

December 17, 2014

Mr. Jeremy Yale, Acting Administrator  
Lackawanna-Susquehanna Behavioral Health/  
Intellectual Disabilities/Early Intervention Program  
507 Linden Street, Floor Eight  
Scranton, Pennsylvania 18503

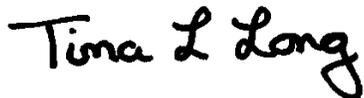
Dear Mr. Yale:

I am enclosing the final audit report of Lackawanna-Susquehanna Behavioral Health/  
Intellectual Disabilities/Early Intervention Program that was recently completed by this office.  
Your response has been incorporated into the final report and labeled as an Appendix.

The final report will be forwarded to the Office of Mental Health and Substance Abuse Services  
(OMHSAS) and the Office of Developmental Programs (ODP) to begin the Department's audit  
resolution process. The staff from the OMHSAS and ODP may be in contact with you to follow-  
up on the action taken to comply with the report's recommendations.

If you have questions concerning this matter, please contact David Bryan, Audit Resolution  
Section, at [REDACTED].

Sincerely,



Tina L. Long, CPA  
Director

Enclosure

c: Mr. Jay Bausch  
Mr. Steve Suroviec  
Mr. Dennis Marion  
Mr. Robert Conklin  
Ms. Leigh Ann Ksiazek

bc: Mr. Alexander Matolyak  
Mr. Brian Pusateri  
Mr. David Bryan  
Mr. Michael A. Sprow  
Ms. Shelley Lawrence  
NEFO Audit File (N1305)

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DHS's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65P.S. §§ 67.101 et seq.) The DHS RTKL Office can be contacted by email at: [radpwrkl@pa.gov](mailto:radpwrkl@pa.gov).

December 17, 2014

Mr. Brendan Harris, Executive Deputy Secretary  
Department of Human Services  
Health & Welfare Building, Room 334  
Harrisburg, Pennsylvania 17120

Dear Deputy Secretary Harris:

In response to a request from the Office of Developmental Programs (ODP) and the Office of Mental Health and Substance Abuse Services (OMHSAS), the Bureau of Financial Operations (BFO) initiated a performance audit of the Lackawanna-Susquehanna Behavioral Health/Intellectual Disabilities/Early Intervention Program (L-S). The audit was designated to determine if L-S is adhering to the contracting provisions of 55 Pa. Code, Chapter 4300. The audit period was July 1, 2011 through June 30, 2013.

This report is currently in final form and therefore contains L-S's views on the findings and recommendations. L-S's response to the draft is included as Appendix B. Changes were made to Finding No. 1 of the draft report as a result of L-S's response.

**Executive Summary**

FINDING	SUMMARY
<p><b>Finding No. 1 – L-S Contract Modifications did not adhere to Written Contract Provisions or L-S's Internal Policies.</b></p>	<ul style="list-style-type: none"> <li>• L-S did not authorize 11 contract amendments in fiscal year 2012-13 in accordance with its contract provisions and internal policies.</li> <li>• The BFO could not locate any written provider requests for budget modifications.</li> <li>• L-S's Assistant Administrator for Fiscal approved his own requests for contract modifications.</li> <li>• The Administrator approval signature line was removed from L-S's standard contract modification request forms.</li> <li>• L-S's Assistant Administrator for Fiscal stated that the former Administrator gave him the authority to approve the 2012-13 contract amendments.</li> <li>• <u>Subsequent Event</u> L-S provided a signed statement from the former Administrator that confirms the Assistant Administrator for Fiscal was given the authority to approve the 2012-13 contract amendments. As a result of the signed statement, the BFO elected to remove from the draft report the recommendations that OMHSAS and ODP recover \$585,359 and \$379,059, respectively.</li> </ul>

**HIGHLIGHTS OF RECOMMENDATIONS**

L-S should:

- Ensure that all contract amendments are authorized in accordance with contract provisions and internal policies prior to making payments to providers.

FINDING	SUMMARY
<p><b>Finding No. 2 – L-S’s Contract Monitoring Procedures were Insufficient which Resulted in a \$297,923 Overcharge to OMHSAS.</b></p>	<p><u>Review of Contracted Agency Audits</u></p> <ul style="list-style-type: none"> <li>• For all 15 services that we tested, L-S obtained independent audits and/or agreed-upon-procedures (AUP) reports that complied with 55 Pa. Code, Chapter 4300.94, regarding an opinion on the equitableness of the cost allocation plan.</li> <li>• However, audits and/or AUP reports related to five of the 15 services tested did not comply with 55 Pa. Code, Chapter 4300.116 and/or 4300.161; therefore, actual costs could not be determined.</li> <li>• The BFO could not locate any documentation that suggested L-S reviewed the audits and/or AUP reports for 11 of the 15 services tested.</li> </ul> <p><u>Review of Provider Income and Expenditure Reports</u></p> <ul style="list-style-type: none"> <li>• L-S obtained provider income and expenditure reports in accordance with contract provisions for all 15 services that we tested.</li> <li>• However, the BFO could not locate any documentation that suggested L-S reviewed the reports for 10 of the 15 services tested.</li> <li>• L-S reimbursed Scranton Counseling Center a total of \$297,923 for 2011-12 and 2012-13 for outpatient and administrative wages and salaries that were inequitably allocated to the Students Assistance Program</li> </ul> <p><u>Recording of Contract Expenses and Offsetting Revenues</u></p> <ul style="list-style-type: none"> <li>• L-S records only net expenses within its accounting system.</li> <li>• General ledger accounts for individual services and contractors were not always categorized under the appropriate cost center/service type.</li> <li>• Generally Accepted Accounting Principles (GAAP) prescribes that gross expenses and offsetting revenues are to be segregated in the general ledger to improve controls over income and expenditure reporting.</li> </ul> <p><u>Other Fiscal Monitoring</u></p> <ul style="list-style-type: none"> <li>• For all 29 services that were tested, L-S recorded payments in the check register and charged the appropriate funding sources.</li> <li>• L-S’s budgeting process was effective for all 16 services that were tested.</li> </ul>

Other Fiscal Monitoring – Continued:

- The BFO did not identify any obvious conflicts of interest with contracted parties for all 12 contracts tested.
- All payments to [REDACTED] and [REDACTED] for outpatient and psychiatric rehabilitation services were supported by electronic billing documentation.
- Furthermore, incorrect electronic billings, such as duplicates or billings above contracted rates were identified and not paid by L-S.

Programmatic Monitoring

- L-S did not review providers' progress notes for any of the 12 base funded contracts that we tested, as ODP does not require counties/local collaborative arrangements (LCAs) to perform this function.

**HIGHLIGHTS OF RECOMMENDATIONS**

L-S should:

- Develop audit provisions for contracts that comply with 55 Pa. Code, Chapters 4300.116 and/or 4300.161.
- Develop written policies and procedures governing the review of audit, agreed-upon-procedures, and provider income and expenditure reports to verify that payments to contractors are reasonable and based on allowable costs.
- Document its review of audit, agreed-upon-procedures, and provider income and expenditure reports.
- Reconcile payments made to provider actual costs in accordance with 55 Pa. Code, Chapters 4300.116(d) and 152(b).
- Consider posting gross expenses and offsetting revenues to its accounting system to eliminate the need for multiple ledgers and to strengthen controls over income and expenditure reporting.
- Reclassify general ledger accounts so they are under the appropriate cost centers as necessary. Classifications in the general ledger should coincide with classifications on L-S's Income and Expenditure Report.

