2019	Y	0			1/30/2019	
Child Space Too Day Care	Yes	Childcare- 4/10/2019	Y	0			4/1/2019	
DIVERSIFIED COMMUNITY SERVICES INC	Yes	Childcare 3/26/2019	Y	0			3/36/2019	
Miss Marty's Pre-School	Yes	Childcare- 1/23/2019	Y	1	Y	Y	1/23/2019	
Porters Daycare	Yes	Childcare 1/3/2029	Y	0			1/3/2019	
Somerset Academy Early Learning Center	Yes	Childcare 2/7/2019	Y	3	Y	Y	2/7/2019	
Together As Adoptive Parents	Yes	5/6/2019	N	0			5/6/2019	
Pee Wee Prep	Yes	5/29/2019	Y	4	Y	Y	5/28/2019	
Past Your Bedtime	Yes	4/30/2019	Y	2	Y	Y	4/30/2019	
Childspace- Childspace Mt. Airy	Yes	4/10/2020	N	4	Y	Y	4/10/2019	



CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1679
(215) 686-6680 FAX (215) 686-3832

REBECCA RHYNHART
City Controller

CHRISTY BRADY
Deputy City Controller

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Honorable Members
of the Council of the City of Philadelphia

To the Commonwealth of Pennsylvania,
Department of Community and Economic Development

We have performed the procedures enumerated below, which were agreed to by the management of the City of Philadelphia, Pennsylvania and the Commonwealth of Pennsylvania, Department of Community and Economic Development (DCED) (the specified parties), on the Schedule of Federal Cash Receipts Passed Through the Pennsylvania Department of Community and Economic Development (the financial schedule) of the City of Philadelphia, Pennsylvania required by DCED for the year ended June 30, 2019. City of Philadelphia, Pennsylvania's management is responsible for the financial schedule. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Procedures

- (a) We have compared the amounts and classifications on the financial schedule titled Federal Cash Receipts Passed Through the Pennsylvania DCED for the year ended June 30, 2019 to the corresponding amounts in the books and records of the City of Philadelphia, Pennsylvania used to prepare financial statements audited by us. We also compared the example schedule required by DCED to the financial schedule to determine that it is presented, at a minimum, at the level of detail and in the format required by DCED.
- (b) We have inquired of management as to whether there were any adjustments to reported revenues or expenditures, which were not reflected on the financial schedule submitted to DCED for the period in question.

Findings

- i. The procedures detailed in the two preceding paragraphs, (a) and (b) above, disclosed no adjustments or findings which have not been reflected on the corresponding financial schedule.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Schedule of Federal Cash Receipts Passed Through the Pennsylvania DCED required by DCED for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the City of Philadelphia, Pennsylvania, City Council, and the Commonwealth of Pennsylvania DCED and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "Christy Brady". The signature is written in black ink on a light-colored background.

CHRISTY BRADY, CPA
Deputy City Controller
Philadelphia, Pennsylvania
December 23, 2020

City of Philadelphia
Schedule of Federal Cash Receipts Passed Through the Pennsylvania
Department of Community and Economic Development
July 1, 2018 to June 30, 2019

<u>Grantor Agency/</u> Project Title	<u>City</u> <u>ID</u> <u>Number</u>	<u>CFDA</u> <u>Number</u>	<u>Contract</u> <u>Number</u>	<u>Federal</u> <u>Awards</u>	<u>Federal</u> <u>Receipts</u>
<u>U.S. Department of Health & Human Services</u>					
Pass- Through - PA Department of Community and Economic Development:					
CSBG - Administration FY18	80331	93.569	C000066926	5,647,334	5,148,837
CSBG - Administration FY19	80332	93.569	C000066926	5,330,531	823,574
Subtotal: Community Services Block Grant				<u>10,977,865</u>	<u>5,972,411</u>
Total U.S. Department of Health & Human Services:				<u>10,977,865</u>	<u>5,972,411</u>
Total Federal Cash Receipts Passed Through PaDCED:				<u><u>10,977,865</u></u>	<u><u>5,972,411</u></u>



CITY OF PHILADELPHIA

OFFICE OF THE DIRECTOR OF FINANCE

1401 John F. Kennedy Blvd.
Suite 1380, Municipal Services Building
Philadelphia, Pennsylvania 19102-1693

Josefine Arevalo
Director of Accounting

Federal Grantor & Pass-Thru Agencies
Federal Audit Clearinghouse
Govs.fac.ides@census.gov

CORRECTIVE ACTION PLAN FY 2019 SINGLE AUDIT REPORT (“SAR”)

Section II - Financial Audit Material Weaknesses:

