



March 4, 2014

[REDACTED]
Women's Christian Alliance
1722-42 Cecil B. Moore Avenue
Philadelphia, Pennsylvania 19121-3405

Dear [REDACTED]:

I am enclosing for your review the final audit report of Women's Christian Alliance as prepared by the Division of Audit and Review (DAR). The report covers the period from January 1, 2012 to June 30, 2013.

I would like to express my appreciation for all of the courtesy extended to my staff during the course of the fieldwork. I understand that you were especially helpful to Timothy N. Rausch in completing the audit process.

The final report will be forwarded to the Department's Office of Children, Youth & Families (OCYF) to begin the Department's resolution process concerning the report's contents. The staff from OCYF will be in contact with you to follow-up on the actions taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact David Bryan, Audit Resolution Section at 717-783-7217.

Sincerely,

A handwritten signature in black ink that reads "Tina L Long". The signature is written in a cursive, flowing style.

Tina L. Long, CPA
Director

Enclosure

c: Ms. Karen Deklinski
Ms. Raheemah Shamsid-Deen Hampton
Ms. Ann Myers
Mr. Hasmukh Amin

bc: Mr. Alexander Matolyak
Mr. Daniel Higgins
Mr. David Bryan
Mr. Michael A. Sprow
Ms. Shelley Lawrence
SEFO Audit File (S1302)

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 DPW'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 (65 P.S. §§ 67.101 et seq.) The DPW RTKL Office can be contacted by email at: ra-dpwtkl@pa.gov



March 4, 2014

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

Dear Deputy Secretary Harris:

In response to a complaint submitted to the Department of Public Welfare (DPW), the Bureau of Financial Operations (BFO) initiated an audit of Women's Christian Alliance (WCA). The audit was designed to investigate, analyze and make recommendations to the Office of Children, Youth and Families (OCYF) regarding certain allegations that were made and to verify that the Philadelphia Department of Human Services (DHS) has been properly charged for its Foster Care and Kinship Care contracts. Our audit covered the period from July 1, 2011 to June 30, 2013 (Audit Period).

This report is currently in final form. WCA elected not to submit a formal response to the audit report as management stated they were in agreement with the report's findings. An exit conference was held on February 24, 2014.

Women's Christian Alliance's Executive Summary

WCA is a not-for-profit corporation providing services to consumers and their families in Philadelphia, PA. WCA provides day care, foster care and respite services; facilitates adoptions and also offers a number of smaller, community based health and welfare services such as AIDS counseling.

Pursuant to the complaint, the BFO investigated whether collusion had occurred in recent DHS monitoring. After testing a random sample of client files for compliance with Title 55, Chapters 3680 and 3700, the BFO found no evidence that the monitoring agency colluded with WCA to generate a "clean" report with no exceptions. BFO's test results were similar to the OCYF monitoring unit; that is, there were no exceptions noted.

However, certain weaknesses in internal controls were identified and are discussed in this report.

The report finding and recommendations for corrective action are summarized below:

FINDING	SUMMARY
Finding No. 1 – Internal Control and Classification Deficiencies.	Weaknesses in internal controls around maintaining receipts for clothing allowances and the classification of fundraising expenses were identified.

**Women's Christian Alliance
July 1, 2011 Through June 30, 2013**

HIGHLIGHTS OF RECOMMENDATIONS

OCYF should:

- Continue to ensure that WCA complies with programmatic and regulatory guidelines.

WCA should:

- Require and retain adequate documentation for each clothing allowance.
- Not include or allocate any fundraising expenses to the DHS Foster Care contracts.

OBSERVATION	SUMMARY
WCA is Incurring Significant Operational Losses.	In the last three fiscal years, WCA incurred operational losses totaling \$885,581.