OMHSAS should:

- Recover \$297,923 of overpayments to [REDACTED] for unsupported wages and salaries charged to the [REDACTED].

ODP should:

- Develop and implement statewide monitoring requirements that include the review of progress notes for base funded services. ODP should collaborate with L-S and other counties/LCAs during this process.

FINDING	SUMMARY
<p><b>Finding No. 3 – L-S Failed to Obtain a Waiver of 55 Pa. Code, Chapter 4300.115(b) which Resulted in a \$297,915 Overcharge to OMHSAS.</b></p>	<ul style="list-style-type: none"> <li>• L-S paid above the established maximum rates for [REDACTED] and [REDACTED] (provided by both [REDACTED] and [REDACTED]) by a total of \$297,915 and \$229,767 for the 2011-12 and 2012-13 fiscal years, respectively.</li> <li>• During audit fieldwork, L-S requested and the Department approved a retroactive waiver applicable to the 2012-13 fiscal year.</li> </ul>

HIGHLIGHTS OF RECOMMENDATIONS	
<p>L-S should:</p> <ul style="list-style-type: none"> <li>• Obtain written approval before making payments above the established maximum rates.</li> </ul> <p>OMHSAS should:</p> <ul style="list-style-type: none"> <li>• Recover \$297,915 for payments above the established maximum rates applicable to 2011-12 fiscal year.</li> </ul>	

FINDING	SUMMARY
<p><b>Finding No. 4 – L-S’s Standard Abbreviated Contracts Did Not Comply with 55 Pa. Code, Chapter 4300.139(a).</b></p>	<ul style="list-style-type: none"> <li>• L-S’s abbreviated contracts with The Friendship House for 2011-12 and 2012-13 fiscal years did not include all of the contract components that are required by 55 Pa. Code, Chapter 4300.139(a).</li> </ul>

HIGHLIGHTS OF RECOMMENDATIONS	
<p>L-S should:</p> <ul style="list-style-type: none"> <li>• Utilize its standard full length contract when contracting for base funded services, regardless of contract amount, because the standard full length contract complies with 55 Pa. Code, Chapter 4300.139(a).</li> </ul>	

**See Appendix A for the Background, Objective, Scope and Methodology, and Conclusion on the Objectives.**

**Results of Fieldwork**

**Finding No. 1 – L-S Contract Modifications did not adhere to Written Contract Provisions or L-S’s Internal Policies.**

55 Pa. Code, Chapter 4300.139(c) states, “A signed contract becomes the authorization for the expenditure of funds for services identified by the agreement. County mental health and mental retardation funds cannot be expended for provider expenses until a contract exists.”

Regarding budget modification or amendment, L-S’s standard contract language, states “Modification in the budget and/or the Provision of services by the Service Provider may be permitted upon written request to the Program. All such changes must be approved in writing by the Program. However, the foregoing provision shall not be construed to require the Program to grant its approval to any request modification or amendment of the agreed upon budget.”

In addition, L-S's "Policy and Procedures for Provider Contracting" states, "Increases to contracts are established using the same methodology described in Section V...", Section V states, "...the data is then reviewed by the CFO for a recommendation to senior administration for an approved contract amount passed along to the advisory board for the Commissioner legal approval."

The BFO examined all 2012-13 fiscal year contracts with reported expenditures above \$100,000 and identified 11 amendments that were not authorized in accordance with L-S's contract provisions and internal policies. Furthermore, the BFO could not locate any written provider requests to amend the initial contract amount authorized at the beginning of the fiscal year.

The BFO was provided with L-S's standard "Contract Allocation Modification" forms, which were both completed and approved by the Assistant Administrator for Fiscal. In prior years, L-S's forms required two signatures, one of which was that of the L-S Administrator. During audit fieldwork, L-S's Acting Administrator agreed that the former Administrator should have approved the contract amendments. However, at the audit closing conference, the Assistant Administrator for Fiscal stated that he was given the authority to approve the 2012-13 contract amendments by the former Administrator.

#### Subsequent Event

L-S provided a signed statement of verification/acknowledgement from the former Administrator that confirms the Assistant Administrator for Fiscal was given the authority to approve the 2012-13 contract amendments. L-S provided the signed statement to the BFO as an attachment to L-S's response to the draft audit report. As a result of the signed statement, the BFO elected to remove from the draft report the recommendations that OMHSAS and ODP recover \$585,359 and \$379,059, respectively.

#### Recommendations

The BFO recommends that L-S:

- Ensure that all contract amendments are authorized in accordance with contract provisions and internal policies prior to making payments to providers.

#### **Finding No. 2 – L-S's Contract Monitoring Procedures were Insufficient which Resulted in a \$297.923 Overcharge to OMHSAS**

The BFO examined L-S's controls at various points in the contracting process. The BFO summarized the results of its control testing into the following five categories:

#### Review of Contracted Agency Audits

Regarding county negotiated fees, 55 Pa. Code, Chapter 4300.116(a)(3), states "The contract shall be audited under 4300.161 (relating to contracted agency audits) and shall include verification that the units of service billed were provided and were billed at the proper rate, and establishment of actual unit costs." Additionally, 55 Pa. Code, Chapter 4300.116(d) states, "Department participation in payments based on negotiated rates shall be adjusted for reported or audited actual costs..." Furthermore, 55 Pa. Code, Chapter 4300.152(b) states, "For program-funded services payment shall be based on invoices for the actual allowable costs of the services."

The BFO examined audits and/or agreed-upon-procedures (AUP) reports for seven of the 12 contracts that we judgmentally selected, which included 15 service types. The 15 service types included negotiated rates that were adjusted based on actual costs. L-S obtained independent audits and/or AUP reports that complied with 55 Pa. Code Chapter 4300.94 regarding an opinion on the equitableness of the cost allocation plan for all 15 services tested.

However, audits and/or AUP reports related to five of the 15 services tested did not comply with 55 Pa. Code, Chapter 4300.116 and/or 4300.161; therefore, actual costs for services with negotiated rates could not be determined.

L-S's contract audit requirements allow for providers to submit a Single Audit or program-specific audit in lieu of an AUP report. This has resulted in L-S's audit requirements becoming less stringent than Department of Human Services (DHS) requirements. Furthermore, the BFO could not locate any documentation confirming that L-S reviewed the audits and/or AUP reports for 11 of the 15 services that we tested. L-S's Assistant Administrator for Fiscal stated that he did review the provider income and expenditure reports and independent audits but did not document his efforts.

#### Review of Provider Income and Expenditure Reports

L-S's contract payment provisions require contractors to submit annual income and expenditure reports. The BFO requested documentation showing the annual reviews of providers' income and expenditure reports for the same 15 services as mentioned above. Although L-S did obtain provider income and expenditure reports for all 15 services that we tested, we could not locate any documentation confirming that L-S reviewed the reports for 10 of the 15 services. The lack of adequate review likely contributed to L-S not adjusting payments to actual costs when necessary for two of the 15 services.