2019-001 INADEQUATE STAFFING LEVELS, LACK OF TECHNOLOGICAL INVESTMENT AND INSUFFICIENT OVERSIGHT LED TO UNDETECTED MATERIAL MISSTATEMENTS

Staff Shortages Along with the Lack of a Comprehensive Financial Reporting System Have Contributed to Significant Financial Statement Errors

Views of the Responsible Officials: The Accounting Bureau (Accounting) is committed to continuing to produce an accurate and well-prepared CAFR and to continuously improving the City’s financial reporting. As previously communicated, we believe that the loss of institutional knowledge over time has presented a greater challenge than the reduction in the quantity of staff. Notwithstanding, we have actively worked with the Office of Human Resources and implemented staff retention and training strategies. Since FY15, we have worked to increase the Accounting office workforce. We added 4 employees in 2016 and during FY2019, we hired a Director of Compliance and Internal Controls, who will continue to work with the Office of the City Controller to address city-wide policies, procedures and practices, identify areas of weakness, develop new procedures, and ensure all departments adhere to established policies and internal control measures. Moreover, we have already started the process of adding employees to the Finance Office for FY20.

We continue to focus on training, with an emphasis on the CAFR preparation process. Our senior management accountants continue to attend the National Government Finance Officers Association (GFOA) conference so that management stays informed of current industry trends, regulatory updates, and best practices in government financial management. For FY20, we hope to source virtual trainings for our non-supervisory staff within budget constraints. We will continue to look for additional effective training opportunities for our staff.

Thank you for acknowledging the improvements in our CAFR preparation and review due to the retention of an external accounting firm and the strides made towards developing a comprehensive checklist for accountants. We

will maintain the services of the outside accounting firm to continue to assist in the CAFR compilation efforts. Finance continues to focus on enhancing our reporting processes and we continue to increase efficiencies. Nonetheless, we would like to point out that your statement that the “General Fund’s unassigned balance was overstated” is misleading, because there is no financial impact to the General Fund. The use of the “assigned” classification does not represent a notable constraint as in the case of the “committed” or “restricted” classifications, and therefore including this item as a material weakness consideration is unreasonable. Further, the treatment of the audited unobligated Philadelphia Beverage Tax (PBT) monies in prior years underscores the immateriality of the assignment of these funds for FY2019.

We acknowledge that a new comprehensive financial reporting system will improve the CAFR preparation process, and we have begun planning for the implementation of such system through our OPAL project. We continue to evaluate the timing of implementation as we move forward with our planning efforts to replace FAMIS.

Accounting has received the GFOA Certificate of Achievement for Excellence in Financial Reporting for 39 consecutive years and has successfully addressed all GFOA recommendations presented in that process. As always, Accounting will continue to critique the errors in the drafts sent to the Controller’s Office and the adjustments resulting from the most recent (FY2019) CAFR audit with the entire accounting staff as a learning tool to produce improved financial statements going forward.

Auditor’s Comments on Agency’s Response: In above response, management states “General Fund’s unassigned balance was overstated” is misleading, because there is no financial impact to the General Fund. The use of the “assigned” classification does not represent a notable constraint as in the case of the “committed” or “restricted” classifications, and therefore including this item as a material weakness consideration is unreasonable. Further, the treatment of the audited unobligated Philadelphia Beverage Tax (PBT) monies in prior years underscores the immateriality of the assignment of these funds for FY2019.

We disagree with management’s above statements. According to GASB standards, unassigned fund balance should represent fund balance not restricted, committed, or assigned to specific purposes. The unobligated PBT monies, which totaled \$120.9 million at June 30, 2019, meet the GASB guidelines for assigned fund balance (i.e. funds constrained by a government’s intent to use them for a specific purpose) since the city administration has clearly expressed intent that the PBT monies be used for the expansion of Pre-K programming, Community Schools, and debt service on the Rebuild bonds. In fact, when we asked the GASB for its feedback on this issue, the assigned GASB senior research manager agreed with our assessment. Therefore, in the CAFR presented for audit, the General Fund’s unassigned fund balance (which totaled \$246.7 million) was overstated by \$120.9 million because it included the unobligated PBT monies, which comprised nearly half of the reported unassigned fund balance.

Management also states, “As always, Accounting will continue to critique the errors in the drafts sent to the Controller’s Office and the adjustments resulting from the most recent (FY2019) CAFR audit with the entire accounting staff as a learning tool to produce improved financial statements going forward.” We disagree with management’s use of the term “drafts” when describing the financial statements submitted to us for audit. Effective internal control requires that, before the Finance Office submits the CAFR to us for audit, accounting management should perform a review of those financial statements for accuracy and completeness. The \$213 million of CAFR errors cited on page 1 of the report occurred because the city’s controls over the financial reporting process failed to prevent or detect and timely correct the misstatements. In fact, we found most of the \$213 million of CAFR errors very late in the audit process, proposing most of our audit adjustments within the

one-month period prior to the issuance of the audit opinion, when the Finance Office should have already completed its financial statement review procedures and finalized the statements.