See Appendix A for the Background; Objective, Scope, Methodology; and, Conclusion on the Objective

Results of Fieldwork

The DPW Content Webmaster site received a complaint on [REDACTED] alleging that WCA, its management and OCYF's monitoring and quality control personnel have been colluding to generate a paper trail of compliance documents, after the fact, based on a shared knowledge of which children and families' files would be included in the quality review. The complaint alleged that, as a result of the collusion, the monitoring personnel did not find any exceptions despite the assertion that the children and their families were not receiving appropriate care and services.

In addition, it was alleged that WCA was skimming \$100 from the clothing allowance available to children who were newly placed in foster homes by only disbursing \$150 to foster parents instead of the \$250 additional contract payment amount.

In addressing the first allegation, the BFO randomly selected 10 clients files from October, 2011 and 10 client files from September, 2012 to verify compliance with Title 55 Pa. Code Chapter 3680 (Administration and Operation of a Children and Youth Social Service Agency) and 55 Pa. Code Chapter 3700 (Foster Family Care Agency) regulations.

The files selected for testing excluded any files reviewed by OCYF. The BFO found all of the documentation to be in order and found no exceptions in the 20 files it analyzed. In addition, after interviewing WCA's management and staff, it appeared as though the complainant, having knowledge of the inner workings of WCA, overextended her apparent authority by incurring unapproved debts. Once the Board of Directors learned of the overextended credit, the complainant's employment was terminated. The complaint was then filed. In the end, the BFO found no evidence of collusion; our review of similar records during the same time period came to the same conclusion as OCYF's monitoring unit; that is, there were no exceptions noted.

Women's Christian Alliance
July 1, 2011 Through June 30, 2013

Secondly, the BFO traced clothing allowance payments from WCA to selected foster parents and then vouched the cancelled checks to verify that the intended foster parents did in fact endorse and cash the checks. The BFO traced 24 clothing allowance checks to the bank statements to verify that they were cashed. No exceptions were found.

WCA and DHS have entered into a series of annual performance based contracts for Foster Care and Kinship Care. The contracts are based on the expected number of children and families to be served. Supporting services, such as clothing allowances, are an additional reimbursement on an "as needed" basis according to the contract. An initial clothing allowance can be made up to \$250 while an emergency clothing allowance can be up to \$150.

According to DHS, no additional reimbursements for clothing allowances were made to WCA during the Audit Period. WCA had neither a clothing reimbursement revenue account nor a clothing allowance expense account. Rather, WCA paid clothing allowances from its DHS Foster Care Program contract and charged the "Foster Care Parent Payments" account. As such, there was no diversion of funds since WCA paid the clothing allowances but did not bill DHS for additional clothing expenses, although it apparently could have billed DHS as needed.

The BFO concluded that WCA was not skimming the \$100 difference but rather was funding \$150 for each clothing allowance out of its general contract revenues.

In pursuing the audit objectives, the following issues were disclosed:

Finding No. 1 – Internal Control and Classification Deficiencies.

WCA had no receipts, invoices or paid bills to support the clothing allowances disbursed. This is a weakness in internal control because all expenditures should be supported with adequate supporting documentation.

In addition, when compiling its financial statements and supplemental information, WCA charged \$10,736 of fundraising expenses to DHS contracts for the fiscal year ended June 30, 2012. This is a weakness in internal control relating to cost allocation and compliance. Providers of service are not required to use fundraising revenue to supplement program activities. As such, fundraising expenses are unallowable for reimbursement by DPW and its sub-grantees.

Finally, the most recent financial statements for the fiscal year ended June 30, 2013 were not yet available as of the date of this report. However, based on the books and records, and discussions with management, the BFO determined that the net loss from DHS operations was \$35,095 and \$196,847 for the fiscal years ended June 30, 2012 and 2013, respectively. Accordingly, there were sufficient legitimate expenses that were not funded to offset a disallowance for the fundraising expenses.

Recommendations

The BFO recommends that OCYF continue to ensure that WCA complies with programmatic and regulatory guidelines.

**Women's Christian Alliance
July 1, 2011 Through June 30, 2013**

The BFO also recommends that that WCA require foster parents to submit receipts for clothing purchases and those receipts should be retained in the files.