L-S reimbursed [REDACTED] \$297,923 for outpatient and administrative wages and salaries that were allocated to the [REDACTED]. The total contract allocation for [REDACTED] to [REDACTED] was \$213,500 for FY 2011-12 and \$199,300 for FY 2012-13. L-S overpaid [REDACTED] \$112,541 and \$185,382 for [REDACTED] services provided in fiscal years 2011-12 and 2012-13, respectively. It is likely that the oversight is due to the fact that [REDACTED] wages and salaries reported on budget documents differed from those reported to L-S at year end. L-S never questioned and/or verified the charges. In addition, [REDACTED] independent audit does not contain sufficient detail to allow L-S to verify actual expenses of the program funded cost centers. L-S's Assistant Administrator for Fiscal stated at the audit closing conference that he would have liked to examine the records closer but lack of personnel and time prohibited him from doing so.

#### Recording of Contract Expenses and Offsetting Revenues

The BFO judgmentally selected 29 service categories (14 matching service types for both fiscal years plus one additional service type for fiscal year 2011-12) included in 12 base funded contracts with six providers totaling \$5,621,251.

L-S records only County net expenses in its accounting system without regard to providers' gross expenses or offsetting revenues. In addition, general ledger accounts for individual services and contractors were not always categorized under the appropriate cost center/service type. Instead, L-S recorded gross expenses and offsetting revenues in multiple ledgers separate from the accounting system. When gross expenses and offsetting revenues are recorded in multiple ledgers and not posted to the accounting system, there is an increased risk of input errors and the process is inefficient.

The use of multiple ledgers caused gross expenses reported in L-S's independent accountants' 2012-13 Report of Expenditures for Behavioral Health to be overstated by \$6,704,189. The independent accountants combined the multiple ledgers during their testing. Since the accounting system does not reflect total expenses, the error went unnoticed. The BFO informed L-S's independent accountants, who agreed that gross expenses were overstated and provided the BFO with a corrected report during audit field work.

Generally Accepted Accounting Principles (GAAP) prescribes that gross expenses and offsetting revenues are to be segregated in the general ledger to improve controls over income and expenditure reporting.

#### Other Fiscal Monitoring

For all 29 services that the BFO judgmentally selected, L-S recorded payments in the check register and charged the appropriate funding sources. In addition, we concluded that L-S's budgeting process was effective for all 16 services. Furthermore, we did not identify any obvious conflicts of interest with contracted parties for the 12 contracts.

The BFO also tested controls over [REDACTED] and [REDACTED] payments related to billings submitted electronically by [REDACTED] and [REDACTED]. The BFO determined that all payments were supported by electronic billing documentation, and that questionable billings, such as duplicates or billings above contracted rates, were identified and not paid by L-S. To monitor the electronic billings, L-S contracts with the company that developed its billing system.

#### Programmatic Monitoring

55 Pa. Code Chapter 4300.113 states, "...The county/joinder shall be responsible for the effective execution of each purchase of service agreement." L-S did not conduct reviews of progress notes for any of the 12 base funded contracts that we tested, as ODP regulations do not require counties/LCAs to perform this function. L-S only reviewed progress notes related to waiver funded services as required by ODP's Self-Monitoring process. ODP's Northeast Regional Program Manager informed the BFO that ODP's Self-Monitoring process focuses on waiver funded services due to the low volume of base funded services currently being provided in the Northeast; however, he also stated that ODP's focus on waiver services does not excuse L-S from verifying the effective execution of base funded services as required by 55 Pa. Code, Chapter 4300.113. When L-S does not verify that adequate progress notes are maintained by contractors, L-S cannot be reasonably assured that the contract is being executed effectively, that billed services have been performed, and that the consumers are working toward and achieving their goals.

## **Recommendations**

The BFO recommends that L-S:

- Develop audit provisions for contracts that comply with 55 Pa. Code, Chapters 4300.116 and/or 4300.161.
- Develop written policies and procedures governing the review of audits, agreed-upon-procedures, and provider income and expenditure reports to verify that payments to contractors are reasonable and based on allowable costs.
- Document its review of audit, agreed-upon-procedures, and provider income and expenditure reports.
- Reconcile payments made to provider actual costs in accordance with 55 Pa. Code, Chapter 4300.116(d) and 152(b).
- Consider recording all expenses and offsetting revenues to its accounting system to eliminate the need for multiple ledgers and to strengthen controls over income and expenditure reporting.
- Reclassify general ledger accounts so they are under the appropriate cost centers as necessary. Classifications in the general ledger should coincide with classifications L-S's Income and Expenditure Reports.

The BFO recommends that OMHSAS:

- Recover \$297,923 of overpayments to [REDACTED] for unsupported wages and salaries charged to the [REDACTED].

The BFO recommends that ODP:

- Develop and implement statewide monitoring requirements that include the review of progress notes for base funded services. ODP should collaborate with L-S and other counties/LCAs during this process.

### **Finding No. 3 – L-S Failed to Obtain a Waiver of 55 Pa. Code, Chapter 4300.115(b) which Resulted in a \$297,915 Overcharge to OMHSAS.**

55 Pa. Code, Chapter 4300.115(b) states, "The Medical Assistance program fee schedule and Chapter 1150 (relating to Medical Assistance program payment policies), identify psychiatric services and fees reimbursed by the medical assistance program. This fee schedule shall establish the maximum level of reimbursement by the Department to county programs for...outpatient psychiatric clinic services..." County Programs are required to seek a waiver of 55 Pa. Code, Chapter 4300.115(b) each fiscal year if they wish to pay up to the Managed Care Organization (MCO) approved rates for clients who are not eligible for Medical Assistance (MA). This allows County programs to attract and retain providers whose fees are above those of the MA fee schedule.

Furthermore, 55 Pa. Code, Chapter 4300.157 states, "Expenditures above the level of Departmental participation and services funded without Departmental approval shall be the fiscal responsibility of the county authorities. The allowable expenditure requirements included in this chapter refer to maximum levels of reimbursement in which the Department will participate. The county may fund programs, services, and facilities at a rate they elect. Expenditures above the approval levels shall be the responsibility of the county."

The BFO judgmentally selected 10 services with established maximum rates that were included in six contracts with three providers. L-S made payments for 8 of the 10 services (in four of the six contracts with two of the three providers) at rates that were above the established maximums. In total, L-S paid \$527,682 above established maximum rates for outpatient and psychiatric rehabilitation services between July 1, 2011 and June 30, 2013.

Specifically, L-S paid [REDACTED] \$209,033 and [REDACTED] \$88,882 above the established maximum rates for services that were provided between July 1, 2011 and June 30, 2012. For services that were provided between July 1, 2012 and June 30, 2013, L-S paid [REDACTED] \$158,356 and [REDACTED] \$71,411 above the established maximum rates. L-S management informed the BFO that their failure to obtain waivers during the audit period was simply an administrative oversight and that waivers were obtained in the fiscal year preceding and subsequent to the audit period. The BFO confirmed that L-S's last waiver was for FY 09-10 and they did not receive a waiver for FY 10-11.

During our audit fieldwork, L-S requested a retroactive waiver of 4300.115(b) for both of the fiscal years in the audit period. Although the Department denied a waiver applicable to the 2011-12 fiscal year, the Department approved a waiver for the 2012-13 fiscal year. Therefore, the BFO does not recommend recovery of the \$229,767 related to the 2012-13 fiscal year.

### **Recommendations**

The BFO recommends that L-S:

- Obtain written approval before making payments above the established maximum rates.

The BFO recommends that OMHSAS:

- Recover \$297,915 for payments above the established maximum rates applicable to the 2011-12 fiscal year.