In above response, management also states, “Since FY15, we have worked to increase the Accounting office workforce. We added 4 employees in 2016 and during FY2019, we hired a Director of Compliance and Internal Controls. Moreover, we have already started the process of adding employees to the Finance Office for FY20.” Management’s statement does not address the decrease in the total staff size of the Finance Office’s accounting division from fiscal year 2016 to fiscal year 2018. As noted in previous reports, the total staff size in the accounting division was 49 in fiscal year 2016, 47 in fiscal year 2017, and 46 in fiscal year 2018. Also, as we stated in the cause of finding 2019-001 above of the report, while the number of accountants increased by three in fiscal year 2019 (bringing the staff size back up to the fiscal year 2016 level), the current staff size is still not the level of hiring needed to address the ongoing staff shortages that have hindered the ability of the Finance Office to produce a timely and accurate CAFR for audit.

While Improvement Was Noted, Late Submission of Aviation Fund Financial Statements Delayed Preparation and Audit of CAFR

Views of the Responsible Officials: Thank you for acknowledging that your testing of the fiscal year 2019 Aviation Fund financial statements found no material errors. Thank you for also highlighting our enhanced financial statement preparation with supporting compilation package that included detailed support and a review checklist. Thank you also for acknowledging that we provided key financial statement data during November and December 2019 to enable audit testing to timely proceed. While the turnover of key finance members in addition to having a new consultant contributed to the delay in issuing the FY 19 financial reports, we are pleased that that we made tremendous improvements and our prior year finding has been resolved. We would also like to note that during FY2020 there has been no additional personnel turnover and we have retained our consultant. This provides continuity and familiarity with preparing the reports along with the reporting process. Though it is recommended that DOA work with the Finance Office to facilitate an earlier deadline, with the continuity mentioned above, it is anticipated that DOA will meet all required deadlines.

Late Receipt of Component Unit Financial Reports Still Delayed Preparation and Audit of CAFR

Views of the Responsible Officials: We agree that the timely submission of all component unit reports is critical to the timely issuance and accuracy of the City’s CAFR. We will continue to meet with management and auditors of various component units concerning timely submission of financial reports, as well as have additional meetings to provide guidance and assist with problems in component units that experience issues that delay the preparation of their financial reports. Finance continues to send initial requests for component unit financial statements and data in as early as May for all entities with March 31FYE, with required responses no later than June 30. We also continue to send requests for all other Component Units by end of June, with responses required by August 31. Follow-up requests are sent out to component units, with an emphasis on the importance of timely submission of financial data highlighted in all communications. The three component units called out for very late submissions, PMA, PPA and SDP, provided valid reasons for their delay or showed evidence of improvement. PMA (Philadelphia Municipal Authority) was late due the transfer of \$300M of capital assets from PMA to the City. This transfer was required due to the maturity of the underlying PMA bonds, and required additional coordination between the City and PMA. PRA (Philadelphia Redevelopment Authority) indicated their audited financial statements were help up pending the completion of their single audit report. The SDP (School District of Philadelphia) actually improved from FY2018 (submitted 2/12/2019) to FY2019 (submitted 2/7/2020). We will continue to work with the Component Units to ensure timely submission of audited financial statements; as well as continuing to engage the City’s Director of Finance, as needed.

2019-002 UNTIMELY PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS RESULTED IN LATE SUBMISSION OF THE SINGLE AUDIT REPORTING PACKAGE TO THE FEDERAL AUDIT CLEARINGHOUSE

Views of the Responsible Officials: Finance recognizes the importance of submitting a timely and accurate federal awards and major programs schedule (SEFA) to our auditors. More importantly, there is a crucial need for the timely completion of our audits, and the timely submission of an accurate Single Audit Reporting pack to the Federal Audit Clearing House to prevent a violation of federal grant terms and conditions and to prevent the elimination of federal funding for the City's grants and programs. While we acknowledge GAAU needs to continue all efforts to improve the SEFA submission timeline, we must also point out that the Controller's Office needs to ensure its audits are completed on time, as late audits contribute to further delays in the submission to the Federal Audit Clearing House.

GAAU staff undergo a meticulous process involving numerous departments and requiring multiple follow-ups to produce a complete and accurate SEFA. We communicate the importance of providing complete and accurate information to the departments and we emphasize the need to provide timely data. GAAU provides guidance to departments and conducts numerous collaborative meetings with departments whenever necessary throughout the audit period to discuss issues and assist with resolutions. Our department continues to explore additional ways to provide a completed SEFA to our auditors in a timelier fashion. We agree that additional resources will aid in expediting the SEFA preparation.