Finally, the BFO recommends that WCA not charge any fundraising expenses to DHS contracts.

Observation – WCA is Incurring Significant Operational Losses.

Without regard to the recovery of a \$250,000 bad debt during the fiscal year ended June 30, 2011, WCA's excess expenses over revenues were:

Fiscal year ended June 30, 2011	\$105,385
Fiscal year ended June 30, 2012	\$430,396
Fiscal year ended June 30, 2013	<u>\$349,800</u>
Total loss	\$885,581

WCA cannot continue to incur operational losses of this extent and remain a going concern. WCA's management and Board of Directors should address its continued viability and take measures to cut costs and/or generate additional revenues.

Exit Conference

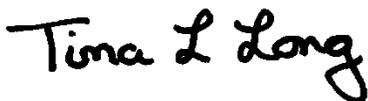
On February 24, 2014, auditors met with WCA's Board of Directors to discuss the report's findings, recommendations and conclusions. WCA management was in agreement with the findings in the draft report so no changes were made to the report.

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

RA-pwauditresolution@pa.gov

The response to each recommendation should indicate OCYF'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,



Tina L. Long, CPA
Director

c: Bishop Mary Floyd Palmer
Ms. Karen Deklinski
Ms. Raheemah Shamsid-Deen Hampton
Ms. Ann Myers
Mr. Hasmukh Amin

bc: Mr. Alexander Matolyak
Mr. Daniel Higgins
Mr. David Bryan
Mr. Michael A. Sprow
Ms. Shelley Lawrence
SEFO Audit File (S1302)

WOMEN'S CHRISTIAN ALLIANCE

APPENDIX A

APPENDIX

Background

WCA is a Pennsylvania not-for-profit corporation formed on December 24, 1964. The organization was originally founded in Philadelphia in 1919. Its offices and facilities are located in North Philadelphia. It provides diverse services to consumers and their families who are enrolled by the OCYF and/or DHS. WCA's family and children services include foster family care and recruitment, family case management and adoption services. WCA's education and community services include youth and community services, the truancy guidance summer school program and the Philadelphia Youth Network which provides a volunteer/employment opportunities center and also offers a number of smaller, community based health and welfare services, such as AIDS counseling.

WCA funds its programs through annual contracts with DHS, public contributions, tuition fees and other contract revenues. OCYF provides funding to DHS who funds some of the above listed services through contracts that may be (or may not be) renewed annually.

Objective/Scope/Methodology

The audit objectives, developed in concurrence with OCYF were:

- To verify that WCA has adequate documentation pursuant to Title 55, Chapters 3650 and 3700 to substantiate its foster care services.
- To consider the risk that recent compliance monitoring by OCYF may have been compromised such that no exceptions were found in the files examined.
- To verify that foster care clothing allowances were properly made, adequately substantiated and correctly funded.

In pursuing these objectives, the BFO interviewed OCYF personnel and WCA's management and staff. We also analyzed consumer files and progress notes, bank statements, credit card statements, bills, invoices and receipts, general ledger entries and supporting documentation, the composition and allocation of general and administrative expenses to the operating programs, and other pertinent data necessary to pursue the audit objectives.

Generally Accepted Government Auditing Standards (GAGAS) 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 the effectiveness of those controls. Based on our understanding, no material weaknesses in internal controls existed during the Audit Period. Areas where BFO noted an opportunity for improvement in management controls are addressed in the findings and recommendations of this report.

We conducted this performance audit in accordance with GAGAS. 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.

The BFO's fieldwork was conducted intermittently from September 9, 2013 to October 30, 2013. This report is available for public inspection.

Conclusion on the Objectives

In conclusion, the BFO's examination of the supporting documentation required by a Foster Family Care Agency did not reveal any exceptions. Further, the BFO found no evidence of any previous collusion between OCYF's monitoring unit and WCA's management or staff. Finally, the BFO concluded that WCA did not divert funding intended for clothing allowances and the clothing allowances were paid in compliance with DHS standards.