### **Finding No. 4 – L-S's Standard Abbreviated Contracts Did Not Comply with 55 Pa. Code, Chapter 4300.139(a).**

L-S's standard abbreviated contracts with [REDACTED] for 2011-12 and 2012-13 fiscal years did not include all of the contract components that are required by 55 Pa. Code, Chapter 4300.139(a). When all contract components are not in place, the contracts do not conform to applicable regulations. In addition, L-S puts themselves at risk for any potential liabilities that may arise from inadequate contracting for services. L-S's Assistant Administrator for Fiscal informed the BFO that L-S used the abbreviated contract language for small dollar contracts to reduce the administrative time necessary to review the contracts by both parties. L-S's Assistant Administrator for Fiscal also informed the BFO that the abbreviated contract language was not reviewed by L-S's attorney for compliance with 55 Pa. Code, Chapter 4300.139(a). At the audit closing conference, L-S's Acting Administrator stated that L-S will discontinue their use of the abbreviated contracts.

### **Recommendations**

The BFO recommends that L-S:

- Utilize its standard full length contract when contracting for base funded services, regardless of contract amount, because the standard full length contract complies with 55 Pa. Code, Chapter 4300.139(a).

**Auditor's Commentary**

The BFO evaluated the validity of L-S's response to the draft report and determined that Attachment #3 to L-S's response warranted changes to the report. Those changes are detailed in the Subsequent Event in Finding No. 1. The BFO determined that no other changes are warranted as a result of L-S's response.

In accordance with our established procedures, an audit response matrix will be provided to ODP and OMHSAS. Once received, ODP and OMHSAS staff should independently complete the matrix within 60 days and email the Excel file to the DHS Audit Resolution Section at:



The response to each recommendation should indicate the program office's concurrence or non-concurrence, the corrective action to be taken, the staff responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Sincerely,

A handwritten signature in black ink that reads "Tina L Long".

Tina L. Long, CPA  
Director

**LACKAWANNA-SUSQUEHANNA BEHAVIORAL HEALTH/  
INTELLECTUAL DISABILITIES/EARLY INTERVENTION PROGRAM**

**APPENDIX A**

## **Appendix A**

### **Background**

The Lackawanna-Susquehanna Behavioral Health/Intellectual Disabilities/Early Intervention Program (L-S) was established on January 26, 1967 by the respective Boards of Commissioners of the Counties of Lackawanna, Susquehanna, and Wayne as a County joinder. Wayne County withdrew from the joinder in October 2004. L-S's office is located in [REDACTED].

L-S provides administrative oversight and support for the delivery of behavioral health, intellectual disabilities and early intervention services to individuals and their families within the two county area. L-S provides direct services to consumers only by purchase of service contracts with approximately 40 different agencies to provide various services. For fiscal year 2012-13, L-S provided services to 12,727 individuals, of which 10,884 received behavioral health, 1,147 received intellectual disabilities, and 696 received early intervention services.

The Department of Human Services (DHS) funds services using two payment methodologies, unit of service and program funding, based on the funding requirements for the services. Unit of service, also known as fee-for-service, funding is paid at established rates per service unit. In contrast, program funding compensates providers for total eligible expenditures.

### **Objective, Scope and Methodology**

Our audit objective was:

- To determine if L-S is adhering to the contracting provisions of 55 Pa. Code, Chapter 4300 for base funded mental health and intellectual disability services contracted between July 1, 2011 and June 30, 2013.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objectives described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of their effectiveness.

Based on our understanding of the controls, certain material deficiencies came to our attention. Areas where we noted material deficiencies or an opportunity for improvement in management controls are addressed in the findings of this report.

Our fieldwork was performed intermittently between March 21, 2014 and July 10, 2014. A closing conference was held with L-S management on July 22, 2014 to discuss the results of the audit. In addition, an exit conference was held with L-S management on December 5, 2014. This report is available for public inspection.

### **Conclusion on the Objectives**

In conclusion, L-S did not adhere to all contracting provisions of 55 Pa. Code, Chapter 4300 with regards to contract amendments, fees paid for outpatient services, and contract monitoring. L-S's failure to adhere to all contracting provisions resulted in OMHSAS overpayments totaling \$595,838.

**LACKAWANNA-SUSQUEHANNA BEHAVIORAL HEALTH/  
INTELLECTUAL DISABILITIES/EARLY INTERVENTION PROGRAM**

**RESPONSE TO THE DRAFT REPORT**

**APPENDIX B**



October 24, 2014

Brian Pusateri, Audit Manager  
Bureau of Financial Operations  
Department of Public Welfare  
Scranton State Office Building, Room [REDACTED]

Re: Lackawanna-Susquehanna "Draft" Performance Audit Response

Dear Mr. Pusateri:

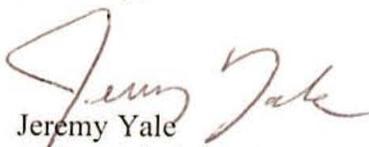
This letter is in response to the "draft" performance audit report our Office received dated August 25<sup>th</sup>, 2014. We would like to thank you, the Division of Audit and Review and the Bureau of Financial Operations for allowing our Program an opportunity to respond to the findings outlined in the draft report.

It is our hope that the additional clarification and documentation provided, combined with interpretation of regulations will lead to a strengthening of our agency and our local provider network with minimal financial impact. Our Program continues its strong commitment to managing scarce financial resources for the provision of supports and services; creating opportunities to reach the most vulnerable citizens in our community.

Our Program's Advisory Board, Independent Certified Public Accountant and Program Personnel look forward to a productive exit conference and closure to this process.

I am available at your convenience to schedule the exit conference, please feel free to contact me at our office number [REDACTED].

Sincerely,

  
Jeremy Yale  
Acting Administrator

JY:ds

## I. INTRODUCTION

### A. Audit Process

The Lackawanna-Susquehanna Behavioral Health/Intellectual Disabilities/Early Intervention Program (“Program”) began the onsite portion of the Bureau of Financial Operations (BFOs) performance audit on March 31, 2014. The Program’s approach to this audit was twofold, assist the BFO to conduct a performance audit in an accurate and timely manner and evaluate current business practices related to the adherence to the contracting provisions of Chapter 4300 regulations. Throughout the course of the audit, it can be noted that BFO personnel were consistent and professional in their interactions with the Lackawanna-Susquehanna BHIDEI Program, creating additional opportunities to exchange constructive business information.

### B. Organization of Audit Response

The Program took a comprehensive approach in its response to the BFOs performance audit findings including; multiple policy and procedure reviews, fiscal and programmatic meetings and Information Technology software and data audits.

The Program’s response includes three (3) sections; I. Introduction, II. Findings and III. Appendix:

- Section I (Introduction) provides a general overview of the Program as well as details regarding how the Program organized its response.
- Section II (Findings) follows the format outlined in the Division of Audit and Review’s (DARs) “draft” performance audit report dated August 25, 2014. For consistency and clarity, the Program provided a response to each bullet point listed under the “Summary” section within the Executive Summary of the draft report. The Program indicated corrective action statements in **bold text**.
- Section III (Appendix) includes a list of all supporting documentation that accompanies the Program’s response (i.e. attachments).

### C. Program Overview:

#### *Mental Health Services*

The goal of The Lackawanna-Susquehanna Behavioral Health / Intellectual Disabilities / Early Intervention Program is to apply the Program’s mission and vision for the development of services that are planned and delivered in a manner that promotes recovery, facilitates the individuals’ recovery process, is least restrictive and transforms the existing system of care.