Another step to accelerate the preparation of the SEFA, would involve fast-tracking the FAMIS Reconciliation process. GAAU will attempt to begin FAMIS reconciliations early, with Q3 FY2020 FAMIS reconciliations conducted in May 2020 and Q4 FY2020 reconciliations performed by August 2020. Our goal will be to accelerate departmental revenue validations so that these are completed no later than early September and we hope to complete AP accrual validations starting early September. GAAU is committed to working very closely with departments that have late expense and revenue transfers due to Grantor related issues on final award amounts. Further, our goal is to complete the reconciliation of Grant Fund Schedules by end of October 2020 and to provide you with the fully reconciled fund schedules and the SFA version A in November. We are hopeful that an accelerated timeline would result in a timely preparation of the SEFA and we hope to continue working with departments to ensure the requirements of SAP G 3-1 are followed.

We maintain that certain best practices will also enable a timely submission of the Single Audit Reporting Package, including 1) The provision of a "provided by client list" with a detailed schedule of all required support for the audit with target due dates and dates of receipt from Finance for tracking purposes 2) The establishment of multiple planning meetings, including an entrance conference to iron out expectations for all parties and discuss considerations for the upcoming audit and any takeaways from the previous audit, 3) Regular audit status update meetings to identify any constraints and issues and to monitor audit progress 4) The completion of audit testing for the CAFR and Single Audit at the same time and 5) The acceleration of the audit testing timeline, including cross-cutting procedures, where applicable, to ensure that the audits are completed in an accelerated timeline and reporting packages are submitted ahead of time.

Auditor's Comments on Agency's Response: In above response, management states, "While we acknowledge GAAU needs to continue all efforts to improve the SEFA submission timeline, we must also point out that the Controller's Office needs to ensure its audits are completed on time, as late audits contribute to further delays in the submission to the Federal Audit Clearing House."

To perform a timely audit, it is important that we receive the SEFA in a timely manner. Without a SEFA, we are not able to perform initial audit planning procedures, such as analytical reviews, risk assessment of the programs, selection of the major programs, and planning the internal control and compliance testing. Also, our audit timelines are dependent on the timely receipt of accurate financial schedules and supporting documentation for audit. As noted in the condition of finding 2019-002 of the report, for fiscal year 2019, the GAAU did not provide the preliminary SEFA for audit until March 28, 2020, which was only three days prior to the required deadline of March 31st, to submit the Single Audit reporting package.

Management also states “We maintain that certain best practices will also enable a timely submission of the Single Audit reporting package, including 1) The provision of a “provided by client list” with a detailed schedule of all required support for the audit with target due dates and dates of receipt from Finance for tracking purposes 2) The establishment of multiple planning meetings, including an entrance conference to iron out expectations for all parties and discuss considerations for the upcoming audit and any takeaways from the previous audit, 3) Regular audit status update meetings to identify any constraints and issues and to monitor audit progress 4) The completion of audit testing for the CAFR and Single Audit at the same time and 5) The acceleration of the audit testing timeline, including cross-cutting procedures, where applicable, to ensure that the audits are completed in an accelerated timeline and reporting packages are submitted ahead of time.”

The best practices management listed above have been in place during our audits, including a provided by client (PBC) list with target dates that was given to the Finance Office at the entrance conference on June 4, 2019 for the fiscal year 2018 audit. We also held multiple entrance conferences with the grantor departments that had major programs selected for audit. We held periodic update meetings with the Finance Office and tracked the status of the receipt of documents on the PBC list throughout the audit. The key obstacle to submitting the Single Audit reporting package to the Federal Audit Clearinghouse on time remains the Finance Office’s untimely preparation and submission of the SEFA for audit.

2019-003 BREAKDOWNS IN THE FUNCTIONALITY AND APPLICATION IT CONTROLS OF THE ONEPHILLY SYSTEM INCREASE THE RISK FOR MATERIAL PAYROLL ERRORS

Views of the Responsible Officials:

- The City of Philadelphia is committed to ensuring employees get paid on time. After thoughtful discussion, management agreed to running an Assumed Time program in the event that Departments are unable to update, review and approve time captured for the period. The statement that “time is not reviewed for accuracy and authorization” is inaccurate. Payroll timekeepers are tasked with reviewing the time entries for their departments for accuracy. Departments are also tasked with providing multi-level sign offs of time details captured in the time detail report for that department. Timekeepers go back in retro-effective time periods, perform necessary follow-ups, and update assumed time to reflect actual hours and submit and approve these changes. Management made the decision to leave all pay periods open during the first three months of stabilization, to allow timekeepers adequate time to make updates. Management updated this timeline in July 2019 and allowed timecards to remain open for 6 pay periods, until November 2019, when they switched to the normal timeline of 3 pay periods. Only Authorized personnel make changes to employee timecards after following the required approval steps for that specific process.
- The OnePhilly and Central Payroll teams perform certain citywide and cross functional tasks. These teams follow the appropriate steps when performing their functions, including making changes to

employee timecards. Some of the changes are made with documental approvals from departments, others are made after discussion with departments, and other changes are made by higher-level payroll examiners, who possess the requisite skillset and knowledge to perform certain city-wide updates to employee records that do not require departmental level approvals.

- Only relevant hours types are authorized for employees and timekeepers. The time types that timekeepers have access to are driven by both Department and Compulsory Union Code (CUC). Hours type should not be restricted at the department level. Hours types are driven by CUC and therefore, not all hours types are available for each employee. For example, Hazmat or Acting Out of Rank is available only for CUC “F” or firefighters, and Stress Pay is available only for Police. All hours types are reviewed and approved by managers and timekeepers.
- The OnePhilly team does not approve all timecards in unapproved status. Only timecards in the most current processing period that are in working status are approved in order to ensure all employees get paid. Timekeepers are then tasked with updating these timecards after the close of the processing period. In the absence of the automatic approval process and the Assume Time program, if managers and timekeepers did not complete their review and approval of employee timecards by the payroll processing deadline, employees would not receive their paychecks. Management determined that the risks related to not paying employees was greater than the risk of paying employees and retroactively adjusting these payments if needed. Further, the number of instances in which employees’ current timecards remain in unapproved status has significantly decreased.
- The number of employees with access to OTL Manager Self-Service has always been limited. Only supervisors and managers have access to OTL Manager Self-Service, which represents ~5% of all employees. Only a portion of that approximately 5% were actually using OTL Manager Self-Service instead of OTL Employee Self-Service to submit their hours worked. However, we are pleased that the system was updated to restrict the ability of management and supervisors to enter their hours worked using OTL Manager Self-Service.
- The OnePhilly team was fully aware of the leave accrual issues that existed in the system and alerted the Controller’s office of the unwavering testing and resolution efforts carried out by the team. Leave accrual have been fixed and are now accurately reflected in the system. A sick abuse program to enable departments to systematically track leave balances is targeted to be released by end of this month. This timeline may be impacted by COVID-19.
- Upon identification, this issue was resolved in a timely fashion.
- The team identified the root cause of the issue and logged a defect. The issue will be resolved by June 30, 2020. This timeline may be impacted by COVID-19.
- The Timecard Status Summary Dashboard allows timekeepers to view meaningful data during the time capture phase of payroll processing, such as, timecards in approved status and timecards in working or error status. All of this information is accessed and viewed at the department level. The Missing Timecard Report is the only dataset that is a citywide view in the Timecard Status Summary Dashboard. Timekeepers cannot edit this data, and they DO NOT have access to sensitive payroll and PII information of employees in other departments. We have requested an update to be made to the

dashboard so that missing timecard details can be viewed at the department level only. The target timeline for this resolution is June 30, 2020. This timeline may be impacted by COVID-19.

- The team provided and demonstrated initial versions of the Overpaid/Underpaid reports during the walkthroughs. Those initial reports were fine-tuned and enhanced, as can be expected with any implementation, and this was communicated to the auditors. A team of payroll examiners conduct the review of the Overpaid/Underpaid reports. The statement that the 3,000-line report requires individual review is inaccurate.
- Post June 30, 2019, the OnePhilly team expanded controls over reconciliation of outbound interfaces. There are two sets of controls in place: controls that are required by the receiving organization/external entities for reconciliation purposes, and internal reconciliation controls and other controls that are carried out by the OnePhilly team during the interface execution process.
- The suspension of time only impacts self-service users and timekeepers every Monday and every other Tuesday. The overwhelming majority of city employees (greater than 75%) are not self-service users and are not impacted by the suspension of time. Notwithstanding, the OnePhilly team will implement a process that suspends time entry only for the current pay cycle, instead of for all pay-periods. The expected timeline for implementation, considering other enhancement priorities, is September 2020.
- The change from electronic to paper signoffs in and of itself is not an issue. In fact, the current paper sign-off process requires supervisory and executive-level approvers to review the time detail report before manual sign-off. As already communicated to the Controller's office, the team is going to enhance the sign-off process even further, and specifically, Central Payroll has worked with the One Philly Team to develop the blueprint for automation of the payroll sign-off process. The target timeline for the additional enhancements to be completed is May 2020.

Auditor's Comments on Agency's Response: In above response, management states that "Timekeepers go back in retro-effective time periods, perform necessary follow-ups, and update assumed time to reflect actual hours and submit and approve these changes."

We note that, in a subsequent comment in its response, management states that the OnePhilly and Central Payroll Teams make changes to employee timecards, and not always "with documental approvals from departments."

Management also states that "only relevant hours types are authorized for employees and timekeepers. The time types that timekeepers have access to are driven by both Department and Compulsory Union Code (CUC). Hours type should not be restricted at the department level. Hours types are driven by CUC and therefore, not all hours types are available for each employee. For example, Hazmat or Acting Out of Rank is available only for CUC 'F' or firefighters, and Stress Pay is available only for Police. All hours types are reviewed and approved by managers and timekeepers.

During the in-scope period, the independent accounting firm engaged by us to assess the OnePhilly system's IT application and general controls (our consultant) witnessed that employees and timekeepers could select from the full listing of hours types and submit time. It is our consultant's understanding that an initial system fix was implemented in November 2019.

Regarding the Overpaid / Underpaid report, management states the following:

The team provided and demonstrated initial versions of the Overpaid/Underpaid reports during the walkthroughs. Those initial reports were fine-tuned and enhanced, as can be expected with any implementation, and this was communicated to the auditors. A team of payroll examiners conduct the review of the Overpaid/Underpaid reports. The statement that the 3,000-line report requires individual review is inaccurate.

Management's response confirms that these reports were not fully functioning during the in-scope period. Further, the fact that the 3,000-line report – which only relates to one payroll type, for one pay period – requires manual review is not disputed. It appears, consistent with the OnePhilly Team's remarks during the exit conference, that the OnePhilly Team has interpreted "individual review" to mean that one individual is responsible for reviewing the entire report.

Section III - Financial Audit Significant Deficiencies:

2019-004 DEFICIENCIES IN ONEPHILLY SYSTEM'S IT GENERAL CONTROLS REQUIRE IMPROVEMENT TO MINIMIZE VULNERABILITIES

Monitoring of Third Parties Was Not Formally Documented

Views of the Responsible Officials: During the audit, OnePhilly provided ample documentation concerning separation of duties and systematic permissioning based on responsibilities across departments. Based on feedback from Eisner Amper, we agreed to develop a single, comprehensive and easy to read document on Segregation of Duties. This document is in progress and the team aims to complete it during FY2021. Regarding access provisioning and de-provisioning, the OnePhilly security provisioning team was an integral part of building out the responsibilities in the system and are well versed with systematic permissioning and segregation of duties. As communicated during the audit, quarterly citywide access reviews occurred by default during implementation in December and March, because departments provided the listing of employees approved to be added during this time, and therefore, only payroll process owners were added, and access was reviewed and granted based on the assigned roles and responsibilities details provided by Departments. We also communicated that the team established quarterly reviews of user access post June 30, 2019. Furthermore, the team is making additional updates to the user access process, including daily automated de-provisioning of employee transfers and terminations target June 30, 2020.

Password Configurations Were Not in Compliance With City Requirements

Views of the Responsible Officials: As previously communicated, the password policy implemented by Ciber at Go-live was two-fold: 1) the standard password policy for Oracle was implemented across the board and 2) The password change requirement for all new users was set to 90 days, plus, the password change requirement established in Legacy for all legacy users was transferred; essentially, the timelines for password change for each user was already established in legacy, and these password expiration requirements were transferred from Legacy to OnePhilly at conversion. We also previously communicated that the OnePhilly team submitted a ticket request to Ciber to have the password policy updated to align directly with the OIT Information Security Access Control Policy. We also previously noted that the plan for implementing the city-wide policy was targeted to be implemented by April 30, 2020. This implementation has been completed despite being slightly delayed due to the COVID-19 crisis.

Go-Live Approval Documentation Was Not Maintained

Views of the Responsible Officials: The team maintained and provided ample documentation of steering committee meeting agendas and presentations, go live timelines, and emails to the steering committee confirming Go-live was successful, among other communications. Therefore, the determination that the lack of a single, formal document, with signoffs from each steering committee member constitutes a significant deficiency, in light of the support provided, is unduly harsh.

2019-005 OIT'S IT GENERAL CONTROLS REQUIRE STRENGTHENING

Views of the Responsible Officials: OIT will assess separating the functions mentioned above and will segregate the duties associated with each among available employees where possible. Where, due to limited resources, OIT must rely on one employee to perform multiple functions, OIT will make every effort to monitor employee activity. Additionally, OIT will continue to review its change management control procedures and implement measures to ensure that the process is adhered to for application changes. OIT will also work to revise its change management policy to include the two additional recommended requirements.