Listed in Table #1 is a comprehensive breakdown of behavioral health services provided by the Program, the number of clients served and the expenditures for each service area:

**Table 1**

BEHAVIORAL HEALTH SERVICES	CLIENTS SERVED	TOTAL
Administrator's Office	..	\$ 128,065.75
Administrative Management	3,956	\$ 469,999.27
Children's Evidence Based Practices	6	\$ 29,050.07
Community Employment	51	\$ 237,380.45
Community Residential Services	122	\$ 1,327,333.78
Crisis Intervention	1,508	\$ 197,332.88
Emergency Services	2,824	\$ 499,774.39
Facility Based Vocational Rehab	6	\$ 48,927.24
Family Based Services	24	\$ 49,177.62
Family Support Services	176	\$ 487,611.00
Housing Support	232	\$ 1,726,082.54
Outpatient	1,370	\$ 684,744.06
Partial Hospitalization	63	\$ 87,150.16
Psychiatric Rehabilitation	54	\$ 263,940.52
Social Rehab Services	15	\$ 248,116.63
Targeted Case Management	411	\$ 461,342.00
Transitional and Community Integration	187	\$ 237,172.97
<b>TOTAL MH SERVICES</b>	<b>11,005</b>	<b>\$ 7,183,201.32</b>

**Student Assistance Program**

The Program provided an overview of the Student Assistance Program (SAP) in the Introduction Section of this response to further express the importance of this service for children and families living in Lackawanna and Susquehanna Counties. This overview is intended as a supplement to the Program's response to *finding #2* related to the [REDACTED]

According to the 2010 Census data, the population of Lackawanna County was 214,437; with 42,887 children under the age of 18. Susquehanna County had a population of 43,356 with approximate 8,628 children under the age of 18. Lackawanna County has 13.7% of its population living below the poverty level and Susquehanna County has 12.2% living below the poverty level. Applying these rates of poverty in the respective counties equates to 5,876 children under the age of 18 living below the poverty level in Lackawanna County and 1,053 children in Susquehanna County totaling 6,929 children. Poverty is a primary indicator to predict health outcomes. School-based programs such as SAP are considered "front line" strategies for engaging at risk youth and are essential for risk reduction and supporting youth to remain in lower levels of care for those assessed to need behavioral health care services.

For children and adolescents under the age of eighteen (18), access to a student assistance program is available through the various school district buildings within Lackawanna and Susquehanna Counties. Table #2 lists the schools in Lackawanna and Susquehanna counties and the number of student assistance program referrals for each specific school for fiscal years 2011-2012 and 2012-2013.

In fiscal year 2011-2012, eleven (11) schools made one-hundred seventy-five (175) SAP referrals. In fiscal year 2012-2013 twenty-one (21) schools made two-hundred and nine (209) SAP referrals. Across both fiscal years, seventeen (17) schools made three-hundred and eighty-four (384) SAP referrals. The Program experienced an eight percent (8%) increase in SAP referrals between fiscal year 2011-2012 and fiscal year 2012-2013.

**Table 2 – SAP Referrals by School District**

	<b>Total Referrals 2011-2012</b>	<b>Total Referrals 2012-2013</b>	<b>Total Referrals 2011-2013</b>
	24	15	39
	0	0	0
	0	9	9
	3	5	8
	3	0	3
	0	26	26
	11	16	27
	7	8	15
	8	13	21
	0	0	0
	0	10	10
	0	26	26
	3	5	8
	0	0	0
	0	0	0
	46	0	46
	38	0	38
	0	12	12
	21	26	47
	11	37	48
	0	1	1
<b>Total SAP Referrals</b>	<b>175</b>	<b>209</b>	<b>384</b>

Student Assistance Program referrals are reviewed by the SAP Team. Referrals identified to justify an evaluation for mental health services are followed-up with an appointment with a mental health professional. SAP services are critical to addressing the overall wellbeing of children and provide school districts with the tools to meet student needs as they present.

*Intellectual Disability Services*

The Lackawanna-Susquehanna Behavioral Health/Intellectual Disabilities/Early Intervention Program served approximately eleven hundred (1100) children and adults with an intellectual disability in fiscal year 2012-2013. The Program implemented a breadth of base and waiver-funded services to eligible participants including: residential services, lifesharing, adult day services, vocational services, transitional employment services, supported employment, respite care, home and community habilitation, companion services, nursing services, transportation, behavioral support, home and vehicle accessibility adaptations, Family Support Services (FSS) and supports coordination.

Individuals with an intellectual disability and their families receive information about available services and providers within Lackawanna and Susquehanna Counties; giving them the resources to make an informed decision about the type of supports that are needed for each individual. Support needs are determined by the treatment team through formal and informal assessment.

The Program expends \$4,644,088 to support 661 individuals in Lackawanna County fiscal year 2013-2014. Listed below in Table 3 is a breakdown of intellectual disabilities services provided by the Program, the number of individuals that were served in FY 12-13 and the projected number of individuals to be served in FY 13-14 each service area:

**Table 3**

INTELLECTUAL DISABILITIES SERVICES	CLIENTS SERVED	TOTAL
Admin Office	..	\$ 2,018,249
Case Management	176	\$ 90,254
Community Residential Services	10	\$ 932,554
Community Based Services	475	\$ 1,579,755
Other	0	\$ 23,276
<b>TOTAL ID SERVICES</b>	<b>661</b>	<b>\$ 4,644,088</b>

The Lackawanna-Susquehanna Behavioral Health / Intellectual Disabilities / Early Intervention Program, in accord with the Administrative Entity Operating Agreement, completed the authorization of base and waiver services and the approval of each Individual Support Plan throughout the fiscal year. In addition to the management of base funded services, the Program managed approximately \$40 million in waiver funding (Consolidated and Person/Family Directed Waiver) in fiscal year 2012-2013, which provided essential services and supports to residents within the Joinder.

## II. FINDINGS

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**Finding No. 1 – L-S Paid Contractors above Authorized Contract Amounts which resulted in a \$585,359 overcharge to OMHSAS and a \$379,059 overcharge to ODP.**

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- 1a. L-S did not authorize 11 contract amendments in fiscal 2012-2013 in accordance with its contract provisions and internal policies.

**Program Response (1a):**

Due to changing administrative and personnel resources, the Program's contract amendment process for fiscal year 2012-2013 was modified from the prior fiscal year. The retirement of two (2) fiscal personnel during the audit review period (2012-2013) contributed to changes in the Program's capacity; which created job task reassignments. Despite these changes, the Program took appropriate measures to ensure all amendments were completed in accordance with its signed contract.

L-S authorized all FY 2012-2013 contract increases via the following process:

1. Providers contacted the L-S program staff with information on unforeseen costs and/or service delivery increases.
2. Upon concurrence as to provider justification for the request, personnel would make a positive recommendation to the Administrator.
3. If the Administrator concurred with the program staff member, the Assistant Administrator for Fiscal was instructed to determine the amount of funding required. If the Assistant Administrator for Fiscal determined resources were available, he prepared and signed (as the Administrator's designee) a contract modification document.
4. The administrator then approved via signature, a payment to deliver the increased funding to the provider.
5. Expenses were approved at the proceeding board meeting by review and acceptance of an expense voucher signed by both the administrator, Assistant Administrator for Fiscal and Board Chairman (See Attachment #1). In addition, the Board also approved the provider / service specific monthly Income and Expenditure Reports which contained the contract amendments.
6. Acceptance of the annual audit with the accompanying documents referenced in item 5 above; also confer final contract amendment approval.