2019-006 TREASURER'S BANK RECONCILIATION PROCEDURES STILL REQUIRE IMPROVEMENT

Views of the Responsible Officials: The City Treasurer's Office (CTO) is pleased that you acknowledged that its reconciliation of the consolidated cash account has improved. Thank you for also acknowledging that the remaining difference of \$528,607 was written off and charged to the General Fund in December 2019, and thus this condition is now closed. We would like to note that CTO provided adequate alternative support for the 4 long unreconciled accounts, which included annual bank reconciliations instead of monthly reconciliations, and thus the statement that "the Treasurer was unable to provide bank reconciliations that covered a large portion of the unreconciled period" is misleading. However, we acknowledge that you reported this condition as closed. CTO also developed policies and procedures which are final and used by staff. These documents will be updated to reflect any changes required by the implementation of the Treasury Management System. CTO has also re-engaged with the Department of Public Health to implement the revised process that improves the identification and recognition of revenue receipts.

Auditor's Comments on Agency's Response: In the finding above, we summarized a finding reported in the prior year as follows: "While Treasurer management asserted that four long unreconciled accounts had been fully reconciled, the Treasurer was unable to provide bank reconciliations that covered a large portion of the unreconciled period." In its response, management asserts, "We would like to note that CTO¹ provided adequate alternative support for the 4 long unreconciled accounts, which included annual bank reconciliations instead of monthly reconciliations, and thus the statement that 'the Treasurer was unable to provide bank reconciliations that covered a large portion of the unreconciled period' is misleading."

We disagree with management's assertion. As stated in our prior year report, with regard to the four long unreconciled accounts, the Treasurer did not provide us with sufficient, documented evidence that they had performed bank reconciliations for all of the unreconciled months.² In fact, Treasurer management informed us

¹ City Treasurer's Office

² The unreconciled months are listed on report page 17, footnote 11.

that they are unable to prepare those monthly bank reconciliations because either the bank and/or the supporting city records for those months are not available.

2019-007 FAILURE OF DEPARTMENTS TO PROPERLY APPROVE BIWEEKLY PAYROLLS INCREASES RISK FOR IMPROPRIETIES

Views of the Responsible Officials: Thank you for acknowledging that improvements were made in the departmental approval process for payroll compared to prior year results. We communicated to departments that at least one level two and one level three sign-off would be required at implementation. After departments' failure to provide two levels of sign-offs, we reviewed the communication initially sent out and concluded that some departments may have mis-interpreted the initial communication to mean "a minimum of one level of authorization is required for the payroll sign-off; either one or more at level 2 or 1 or more at level 3, but one would be sufficient." In addition, there are some departments that have historically needed to delegate "temporary signature authorization." For such departments, when only one signature was provided, we have considered that the temporary signature authorization process was enforced. Nonetheless, we assigned a payroll representative to reach out to departments each payroll cycle to request additional sign-offs that are not received by the payroll closing date and time for each cycle. To fully resolve this issue, the following steps have been taken by our team:

1. To provide clarification, in November 2019 we amended the Payroll Close memo that goes out to departments each week to include language that states departments **MUST** have two signers on the Time Entry Edit Report. We also included this as an agenda item for the November 2019 HR Managers' meeting.
2. In order to be proactive, and to eliminate any instance of having only one signature, or the same person providing two levels of authorization, Central Payroll worked with the One Philly Team to develop the blueprint for automation of the payroll sign-off process. We hope to begin working on this project starting May 2020.

2019-008 ACCOUNTS PAYABLE REPORTING NEEDS IMPROVEMENT

Views of the Responsible Officials: Departments are provided with a memo explaining the requirements to provide accounts payable data by the applicable cut-off period. Finance will work on expanding this memo, where necessary. Our accounts payable cut-off timeline is based on our 120 days (after year end) timeline to complete the AFR in compliance with the deadline mandated by Charter requirements. While improvements can be made if the Auditors align their cut-off period with the cut-off period for Finance, we may continue to see discrepancies due to items such as late executed contracts and delayed invoices that hinder departments from providing such accounts payable details within our mandated timeline. Major improvements can be made, and we can reduce discrepancies if departments improve their reporting of accounts payable to the Finance office.

Auditor's Comments on Agency's Response: Regarding the finding on deficiencies in accounts payable reporting, in above response, management states "Our accounts payable cut-off timeline is based on our 120 days (after year end) timeline to complete the AFR³ in compliance with the deadline mandated by Charter /requirements. While improvements can be made if the auditors align their cut-off period with the cut-off period for Finance, we may continue to see discrepancies due to items such as late executed contracts and delayed invoices that hinder departments from providing such accounts payable details within our mandated timeline."

³ Annual Financial Report

Generally accepted auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. In testing accounts payable as of June 30th (the city's fiscal year-end), we search for unrecorded liabilities by examining invoices paid in the subsequent fiscal year to identify payments for goods or services received on or before June 30th that were not accrued as payables. The cut-off period we use for this testing cannot be restricted to the Finance Office's cut-off period, especially when there is a risk of significant unrecorded payables as evidenced by the results of our current year testing, which found \$30.2 million of unrecorded accounts payable. When there is a risk of significant unrecorded payables, auditors should extend the cut-off period for unrecorded liabilities testing to as close as possible to the audit opinion date.

2019-009 CAPITAL ASSET CONTROL DEFICIENCIES INCREASE RISK OF REPORTING ERRORS

Lack of a Comprehensive Capital Asset System Hampered Reporting Process

Views of the Responsible Officials: Finance Office continues to improve its process of accounting for real property assets. The number of Lotus 1-2-3 files utilized in our process have been significantly reduced, with a 90% conversion year on year. The remaining 3 files in use will soon be converted. While the excel file reliant fixed asset process is somewhat tedious, there have not been any material errors. It is our hope that this issue will be adequately addressed with new technology in the near future, possibly as part of the OPAL project.

Failure to Inventory Real Property Assets Increases Risk of Inaccurate Accounting Records

Views of the Responsible Officials: Finance Office management have had multiple preliminary meetings with the GIS unit concerning our objective of reconciling the fixed asset ledger to IWAMS. During November we had a meeting with GIS that laid the framework for the reconciliation process and jumpstarted our analysis. We anticipated the analysis would be a cumbersome task and plan to follow up. The team will be following up GIS in another meeting to discuss the progress of the reconciliation in the near future.

2019-010 SAPs REQUIRE UPDATING TO ENSURE ACCURATE AND CONSISTENT APPLICATION OF ACCOUNTING RULES AND REGULATIONS

Views of the Responsible Official: We agree with your recommendations to continue the update of the city's SAPs. Management will continue to prioritize this initiative, within budget constraints

Section IV – Federal and PA Department of Human Services Findings and Questioned Costs:

2019-011 REPORTING - SIGNIFICANT DEFICIENCY AND COMPLIANCE FINDING

Special Education – Grants for Infants and Families (EI) – CFDA #84.181

Temporary Assistance for Needy Families (TANF) – CFDA #93.558

Medical Assistance Program (MH/ID/EI) – CFDA #93.778

Block Grants for Community Mental Health Services (MH) – CFDA #93.958

Views of the Responsible Officials: We agree the Departments must perform all expenditure reconciliations of federal funding between the amount recorded in the FAMIS accounting system with the amount reported to the Grantor. This will result in improved reporting of payments to subrecipients. Over the past several years GAAU has reinforced with Departments the need to comply with prescribed municipal policies to complete an expenditure reconciliation each time expenditures are reported to the Grantor during the award period.

Contact Person: Leon Minka, Accounting Manager, Finance (215) 686-6172

2019-012 SPECIAL TESTS - COMPLIANCE FINDING

Children and Youth Programs

Guardianship Assistance – CFDA #93.090

Stephanie Tubbs Jones Child Welfare Services Program – CFDA #93.645

Foster Care Title IV-E – CFDA #93.658

Adoption Assistance – CFDA #93.659

Medical Assistance Program – CFDA #93.778

Act 148 Pennsylvania Department of Human Services

Views of the Responsible Officials: DHS understands the importance of adhering to PaDHS approved salary compensation plans and will request waivers from the state department in the future for occasions where salaries being charged to the State Act 148 invoice exceed allowable limits,

Contact Person: Nadine Perese, Budget Director, DHS (215) 686-6136

2019-013 REPORTING - COMPLIANCE FINDING

Children and Youth Programs

Act 148 Pennsylvania Department of Human Services

Views of the Responsible Officials: DHS plans to utilize the approved percentages in the City of Philadelphia Cost Allocation Plan to charge indirect costs to the State Act 148 invoice.

Contact Person: Nadine Perese, Budget Director, DHS (215) 686-6136

2019-014 REPORTING - COMPLIANCE FINDING

Children and Youth Programs

Act 148 Pennsylvania Department of Human Services

Views of the Responsible Officials: DHS understands the importance of strengthening internal controls to ensure that only actual expenditures are reported for reimbursement to the State for Act 148 Country Children & Youth funding reimbursement and plans to do so in the following fiscal years, internally as well as externally with expenditures from other departments.

Contact Person: Nadine Perese, Budget Director, DHS (215) 686-6136