- 1b. The BFO could not locate any written provider requests for budget modifications.

**Program Response (1b):**

The combination of letters, Income & Expenditure reports and invoices reflecting and/or requesting increased payments over the original contract amount (combined with actual service delivery and payments) leave no reasonable legal interruption other than a request for a contract modification.

**To avoid any future question as to the existence of a provider request for an increased contract amount, any appeal for economic relief will not be acted upon unless initiated in writing.**

- 1c. The Administrator approval signature line was removed from L-S's standard contract modification request forms.

**Program Response (1c):** Concur

- 1d. L-S's Assistant Administrator for Fiscal stated that the former Administrator gave him the authority to approve the 2012-2013 contract amendments.

**Program Response (1d):**

In a good faith effort to address BFO's concerns related to this finding, the Acting Administrator of the Program sought clarification from the former Program Administrator regarding the nature of the assigned authority to Assistant Administrator for Fiscal to complete contract amendments for fiscal year 2012-2013. The Program's Provider contract contains the following language, "WHEREAS, the Administrator of the Program and/or his designee is the duly authorized agent of the Program empowered to contract for the purchase of such services as appropriate." (See Attachment #2) The former Administrator provided clarification, as described in Attachment #3.

The Program respectfully requests forgiveness of the \$964,418 finding and **has reinstated the Program's Administrator as the authorized signature for contract amendment approval.**

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**Finding No. 2 – L-S's Contract Monitoring Procedures were insufficient which resulted in a \$297,923 Overcharge to OMHSAS.**

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Review of Contracted Agency Audits

- 2a. For all 15 services that were tested, L-S obtained independent audits and/or agreed-upon procedures (AUP) reports that complied with 55 Pa. Code, Chapter 4300.94, regarding an opinion on the equitableness of the cost allocation plan.

**Program Response (2a):** Concur

- 2b. However, audits and/or AUP reports related to five of the 15 services tested did not comply with 55 Pa. Code, Chapter 4300.116 and/or 4300.161; therefore, actual costs could not be determined.

**Program Response (2b):**

The Program was able to determine actual costs to its satisfaction for services subject to cost standards but acknowledges that the audit documents which support this function could be improved.

After a comprehensive review of current documentation, **the Program will be developing (in conjunction with the programs ICPA) new/revised audit schedules and/or addendums to facilitate verification of actual "4300" cost.** The program acknowledges that this better business practice is a positive result of the compliance issues cited by BFO.

- 2c. The BFO could not locate any documentation that suggested L-S reviewed the audits and/or AUP reports for 11 of the 15 services tested.

**Program Response (2c):**

The Assistant Administrator for Fiscal and the outside ICPA reviewed all submitted provider audits as stated during the onsite visit.

As evidence, the Program participated in the Office of Developmental Programs Provider Cost Reporting Process; which includes mandated provider audit reviews (see Attachment #4). The Program implemented a similar (undocumented) methodology for reviewing all agency audits.

**As a result of this finding and to increase documentation of agency audit activities, the Program has developed and will implement a “checklist” of all audit reviews conducted by the Program.**

Review of Provider Income and Expenditure Reports

- 2d. L-S obtained provider income and expenditure reports in accordance with contract provisions for all 15 services that were tested.

**Program Response (2d): Concur**

- 2e. However, the BFO could not locate any documentation that suggested L-S reviewed the reports for 10 of the 15 services tested.

**Program Response (2e):**

The Program reviewed all submitted provider I & E's as stated during the onsite visit.

Cost standard compliance was the result of a comprehensive Program I & E review which eliminated cost standard deficiencies before they were paid and reflected in the annual DPW I & E report.

**As a result of this finding, the Program will develop and implement a “checklist” of all I & E reviews conducted by the Program.**

- 2f. L-S reimbursed [REDACTED] a total of \$297,923 for 2011-12 and 2013-13 for outpatient and administrative wages and salaries that were inequitably allocated to the [REDACTED]

**Program Response (2f):**

The Program is aware that this matter was at the time of review and is currently under legal appeal between DPW and [REDACTED]. The Program will therefore defer any additional response until the legal process has been resolved.

Despite identified gaps in fiscal documentation, the Program maintains support for [REDACTED] in the implementation of the Student Assistance Program and its efforts to have meaningful, positive impacts on children and families.

Recording of Contract Expenses and Offsetting Revenues

2g. L-S records only net expenses within its accounting system.

**Program Response (2g):**

The Program is aware of its fiduciary responsibility to be the payer of last resort. As part of the Programs compliance efforts and the economic necessity of minimizing net liabilities; the program maintains monthly offsetting revenue records which are Cost Center, provider and program specific; although they are not posted to the general ledger.

2h. General ledger accounts for individual services and contractors were not always categorized under the appropriate cost center/service type.

**Program Response (2h):**

The Program agrees with BFO's discovery of the misclassifications within the general ledger and was in fact aware of these recording errors prior to this performance audit. As a result, none of the categorization errors are reflected in the annual I & E where the Assistant Administrator for Fiscal treated the transactions according to DPW allocation and cost center protocols.

**In order to insure that every future transaction is recorded properly, the Program will provide additional training for fiscal and IT personnel on financial recording protocols.**

2i. Generally Accepted Accounting Principles (GAAP) prescribes that gross expenses and offsetting revenues are to be segregated in the general ledger to improve controls over income and expenditure reporting.

**Program Response (2i):**

In the opinion of our ICPA, GAAP is silent as to the presentation issue raised above. However, the Program does share BFO's concern that L-S took every measure possible to ensure its status as the payer of last resort. Additionally, the economic necessity of minimizing net liabilities resulted in the Program maintaining monthly offsetting revenue records that are cost center, agency and service specific. We believe that these documents, as well as the present structure of our general ledger provide a sound basis for income monitoring and accurate reporting.

Other Fiscal Monitoring

2j. For all 29 services that were tested, L-S recorded payments in the check register and charged the appropriate funding sources.

**Program Response (2j):** Concur

2k. L-S's budgeting process was effective for all 16 services that were tested.

**Program Response (2k):** Concur

2l. The BFO did not identify any obvious conflicts of interest with contracted parties for all 12 contracts tested.

**Program Response (2l):** Concur

2m. All payments to [REDACTED] and [REDACTED] for outpatient and psychiatric rehabilitation services were supported by electronic billing documentation.

**Program Response (2m):** Concur

2n. Furthermore, incorrect electronic billings, such as duplicates or billings above contracted rates were identified and not paid by L-S.

**Program Response (2n):** Concur

Programmatic Monitoring

2o. L-S did not review providers' progress notes for any of the 12 base funded contracts that we tested, as ODP does not require counties/local collaborative arrangements (LCAs) to perform this function.

**Program Response (2o):** Concur

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**Finding No. 3** – L-S Failed to obtain a Waiver of 55 Pa. Code, Chapter 4300.115(b) which resulted in a \$297,915 overcharge to OMHSAS.

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3a. L-S paid above the established maximum rates for outpatient and psychiatric rehabilitation services (Provided by both [REDACTED] [REDACTED] by a total of \$297,915 and \$229,767 for the 2011-12 and 2012-13 fiscal years, respectively.

**Program Response (3a):**

The Program concurs that the absence of a Waiver for 55 Pa Code, Chapter 4300.115 resulted in payments of \$297,915 over the default MA rates effective in FY 2011-2012. We also acknowledge that our original oversight of FY 2012-2013 was corrected via a retroactive waiver.

We ask that the non-compliance for the audit review period (FY2011-2012, FY2012-2013) be measured in light of the Program's compliance with previously requested waivers under Chapter 4300.115 for fiscal year 2010-2011 and 2013-2014. The Program submits that these approved waivers are evidence that L-S was not flagrantly in violation of this requirement. **The Program has modified its protocol to ensure continued adherence to this regulation requirement and prevent the type of administrative oversight which took place in FY 2011-2012.**

The Program respectfully requests forgiveness of the \$297,915 finding.

3b. During audit fieldwork, L-S requested and the Department approved a retroactive waiver applicable to the 2012-13 fiscal years.

**Program Response (3b):** Concur

**Finding No. 4** – L-S's Standard abbreviated contract did not comply with 55 Pa. Code, Chapter 4300.139

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- 4a. L-S's abbreviated contracts with the [REDACTED] for 2011-12 and 2012-13 fiscal years did not include all of the contract components that are required by 55 Pa. Code, Chapter 4300.139(a).

**Program Response (4a):**

The Program's standard abbreviated contract was developed as a practical concession to the economies and efficiencies of administrative operations. The benefit to the contracted provider and this Program has been periodically noted by both of the principals as well as outside professionals (i.e. ICPA's.)

Cognizant of the above, **the Program concurs with the regulatory accuracy of the finding and will discontinue the use of its abbreviated contract effective immediately.**

**III. APPENDIX**

- A. Attachment #1 – Program Voucher Signatures (Administrator & CFO) & (Advisory Chair)
- B. Attachment #2 – Program Contract Language Excerpt
- C. Attachment #3 – Administrator Confirmation of Contract Amendment Designee
- D. Attachment #4 – Examples of ODP Provider Audit Reviews, A-133 Audit Checklist

Attachment #1  
Program Voucher Signatures (Administrator & CFO) & (Advisory Chair)

LACKAWANNA-SUSQUEHANNA COUNTIES  
BH/ID/EI JOINDER PROGRAM

I have reviewed the attached disbursement voucher inclusive for the month of June, 2013 and attest to its accuracy and, therefore, recommend that said voucher, in the amount of \$1,849,120.82 be presented to the Board for approval.





Attachment #2  
Program Contract Language Excerpt

## AGREEMENT

THIS AGREEMENT, made and entered into on this 1<sup>st</sup> day of July, 2014 between the LACKAWANNA- SUSQUEHANNA BEHAVIORAL HEALTH / INTELLECTUAL DISABILITIES / EARLY INTERVENTION PROGRAM, acting on behalf of the Counties of Lackawanna and, Susquehanna, with its principal offices at 507 Linden Street, 8<sup>th</sup> Floor, Scranton Pennsylvania 18503 (hereinafter "Program"), \_\_\_\_\_ and with its principal place of business at \_\_\_\_\_ (hereinafter "Service Provider").

WHEREAS, the Mental Health and Intellectual Disabilities Act of 1966, Act of October 20, 1966, P.L. 96, 50 P.S. §4101, et seq.; the Mental Health Procedures Act, Act of July 9, 1976, P.L. 817, No. 143, as amended; and the Act of November 26, 1978, P.L. 1362, No. 3244, 50 P.S. §7101, et seq. (hereinafter referred to together as "Act"), along with Pennsylvania Act 212 , the Early Intervention System Services Act. and the Individuals with Disabilities Education Improvement Act 2004. in accordance with 55 Pa. Code Chapter 4300 (relating to county mental health and intellectual disabilities fiscal manual), and 55 Pa Code Chapter 51 (relating to Home and Community Based Services), and 42 CFR Chapter 447 (relating to payments for services), and any policy or procedure bulletins and announcements issued by the Office of Child Development and Early Learning (OCDEL) of the Pennsylvania Department of Public Welfare, which mandate that certain services are to be made available directly or purchased by the Program pursuant to applicable regulations promulgated by the Department of Public Welfare or any subsequent revisions and / or changes to the referenced Acts, Bulletins, Manuals or Regulations; and

**WHEREAS, the Administrator of the Program and/or his designee is the duly authorized agent of the Program empowered to contract for the purchase of such services as appropriate; and**

WHEREAS, the Service Provider agrees to provide such services in accordance with Appendices attached hereto as follows:

Attachment #3  
Administrator Confirmation of Contract Amendment Designee

**STATEMENT  
of  
VERIFICATION / ACKNOWLEDGEMENT  
as to my  
DESIGNATION OF [REDACTED]  
AS THE LEAD AND EFFECTIVE SIGNATORY  
REGARDING  
THE CONTRACT AMENDMENT PROCESS  
FOR FISCAL YEAR 2012-2013**

In order to improve the administrative efficiency of the Contract Amendment process, I, [REDACTED] Lackawanna - Susquehanna Behavioral Health / Intellectual Disabilities / Early Intervention Program Administrator during Fiscal Year 2012-2013, selected [REDACTED] as my designee to manage any contract amendments during that time period. [REDACTED] signature, on the work document summarizing provider contract increases, came after full programmatic review and approval by appropriate program personnel and myself as the County Administrator. The only procedural difference between FY 2011-2012 and FY 2012-2013 was that the person who computed the value of the contract signed the document with the corresponding values after my specific review and approval of those amounts. My signature, allowing payment of the contract increases, as well as acceptance of various fiscal reports which included the annual Income & Expenditure Report and ICPA A-133 Audit are further evidence as to my acknowledgement and approval of the amended contract increases.

[REDACTED]

September 30, 2014  
Date

Attachment #4  
Examples of ODP Provider Audit Reviews, A-133 Audit Checklist

Line #	OMB Cir A-133	
1	REQUIREMENTS	
2	The Audit for the FYE June 30, 2013 was received on January 23,2014	
3	AUDITEE: [REDACTED]	
4	AUDITOR: [REDACTED]	
5	Financial Audit Report:	
6	Opinion on Financial Statements - Independent Auditors report	Pages 1 & 2
7	IN ACCORDANCE WITH	GAGAS page 1
8	Auditor's opinion	Unmodified Page 2
9	Financial statements	Pages 3 thru 5
10	Notes to Financial statements	Pages 6 thru 12
11	Entity Type	Not-for-Profit Page 6 note 1
12	Method of Accounting	GAAP, Accrual PAGE 6 Note 1
13		
14	Related parties	Related Parties are Described Page 11 Note 7
15	Type of service performed (List all services)	None
16	Single Audit Report: pages 22-29	
17	The SEFA was presented on page 27	
18	CFDA# (List all)	page 27 CFDA #'s 93.778 and 93.958
19	Notes to the SEFA	Page 28
20	Contract Name & # (List all, if any)	None
21	Report on internal control - Financial *	No findings as per pages 22 & 23
22	Report on compliance -Financial - laws, reg, contracts *	No findings as per pages 22 & 23
23	Report on internal control - Major program *	No findings as per pages 24 & 25
24	Report on compliance - Major program - laws, reg, contracts *	No findings as per pages 24 & 25
25	Agreed Upon Procedures (If required )	N/A
26	Adjustments (Noted in AUP report) **	N/A
27	Required Schedules (Covered by AUP report)	N/A
28	Low Risk Auditee	Major Program 93.778 MA
29	Schedule of Findings and QC Show CFDA#	None
30	Findings/Significant Deficiency - material weakness ***	None as per page 22
31	Summary of Prior year finding ****	Page 29
32	Corrective Action Plan (If deemed adequate)	NA
33	From the Auditee: Data Collection Form	Provided
34	<a href="http://harvester.census.gov/sac/dissem/entity.html">http://harvester.census.gov/sac/dissem/entity.html</a>	
35	Management Letter *****	None
36	Comments:	

**NOTES FOR COMPLETING CHECKLIST:**

- \* Lines 21-24 - If any significant deficiencies, material weaknesses, or instances of noncompliance, should note the Finding number (e.g. 2009-1 + 2009-2 = Sig. Def.; 2009-3 = Mat. Weak.)
- \*\* N/A (if no AUP); None (if AUP, but no adjustments); Adjustments reflected in schedules; Adjustments not reflected in schedules.
- \*\*\* If any, note page number(s) and Finding number(s) and indicate Sig. Def. or Mat. Weak.
- \*\*\*\* If any, note page number(s) and in comments section list each prior year finding that is repeated in current year and note how many years repeated
- \*\*\*\*\* If a Management Letter was issued, that fact should be disclosed in the Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Line #	OMB Cir A-133	
1	REQUIREMENTS	
2	The audit for the FYE June 30,2013 was received on October 29,2014	
3	Auditee: [REDACTED]	
4	Auditor: [REDACTED]	
5	<b>Financial Audit Report:</b>	
6	Opinion on Financial Statements - Independent Auditors report	Pges 1 & 2
7	In accordance with	GAGAS page 1:
8	Auditor's opinion	Unqualified
9	Financial statements	pages 3 thru 5
10	Notes to Financial statements	pages 6-13
11	Entity Type	Not for profit page 6 Note 1
12	Methods of Accounting: GAAP page 7 - - and Accrual Note at the bottom of page 14 for SEFA	
13		
14	Related parties	None
15	Type of service performed (List all services)	N/A
16	<b>Single Audit Report:</b>	
17	SEFA	Page 14
18	CFDA# (List all)	93.778 & 93.667
19	Notes to the SEFA	One Note at the bottom of page 14
20	Contract Name & # (List all, if any)	None
21	Report on internal control - Financial *	NO FINDINGS AS PER PAGE 15
22	Report on compliance -Financial - laws, reg, contracts *	NO FINDINGS AS PER PAGE 17
23	Report on internal control - Major program *	NO FINDINGS AS PER PAGE 18 & 19
24	Report on compliance - Major program - laws, reg, contracts *	NO FINDINGS AS PER PAGE 18 & 19
25	Agreed Upon Procedures (If required )	N/A
26	Adjustments (Noted in AUP report) **	N/A
27	Required Schedules (Covered by AUP report)	N/A
28	Low Risk	Major Federal programs identified by CFDA # 93.778
29	Schedule of Findings and QC Show CFDA#	NONE
30	Findings/Significant Deficiency - material weakness ***	NONE AS PER PAGE 19
31	Summary of Prior year finding ****	NONE LISTED
32	Corrective Action Plan (If deemed adequate)	N/A
33	From the Auditee: Data Collection Form	PROVIDED
34	<a href="http://harvester.census.gov/sac/dissem/entity.html">http://harvester.census.gov/sac/dissem/entity.html</a>	
35	Management Letter *****	NONE
36	Comments:	

**NOTES FOR COMPLETING CHECKLIST:**

- \* Lines 21-24 - If any significant deficiencies, material weaknesses, or instances of noncompliance, should note the Finding number (e.g. 2009-1 + 2009-2 = Sig. Def.; 2009-3 = Mat. Weak.)
- \*\* N/A (if no AUP); None (if AUP, but no adjustments); Adjustments reflected in schedules; Adjustments not reflected in schedules.
- \*\*\* If any, note page number(s) and Finding number(s) and indicate Sig. Def. or Mat. Weak.
- \*\*\*\* If any, note page number(s) and in comments section list each prior year finding that is repeated in current year and note how many years repeated
- \*\*\*\*\* If a Management Letter was issued, that fact should be disclosed in the Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Line #	OMB Cir A-133	
1	REQUIREMENTS	
2	The Audit for the FYE June 30, 2013 was received on December 13, 2013	
3	Auditee: [REDACTED]	
4	Auditor: [REDACTED]	
5	Financial Audit Report:	
6	Opinion on Financial Statements - ICPA report	Pages 1 & 2
7	In accordance with	GAGAS
8	Auditor's opinion	Unqualified Page 2
9	Financial statements	Pages 3 thru 6
10	Notes to Financial statements	Pages 7 thru 22
11	Entity Type	Not for Profit page 7 item 1
12	Method of Accounting	GAAP Page 10 Note 1
13		
14	Related parties	Page 18 Note 11
15	Type of service performed	ID + EI + Fundraising
16	Single Audit Report:	
17	SEFA	Page 38
18	CFDA #'s 93.778 + 84.181 + 10.555 + 10.553 + 14.235 + 14.231	
19	Notes to the SEFA	Pages 39 + 40
20	Contract Name & # (List all, if any)	With DPW for ICF/MR Page 25
21	Report on internal control - Financial *	No Findings as per pages 41 + 42
22	Report on compliance - Financial - laws, reg, contracts *	No Findings as per pages 41 & 42
23	Report on internal control - Major program *	No Findings as Per pages 43 thru 44
24	Report on compliance - Major program - laws, reg, contracts *	No Findings as Per pages 43 thru 44
25	Agreed Upon Procedures (If required )	page 47
26	Adjustments (Noted in AUP report) **	None
27	Required Schedules (Covered by AUP report)	Pages 47 thru 49
28	On page 45, St Joe's was identified as a LOW RISK AUDITEE . On page 45, <b>93.778</b> was identified as St Joe's the <b>Major Program</b> .	
29	Schedule of Findings and QC Show CFDA#	None as per page 45
30	Findings/Significant Deficiency - material weakness ***	None as per page 45
31	Summary of Prior year finding ****	None as per page 45
32	Corrective Action Plan (If deemed adequate)	N/A
33	From the Auditee: Data Collection Form	Attached
34	<a href="http://harvester.census.gov/sac/dissemin/entity.html">http://harvester.census.gov/sac/dissemin/entity.html</a>	
35	Management Letter *****	None
36	Comments:	

**NOTES FOR COMPLETING CHECKLIST:**

- \* Lines 21-24 - If any significant deficiencies, material weaknesses, or instances of noncompliance, should note the Finding number (e.g. 2009-1 + 2009-2 = Sig. Def.; 2009-3 = Mat. Weak.)
- \*\* N/A (if no AUP); None (if AUP, but no adjustments); Adjustments reflected in schedules; Adjustments not reflected in schedules.
- \*\*\* If any, note page number(s) and Finding number(s) and indicate Sig. Def. or Mat. Weak.
- \*\*\*\* If any, note page number(s) and in comments section list each prior year finding that is repeated in current year and note how many years repeated
- \*\*\*\*\* If a Management Letter was issued, that fact should be disclosed in the Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards