



ADMINISTRATIVE BULLETIN

COMMONWEALTH OF PENNSYLVANIA • DEPARTMENT OF PUBLIC WELFARE

ISSUE DATE

June 30, 2011

EFFECTIVE DATE

July 1, 2011

NUMBER

2011-07

SUBJECT

Issuance of the Single Audit Supplement

BY

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Bureau of Administrative Services

SCOPE

County Commissioners
County Controllers
County Children & Youth Agencies
County MH/MR Programs
County Child Welfare Programs
County Child Care Programs

County Human Service Programs
Program Office Deputies
County Domestic Relations Sections
DPW Comptroller's Office
CPA Distribution List
Bureau of Audits

PURPOSE

To release the Single Audit Supplement with updates for the year ended June 30, 2011.

DISCUSSION

The attached publication is a complete and up-to date reissue of the single audit supplement. This is complete reissuance of the previous SAS. Therefore, the independent auditors should review each entire section of the SAS for all applicable changes for the corresponding DPW major programs. Users are to review and implement these procedures upon receipt of this Bulletin. The DPW has added the Single Audit Supplement to the DPW website; the Internet address is:

(URL)

Particular attention should be paid to the Introduction and the Common Requirements Section of the Supplement. These areas contain important guidance/information for all users. In addition, the scope of the single audit should be discussed with the independent audit firm each year, regardless of whether the firm is newly retained or the incumbent.

NOTE: County Officials/Program Directors are responsible for ensuring that all affected personnel are aware of, and have access to, the Single Audit Supplement. The DPW has found that numerous problems exist in the dissemination of these materials to the county level. Experience in various counties underscores the value of naming one staff person to coordinate the audit process and the flow of information. Should a staff member be named as Single Audit Coordinator, please contact Bureau of Financial Operations (BFO), Audit Resolution Unit, at the address listed on page 2;

Questions pertaining to specific compliance requirements or suggested audit tests, as issue/revised herein or existing, should be referred to:

Audit Resolution Unit
Division of Financial Policy and Operations
Bureau of Financial Operations
Department of Public Welfare
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675
E-mail: RA-pwauditresolution@state.pa.us

The BFO offers on-site clarification to questions concerning the Single Audit Supplement. To initiate an on-site visit, please contact the Audit Resolution Section at 717-787-8890. It will be the responsibility of the county/government entity to provide facilities and to see that the appropriate staff is present.

FILING INSTRUCTIONS

The attached Single Audit Supplement is to be used for fiscal years ending on or after June 30, 2011.

SUPERSESION

Administrative Bulletin 2010-25, dated June 30, 2010
Administrative Bulletin 2009-07, dated June 30, 2009



SINGLE AUDIT SUPPLEMENT

JULY 2011

Thomas Corbett
Governor
Commonwealth of Pennsylvania

Gary Alexander
Secretary
Department of Public Welfare

DEPARTMENT OF PUBLIC WELFARE
SINGLE AUDIT SUPPLEMENT

Developed by:

**Bureau of Financial Operations
Audit Resolution Section**

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Program Compliance

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3. Requirement to Publish SSBG Information
4. Retirement Funding
5. Human Resources Development Grant
6. Drug-Free Work Place Act
7. Documentation of Personnel Services
8. Depreciation and Use Allowances

- | | |
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| Section 4 | Medical Assistance Transportation Program |

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COMMON REQUIREMENTS

COMMON REQUIREMENTS

The following compliance requirements apply to **all** programs funded through the Department of Public Welfare (DPW) unless the requirement is identified with a specific Catalog of Federal Domestic Assistance (CFDA) Number. The requirements are to be used in conjunction with the **Special Tests and Provisions** section in **each section** of this Supplement.

1. Compliance Requirement – Determining Major Programs

When determining Major Programs, the DPW follows OMB-Circular A-133 §__.520 Major Program Determination. For all CFDA numbers that fund DPW programs contained within this supplement, the additional testing instructions should be used to completely review internal control and compliance of those federal awards. This Risk Based Approach should be used to determine Type A Major Programs.

Note: The major program threshold has remained the same for Type A programs at \$300,000 or 3% of total federal awards expended for counties expending between \$300,000 and \$100 million in federal awards. (In the case that the county receives more than \$100 million in federal awards, please refer to OMB-Circular A-133 §__.520(b).)

The DPW requires that Low-Risk Type A programs be switched out for High-Risk Type B programs as defined by OMB-Circular A-133§__.520. In the case that testing results in findings, the program should be determined to be high-risk and tested in the subsequent audit year.

ARRA and Major Program Determination

Due to the inherent risk associated with ARRA funds, expenditures of ARRA awards should NOT be considered to be low-risk, unless the auditor is able to clearly document reasons that these expenditures are considered low-risk to the program. For clustered programs expending ARRA awards under an ARRA CFDA number, please consider them to be a new program. This will require the auditors to test it, as the new program (cluster) has not been tested in one of the two most recent audit periods. Please review Section 520 for more detail on determining High risk program with regard to ARRA funding and any noted exceptions to this rule.

Exception - A program having expenditures under ARRA can be determined to be low-risk if all of the following exist:

- in the prior audit period the program/cluster had ARRA expenditures and they were audited as a major program;

- the ARRA expenditures in the current audit period are less than 20 percent of the total program/cluster expenditures; and
- the auditor has followed §____.520(c) and §____.525 of OMB Circular A-133 and determined that the program/cluster is otherwise low-risk.

Note: ARRA does contain new CFDA numbers that are now clustered with other previously unclustered CFDA numbers. According the A-133 2010 Compliance Supplement, these programs MUST be tested as a cluster for compliance purposes.

DPW Major Program Rule

If under the determination above, the federal major program is the main funding for one of DPW's programs contained in this supplement, then you must test that DPW program as a major DPW program.

TABLE I

93.563	Child Support Enforcement	Section 1
93.658	Title IV-E Foster Care	Section 2
93.659	Title IV-E Adoption Assistance	Section 2
93.575/93.596	Child Care Development Block Grants	Section 7
93.667	Social Services Block Grant	All Applicable Sections
93.778	Medical Assistance	All Applicable Sections

Note - Both 93.667 and 93.778 may fund many programs within this supplement. The auditor should do the best to determine which programs receive this as their primary funding. If this cannot be determined, then all programs receiving funding should be tested.

2. **Compliance Requirement - Subrecipient Monitoring**

The auditee is responsible for ensuring that its subrecipients/subcontractors are appropriately audited in accordance with *Government Auditing Standards* (the Yellow Book), applicable program requirements/contract provisions, and when appropriate, the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and Single Audit Bulletin.

Suggested Audit Procedures

Ensure that:

1. all subrecipients receiving federal and/or state funding are identified;
2. a determination is made as to whether or not such subrecipients are subject to audit under the criteria referenced above;

3. adequate reference to the audit requirements, as well as to the applicable portions of this Supplement, is provided to the subrecipients via contract, grant agreement, etc.;
4. information identifying the amount(s) and source(s) of funds granted/subcontracted to a subrecipient is made available to the subrecipient (i.e. federal agency, state agency, CFDA number, etc.), state contract/grant number in a timely manner; and
5. the required audits are received in a timely manner, issues are adequately resolved, and appropriate action is taken with regard to the entity's own financial reports to the Commonwealth;

Evaluate the auditee's system for identifying and tracking subrecipients that are subject to audit.

Ascertain whether audit requirement language used in contracts and/or grant agreements is adequate.

Select a sample of audits which should have been received during the audit period and determine whether those audits:

- meet the applicable criteria;
- were received on a timely basis or that appropriate action was taken to ensure such receipt;
- issues identified were adequately resolved or plans are in place to resolve the issues at a future date; and,
- appropriate action was taken with regard to the auditee's own financial reports to the Commonwealth.

Ensure that ARRA funds are identified separately on the Schedule of Expenditures of Federal Awards of the subrecipient(if applicable).

NOTE: Counties must manage subrecipient audits by contract. A Single Audit or program specific audit in accordance with OMB Circular A-133 must be accepted from any entity required to have one. However, in accordance with the Single Audit Bulletin, a county may pursue an audit in accordance with generally accepted *Government Auditing Standards*, when available, county or program records, and/or past history do not indicate expenditures exceeding the Single Audit threshold.

3. **Compliance Requirement - Debarred/Suspended**

A person/entity that is debarred or suspended shall be excluded from federal financial and non-financial assistance and benefits under federal programs and activities. **Debarment or suspension of a participant in a program by one agency shall have government-wide effect.** Debarred/suspended provisions apply to all contractors/grantees, whether government or private agency. In awarding subgrants and contracts, the grantor (government or private agency) must obtain a certification that potential subrecipients are not debarred or suspended. (45 CFR, Part 76, Governmentwide Debarment and Suspension Non-procurement and Governmentwide Requirements for Drug-Free Workplace Grants)

NOTE: Information on entities debarred/suspended from federal programs is now available on-line at <http://www.epls.gov/> and through the Government Printing Office, Superintendent of Documents, P.O. Box 3717954, Pittsburgh, PA 15250-7954.

NOTE: Information on entities debarred/suspended from Commonwealth programs is now available online at:

http://www.portal.state.pa.us/portal/server.pt?open=512&objID=1271&&PageID=244340&level=3&css=L3&mode=2&in_hi_userid=160867&cached=true

Suggested Audit Procedures

Determine whether the auditee has a process in place to ensure that entities that are debarred or suspended do not receive federal financial or non-financial assistance or benefits under federal programs and activities.

If the auditee is acting only in an administrative capacity, ascertain whether procedures are in place to ensure that providers of service have complied with this requirement.

4. **Drug-Free Work Place Act**

In accordance with the Drug-Free Work Place Act, the Commonwealth of Pennsylvania is prohibited from entering into a contract involving an expenditure of \$25,000 or more of federal funding with a contractor or an individual who does not certify a drug-free workplace, and who does not establish several conditions and requirements that have to be met in order to certify a drug-free workplace.

Suggested Audit Procedure

Verify that this requirement is met.

5. **Compliance Requirement - Retirement Funding**

When county pension fund investments earn a rate of return in excess of that required by the actuary to fund the program, these excess earnings are often used to offset a county's/program's share of retirement expense. It is the position of the DPW that such contributions should be used to offset allowable retirement expenditures for the DPW's programs and that a corresponding reduction to expenses charged to DPW should be made.

Suggested Audit Procedure

Ascertain whether any excess earnings have been used to offset all or a portion of the county's required pension contributions.

Report any identified instances where the county sought reimbursement from the DPW for pension expenses which were funded through the county retirement fund's excess interest account.

6. **Compliance Requirement - Documentation of Personnel Services**

OMB Circular A-87, Attachment A, sections E (Direct Costs), and F (Indirect Costs) states that charges to Federal funding streams whether treated as direct or indirect costs should be based on payrolls documented in accordance with the generally accepted practice of the governmental unit as approved by responsible official(s) of the governmental unit.

The following requirements apply to salary and wage costs for those auditees required to comply with OMB Circular A-87:

A. Employees Working in a Single Indirect Cost Activity

No further documentation is required.

B. Employees Expected to Work Solely in a Single Federal Award/Funding Stream or Cost Objective

Documentation will consist of periodic certifications to that effect and will be prepared at least semi-annually and signed by the employee or a supervisory official having first hand knowledge of the work performed by the employee.

C. Employees Working on Multiple Activities or Cost Objectives

Supporting documentation is required where employees work on:

- more than one Federal award

- a Federal award and a non-Federal award
- an indirect cost activity and a direct cost activity
- two or more indirect activities which are allocated using different allocation bases; or
- an unallowable activity and a direct or indirect cost activity

Support for the distribution of salaries or wages must:

- reflect an after-the-fact distribution of actual activity for each employee;
- account for the total activity for which each employee is compensated;
- be prepared at least monthly and must coincide with one or more pay periods; and
- be signed by the employee.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support but may be used for interim accounting purposes, provided that:

- The system for determining estimates produces reasonable approximations of the activity actually performed;
- Comparisons of actual cost to budgeted distributions based on monthly activity reports are made at least quarterly. Resulting adjustments may be made annually if quarterly comparisons show differences of less than ten percent;
- Estimates are revised at least quarterly, if necessary, to reflect changed circumstances.

Substitute systems for allocating salaries and wages must be in accordance with the OMB A-87, Attachment B, Section 11,h,(6).

Suggested Audit Procedures

NOTE: **These procedures apply unless this area has already been thoroughly tested on an entity-wide basis.**

Review the auditee's process regarding payroll documentation and ascertain whether employees are properly categorized as detailed above.

Test personnel activity reports or equivalent documentation to determine that expenditures are properly documented and charged.

7. Compliance Requirement - Depreciation and Use Allowances

These requirements apply to those auditees required to comply with OMB Circular A-87. The auditee must manage its assets in accordance with Federal and State laws and regulations. OMB Circular A-87, Attachment B states that

charges for use allowances or depreciation must be supported by adequate property records. Physical inventories must be taken at least once every two years to ensure that assets exist and are in use. When the depreciation method is followed, depreciation records indicating the amount of depreciation taken each period must also be maintained.

NOTE: Some DPW programs do not allow depreciation or use allowance expense under any circumstances.

Suggested Audit Procedures (County or Governmental Providers of Service)

NOTE: These procedures apply unless this area has already been thoroughly tested on an entity-wide basis.

Review the most recent physical property inventory (ies).

Sample selected assets to ensure that fixed assets exist and are in use.

Review depreciation records to verify timely and accurate reporting of asset depreciation expense.

DEPARTMENT OF PUBLIC WELFARE
SINGLE AUDIT SUPPLEMENT
INTRODUCTION

INTRODUCTION

Background

Passage of the Single Audit Act of 1984 shifted the focus for auditing federal financial assistance programs to one, single, coordinated audit encompassing the entire financial operation of the auditee. The emphasis became the definition of major programs, the study and evaluation of related accounting and administrative controls, and the testing of compliance with applicable laws and regulations.

On July 5, 1996, the President signed the Single Audit Act Amendments of 1996 (31 USC, Chapter 75). The Single Audit Act Amendments of 1996 extended the statutory audit requirement to nonprofit organizations and substantially revised various provisions of the 1984 Act. On July 30, 1997, the OMB issued final revisions to Circular A-133 (62 FR 35278). The final revisions implemented the Single Audit Act Amendments of 1996; extended Circular A-133's coverage to states, local governments, and Indian tribal governments; and rescinded Circular A-128.

The Single Audit Act Amendments of 1996 and the revised Office of Management and Budget (OMB) Circular A-133 (June 1997) refined the single audit concept. Among the many changes made by the OMB is a risk-based approach to major program definition and limitations on the type of subrecipient monitoring in which the federal government will participate.

The OMB Circular A-133 was revised on June 27, 2003, and is effective for the fiscal years ending after December 31, 2003. The purpose of the revision is (1) increase the threshold for audit from \$300,000 to \$500,000, (2) increase the threshold for cognizant agency from \$25 million to \$50 million, and (3) make related technical changes to facilitate the determination of cognizant agency for audit and provide for Federal agency reassignment of oversight agency for audit.

Note: The major program threshold still remains at \$300,000.

It was revised again on June 26, 2007, which revised the term "reportable condition" to "significant deficiency" to conform with the changes made to Generally Accepted Government Auditing Standards. Also, reporting submission requirements were updated in this reissue.

The DPW Single Audit Supplement, though originally designed for audits of county-based programs, is also useful for audits of nonprofit organizations and for-profit entities. This Introduction addresses the DPW's approach to the auditing of its programs at the county level. The guidance on joinder operations is not useful below the county level. However, other concepts, such as the management of subrecipient audits, requests for confirmation, and the content of supplemental financial schedules, are readily transferable to a lower tier. Appendix 2 addresses the use of this Supplement below the county level.

Purpose

This Single Audit Supplement is designed to fill four basic needs:

1) a reference manual detailing additional financial and compliance requirements pertaining to specific Department of Public Welfare programs operated by local governments and/or private agencies; **2)** an audit requirement to be referenced when contracting for single audit services, providing the auditing entity with the assurance that the final report package will be acceptable to the Department of Public Welfare; **3)** a vehicle for passing compliance requirements to a lower tier agency; **4)** additional guidance to be used in conjunction with Single Audit Act Amendments of 1996, OMB Circular A-133 (Revised June 26, 2007), *Government Auditing Standards* (commonly known as, The Yellow Book) issued by the Comptroller General of the United States, OMB's Federal Compliance Supplement, and audit and accounting guidance issued by the AICPA.

Note: This material is not intended to supersede existing federal or Commonwealth policy, nor is it intended to be an all-inclusive manual or to supplant the auditor's judgment of the audit work required. It should be used as a supplement by the auditor in the performance of the audit.

The Supplement provides compliance requirements specific to DPW programs administered at the local government level. In addition, certain suggested audit procedures are applicable to the provider of service regardless of whether the provider is the county or a private organization. In general, noncompliance with these specific requirements could materially affect the program in question. Each section/program includes: Program Objectives; Program Procedures; Compliance Requirements and Suggested Audit Procedures; Applicable Regulations/Procedures and References; and Supplemental Financial Information. Compliance requirements pertain to: Types of Services Allowed or Unallowed; Eligibility; Matching, Level of Effort, and/or Earmarking Requirements; Reporting Requirements; and Special Tests and Provisions, which includes the Common Requirements Section.

Note: The DPW reserves the right to request the Human Services Development Fund Program be tested within the Single Audit Report. The county is only required to test the HSDF program when requested. The HSDF audit guide should be used to test this program when requested. This guide can be found on the DPW's website under Reports, Policy and Planning.

Appendix 1 provides formats for supplemental financial schedules to be included in the county/joiner single audit report. Auditors should provide this information for each program in which the auditee participated regardless of the level of funding or whether the program is major or non-major. In addition, Appendix I also provides the format for the

Independent Accountant's Report on Applying Agreed-Upon Procedures which must accompany the schedules. All supplemental schedules applicable to the auditee as well as the Auditor's Report on Agreed-Upon Procedures are considered an integral part of the Single Audit package and, as such, should be submitted with that package in accordance with the laws and regulations governing submission of the single audit.

Note: The county is responsible to submit all schedules for which the county is the subrecipient of federal funds passed-through directly from the Commonwealth. This specifically includes all federal and state funding that is passed-through the county to one specific provider of a DPW program. Only providers that have direct contracts with the DPW are required to submit this information in place of the county. This would exclude established jointers that report separately from the county.

In the case that the independent auditors for the county do not wish to make a statement on these schedules provided by the subrecipient (addressed in the preceding paragraph), the county may submit the audit report with the DPW approved schedules for the provider as supplemental to the county's single audit report. This audit report must be included as part of the single audit package submitted to the Bureau of Audits for review.

The formats provided in Appendix 1 are for county-based programs only. The county may choose to pass-through the formats shown in Appendix 1; however, the county is responsible for providing its subrecipients/contractors with the applicable report formats and compliance requirements. Appendix 2 provides guidance on the use of this Supplement below the county level.

Auditor's Reports

The auditor's reports must be amended to reflect the provisions of this Supplement. In addition, an Auditor's Report on Applying Agreed-Upon Procedures is required to accompany the supplemental financial schedules. Additional information for this report is presented in Appendix 1 of this Supplement. Appendix 3 provides guidance for amending auditor's reports.

Schedule of Expenditures of Federal Awards (SEFA)

OMB Circular A-133 requires the DPW as a pass-through agency to reconcile the SEFA to agency books and records. In order to do this, the DPW is requiring that a Payments Received column be added to the requirements of OMB Circular A-133 §__.310(b). This column must reflex the federal funding paid to the county by the DPW, and can be determined by review the remittance advice for each payment received. Please refer to Appendix 3, when preparing the SEFA for all DPW programs receiving federal funding.

Note: The SEFA must identify American Recovery and Reinvestment Act (ARRA) funds separately. Please review Appendix 3 reporting requirements for an example SEFA.

Joinder Operations

For DPW purposes a joinder is defined as two or more counties that pool their resources for the administration of a specific program. **Whether or not a joinder should be included in the financial statements or one of the member counties is a matter of professional judgment.** The determination should be made in accordance with Government Accounting Standards Board (**GASB**) **Statement 39, "Determining Whether Certain Organizations are Component Units"** and amends **GASB Statement 14, "The Financial Reporting Entity."** Where there is disagreement on this issue, the auditors in question should meet to resolve the situation.

When a joinder is audited and reported upon as a separate entity (formal joinders) and not included as a part of any member county's financial statements, the joinder itself is responsible for submission of all supplemental reporting schedules related to that joinder and for resolution of any audit findings.

When joinders are informally arranged (i.e. where each member county receives its own payments and reports its own expenditures independent of the other counties involved) each member county is responsible for submission of its own portion of all supplemental financial schedules related to that joinder and for its own resolution activity relative to program-related findings. In the event that the informal joinder is included in the reporting entity of one specific county, the governing county is responsible for submission of all supplemental reporting schedules related to that joinder and for all resolution activity regardless of the member county to which the finding is directed.

A county's participation in joinder(s) should be clearly disclosed in the audit report in accordance with GASB Statement 39. Such disclosures should identify the extent to which joinder operations are included in the county single audit. If all joinder operations have been audited separately, the disclosure should so state.

The auditing of any joinder must be consistent from year to year. If the circumstances governing the audit of a particular joinder change, written notification of the change must be submitted as follows:

(original notice)
Department of Public Welfare
BFO Audit Resolution Section
Box 2675
Harrisburg, Pennsylvania 17105

(carbon copy)
Office of the Budget/Bureau of Audits
Forum Place
555 Walnut Street--8th Floor
Harrisburg, Pennsylvania 17101

County Contracts/Grants

NOTE: Although the following discussion refers to county governments, this guidance applies to any subrecipient situation.

When contractors/subgrantees are used to administer all or a portion of program services, auditors should evaluate and test procedures for monitoring subrecipients in accordance with **Common Requirement 2**.

When the responsibility for an entire program, including administrative functions, is passed down to a contractor/subgrantee, the county remains responsible for ensuring that the requirements of this Supplement have been met.

It is the county's responsibility to prepare and submit the supplemental financial schedules and amended/additional reports as an integral part of the county single audit report package. In addition, it is essential that auditors understand their auditing/reporting responsibilities when including information on programs that are 100 percent contracted/subgranted.

All applicable sections of this Supplement, including the Common Requirements, should be passed down through provider contracts/agreements. Please refer to Appendix 2, How to Use the DPW Single Audit Supplement, for a more detailed discussion.

Medical Assistance (MA)

The applicability of audit requirements to MA funding can be quite involved at both the county and the subrecipient levels. Appendix 4, Supplemental Section for Medical Assistance Funding, includes a discussion on the MA initiative programs, the federal MA percentages, and other pertinent information.

HealthChoices

HealthChoices Behavioral Health funding is not considered FFA below the state level. However, the auditors' testing the HealthChoices program should continue to utilize the HealthChoices Audit Guide as published by the Office of the Budget, Bureau of Audits.

Audit Costs

The Federal and state regulations require that a single audit be accepted in lieu of other more program-specific audits. In addition, the DPW has issued Audit Policies for Subrecipient/Vendor grant agreements or contracts (<http://www.dpw.state.pa.us/PubsFormsReports/ReportsPoliciesPlans/003677217.htm>), that defines instances through which certain additional audit work may be performed and charged to nonfederal funding streams. The costs associated with the performance of these allowable audits should be allocated in accordance with existing DPW guidelines. **Where a county or other entity chooses to conduct audits in excess of the guidance referenced above, the cost of such audits is not allowable and must be financed using county/local funding only.**

Audit Adjustments/Findings

Many county audits are conducted on a calendar year, while the required supplemental information must be presented on a state fiscal/program year. Because this involves two fiscal periods, **all** adjustments must be properly disclosed in the Report on Applying Agreed-Upon Procedures **and footnoted on the supplemental schedules**. If corresponding adjustments to the schedules have been made, the footnote should so state. In addition, audit findings must be specific as to the **state** fiscal period affected, especially where questioned costs are involved.

Content of the Schedules

The information contained in these schedules should be the result of the auditor's inquiries and the audit work performed and are **not to be routinely submitted as previously reported by the auditee**. However, in cases where there are no adjustments, a provider-prepared schedule **amended with a specific cross-reference** to the corresponding Report on Agreed-Upon Procedures is acceptable.

Note – All necessary adjustments should be made to the submitted schedules, as the numbers are used when completing program settlement. This includes the adjustments noted by the DPW related to the Roster of Personnel.

Roster of Personnel Adjustments

Each county is required to submit a Roster of Personnel to the DPW for review. Upon acceptance and review the DPW sends a letter to the county addressing any personnel expense that requires a program adjustment be made. Any adjustments noted within this letter **must** be shown on the audited supplementary schedules.

Note – In the case that the county has eligible expenses in excess of their approved allocation, the personnel adjustment may be swapped for these allowable expenses. This should be noted in the Independent Auditor's Report on Applying Agreed-Upon Procedures.

Record Retention

The DPW follows OMB Circular A-133, which requires records be maintained for at least 3 years following the submission of the audit report. However, 45 CFR 76.53 requires records to be retained longer in the case of litigation, claims, and/or audit findings. For these reasons records should be retained until litigation, claims, and/or audit findings are resolved/settled and final action has been taken.

Identification of DPW State and Federal Funding

Although specific information regarding the DPW state and federal funding supplied to the auditee should be readily available, it is useful to be able to interpret certain aspects of the Commonwealth coding system in so far as it indicates a DPW funding source.

The DPW implemented the Commonwealth's Enterprise Resource Planning (ERP) known as, Imagine PA, in January 2003; becoming the first state in the USA to implement ERP. The new system brings changes to the coding.

When Appropriations were converted to SAP Funds they were all renumbered and became part of a larger ten-digit number. Organization and Cost Function numbers were kept as similar as possible when joined together to convert to SAP Cost Centers.

Example:

Appropriation 112 was replaced with 10233**000

- 1st two digits represent the ledger
- The next three digits are the new number for the old ICS appropriation
- ** represents that state fiscal year (i. e. 03 for SFY03)
- The last three digits are always 000 unless a lower level fund exists

Organization 1100, Cost Function 00755 was replaced with 2110101755

- 1st two digits represent the department (for DPW this will always be 21)
- 3rd digit represents the deputate, a number has been designated for each
- Next four digits represent the Office/Bureau/Division (old ICS org.)
- Last three digits represent the old cost function

Audit Report Submission

Audit Reports are required by OMB Circular A-133 to be submitted within nine months following the end of the audited period/fiscal year. For entities with the following year ends the submission dates are as follows (example):

<u>Audit Period Ended</u>	<u>Report Submission Due Date</u>
June 30, 2011	March 31, 2012
December 31, 2011	September 30, 2012

Request for Extension

If an extension is required with regard to the report submission date, a formal request letter must be sent to the following for approval prior to the report submission due date:

Commonwealth of Pennsylvania
Office of the Budget
Bureau of Audits
555 Walnut Street--8th Floor
Forum Place
Harrisburg, PA 17101

Please provide the DPW, Audit Resolution Section with a PDF version of this letter. Please refer to the email address under Points of Contact.

Digital Report Submission

The county/joinder single audit must be **digitally submitted** to the Office of the Budget, Bureau of Audits for fiscal years ended after June 30, 2008. While the Single Audit Act Amendments of 1996 and the Revised OMB Circular A-133 allow submission of only the audit certification and data collection forms, the DPW uses the entire report; therefore, **a complete copy of the county/joinder audit report is acceptable.**

The audit package should include:

- The financial audit report
- The single audit report
- Component Unit audit reports
- Provider audit reports (In the case that the independent auditors will not comment on schedules prepared and audited by the provider's auditors.)
- Any applicable Corrective Actions Plan (when findings have been issued.)
- The DPW required supplemental schedules and corresponding Agreed-Upon Procedures Report (Appendix 1) and/or any contract required schedules
- Data Collection Sheet
- Management Letter

Please refer to the Office of the Budget, Bureau of Audits instructions for digital report submission at:

http://www.budget.state.pa.us/portal/server.pt/community/single_audit_submissions/10670

Requests for Confirmation

The Office of the Budget, Comptroller Operations processes a wide variety of requests for confirmation and has a special unit for this purpose. Such requests should always include the number of the contract/grant in question as well as the name of the program as it is used at the state level. Cut-off methodology and dates also vary; therefore, requests should include a list of the amounts to be confirmed along with the total of the payments in question (see example below). **Blanket requests for confirmation that do not contain the elements referenced above are discouraged.**

Note: When requesting confirmation for PROMISE payments, please include the following information on the request: Provider Number, Location Number, and requested time period, as well as, a valid email address where the confirmation can be sent. Please be advised that these confirmations will be coming in digital format only.

The form on the following page should be used to request all payment confirmations.

Points of Contact

Questions regarding this Supplement, DPW audit policy, and specific programs funded either directly or indirectly through DPW should be directed to:

Commonwealth of Pennsylvania
Department of Public Welfare
Bureau of Financial Operations
Audit Resolution Section
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675
(717) 787-8890
Email: RA-pwauditresolution@state.pa.us

Questions regarding Commonwealth policy in the implementation of the Single Audit Act should be directed to:

Commonwealth of Pennsylvania
Office of the Budget
Bureau of Audits
555 Walnut Street--8th Floor
Forum Place
Harrisburg, PA 17101
(717) 783-9120
Email: RA-BOAsingleaudit@state.pa.us

SECTION 1

CHILD SUPPORT ENFORCEMENT

ATTENTION: Use in conjunction with the Introduction, Common Requirements, and the Appendix sections of this Single Audit Supplement.

SECTION 1 – CHILD SUPPORT ENFORCEMENT

INTRODUCTION: Data Reliability – All counties have the Pennsylvania’s Child Support Enforcement System (PACSES). The PACSES automated a number of functions eliminating the county’s direct responsibility for some activities.

The County Domestic Relations Section (DRS) of the Courts of Common Pleas located in each of the 67 counties in Pennsylvania are responsible for the establishment and enforcement of court-ordered child support obligations. The DRS remains responsible for the case data entry necessary to initiate systems processes and for responding to systems alerts.

I. Program Objectives

The objectives of the Child Support Enforcement (CSE) Program are to establish and enforce the support obligation of noncustodial parents to their children; locate absent parents; establish paternity; and assure optimum results in securing financial and medical support for minor children and as appropriate, for custodial parents of minor children.

II. Program Procedures

Counties are reimbursed upon submission of monthly invoices based on actual cash expenditures or allocated costs incurred for the CSE services provided directly by the county DRS of the Court of Common Pleas. Each county is party to a cooperative agreement with the Department of Public Welfare (DPW). Guidance pertaining to this program can be found in the Child Support Program Manual (CSPM), as amended, and DRS memoranda.

III. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed or Unallowed

Compliance Requirement

Federal funds can be expended only according to applicable federal regulations (45 CFR), Office of Management and Budget (OMB) Circular A-87(2 CFR Part 225), an approved Cooperative Agreement under the CSE Program, and applicable DRS memoranda issued by the DPW.

Suggested Audit Procedures

Review the approved Cooperative Agreement, OMB Circular A-87, 45 CFR Part 92, 302-304, and applicable DRS memoranda.

Test expenditure records and supporting documentation to determine that funds have been expended in accordance with applicable federal regulations, an approved Cooperative Agreement, and applicable DRS memoranda.

Compliance Requirement

In addition to child support activities, the DRS is charged with duties and responsibilities of non-child support activities that are not eligible for reimbursement. Non-child support activities include custody and visitation cases, as well as alimony and spousal support cases in which children were not involved. The DRS must document the percentage (carried to two decimal places, i.e., 2.55%) of costs spent on non-child support cases and activities. The documentation must be in the form of established case counts, unless the DRS received written approval to use another methodology from the Bureau of Child Support Enforcement (BCSE). The non-child support costs are non-reimbursable and must be reported on the Monthly Statement of Expenditures as unallowable costs. (45 CFR, 304.21(c); Title IV-D Cooperative Agreement, Paragraphs 2.4 and 5.6, between county and the DPW; DRS Memorandums 2000-38, 2001-27, and 2002-38)

Suggested Audit Procedures

Verify that the non-child support percentage is based on the current PACSES Monthly Caseload Report (R622) case data, and that the unallowable allocation is inclusive of all non-child support activities.

Verify that the non-child support percentage used to report unallowable costs is carried to two decimal places (i.e., 2.55%).

Verify the DRS received written approval annually from the BCSE to use methodology other than established case counts. (DRS memo)

B. Eligibility

Compliance Requirement

The custodial parent, guardian, or caretaker of a minor child(ren) is eligible to apply for Title IV-D CSE services on behalf of a minor child(ren) necessary to establish paternity and obtain financial and medical support from the noncustodial parent.

The custodial parent living with the minor child(ren) is eligible for Title IV-D spousal support services on their own behalf, if the custodial parent is/was married to the noncustodial parent of the minor child(ren) and an order for support of the spouse was previously established. (45 CFR, 303.2)

Suggested Audit Procedures

Ascertain that the DRS provides CSE services to any individual who files an application or petition for child/spousal support with the DRS, and/or has been referred to the DRS by the DPW under mandatory assignment of support provisions via the Client Information System (CIS)/PACSES interface.

Verify that applications/petitions are established as a case file (for processing purposes) within 20 days of receipt by the DRS, and ensure mandated child support enforcement services are provided timely.

C. Matching, Level of Effort, and/or Earmarking Requirements

Compliance Requirements – Incentive Payments and Maintenance of Effort (MOE)

Incentive payments made to the DRS are restricted to maintaining or strengthening the CSE functions in the county and are not to be used for other purposes within the county. (Title IV-D Cooperative Agreement, Paragraph 6.3)

The county is responsible for providing the nonfederal share of the cost of DRS operations. The county shall maintain and provide, at a minimum, the average of federal fiscal years 1996, 1997, and 1998 county contributions to the DRS (referred to as the county MOE contribution). Incentive payments to the county/court - DRS shall be used solely to advance the effectiveness of the DRS, and may not be used to supplant the county contribution. (45 CFR, 305.35; Title IV-D Cooperative Agreement, Paragraph 5.10; DRS Memorandum 2001-38)

Suggested Audit Procedures

Trace incentive payments remitted to the county from DPW to county receipt records.

Test to ensure that incentive monies are deposited to the Title IV-D Fund and are earmarked solely for the purpose of maintaining or strengthening the CSE function in the county.

Test to ensure that the county made the required MOE contribution.

Verify the non-Title IV-D expenditures (unallowable) to the Title IV-D Fund.

Verify that the non-Title IV-D expenditures are reimbursed by the county to the Title IV-D Fund in the instances where Title IV-D Fund is responsible for all expenditure disbursement.

D. Reporting Requirement

Compliance Requirement

The county must submit the Monthly Statement of Expenditures (PW 1439.1). (Title IV-D Cooperative Agreement, Paragraphs 3.10 and 5.4, signed by the county and the DPW, 45 CFR §§304.20 and 304.25 and OMB Circular A-87(revised 5/10/2004), Appendix A, Section C(1)(a), the DRS may report only cash expenditures that are necessary and reasonable for the proper and efficient administration of the DRS, and CSPM, Chapter 11.)

Suggested Audit Procedures

Review the procedures for preparing the report and evaluate for conformity with applicable requirements (i.e. accruals not included at year end).

Sample the reports and review for completeness.

Trace selected data from the reports to the supporting documentation.

Review the reports submitted to the DPW for the appropriate fiscal period to determine their accuracy.

Inquire of management regarding any adjustments to the reported revenues and/or expenditures that were not reflected on reports submitted to the DPW.

E. Special Tests and Provisions

NOTE: The Common Requirements Section of this Audit Supplement is considered an integral part of the testing for this program.

Compliance Requirement – Legal Services

The Title IV-D Cooperative Agreement, Sections 2.2(k) and 3.13 as well as Attachment B, provide guidelines for the provision of legal services through staff attorney(s) or contracted attorney(s) as well as contract requirements including DPW approval of contracts. Title IV-D regulations specify that legal service expenditures related to the contract must be reasonable and necessary, and supported by adequate documentation in accordance with 45 CFR §340.20(f).

Suggested Audit Procedures

Verify the DRS Title IV-D legal service contracted attorney(s) have current signed legal services contracts and DPW approval.

Verify all legal service providers maintain ongoing, auditable time records.

Compliance Requirement – Indirect Services

The DRS may claim Title IV-D federal reimbursement for services performed by other county agencies attributable to the Title IV-D Program. The amount claimed must be based on a cost allocation plan developed in accordance with applicable federal and state laws and regulations. The DRS shall reimburse the county for the CSE Program portion (less non-child support activity costs) of the indirect services at the applicable Federal Financial Participation (FFP) rate. Reimbursement of legal costs for district attorneys is also subject to the indirect services reimbursement limitations. (Title IV-D Cooperative Agreement, Section 5.2)

Suggested Audit Procedures

Ascertain if the county incurred indirect costs attributable to the DRS.

If the county has incurred such costs and is requiring the DRS to reimburse the county general fund for these costs, verify that the DRS only reimbursed the county for the indirect costs at the applicable FFP rate.

The IV-D Fund should be reimbursing the General Fund as follows:

Steps To Determine Indirect Cost Reimbursement to the County:

1. Total Indirect Costs – Unallowable (non-Title IV-D Activity)
= Net Indirect Costs eligible for FFP.
2. Net Indirect Costs X 66 Percent = Amount Paid to DRS
3. Amount Paid to DRS = Amount Paid to County

Example: For December total indirect costs of \$5,761 are invoiced of which \$72 (1.25 percent) represented non-Title IV-D activity.

Step 1: Total Indirect Costs	\$5,761
Less: Unallowable	(72)
Net Indirect Costs	\$5,689
Step 2: Net Indirect Costs	\$5,689
Times FFP Rate	66%
Amount Paid to DRS	\$3,755
Step 3: Amount due to the County for the month of December	\$3,755

Compliance Requirement – Attachment of Income

All child support orders must contain an immediate order for the attachment of income, unless:

1. The obligor is not in arrears in payment in an amount equal to or greater than one month's support obligation; and
- 2(i). the court finds that there is good cause not to require immediate income withholding; or
- 2(ii). a written agreement is reached between the parties, which provides for an alternative arrangement. The agreement must be substantially in the form set forth in Rule 1910.29(a). (Pennsylvania Rules of Civil Procedure, Rules 1910.22 and 1910.29)

Suggested Audit Procedure

Determine whether the DRS has procedures for the immediate mandatory attachment of income on all child support orders, and evaluate for conformity with applicable requirements.

Compliance Requirement – Cost Allocation Plan

The DRSs are required to have a cost allocation plan to support the distribution of any joint/indirect costs related and charged to the grant program. Formal accounting records that will substantiate the propriety of eventual charges will support all costs included in the plan. The DRSs are also required to have the cost allocation plan on file with the BCSE. (OMB Circular A-87, Appendixes C and E; and Title IV-D Cooperative Agreement, Paragraph 5.2, between the county and the DPW)

Suggested Audit Procedures

Review the DRS cost allocation plan and accounting records, and ensure that the allocation methodology resulted in an equitable and consistent distribution of costs.

Evaluate the indirect costs to determine that the costs are eligible and are not duplicated as direct costs.

Review the indirect cost roll-forward adjustment (needed to adjust prior-year estimated cost allocation plan costs to actual), if used, to ensure that the adjustment was properly computed and that the methodology of reporting the roll-forward is consistent with prior years.

Verify that the indirect costs were accurately reported on the monthly statement of expenditures.

Compliance Requirement – Program Credits/Fees

Allowable program costs, per federal and state regulations, must be net of all applicable fees and credits. Program fees/credits include, but are not limited to: interest earned on support collections; docketing fees and court costs associated with processing/adjudicating IV-D cases (regardless of the office that collects or retains the fees); blood testing fees collected; divorce fees; Judicial Computer Project (JCP) fees; check processing fees; and escheated support funds. (45 CFR §304.50; DRS Memorandum 1999-4, CSPM, Chapter 11)

Suggested Audit Procedures

Ascertain that the DRS has procedures to properly account and report all applicable fees/credits.

Verify that all fees/credits that resulted from DRS services were accurately reported on the Monthly Statement of Expenditures.

Compliance Requirement – Enforcement of Support Obligations

For all cases referred to the DRS, or in applying for services in which the obligation to support and the amount of obligation have been established, the DRS must maintain and use the PACSES for monitoring compliance with the support obligation, identifying the date on which the parent fails to make payments in an amount equal to the support payable for one month, and enforcing the obligation. (CSPM, Chapter 7; and 45 CFR, 303.6)

Suggested Audit Procedure

Review and evaluate local procedures for identifying and contacting delinquent obligors and enforcing the child support obligations, using criteria such as adequacy of records, actions to be taken, and conformity with applicable requirements and standards.

Review selected case files, and determine whether there is adherence to prescribed procedures and requirements.

Compliance Requirement – Location of Absent Parents

For all cases referred to the IV-D agency (DRS), or in applying for services, the DRS must attempt to locate all absent parents, sources of income, and/or assets when their location is unknown. The DRS is expected to maintain a working relationship with locate resources to ensure optimum and efficient use. All appropriate locate resources must be used within 75 calendar days of determining that location is necessary, or the date the DRS gets new information that permits the use of one or more of the locate resources. (45 CFR, 303.3(b))

Suggested Audit Procedure

Review the DRS procedures used to work the PACSES locate alerts and to use local and manual locate resources. Evaluate the procedures for conformity with applicable requirements.

Compliance Requirement – PACSES Data Reliability

Pennsylvania is required to ensure that the data posted to the PACSES is complete and reliable.

1. Complete data means that all reporting elements from the Federal Office of CSE reporting forms necessary to compute Pennsylvania's performance levels, incentive base amount, and maximum incentive base amount have been provided within the time frames established in the instructions to these forms.
2. Reliable data means that the most recent data available that is found by the Secretary of the Department of Health and Human Services (DHHS) to be reliable. Additionally, reliable data is a state that exists when data is sufficiently complete and error free to be convincing for their purpose and contest. State data must meet a 95 percent standard of reliability beginning in FFY 2001. (45 CFR, 305.1(h) (j) and 305.32(f))

Suggested Audit Procedures

Select a sample of PACSES cases from the PACSES case sample universe located on the PACSES home page, which is available from the county DRS.

Review the sample in accordance with the PACSES OCSE 157 Data Reliability Validation instructions located on the PACSES home page, which is available from the county DRS.

Report the results of the sample review on the PACSES OCSE 157 Data Reliability Validation form found at **Exhibit A-1(b)** in Appendix I of this Audit Supplement.

Report Not Applicable (NA) for instances where samples reviews were not completed.

Compliance Requirement – Undistributed Money

Undistributed money is a payment received by the DRS that cannot be properly identified or distributed to the rightful payee. The CSPM outlines specific steps to be taken when the DRS is in receipt of any uncashed checks, undeliverable checks, and unidentified payments.

If the steps taken to direct the check to its rightful owner fail, the money must be escheated with an aging process beginning on the date of receipt. The escheat accounts must be readily identified and maintained in a ledger that sets forth, if known, the case name, account identification number, and the amount and date of receipt of each payment. (CSPM, Chapter 6; DRS Memorandum 1999-4)

Suggested Audit Procedures

Review the DRS procedures for undistributed money, and evaluate for conformity with applicable requirements.

Verify that the escheated account is maintained in accordance with applicable requirements.

Verify that undistributed money subject to escheat and/or escheated to the Commonwealth is accurately reported as a memorandum entry on the program income grouping sheet submitted with the Monthly Statement of Expenditures (PW 1439.1).

IV. Applicable Regulations/Procedures and References

A. Social Security Action, Section 455(a)

P.L. 97-2481

Title 45 CFR, Parts 92, 232.11, 302, 303, 304, and 305

Cooperative Agreement with the DPW

State Statutes 23 PACS, Section 4301, and 72 P.S., Section 1301, *et seq.*

OMB Circular A-87

Pennsylvania Rules of Civil Procedure, Rules 1910.22 and 1910.29

DPW Child Support Program Manual

Applicable DPW Domestic Relations Section Memoranda

B. Catalog of Federal Domestic Assistance References

93.563 – Child Support Enforcement Program

93.558 – Temporary Assistance for Needy Families

V. Supplemental Financial Information

A. Supplemental Financial Schedules

The required supplemental financial schedule for this program is **Exhibit A-1(a)** found in **Appendix I** of this Audit Supplement. These exhibits are provided as examples of the required format, but may be expanded, if necessary, to facilitate completion – as long as the format itself is maintained (i.e., additional lines may be added within various cost centers and/or line items).

B. Supplemental Report on Testing as a Major Program

The required supplemental report schedule for this program is **Exhibit A-1(b)** found in **Appendix I** of this Audit Supplement. The nature of this report is such that it is prepared in the course of auditing the CSE Program. Therefore, the report is considered to be part of the work papers prepared and as such, is not subject to Agreed-Upon Procedures (AUP) reporting. This schedule must be submitted to the DPW; however, it may be submitted as part of the single audit and not included in the AUP report. These exhibits are provided as examples of the required format, but may be expanded, if necessary, to facilitate completion – as long as the format itself is maintained (i.e., additional lines may be added within various cost centers and/or line items).

C. Related Information

The following reports/schedules are available from the auditee. **NOTE:** Please consult with the county to obtain the Instructions for the Annual Income and Expenditure Report for the fiscal year that coordinates with the audit period.

DRS-Monthly Statement of Expenditures (PW 1439.1)

Salary and Overhead Grouping Sheet

ADP Grouping Sheet

Income Grouping Sheet

Unallowable Costs Grouping Sheet

D. Single Audit Report Findings with Questioned Costs

When a finding with questioned cost(s) arises, the BCSE has requested that the Single Auditors identify exactly what the finding consists of. For example: depreciation, indirect costs etc. along with the specific month(s) involved. Additionally, the BCSE has requested that the single auditors maintain a copy of the back-up documentation for the questioned cost(s) in the event the BCSE should request it.

SECTION 2

COUNTY CHILDREN, YOUTH & FAMILIES (CYF) PROGRAMS

ATTENTION: Use in conjunction with the Introduction, Common Requirements, and the Appendix sections of this Single Audit Supplement.

SECTION 2 – COUNTY CHILDREN, YOUTH & FAMILIES (CYF) PROGRAMS

NOTE: The Department of Public Welfare (DPW) has entered into a reciprocal agreement with the Department of the Auditor General (AG). As an independent audit organization, the AG elects to audit County CYF Programs. The auditor should review the most recent AG children and youth audit when preparing for this section. For information or access to work papers, contact Audit Manager, Auditor General's Office, Bureau of State-Aided Audits, at (717) 787-2874.

I. Program Objective

The purpose of the County C&Y Programs is to protect and care for children who have been abused, neglected, exploited, abandoned, adjudicated delinquent, or are without proper parental supervision, such as runaways. Each county is responsible for developing and administering a system of programs designed to treat and prevent child abuse, neglect, and exploitation, including services to help overcome problems that result in dependency and delinquency.

The County C&Y Programs include: services to parents or children to enable children to remain in their own homes and communities; temporary placement services for children who cannot live with their own families; adoption services and assistance to provide a permanent legal family for any child who cannot be returned to his own family; and any service or care ordered by the court for children who have been adjudicated dependent or delinquent.

II. Program Procedures

The DPW provides advance payments of State Act 148, Title XX, and Title IV-B to counties. Counties are reimbursed up to their annual allocation at a rate dependent upon the type of service and the setting in which it is provided. Administrative costs associated with the Random Moment Time Study (RMTS) are eligible to be submitted for Medical Assistance (MA) reimbursement at 50 percent of the MA eligible administrative costs. Reimbursement for the Title IV-E administrative claim is also based on the RMTS. All State Act 148 reimbursement and mandated local match are based on the costs of services remaining after all other appropriate sources of funding are exhausted.

Title IV-B, Part 1 (Child Welfare Services-State Grants – CFDA 93.645) is a separate allocation, with funding restricted to specific cost centers. CYF Bulletin #3140-00-05 identifies the service activities to which Title IV-B may be charged.

Temporary Assistance to Needy Families (TANF) was instituted as part of the Pennsylvania Welfare Reform measures effective March 3, 1997. Counties must apply TANF funding in accordance with instructions contained in CYF Bulletins 3140-04-06 and the Annual Needs Based Plan and Budget.

Title IV-E is a federal entitlement program that provides reimbursement for out-of-home services (and related training and administrative costs) provided to children in the agency's custody who meet certain Title IV-E criteria. Counties must use CYF Bulletin 3140-01-01, Revised Policies and Procedures: Title IV-E Placement Maintenance Eligibility and Reimbursability, Title IV-E Adoption Assistance Eligibility and Title XIX Medicaid Eligibility, in order to make claims to this program.

Title IV-E Independent Living is part of the Title IV-E allocation and is an allocation to counties based on their annual renewal application. Counties report expenditures for all Independent Living services on the CY814 and CY815 Quarterly Reports. Effective FY 09-10, the Independent Living Grant is to be reported as a stand-alone grant and no longer included in the Act 148 Invoicing process.

III. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed or Unallowed

Compliance Requirements

Federal, State, and County funds may be expended for services/programs considered allowable in program regulations. **Any type of service not identified in Title 55, Chapters 3140 or 3170, is unallowable.**

The Social Services Block Grant (SSBG-Title XX), Title IV-B (Child Welfare Services-State Grants), and TANF funding are restricted to specific cost centers as follows:

Title XX funds may be used for any In-Home Services (excluding Adoption Services and Adoption Assistance), as well as the non-maintenance portion of the community-based and institutional per diems (excluding secure facilities) not funded with TANF, Medicaid, or Title IV-E funds. Secure facility per diems are not eligible for Title XX.

Title IV-B funds may be used for any In-Home Services (excluding Protective Services Child Abuse and Protective Services General), Community-Based and Institutional Services (excluding secure facilities) that are not funded with TANF, Medicaid, or Title IV-E funds (Bulletin 3140-00-05).

TANF counties must use CYF Bulletin 3140-04-06 & 3140-03-09 Child Welfare TANF Services – Policies and Procedures Manual, to determine child eligibility for TANF services.

A completed Eligibility Form (CY-887), an eligibility determination worksheet, and parental notification letter or a Means Test Worksheet for

non-placed children receiving in-home purchased services must be retained in the child's file to document eligibility determination activity by the county.

Counties must invoice for TANF using the procedures, forms, and instructions in CYF Bulletins 3140-04-06 and 3140-03-09 Child Welfare TANF Services – Policies and Procedures Manual.

Special Grants such as Independent Living, Integrated Children Services Planning and Family Centers must be administered in accordance with the CYF regulations referenced above, special instruction provided by OCYF and the bulletin(s) applicable to each special grant. County management is responsible for having copies of all applicable bulletins. (Title 55, Chapters 3140 and 3170)

Suggested Audit Procedures (for the County)

Test expenditures, expenditure reports, and supporting documentation to determine that funds have been expended in accordance with the County Children and Youth Social Services Plan, Needs-Based Budget, County Grant Proposal/Budget, and the specified allowable cost centers as detailed above.

B. Eligibility

Compliance Requirements

Title IV-E states that children who receive Placement Maintenance or Adoption Assistance must meet specific eligibility requirements. The county program should have the eligibility requirements for the applicable special grants. (Title IV-E State Plan, Title IV-A State Plan Amendment; TANF State Plan; PA Code, Chapter 3140.101-113 and 3140.201-202)

TANF funding requires the county to ensure that there is a need for service. Counties must follow procedures contained in CYF Bulletin #3140-04-06 and 3140-03-09, Child Welfare TANF Services – Policies and Procedures Manual.

Suggested Audit Procedures (for the County)

Sample the eligibility files, as well as the case files/records for the Placement Maintenance, Adoption Assistance, TANF, and special grants programs (such as Independent Living, etc.), and ascertain whether the children involved meet the eligibility requirements for the program in question. Note that the universe should include cases from the Juvenile Probation Office.

NOTE: The auditor and program staff should work together to allow adequate testing while preserving confidentiality. Should problems be

encountered during testing, contact the Bureau of Financial Operations, Audit Resolution Section, Single Audit Unit, at (717) 787-8890.

C. Matching, Level of Effort, Earmarking Requirements

Compliance Requirements

Counties are reimbursed at a rate that is dependent on the type of service and the setting in which it is provided. The state reimbursement amount is determined after federal, client-generated, and third-party revenues are deducted. The county is responsible for a share of the service costs, based on the reimbursement rate of the individual service category. (Title 55, Chapter 3140.22)

Since October 1, 1999, Maintenance Of Effort (MOE) is not required to be reported for child welfare TANF.

Suggested Audit Procedure (for the County)

Review the respective service costs and financial records to determine the amount of the county's share of costs is appropriate for the service activities.

D. Reporting Requirements

Compliance Requirements

The counties must submit the following reports:

CY 68 (Quarterly)	CYF Bulletin #3140-04-06 & 3140-03-09
CY 69 (Quarterly)	CYF Bulletin #3140-04-06 & 3140-03-09
CY 348 Fiscal Summary (Quarterly)	CYF Bulletin #3140-06-06
Expenditure Report (Quarterly)	CYF Bulletin #3140-06-06
CY 383 Fee-for-Service Schedule (4 th Quarter Only)	
Revenue Report Quarterly	CYF Bulletin #3140-06-06
CY 376 Certification Statement (Quarterly)	CYF Bulletin #3140-06-06
CY 814 Expenditure by Intermediate Object (Quarterly)	
CY 815 Expenditure by Source of Reimbursement (Quarterly)	
CY 820 Grant Expenditure Report	

CY 918 Administrative Cost Pool Calculation CYF Bulletin #3140-06-06
(Quarterly)

Direct Administrative Claim Worksheet CYF Bulletin #3140-06-05

Medicaid Administrative Invoice Claim CYF Bulletin #3140-06-05

RMTS Worksheet (Quarterly) CYF Bulletin #3140-06-05

(County Children and Youth Social Service Programs Fiscal and Reporting Forms and Instructions, Form Instructions for the CY 814, CY 815, and CY 821; CYF Bulletins #3140-04-06 and #3140-06-06; FSSR RFP Documents)

Suggested Audit Procedures (for the County)

Review the procedures for preparing the financial reports and evaluate for conformity with applicable requirements.

Sample financial reports and review for accuracy and completeness.

Trace data to the supporting documentation.

Inquire of management regarding adjustments to reported revenues and/or expenditures that were not reflected on reports submitted to the DPW.

E. Special Tests and Provisions

NOTE: The Common Requirements Section of the Audit Supplement is considered and integral part of the testing for this program.

Compliance Requirement – ARRA Funds

There are no special reporting requirements for ARRA/ IV-E Funds.

Compliance Requirement – Licensure/Approval

A service or facility used by the county agency to serve children must be licensed or approved by the appropriate state agency, if that service or facility is subject to licensure or approval. (Title 55, Chapter 3130.39)

Suggested Audit Procedures (for the County)

Verify that the county has procedures for ensuring that children are placed in properly licensed/approved facilities.

Review selected case files and determine whether the child was placed in a licensed/approved facility.

Review foster family home approval letter for agency homes and the approval letters for contracted agency children and youth foster family homes for the case records being reviewed in the sample.

Compliance Requirement – Approved Budget Amendments

If actual cumulative expenditures in any one of the four major service categories will exceed the approved annual Needs-Based Budget for the category by ten percent or \$10,000, whichever is greater, the county shall submit a Request for a plan and budget amendment to the DPW for approval. The four major service categories are: 1) in-home and intake services, 2) community-based placement services, 3) institutional placement services, and 4) administrative services. (Title 55, Chapters 3140.32 and 3140.33)

Suggested Audit Procedures (for the County)

Verify that the county has budget monitoring procedures that ensure the timely disclosure of significant variances.

Review financial records and verify that the county has complied with the major service category budget limitations.

Compliance Requirement – Revenue Priority

All payments made by the DPW under this chapter will be made only on the costs remaining after all other appropriate funding sources and client-generated revenues have been exhausted. (Title 55, Chapter 3140.46; 62 P.S., Section 704.2)

Suggested Audit Procedure (for the County)

Determine amounts of other revenues received by the county, and verify that allowable expenditures have been reduced accordingly.

Compliance Requirement – Contracts/Agreements

Counties are required to maintain a written contract with each provider to which clients are referred. Interagency agreements are required in accordance with CYF Bulletin #3170-92-02. Beginning July 1, 1997, the audit clause language in CYF Bulletin #3170-93-01 is no longer required. (Title 55, Chapter 3170.93) Counties must also comply with CYF Bulletin 3170-09-02 beginning July 1, 2009.

Suggested Audit Procedure (for the County)

Verify that valid contracts exist for the purchase of these services, as per the Fee-for-Service Schedule (CY 383), and that all required contract components are present in the contract. (Title 55, Chapters 3170.83 and 3170.84)

Compliance Requirements – Salary/Benefits Costs

The DPW participates in the cost of county agency personnel, which includes salaries, benefits, and other related expenses, of any individuals hired or reclassified if they are appointed in accordance with the approved merit system procedures, assigned to the C&Y Program, and are under the supervision of the county agency director.

Combined salaries and benefits claimed for participation shall not exceed the County Civil Service Personnel Compensation Plan or the Commonwealth Compensation Plan. Benefit costs are limited to the state benefit rate, as defined in the Maximum Rate Bulletin effective July 1 each year. (Title 55, Chapter 3170.41)

Suggested Audit Procedures (for the County)

Verify that employees were hired in accordance with the approved merit system procedures, be assigned to the C&Y Program, and be under the supervision of the county agency director.

Determine that the combined salaries and benefits claimed for DPW participation are in accordance with the County Compensation Plan, or with the Commonwealth Compensation Plan should salaries in the county plan exceed those in the Commonwealth plan.

Compliance Requirement – Roster of Personnel

The county has the responsibility to follow specific personnel related regulations and submit a Roster of Personnel (PW 1171) to the DPW. The DPW reviews the PW 1171 and informs the county of the nature and amount of any disallowances. **In addition, the county is directed to disclose this information in connection with the county single audit.** (Title 55, Chapters 3170.41 through 3170.47)

Suggested Audit Procedures (for the County)

Ascertain whether the PW 1171 was properly completed for submission.

Inquire of management as to whether they have been notified of any disallowances that pertain to the County CYF Program.

Ensure that all applicable disallowances for the state's 12-month fiscal year, ending June 30, are reflected on the appropriate supplemental financial schedules (footnoted as to the reason for the adjustments), and that the details of such adjustments are also disclosed in connection with the Independent Accountant's Report on Applying Agreed-Upon Procedures. (See Appendix I)

Compliance Requirement – Interest Earned

All grant funds must be deposited in an interest-bearing account until they are expended. Any interest earned on funds from each of the various CYF Programs shall be considered as other income for that program, and shall be reported as interest income on the CY 348 and the special grants' expenditure reports pertaining to the program in question. Interest income should be used to provide services for that program. (CYF Bulletin 00-96-04; Title 55, Chapter 3170.105)

Suggested Audit Procedures (for the County)

Ascertain whether grant funds were deposited in an interest bearing account.

Verify that the interest earned was properly reported as income on the appropriate special grant expenditure report (for special grants) or the CY 348 (for all other CYF funding).

Compliance Requirement – Individual Service Plan (ISP)

The agency must develop and implement an ISP for each child within 30 days of admission. The ISP must identify the daily care and treatment that will be provided to the child.

The provider agency's administrator, or a designee, must sign the ISP and a copy of the plan must be maintained in the client's file. The client's ISP must be formally reviewed at least once every six months to determine progress in achieving the established goals and objectives. A report on the child's progress must be submitted at least quarterly to the county children and youth agency. (Title 55, Chapters 3680.42 and 3810.35)

Suggested Audit Procedures (for the Provider of Service)

Review the provider agency's procedures for developing and implementing an ISP.

Sample recent placements and ensure that an ISP has been established for each child within 30 days of admission.

Sample case files and ensure that an ISP is present, signed by the provider agency's administrator or designee, and has been formally reviewed within the last six months. Verify that a report on the child's progress has been submitted at least quarterly to the county children and youth agency.

Compliance Requirement – Emergency Placement Plan

Within five days of accepting a child for emergency placement service, the provider agency must develop a written plan for the provision of emergency services. The plan shall include those items specified in Title 55, Chapter 3810.36(a), and must be reviewed and updated at least weekly.

Suggested Audit Procedures (for the Provider of Service)

Review the provider agency's procedures for developing an Emergency Placement Plan.

Review a sample of case files for children placed under emergency circumstances, and ensure that an Emergency Placement Plan has been established within five days of accepting the child. Ensure that the Plan is reviewed and updated at least weekly.

Compliance Requirement – Subrecipient Reporting

The provider agency must submit to the county children and youth agency quarterly progress reports, discharge summaries, billing statements, and other written reports as required by the county children and youth agency and/or in accordance with DPW regulations. The reports should be submitted in the format prescribed by the county children and youth agency and within the designated timeframe.

Suggested Audit Procedures (for the Provider of Service)

Review the agency's procedures for preparing the various required reports.

Sample the discharge summary reports and billing statements, and review for completeness and accuracy.

Trace data to supporting documentation.

IV. Applicable Regulations/Procedures and References

A. PA Code, Title 55, Chapters 3130, 3140, 3170, 3680, 3700 and 3800

42 PA C.S., Section 6301, *et seq.*

Public Welfare Code, 62 P.S., Section 704.1, *et seq.*

Children, Youth and Families Bulletins 00-95-12, 3140-96-02, 3140-00-05,
3140-04-06, 3140-03-09, 3140-06-05, 3140-01-01, 3140-06-06,
3140-04-05/3490-04-01, 3140-08-01, 3140-09-03, 3140-10-02,
3170-09-02, 3170-92-02,

Social Security Act, Title IV-E, Sections 470, 472, 473, 474

45 CFR, Part 1356.60

Act 148

Act 30 (Amendment to Act 148)

Title IV-A State Plan Amendment and 45 C.F.R, Part 233

Title IV-E State Plan of the Social Security Act

County Children and Youth Social Service Programs Fiscal Reporting Forms
and Instructions

Annual Needs-Based Budget Bulletins (for the applicable period)

FSSR RFP Documents

B. Catalog of Federal Domestic Assistance References

93.556 – Promoting Safe and Stable Families

93.558 - Temporary Assistance for Needy Families (TANF)

93.560 – Family Support Payments to States Assistance Payments

93.596 - Child Care Mandatory and Matching Funds of the Child Care and
Development Fund

93.645 – Child Welfare Services State Grants (Title IV, Part B, Subpart 1)

93.658 - Foster Care Title IV-E

93.659 - Adoption Assistance

93.667 - Social Services Block Grant (Title XX)

93.669 - Child Abuse and Neglect State Grants

93.674 – Chafee Foster Care Independence Program (Independent Living)

93.778 - Medical Assistance Program

V. Supplemental Information

A. Supplemental Financial Schedules

The required supplemental financial schedule for this program is **Exhibit I** found in **Appendix I** of the Audit Supplement. These exhibits are provided as examples of the required format, but may be expanded, if necessary, to facilitate completion as long as the format itself is maintained (i.e., additional lines may be added within various cost centers and/or line items).

B. Related Information

The following reports/schedules are available from the auditee and may be needed to complete/verify the supplemental financial schedule(s) specified above. **NOTE:** Please consult with the county to obtain the Instructions for the Annual Income and Expenditure Report for the fiscal year that coordinates with the audit period, as examples are no longer provided.

Quarterly Payment Computation Letter
General Invoice
CY 348 Fiscal Summary
Expenditure Report formerly identified as CY 370
Revenue Report formerly identified as CY 370-A
CY 814 Expenditure by Intermediate Object (Title IV-E Independent Living)
CY 815 Expenditure by Source of Reimbursement (Title IV-E Indep. Living)
CY 821 Expenditures by Source of Funds (for various Special Grants)
CY 68 TANF Summary Invoice
CY 69 TANF Invoice Detail (3/01)
CY 383 Fee-for-Service Schedule
CY 918 Administrative Cost Pool Calculation
Random Moment Time Study Worksheets
Direct Administrative Worksheets
PW 1171 Roster of Personnel
CY 63-AA and CY 63-PM Title IV-E Invoice (Detail)
Quarterly Payment Computation Sheet (example of format - specific entries vary)
General Invoice (example of format - specific entries vary)

SECTION 3

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) CRISIS ADMINISTRATION

Note: Allegheny County is the only County acting as a LIHEAP Crisis Contractor. As such, the County should adhere to all terms and conditions set forth within the signed grant agreement. Therefore, no additional testing is needed with regard to the Single Audit Supplement.

ATTENTION: Use in conjunction with the Introduction, Common Requirements, and the Appendix sections of this Single Audit Supplement.

SECTION 4

MEDICAL ASSISTANCE TRANSPORTATION PROGRAM

ATTENTION: Use in conjunction with the Introduction, Common Requirements, and the Appendix sections of this Single Audit Supplement.

SECTION 4 – MEDICAL ASSISTANCE TRANSPORTATION PROGRAM

I. Program Objective

The Medical Assistance Transportation Program (MATP) provides payment for the non-emergency transportation of Medical Assistance (MA) eligible recipients residing in Pennsylvania for the purpose of receiving MA compensable services.

II. Program Procedures

Funds are provided to counties and/or independent contractors having agreements with the Department of Public Welfare (DPW). The funds are transmitted to counties through quarterly advances. The third and fourth quarter advances are adjusted for prior period actual costs based on quarterly expenditure reports. Payments to independent contractors who have agreements directly with the DPW are made in accordance with contract provisions.

If the county subgrants all or part of the MATP, **the county is responsible** for ensuring that the provider of service adheres to the regulations and requirements of the program. The **MATP Instructions and Requirements** were reissued in July 2010. The latest version is located on the MATP website at: http://matp.pa.gov/PDF/MATP_Handbook.pdf. Any updates to the MATP Instructions and Requirements are given at Technical Assistance (TA) Sessions or provided electronically by the DPW to the providers.

The county must comply with the Instructions and Requirements for the FY 2010-2011 set forth by DPW.

III. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed or Unallowed

Compliance Requirements

MATP Services are defined as non-emergency transportation to MA covered services as benefits to which a MA recipient is entitled under the law. This would include transportation to and/or from a medical facility, physician's office, dentist's office, hospital, clinic, pharmacy, or purveyor of medical equipment for the purpose of receiving medical treatment or medical evaluation or purchasing prescription drugs or medical equipment.

MATP services do not include emergency medical transportation that would normally be provided by an ambulance, or transportation to sheltered workshops or daycare programs. (MATP Instructions and Requirements, Fiscal Requirements, pages 38-39)

Transportation services that are reimbursable through other funding sources shall not be reimbursed via the MATP. The cost per trip applied to MATP must be equitable, as compared to that of other funding sources, and must be charged consistently. (MATP Instructions and Requirements, Fiscal Requirements, page 90)

Suggested Audit Procedures (for the Provider of Service)

Review the trip log(s) and other payment documentation reflecting client services and select a sample.

Trace the sample to supporting documentation and ascertain whether the service rendered was eligible for MA reimbursement.

Review program related records and expenditure reports to determine that transportation services that are reimbursable through other funding sources are not reimbursed through the MATP.

Using the sample review records of other transportation funding sources to assure that trips charged to MATP were not also charged to other funding sources.

Review cost allocation plans, if applicable. Review cost determination for all funding streams and compare to ensure that the MATP costs do not exceed usual and customary charges.

B. Eligibility

Compliance Requirements

The recipient of the MATP services must have current MA eligibility, be a permanent or temporary resident of the county, be certified as to the need for transportation services, and have no other transportation means available. (Title 55, Chapter 2070.32)

A copy of a single signed MATP application must be on file within 30 days of the service provision, and the agency must use the Eligibility Verification System (EVS) maintained by the DPW as the primary source to verify client eligibility on an ongoing basis. (MATP Instructions and Requirements, Scope of Services, #5B)

Note: Health Choices - For recipients that receive service under HealthChoices, eligibility verification needs to occur once during each month services are being rendered.

Suggested Audit Procedures (for the Provider of Service)

Review the procedures for determining recipient eligibility and evaluate for conformity with applicable requirements.

Review selected program records and determine whether there is adherence to the prescribed procedures.

Sample case files, verify that a signed application is contained in each file within 30 days of the service provision, and ensure that the client was eligible on the date of service.

C. Matching, Level of Effort, and/or Earmarking Requirements

There are no matching requirements.

D. Reporting Requirements

Compliance Requirements

The MATP agency is required to submit expenditure information to the DPW on the County Quarterly Report, which provides both total costs and service utilization information. The reporting of expenditures and revenues must be on a modified accrual or accrual basis. (MATP Instructions and Requirements, Fiscal Requirements, page 87)

The County Quarterly Reports are due to the DPW by October 30, January 30, April 30, and August 31, or on the first business day thereafter when the due date falls on a weekend or holiday.

The program is required to identify services, direct costs, and administrative costs as belonging to either of the two service categories. The **Group I** service category is eligible for federal reimbursement at 50 percent. The **Group II** category is eligible for state reimbursement only. (MATP Instructions and Requirements, Fiscal Requirements, page 88)

NOTE: Unduplicated Client Counts – It is extremely important that the client counts be done correctly. The Year-to-Date client count represents the unduplicated number of individual clients served **during the entire year**. The Year-to-Date counts will match only for the first quarter of the program year.

Suggested Audit Procedures (for the Provider of Service)

Review the agency's procedures for preparing the quarterly expenditure reports and evaluate for conformity with applicable requirements.

Sample quarterly expenditure reports and review for completeness.

Trace data to the supporting documentation, and determine that the trips are MA compensable and unduplicated.

Review adjustments made to the general ledger amounts in the report affecting the MATP and evaluate for propriety.

Test the expenditure reports, and determine that services and related costs have been appropriately classified to Group I or Group II.

Determine whether the reports were filed in a timely manner.

Suggested Audit Procedures (for the Administering County)

Ensure that the county has procedures to complete the Certification Statement portion of the County Quarterly Report.

E. Special Tests and Provisions

NOTE: The Common Requirements Section of the Audit Supplement is considered an integral part of the testing for this program.

Compliance Requirement – Encumbered Funds

Funds may not be encumbered from a current year allocation for costs that are anticipated to be incurred in a succeeding year. (MATP Instructions and Requirements, Fiscal Requirements, page 95)

Suggested Audit Procedure (for the Provider of Service and the Administering County)

Review the program's financial records and related program records/source documentation to determine that funds have not been encumbered out of the current year allocation for costs anticipated to be incurred in a succeeding year.

Compliance Requirements – County Administrative Costs

County administrative costs are actual county/administering agency expenses for managing and accounting for the MATP funds and include the following:

Audit Costs

Countywide overhead charged to the program via countywide costs allocation plan

Costs incurred for invoicing and submission of required reports

Costs incurred for negotiation and securing sub-contracts (purchased services)

Costs incurred for program quality assurance and monitoring of sub-contracts

Processing reimbursement checks

Determining medical assistance eligibility

Completing application forms

Suggested Audit Procedure (for the Provider of Service and the Administering County)

Trace the reported county administrative costs to supporting documentation to ensure validity of the expenditures and to verify that they are eligible administrative costs.

Compliance Requirement – Indirect Costs

County indirect costs may be funded from the MATP allocation.

Suggested Audit Procedures (for the County)

Review the cost allocation plan and determine that indirect costs were charged in accordance with the plan.

Evaluate indirect costs to ascertain that they are reasonable, equitably distributed, and not duplicated as direct costs.

Compliance Requirement – Interest Earned

Advance payments from the DPW are required to be deposited in an interest-bearing account. Interest earned on DPW funds must be used to support transportation services under MATP and must be reported on the County Quarterly Report. (MATP Instructions and Requirements, Fiscal Requirements, page 90)

Suggested Audit Procedures (for the Provider of Service and the Administering County)

If funding is not immediately passed down to a subgrantee, determine that the funds were held in an interest-bearing account, that the interest earned was properly applied to the program, and that it was accurately reported on the County Quarterly Report. Combined Interest is all interest earned from the County, the Prime Contractor, and all subgrantees/contractors are required to be reported in total as interest on the County Quarterly Report.

If the county passes all or a part of the funding to a subgrantee, ascertain whether procedures are in place to ensure that providers of service have complied with these requirements.

Compliance Requirements – Purchase of Fixed Assets

MATP funds shall not be used to purchase or improve land; purchase, construct, or permanently improve any building or other facility; or purchase fixed assets that have a unit purchase price of \$10,000 or more.

A class of components normally considered together as a unit cannot be listed at the individual component value in order to avoid the \$10,000 unit purchase price limit. The cost of fixed assets should be equitably and consistently allocated to **all** applicable funding streams. Any cost exceeding the \$10,000 limit requires the prior written approval of the DPW via the prescribed waiver procedures. (MATP Instructions and Requirements, Fiscal Requirements, pages 95-96)

A fixed asset inventory list should be maintained for all assets purchased with MATP funds.

Prior written approval must be obtained from the DPW for the disposition of property with a remaining useful life. While monthly vehicle payments are an allowable expense, reserved and/or accumulated accounts are not an approved use of MATP funds.

(MATP Instructions and Requirements, Fiscal Requirements, page 96-97)

NOTE: The purchase of goods and services must take place as part of an established procurement process. County Code, Article XVIII, Contracts, specifies the required process for most counties. *45 Code of Federal Regulations (CFR) Section 92.36, Procurement*, contains guidance on requirements that should be passed down by any government receiving federal funds.

Suggested Audit Procedures (for the Provider of Service and the Administering County)

Review program expenditures and related program/source documentation, and determine the allowability of fixed asset purchases.

Ascertain whether a current fixed asset inventory list is maintained for assets purchased with MATP funds.

Review applicable program records to ensure that fixed asset costs are equitably and consistently allocated to all applicable funding streams.

Ascertain whether the program maintains reserve and/or accumulated accounts, and ensure that MATP funding is not involved in such accounts.

Ensure that prior approval was obtained from the DPW for the disposition of property with a remaining useful life.

Compliance Requirement – Prioritization of Services

The program shall use the most cost-efficient service available that meets the client’s need for service. (MATP Instructions and Requirements, Fiscal Requirements, page 89)

Suggested Audit Procedure (for the Provider of Service)

Review the policies and procedures for evaluating the various modes of transportation to ensure that the provider of service assigns the most cost-efficient service that meets the client’s needs.

Compliance Requirement – Service Need

The client must have a MA service need. In addition, if the client is enrolled in a managed care program, the service need must be an approved component of the managed care system. The definition of

MATP limits services to medical trips (see PA Code, Title 55, Chapter 2070.4).

(PA Code, Title 55, Chapter 2070.32 and 2070.4)

Suggested Audit Procedures (for the Provider of Service)

Review selected program service records and verify from medical providers that MA eligible services were provided on the dates that transportation services were provided.

For clients enrolled in a managed care program, ensure that the services were approved by the managed care system.

NOTE: The auditor should verify that the provider billed MA for services rendered on the date in question. (MA billing **is not required** for Medicare clients and services approved through the 1150 Waiver process, although the provider **must be MA enrolled**. There will also be rare instances when an enrolled provider elects not to bill MA. The service, however, **must be MA compensable**.) Specific information on the nature of the services **is not** required.

Compliance Requirements – Contracts and Subcontracts

The purchase of goods and services, along with the subcontracting of MATP administrative responsibilities, must take place as part of an established procurement process and be documented with written agreements. If the county subcontracts all or part of the MATP administrative requirements, **the county is responsible** for ensuring that the compliance requirements of this Section are passed down, and that the provider of service adheres to the regulations and requirements of the program, including applicable audit requirements.

County Code, Article XVIII, Contracts, specifies the required process for most counties. *45 Code of Federal Regulations (CFR) Section 92.36, Procurement*, contains guidance on requirements that should be passed down by any government receiving federal funds.

Exception: Regional agreements among counties for the purposes of efficiency are acceptable without formal written agreement.

NOTE: **Neither the county nor its subcontractors may enter into an agreement that provides for the exclusion of other carriers.** It is essential that the agencies be able to use the least costly method of transportation that meets the needs of the clients.

Suggested Audit Procedures (for the Administering County)

Review the MATP policies and procedures for purchasing goods and services, as well as for the subcontracting of the MATP Administrative requirements, for compliance with procurement requirements.

Determine whether the procurement requirements were followed.

Determine whether written agreements are in place where required, and that the language of those agreements is adequate.

Determine whether the agency has entered into any formal or informal agreement that excludes other carriers.

Where the MATP administrative responsibilities have been subcontracted, review the procedures in place to ensure compliance by the subcontractor(s) with the rules and regulations of this program.

Compliance Requirements – Contracted Rates/Approved Fares

The MATP agency may contract for services, and the service agreement may include a contracted service rate or fare structure. The MATP will reimburse only up to the contracted amount. (MATP Instructions and Requirements, Scope of Services, page 14)

Provisions have been made for special exceptions where circumstances warrant and no other services are available. These cases are limited to the **exact cost** of the service provided.

Suggested Audit Procedure (for the Provider of Service)

When a contracted rate or fare structure exists, ensure that the MATP agency's service payments **do not** exceed the written rate set forth in the contract(s) and/or established fare structure.

Compliance Requirement – Subcontractor/Subrecipient Monitoring

If the county subcontracts all or part of the MATP program, the county is responsible for ensuring that the provider of service adheres to the regulations and requirements of the program. (See MATP Instructions and Requirements, Scope of Services, page 14)

Suggested Audit Procedure (for the Administering County)

Ensure that the county complies with Common Requirement I, Performing Subrecipient Monitoring, as detailed in the Common Requirements Section of this Audit Supplement.

IV. Applicable Regulations/Procedures and References

A. PA Code, Title 55, Chapter 2070
Medical Assistance Transportation Programs Instructions and Requirements

B. Catalog of Federal Domestic Assistance References

93.778 - Medical Assistance Program

V. Supplemental Financial Information

A. Supplemental Financial Schedules

The required supplemental schedule for this program is **Exhibit III** found in **Appendix I** of the Audit Supplement. These exhibits are provided as examples of the **required** format, but may be expanded, if necessary, to facilitate completion – as long as the format itself is maintained (i.e., additional lines may be added within various cost centers and/or line items).

B. Related Information

The following reports/schedules are available from the auditee and may be needed to complete/verify the supplemental financial schedule(s) specified above. **NOTE:** Please consult with the county to obtain the Instructions for the Annual Income and Expenditure Report for the fiscal year that coordinates with the audit period, as examples are no longer provided.

County Quarterly Report

SECTION 5

MENTAL HEALTH (MH) PROGRAMS

ATTENTION: Use in conjunction with the Introduction, Common Requirements, and the Appendix sections of this Single Audit Supplement.

SECTION 5 –MENTAL HEALTH PROGRAMS

I. Program Objective

County MH Programs, separately or in concert with other counties, were established for the prevention of mental disability and for the diagnosis, care, treatment, rehabilitation, and detention of persons experiencing mental disabilities. The Program makes it possible for persons with a mental disability to receive the kind of treatment needed, when and where it is needed. The Mental Health and Mental Retardation Act of 1966 (The Act) mandates that a range of services be available to persons who are mentally ill or mentally retarded so that they will receive a comprehensive treatment program through a continuum of care in their own communities and, whenever possible, in their own homes.

II. Program Procedures

The County MH Program must complete an annual plan and submit it to the DPW. Program operations are funded primarily with quarterly advances. The funding consists of State and Federal dollars from a number of sources. The county provides matching funds for program operations, and must submit an Annual Income and Expenditure Report documenting actual expenditures that are used by the DPW for cost settlement purposes.

As of July 1, 2000, the Office of Mental Health and Substance Abuse Services (OMHSAS) made the following Medical Assistance (MA) Initiative Programs DPW established fee: Intensive Case Management (ICM), Family-Based Mental Health Services (FBMHS), Resource Coordination (RC) and Mental Health Crisis Intervention (MHCI). Therefore, as indicated in the PA Code Title 55, Chapter 4300, these services will no longer be subject to the cost settlement requirement that existed in fiscal year (FY) 1999-2000.

Additional Funding Stream Information

The **Community Hospital Integration Projects Program (CHIPP)** links the county operated community programs and the state mental hospitals. The Program was initiated by the OMHSAS in 1991-1992. It is designed to enable the discharge of State mental hospital patients with a long-term history of State hospital inpatient care or complex service needs to be successfully supported in the community. Funding for the CHIPP is provided to counties, prior to the placement of the patient, to develop an individualized community-based service program to meet the mental health needs of the patient. The support services required by the CHIPP clients are provided by local MH/MR providers and administered by the counties. (Hospital beds are closed, and funds are reallocated for the development of new alternative community-based treatment services and support.)

NOTE: Do not confuse this CHIPP Program with the Children's Health Insurance Program (CHIP) initiative.

The **Southeast Integration Projects Program (SIPP)** was implemented in the five southeastern counties (Bucks, Chester, Delaware, Montgomery, and Philadelphia) in FY 1997-1998. This Program is an initiative that originated as a result of the closure of Haverford State Mental Hospital and the subsequent June 1998 court order to place people in community settings. It operates in a manner similar to the CHIPP, but provides counties with the capacity to provide more specialized services to persons with a broader range of service needs.

HealthChoices is the DPW's MA managed care program that began during FY 1996-1997. It has both a physical and behavioral health component. The program was first implemented in five southeastern counties in the southeast zone in February 1997, with the second phase including ten counties in the southwestern zone in January 1999, and the third phase was implemented in ten counties in the Capital-Lehigh zone in October 2001. The behavioral health component of the managed care program expanded to four counties in the Northeast in July 2006. It then expanded to additional counties in January 2007 and all counties were enrolled in the behavioral health component of HealthChoices by July 1, 2007. Remaining program funding will continue to be administered in accordance with OMHSAS policies and regulations.

Act 152 is 100 percent State funding for drug and alcohol nonhospital detoxification and residential treatment. Most Act 152 services will roll into HealthChoices as counties are phased in. These drug and alcohol funds are allocated and paid to the 49 Single County Authorities (SCAs) and are not reported on the MH Report of Income and Expenditures, but are reported separately with other drug and alcohol funding obtained through the Department of Public Welfare (DPW). These funds are reported on the annual D&A I&E report.

The **Behavioral Health Services Initiative (BHSI)** is **not** part of HealthChoices and is sometimes erroneously referred to as the Special Initiative. It is funded with 100 percent State funding to offer a continuum of care for clients who lost MA eligibility through Welfare Reform. The BHSI has an MH component that is reported on the MH Report of Income & Expenditures, and a drug and alcohol component that is allocated to SCAs and reported separately with other drug and alcohol funding obtained through the DPW.

The **Maximizing Participation Project (MPP)** is a project intended to help Temporary Assistance to Needy Family (TANF) clients who are exempt from the work requirement due to mental illness or substance abuse who have been repeatedly unsuccessful in obtaining or maintaining employment,

and who have received TANF benefits for four or more years. This project is designed to help the TANF client meet their individual potential, and to improve their family situation through intensive case management and access to services for these individuals. This is a joint project between the Office of Income Maintenance, the Office of Vocational Rehabilitation, and the OMHSAS. It is funded through Federal Transitional Assistance for Needy Families block grant funds.

The **Bioterrorism Hospital Preparedness Grant** funds homeland security planning projects. These grants are used for planning for psychosocial consequences of bioterrorism and other public health emergencies between the Pennsylvania DOH, DPW, hospitals, mental health providers, and public and private emergency response and social service entities.

The DOH applies for these Federal grants and the OMHSAS is a subgrantee. The DPW and DOH have a memorandum of understanding outlining this relationship. All funding is 100 percent Federal dollars and is tracked through the MH/MR Income and Expenditure Report.

The **Youth Suicide Prevention Grant** was approved for funding by the Federal Substance Abuse and Mental Health Services Administration (SAMHSA) under the Garrett Lee Smith Memorial State and Tribal Youth Suicide Prevention and Early Intervention grant program in September 2008. This three year grant will support Pennsylvania in developing and implementing statewide youth suicide prevention and early intervention strategies, grounded in public-private collaboration.

The **Jail Diversion and Trauma Recovery Grant** was awarded to the Commonwealth by the Substance Abuse and Mental Health Services Administration in March 2010. This five-year grant will aid Pennsylvania in supporting trauma related services that promote community-based living in the veteran population, divert veterans from criminal justice-related services, and reintegrate veterans into home-based and recovery-oriented services.

The **Pennsylvania System of Care Partnership Grant** (also known as the child mental health initiative) was awarded to the Commonwealth by the Substance Abuse and Mental Health Services Administration in September 2009. This five-year grant will support Pennsylvania in developing integrated home and community-based services and supports for children and youth with serious emotional disturbances and their families by encouraging the development and expansion of effective and enduring systems of care.

III. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed or Unallowed

Compliance Requirements

NOTE: The following is not an all-inclusive list. Consult program regulations for all allowed services.

County MH Programs shall be responsible for the following services:

- Short-term inpatient services, other than those provided by the State;
- Outpatient services;
- Partial hospitalization services;
- Emergency services 24 hours per day to be provided by, or available within **at least one** of the types of services specified above.
- Community services, including consultation and education services to professional and community agencies;
- Aftercare services for persons released from state and county facilities;
- Specialized rehabilitation and training services, including sheltered workshops;
- Community residential services for persons who are mentally retarded;
- Unified procedures for intake for all county services and a central place providing referral services and information;
- Any other service or program designed to prevent mental disability or the necessity of admitting or committing the mentally disabled to a facility. (The Act, Article III, Section 301; PA Code 55, Chapter 4300)

The following services may be provided with the Social Services Block Grant (SSBG, Title XX) funding: Community Residential Rehabilitation, Employment, Service Planning/Case Management, and Social Rehabilitation Services.

Suggested Audit Procedure (for the Provider of Service)

Test expenditure records and supporting documentation to determine that the services provided were allowable.

Examine program records to determine whether the level of Family Support Services (FSS) expenditures is at least five percent, but does not exceed ten percent, of the program budget.

Compliance Requirement

The DPW will participate only in costs incurred by counties for the commitment of individuals under the Mental Health Procedures Act of 1976.

Allowable costs include, but are not limited to mental health review officer time and related costs, attorney for the County MH/MR Program or facility, and cost of client transportation to and from the hearing.

Unallowable costs include: court costs or fees; court clerical costs; transcription costs; client's attorney; court report; and attorney for the petitioner, when the petitioner is not the county administrator. (PA Code 55, Chapter 4300, Section 4300.63)

Suggested Audit Procedure (for the County)

Test selected expenditures and related source documentation to ascertain that costs incurred for the commitment of individuals are allowable.

Compliance Requirement

The Consumer Support Services (**CSS**) are provided directly to/for the Family Based Mental Health Services (FBMHS) clients. These services are necessary in the provision of quality FBMHS service. Services should be coordinated via the FBMHS project director. All CSS included in the FBMHS budget must be exclusively expended for FBMHS services. The CSS for the FBMHS Program include such relief services as: sitters, homemakers, respite care, and therapeutic recreational opportunities, as well as new creatively developed methods of supporting families such as participation in parent support groups.

The CSS that are directly related to the client's treatment plan and are a component of a MA funded service are eligible for Federal reimbursement.

The FBMHS Program must document the intended CSS needs in the program budget. The DPW requires that **at least five percent, but not exceeding ten percent**, of the program budget be spent on CSS-related activities such as those referenced above when services are funded through the Fee-For-Service Program. Programs operating in HealthChoices may have this requirement waived. (FBMHS Rate Setting Package)

Provider staff meetings, record keeping activities, and other nondirect services, except for staff travel time to and from client contacts may **not** be billed as FBMHS Program services. Payment for these indirect activities is included in the established rate. Wraparound services are not a part of the FBMHS budget or cost center. (FBMHS Regulations, Chapter 5260)

Note: As of July 1, 2007, all counties are to have implemented HealthChoices. The Family Based Mental Health Services program will no longer need to be tested as part of the Mental Health Section 5.

Auditors' testing the HealthChoices program should continue to utilize the HealthChoices Audit Guide.

Suggested Audit Procedures (for the Provider of Service)

Test selected expenditure records and supporting documentation to determine that the CSS services budgeted have been expended only on allowable services.

Examine program records to determine whether the level of FSS expenditures is at least five percent, but does not exceed ten percent, of the program budget.

B. Eligibility

Compliance Requirement

An individual is eligible to receive services with State, Community Mental Health Services (CMHS), and SSBG funds provided they have been determined to have a mental disability and that the program has determined the person's liability to help supplement the costs of providing needed services. The program shall complete a redetermination of the person's liability at least once every 12 months. (The Act, Section 501; PA Code 55, Chapter 4300, Section 4305.31 through 4305.44)

Suggested Audit Procedure (for the Provider of Service or the Administering County)

Test selected client service files and program-related records and verify that the client liability determination and redetermination were completed in accordance with application regulations.

C. Matching, Level of Effort, and/or Earmarking Requirements

Compliance Requirement

The DPW reimburses county programs at a rate dependent on the type of service provided. For example, when the DPW participates at 90 percent, the remaining ten percent is the county obligation or local match. (The Act; PA Code 55, Chapter 4300, Section 4300.23; MH/MR Program Fiscal Manual for the County MH/MR Program; Allocation Letters)

NOTE: Service costs should be reduced by fees or third-party liability income first, prior to applying the State/county reimbursement rate.

Suggested Audit Procedure (for the County)

Examine the financial records, the DPW allocation letters, and required match information to verify that the county has contributed the proper matching share.

D. Reporting Requirements

Compliance Requirements

The county program is responsible for the submission of various annual reports, as detailed in the Annual Instructions for the Income and Expenditures Report.

Money not expended at the end of the fiscal year shall be considered unexpended funds (carryover) available for consideration by the DPW in the computation of the next fiscal year's payment. (PA Title 55, Chapter 4300, Section 4300.151)

NOTE: The program does **not** allow for negative carryover.

NOTE: Beginning with FY 1997-1998, all CHIPPs and SIPPS were funded through a MH categorical allocation and followed the rules that applied to that funding. Prior to that time, when the CHIPPs were funded on a contractual basis, the funding could **not** be considered in the carryover calculation.

Suggested Audit Procedures (for the County)

Examine the county program procedures for preparing the county MH Program financial reports and evaluate for conformity with the Annual Instructions for the Report of Income and Expenditures.

Sample the financial reports and examine for completeness and accuracy.

Trace data to the supporting documentation.

Inquire of management regarding adjustments to reported revenues and/or expenditures that were not reflected on reports submitted to the DPW.

Examine procedures for computing carryover amounts; the letter(s) certifying carryover, where available; and verify that the correct carryover amounts were used in the reports.

Compliance Requirement

The county must follow specific personnel-related regulations and submit a Roster of Personnel (PW 1171) to the DPW. The Bureau of Personnel reviews the PW 1171 and provides written notification to the county as to the nature and amount of any disallowances. In addition, the county is directed to disclose this information in connection with the County Single Audit. (PA Title 55, Chapter 4300, Sections 4300.42 through 4300.44; Annual Instructions for the Income and Expenditures Report)

Note: If adjustments to personnel are needed, the independent auditor should do so on the supplemental schedule submitted for review. These adjustments should **not** be made by the county prior to audit.

Suggested Audit Procedures (for the County)

Ascertain that the PW 1171 was properly completed and submitted to the DPW.

Inquire of management as to whether disallowance letters have been received that pertains to the County MH/MR Program.

Verify that all applicable disallowances for the 12-month State FY ended June 30 are reflected on the appropriate supplemental financial schedule(s), footnoted as to the reason for the adjustments, and that the details of such adjustments are also disclosed in connection with the Accountant's Report on Applying Agreed-Upon Procedures. (See Appendix I)

E. Special Tests and Provisions

NOTE: The Common Requirements Section of the Audit Supplement is considered an integral part of the testing for this program.

Compliance Requirement – ARRA Funds

Refer to Appendix 4

Suggested Audit Procedures

Refer to Appendix 4

Compliance Requirements – Indirect Costs

County programs are allowed to charge indirect costs up to a maximum of two percent of the MH allocation for a given fiscal year. (PA Code 55, Chapter 4300, Section 4300.55)

Indirect costs must be included in the county MH/MR approved plan and budget and reported under the administration cost center in plans, budgets, and reports submitted to the DPW. (Mental Health Bulletin No. 99-84-22)

For contracted service providers, the DPW will participate in indirect costs if the service provider has a cost allocation plan and the indirect costs are an approved component of the contract. The allocation methodology shall apportion these costs logically among services receiving a benefit and shall result in a fair, equitable, and consistent distribution of costs. (PA Title 55, Chapter 4300, Section 4300.94)

Suggested Audit Procedures (for the County)

Examine the county's cost allocation plan and ascertain that the methodology used to allocate indirect costs is fair and equitable.

Verify that the indirect costs charged did not exceed the two percent limitation and were allocated in accordance with the cost allocation plan.

Evaluate these costs to determine that they are eligible and were not duplicated as direct cost charges.

Suggested Audit Procedures (for the Provider of Service)

If the DPW participates in the service provider's indirect costs, verify that the agency has a cost allocation plan.

Ascertain that the methodology used to allocate the indirect costs is fair, equitable, and consistent.

Compliance Requirement – Apportioned Costs

Administrative costs incurred at the county program level should be consistently and equitably allocated between MH and MR, and further among costs centers and funding streams. The county program shall maintain documentation supporting the apportionment of these costs. (PA Title 55, Chapter 4300, Section 4300.134)

Suggested Audit Procedure (for the County)

Ascertain that there is a methodology to allocate apportioned costs. Verify that the methodology to apportion these costs is equitable and consistent at all applicable levels (i.e., between MH/MR, costs centers, and/or funding streams).

NOTE: For counties participating in HealthChoices, only the administrative costs for the non-HealthChoices portion of the service can be included in the administrative claim. All other administrative expenses are included in HealthChoices.

Compliance Requirement – Categorical Fund Restrictions

Categorical funding is restricted to a specific component of the county program. Unexpended categorical funds shall not be used to offset a deficit incurred in the Base Program or any other categorical program. (PA Title 55, Chapter 4300, Section 4300.155)

Suggested Audit Procedures (for the County)

Verify that the county program has adequate budget monitoring procedures in place.

Examine financial records and verify that the county program has complied with the categorical funding limitations.

Compliance Requirement – Prior-Year Deficit

Departmental funds allocated in the current fiscal year shall not be used to pay for a deficit incurred during the prior year without the approval of the Secretary of Public Welfare. (PA Title 55, Chapter 4300, Section 4300.147)

Suggested Audit Procedures (for the County)

Examine financial records and related source documentation and determine if the prior-year deficit was funded with the current year's allocation.

If the prior year deficit was funded, verify that the Secretary of Public Welfare's designee's approval was obtained.

Compliance Requirement – Contracts/Agreements

The county shall maintain a written contract with each provider (fee-for-service and program funded) to which clients are regularly referred or with which the county/joinder has a continuing relationship. (PA Title 55, Chapter 4300, Sections 4300.138 and 4300.139)

Suggested Audit Procedure (for the County)

Verify that valid contracts exist for the purchase of these services and that all required contract components are present in the contracts.

Compliance Requirements – Salary/Benefit Costs

For **county agencies**, the DPW will participate in compensation costs of personnel up to the combined prevailing Commonwealth salaries and benefits for functionally equivalent positions. This participation is limited to personnel hired under merit system procedures. (PA Title 55, Chapter 4300, Sections 4300.42 through 4300.46)

For **contracted service providers**, the DPW will participate in compensation for employees of program-funded agencies and service providers funded on a unit-of-service basis up to the combined prevailing Commonwealth salaries and benefits for functionally equivalent positions. The DPW's participation in the salaries and benefits of the executive officers of these agencies is also limited to the combined salaries and benefits approved for these positions.

The salary corresponding to a pay range that is eligible for reimbursement by the DPW shall be based on the Commonwealth schedule of salaries for its management employees. (PA Title 55, Chapter 4300, Section 4300.83)

Suggested Audit Procedures (for the County)

Verify that employees were hired in accordance with the approved merit system.

Determine that the base salaries claimed for DPW participation are in accordance with the County Compensation Plan, but do not exceed the Commonwealth Compensation Plan.

Suggested Audit Procedure (for the Provider of Service)

Determine that the compensation claimed for DPW participation does not exceed the combined prevailing Commonwealth salaries and benefits, as detailed in, PA Title 55, Chapter 4300, Section 4300.83.

Compliance Requirement – Retained Revenue

The DPW will participate in an allowance for service providers to retain revenue, accruing at the close of the contract period, in excess of eligible expenses realized under the contract. The DPW will participate in an allowance for retained revenue only when the county explicitly approves retained revenues by including specific provisions in the contract.

Retained revenue will be limited to the lesser of the percentage specified in the county's contract with the provider or three percent of the total gross revenues applicable to the contract. (PA Title 55, Chapter 4300, Section 4300.108)

Suggested Audit Procedures (for the County)

Ascertain whether the county's provider contracts have specific provisions for the retention of revenue. Verify that the contract identifies the accounting unit or entity (i.e., organizational, service, or activity unit) for computing revenues in excess of eligible expenditures. Examine the county's procedures for enforcing its retained revenue contract provisions.

Suggested Audit Procedure (for the Provider of Service and Administering County)

Verify that the service provider's retained revenue does not exceed the lesser of the percentage specified in the county's contract with the provider or three percent of total gross revenues applicable to the contract. Any retained revenue in excess of the allowable amount should be cited as a questioned cost.

Compliance Requirement – Related Party Costs

For the determination and reimbursement of costs, a related party is treated as if it is part of the provider. The cost for goods or services furnished to a program by a related organization is allowed at the lower of the allowable cost to the related organization or the market price of comparable goods or services. Interest expense is not an allowable expense if it is paid to a lender related through the control, ownership, or personal relationship to the borrowing organization. The DPW will participate in the cost-of-interest expense only with the prior written approval of the Secretary of Public Welfare or a designee. (PA Title 55, Chapter 4300, Section 4300.13 and 4300.144)

Suggested Audit Procedure (for the County and the Provider of Service)

Ascertain whether the program purchased any goods or services from a related party. If so, verify that the cost of such goods or services is the lower of the allowable cost to the related organization or the market price of comparable goods or services.

Compliance Requirement – Occupancy Expense

The DPW will participate in the cost-of-occupancy expense for buildings and offices rented/leased by the county/joinder for use by the county

program or by a private agency for use by programs operated under contract with the county. The amount of the rent charged to a given program shall be prorated in direct relation to the amount of space utilized by the program. For county-owned buildings, the DPW will also participate in maintenance, housekeeping, and utilities on a pro rata basis. **In addition, if a private agency enters into a sale-leaseback agreement with an unrelated purchaser, the DPW will not participate in the cost of rent.** (PA Title 55, Chapter 4300, Sections 4300.48 and 4300.87)

Suggested Audit Procedures (for the County and Provider of Service)

Determine that occupancy costs claimed for the DPW participation are allowable under PA Title 55, Chapter 4300.

Verify that the amount of rent charged to any given program is in direct proportion to the amount of space utilized by that program.

For private agencies, verify that the DPW is not participating in rent associated with a sale-leaseback agreement.

Compliance Requirements – Reconciliation of Costs

If the county contracts with a private agency for MH and/or MR services, it is the county's responsibility to ensure that the total interim payments for the subcontract are compared to the actual/audited costs and that appropriate adjustments are made. (PA Title 55, Chapter 4300, Section 4300.116)

Suggested Audit Procedures (for the Administering County)

Ascertain whether the county contracts with private agencies for MH and/or MR services.

Inquire of management as to whether the county has obtained permission to continue cost settlements in any of these programs. If so, examine the county's procedures regarding the reconciliation of total interim payments to actual/audited costs.

Compliance Requirement – Subrecipient Monitoring

If the county subcontracts all or part of the MH/MR Program, the county is responsible for verifying that the provider of service adheres to the regulations and requirements of the program.

Suggested Audit Procedure (for the Administering County)

Verify that the county complies with Common Requirement I, Subrecipient Monitoring, as detailed in the Common Requirements Section of the Audit Supplement.

IV. Applicable Regulations/Procedures and References

A. The Mental Health and Mental Retardation Act of 1966

PA Code, Title 55, Chapters 3130, 4220, 4226, 4300, 4305, 5221, 6200
Office of Mental Health and Substance Abuse Services Allocation Letter

Instructions for the Annual Report of Income and Expenditures

Mental Health Bulletin Nos. 99-84-22, 00-10-02, OMH-94-10, OMHSAS-05-01, OMHSAS-09-07, OMHSAS-10-03, OMHSAS-10-02, OMHSAS-10-01, OMH-93-09

44 CFR Section 206.164 and Section 206.171

B. Catalog of Federal Domestic Assistance References

- 93.003 – Public Health and Social Services Emergency Fund
- 93.083 – Federal Emergency Response
- 93.150 – PATH Homeless Grant
- 93.243 – Substance Abuse and Mental Health Services Projects of Regional and National Significance (COSIG Grant, Cap. Of Perf. Outcomes Management)
- 93.558 – Temporary Assistance for Needy Families (Block Grant, MPP)
- 93.667 – Social Services Block Grants
- 93.778 – Medical Assistance Program
- 93.779 – Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations (MH Systems Transformation)
- 93.958 – Community Mental Health Services Block Grants
- 93.982 – Mental Health Disaster Assistance and Emergency Mental Health (Crisis Counseling Grant, Regular Services)
- 93.889 – National Bioterrorism Hospital Preparedness Program
- 93.889 – Public Health Preparedness and Response to Bioterrorism
- 93.889 – CDC Bioterrorism - General
- 93.889 – CDC Bioterrorism - Pandemic Flu 97.033 – Legal Services
- 93.999 – Client Level Reporting Project MA, TTI
- 97.032 – Crisis Counseling (Crisis Counseling Grant, Immediate Services)

V. Supplemental Financial Information

A. Supplemental Financial Schedules

The required supplemental financial schedules for this program are **Exhibits IV(a)MH** and **IV(b)MH** found in **Appendix I** of this Audit Supplement. These exhibits are provided as examples of the required format, but may be expanded, if necessary, to facilitate completion – as long as the format itself is maintained (i.e., additional lines may be added within various cost centers and/or line items).

B. Related Information

The following reports/schedules are available from the auditee and may be needed to complete/verify the supplemental financial schedule(s) specified above.

Note: Please consult with the county to obtain the Instructions for the Annual Income and Expenditure Report for the fiscal year that coordinates with the audit period.

General Invoice (used for payment to the counties)
Payment Summary (provides information on Federal/State funding)
MH 15 – Funding of Program Costs
MH 16 – Report of Income and Expenditures – MH Program

SECTION 6

MENTAL RETARDATION (MR) PROGRAMS

ATTENTION: Use in conjunction with the Introduction, Common Requirements, and the Appendix sections of this Single Audit Supplement.

SECTION 5 – COUNTY MENTAL RETARDATION PROGRAMS

I. Program Objective

County Mental Retardation (MR) Programs, separately or in concert with other counties, were established for the diagnosis, care, treatment, rehabilitation, and detention of persons experiencing mental disabilities. The Program makes it possible for persons with a mental disability to receive the kind of treatment needed, when and where it is needed. The Mental Health and Mental Retardation Act of 1966 (The Act) mandates that a range of services be available to persons who are mentally ill or mentally retarded so that they will receive a comprehensive treatment program through a continuum of care in their own communities and, whenever possible, in their own homes.

II. Program Procedures

The County MR Program must complete an annual plan and submit it to the DPW. Program operations are funded primarily with quarterly advances. The funding consists of State and Federal dollars from a number of sources. The county provides matching funds for program operations, and must submit an Annual Income and Expenditure Report documenting actual expenditures that are used by the DPW for cost settlement purposes.

Base funded services that have corresponding established rates for the same services under the MA Waiver program must charge the established rate to base funds. This is considered to be a department established fee, and therefore, no cost settlement is necessary.

Additional Funding Stream Information

Consolidated & Person and Family Directed Supports(PFDS) Waiver
Beginning with State Fiscal Year 2009-2010, the Office of Developmental Programs (ODP) implemented a prospective payment system for services delivered in the Consolidated Waiver and Person and Family Directed Supports Waiver. Payments to providers are now made directly to providers by the DPW's Provider Reimbursement and Operations Management Information System (PROMISE). All providers of services, including County operated providers, should follow requirements and regulations issued by the DPW, ODP, which includes the Consolidated Waiver and PFDS Waiver Cost Report Instructions (Year 4) as issued by the DPW. Any required supplemental information should be submitted directly to the ODP.

Please be advised that MA Waiver payments are considered to have Federal Financial Participation. Therefore, for the Counties providing

services to MR Waiver clients and billing the DPW directly, via PROMISe, the federal funds must be included on that County's Schedule of Expenditures of Federal Awards and should be considered when determining major programs under OMB Circular A-133.

Targeted Services Management (TSM) assists individuals with mental disabilities who live at home and in the community, and who are eligible for Medical Assistance (MA) to gain access to needed medical, social, educational, and other community services. This support coordination (case management services) consists of locating, coordinating, and monitoring necessary and appropriate services specifically identified in the person's Individual Support Plan (ISP). Clients enrolled in the Consolidated or PDFS Waiver received **Waiver Supports Coordination (SC)**; however, the services and federal funding are the same as for TSM.

Participation in the TSM/SC Program for providers of MR services is based upon enrollment and qualification of the provider through HCSIS. The rate for supports coordination is based upon the cost report process as a part of the Prospective Payment System (PPS) and is established through the standard rate setting methodology for supports coordination established by ODP. The same rate is used for TSM and Base Case Management provided in the same service location as waiver supports coordination services.

The State/Federal split of MA reimbursement for eligible TSM/SC services is based upon the Federal Medical Assistance Participation (FMAP) rate, which can be found in Appendix 4.

Payments for services to both waiver and non-waiver recipients is paid directly to the provider through DPW's PROMISe system. For non-MA eligible recipients, BCM service costs are paid with State-only dollars and not processed through PROMISe for payment but are paid through the Administrative Entity.

Base Case Management (BCM) is the same as the services provided under TSM and SC; however, BCM is for Base Funded programs which services non-MA eligible recipients, or it can be used for non-MA eligible services to MA eligible recipients. While all recipients of the ODP waivers are MA eligible, not all MA eligible recipients are enrolled in one of the waivers.

TSM/SC/BCM billing is on a fee-for-service basis for eligible services rendered to eligible recipients. Federal reimbursement for a county's administrative costs related to TSM is initiated through quarterly claims to the DPW/ODP. Federal Reimbursement for SC administrative costs is not claimed separately.

III. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed or Unallowed

Compliance Requirements – Base Services

NOTE: The following is not an all-inclusive list. Consult program regulations for all allowed services.

County MR Programs shall be responsible for the following services:

- Short-term inpatient services, other than those provided by the State;
- Outpatient services;
- Partial hospitalization services;
- Emergency services 24 hours per day to be provided by, or available within **at least one** of the types of services specified above.
- Community services, including consultation and education services to professional and community agencies;
- Aftercare services for persons released from state and county facilities;
- Specialized rehabilitation and training services, including sheltered workshops;
- Community residential services for persons who are mentally retarded;
- Unified procedures for intake for all county services and a central place providing referral services and information;
- Any other service or program designed to prevent mental disability or the necessity of admitting or committing the mentally disabled to a facility. (The Act, Article III, Section 301; PA Code 55, Chapter 4300)

Compliance Requirements – Social Services Block Grant (SSBG)

The following services may be provided with the SSBG, Title XX funding: including, but not limited to, adult developmental training, community residential services, community employment and employment-related services, facility-based vocational rehabilitation, family support services, and support coordination.

Compliance Requirement – TSM/SC/BCM

TSM/SC eligible services consist of locating, coordinating, and monitoring activities that assist eligible persons in gaining access to needed resources such as medical, social, educational, and other services as identified in their ISP.

Locating activities assist the individual in linking, arranging, and obtaining services specified in the individual's service plan. The plan incorporates the individual's strengths and desires to ensure the person gains access to needed services.

Coordinating activities include periodic review of the service plan with the individual, and contact with family, friends, and other community members to coordinate the recipient's support network.

Monitoring activities assure that the quality, type, and level of services for the individual remain appropriate with the individual's service plan. Activities include: interdisciplinary meetings and visits to providers of service, assessments of individual's progress and family satisfaction with services, arranging for modifications in service delivery and advocacy to ensure continuity of service, system flexibility and integration, proper utilization of resources, accessibility of services, and recipient's rights. (Case Management Services Transmittal 56 and Approved State Plan)

TSM/SC services that are **not eligible for Federal reimbursement** include, but are not limited to: intake, prevention services, activities that are not directly on behalf of the individual, outreach, the actual provision of the service that the service manager links, arranges, or obtains on behalf of the individual, and time spent for traveling.

Other unallowable services include assistance provided to individuals regarding Medicaid services; service managers' travel expenses outside of eligible service functions; and any other direct service.

Case management services for individuals with mental retardation who are not eligible for TSM/SC are funded through the State categorical case management allocation established by the DPW. This categorical allocation excludes funding of case management services provided under the Early Intervention Program. (County MH/MR Program Supplemental Agreement)

Retroactive Billing – Upon completion of the enrollment process and receipt of a provider number and the establishment of a rate, a new provider may submit TSM invoices retroactive to the date of enrollment and approval. All existing providers must comply with MA invoice-submission timeframe requirements (180 days from date of service). (MA Policy, MR Bulletin 00-94-23)

Suggested Audit Procedure (for the Provider of Service)

Test expenditure records and supporting documentation to determine that the services provided were allowable.

Test selected expenditure records and supporting documentation, including case notes, to determine that TSM/SC funds have been expended only for allowable services.

B. Eligibility

Compliance Requirement – Base and SSBG

An individual is eligible to receive services with State and SSBG funds provided they have been determined to have a mental disability and that the program has determined the person's liability to help supplement the costs of providing needed services. The program shall complete a redetermination of the person's liability at least once every 12 months. (The Act, Section 501; PA Code 55, Chapter 4300, Section 4305.31 through 4305.44)

Suggested Audit Procedure (for the Provider of Service or the Administering County)

Test selected client service files and program-related records and verify that the client liability determination and redetermination were completed in accordance with application regulations.

Compliance Requirement – TSM/SC

The provider of the service determines eligibility for TSM. The County Assistance Office (CAO) determines eligibility for MA.

Persons eligible for TSM/SC are MA eligible individuals with mental retardation who are not receiving supports coordination (case management services) provided under the Early Intervention Program (EIP). Individuals receiving other MA services may be eligible for TSM/SC, including persons with a dual diagnosis of mental illness or Acquired Immunity Deficiency Syndrome (AIDS), and persons inappropriately placed in nursing facilities covered under Omnibus Reconciliation Act (OBRA).

Individuals are not eligible for TSM/SC service while they are receiving MA funding for long-term care services (ICF/MR, psychiatric, nursing facility, and hospital care) except when they require TSM/SC as part of their discharge from the long-term care facility into the community. Such service is limited to the 180 days prior to discharge.

Suggested Audit Procedures (for the Provider of Service and the County)

Review the established procedures for determining eligibility and evaluate for conformity with applicable requirements.

Test selected program records and verify that eligibility was determined.

C. Matching, Level of Effort, and/or Earmarking Requirements

Compliance Requirement - General

The DPW reimburses county programs at a rate dependent on the type of service provided. For example, when the DPW participates at 90 percent, the remaining ten percent is the county obligation or local match. (The Act; PA Code 55, Chapter 4300, Section 4300.23; MH/MR Program Fiscal Manual for the County MH/MR Program; Allocation Letters)

NOTE: Service costs should be reduced by program revenues, prior to applying the State/county reimbursement rate. Program revenues may be client fees, direct Federal payments, and/or third-party liabilities.

Suggested Audit Procedure (for the County)

Examine the financial records, the DPW allocation letters, and required match information to verify that the county has contributed the proper matching share.

Compliance Requirement – TSM/SC

The county Administrative Entity may choose to claim Federal reimbursement for costs related to administration of the TSM/SC program. If the county AE chooses this option, a **County MR Quarterly TSM/SC Administration Cost Report** must be submitted according to the requirements. The costs claimed by the end of the fiscal year cannot exceed the TSM/SC Admin. Cost Allocation for that fiscal year. (MR Bulletin 00-96-13)

Suggested Audit Procedures (for the County)

Examine the County Program's procedures for preparing the County MR Quarterly TSM/SC Administration Cost Report and evaluate for conformity with applicable requirements.

Sample the financial reports and inspect for completeness and accuracy.

Trace data to supporting documentation and ensure that the allocation methodology resulted in an equitable distribution of administrative costs.

Inquire of management regarding adjustments to reported revenues and/or expenditures that were not reflected on reports submitted to DPW.

D. Reporting Requirements

Compliance Requirements

The county program is responsible for the submission of various annual reports, as detailed in the Annual Instructions for the Income and Expenditures Report.

Money not expended at the end of the fiscal year shall be considered unexpended funds (carryover) available for consideration by the DPW in the computation of the next fiscal year's payment. (PA Title 55, Chapter 4300, Section 4300.151)

NOTE: The program does **not** allow for negative carryover.

Suggested Audit Procedures (for the County)

Examine the county program procedures for preparing the county MR Program financial reports and evaluate for conformity with the Annual Instructions for the Report of Income and Expenditures.

Sample the financial reports and verify for completeness and accuracy.

Trace data to the supporting documentation.

Inquire of management regarding any required adjustments to reported revenues and/or expenditures that were not reflected on reports submitted to the DPW. Adjust required supplemental schedules to reflect these adjustments.

Examine procedures for computing carryover amounts; the letter(s) certifying carryover, where available; and verify that the correct carryover amounts were used in the reports.

Compliance Requirement

The county must follow specific personnel-related regulations and submit a Roster of Personnel (PW 1171) to the DPW. The Bureau of Personnel reviews the PW 1171 and provides written notification to the county as to

the nature and amount of any disallowances. In addition, the county is directed to disclose this information in connection with the County Single Audit. (PA Title 55, Chapter 4300, Sections 4300.42 through 4300.44; Annual Instructions for the Income and Expenditures Report)

Note: If adjustments to personnel are needed, the independent auditor should do so on the supplemental schedule submitted for review. These adjustments should **not** be made by the county prior to audit.

Suggested Audit Procedures (for the County)

Ascertain that the PW 1171 was properly completed and submitted to the DPW.

Inquire of management as to whether disallowance letters have been received that pertain to the County MR Program.

Verify that all applicable disallowances for the 12-month State FY ended June 30 are reflected on the appropriate supplemental financial schedule(s), footnoted as to the reason for the adjustments, and that the details of such adjustments are also disclosed in connection with the Accountant's Report on Applying Agreed-Upon Procedures. (See Appendix I)

E. Special Tests and Provisions

NOTE: The Common Requirements Section of the Audit Supplement is considered an integral part of the testing for this program.

Compliance Requirement – TSM/SC - Administrative Costs

The County MR Program may claim Federal reimbursement at the **50 percent FFP** level for costs incurred in administering the TSM Program for Federally eligible individuals/services. Allowable administration costs are those expenses associated with the Administrator's Office, which entail TSM Program monitoring, management, and oversight. This may include a combination of direct and indirect TSM/SC costs assigned to the Administrator's Office. A specific method of apportioning costs associated with TSM/SC program management must be established. Documentation used in apportioning costs and determining the amount of the Federal claim must be maintained. (55 PA Code, Chapter 4300, Sections 4300.41-.69, 4300.94, and 4300.134)

Suggested Audit Procedures (for the County)

Ascertain whether the county has claimed administration costs.

Examine the method of apportioning administration costs to determine that the costs were equitably and consistently allocated.

Determine that the methodology used to compute the percentage of Federal eligible is in accordance with applicable requirements (i.e., reflective of the actual percentage of Federally eligible services/individuals).

Select a sample and test to determine that these costs were allowable and incurred in connection with Federally eligible individuals/services.

Compliance Requirement – TSM/SC - Client Service Plan

TSM/SC services are to be provided in accordance with the written, client-specific service plan. (State Plan Amendment)

Suggested Audit Procedure (for the Provider of Service)

Test selected case records to determine that a client-specific service plan has been prepared.

Compliance Requirements – Indirect Costs

County programs are allowed to charge indirect costs up to a maximum of two percent of the final Fiscal Year 2010-2011 MR allocation. (PA Code 55, Chapter 4300, Section 4300.55)

Indirect costs must be included in the county MH/MR approved plan and budget and reported under the administration cost center in plans, budgets, and reports submitted to the DPW. (Mental Retardation Bulletin No. 99-85-17)

For contracted service providers, the DPW will participate in indirect costs if the service provider has a cost allocation plan and the indirect costs are an approved component of the contract. The allocation methodology shall apportion these costs logically among services receiving a benefit and shall result in a fair, equitable, and consistent distribution of costs. (PA Title 55, Chapter 4300, Section 4300.94)

Suggested Audit Procedures (for the County)

Examine the county's cost allocation plan and ascertain that the methodology used to allocate indirect costs is fair and equitable.

Verify that the indirect costs charged did not exceed the two percent limitation and were allocated in accordance with the cost allocation plan.

Evaluate these costs to determine that they are eligible and were not duplicated as direct cost charges.

Suggested Audit Procedures (for the Provider of Service)

If the DPW participates in the service provider's indirect costs, verify that the agency has a cost allocation plan.

Ascertain that the methodology used to allocate the indirect costs is fair, equitable, and consistent.

Compliance Requirement – Apportioned Costs

Administrative costs incurred at the county program level should be consistently and equitably allocated between MH and MR, and further among costs centers and funding streams. The county program shall maintain documentation supporting the apportionment of these costs. (PA Title 55, Chapter 4300, Section 4300.134)

Suggested Audit Procedure (for the County)

Ascertain that there is a methodology to allocate apportioned costs. Verify that the methodology to apportion these costs is equitable and consistent at all applicable levels (i.e., between MH/MR, costs centers, and/or funding streams).

Compliance Requirement – Categorical Fund Restrictions

Categorical funding is restricted to a specific component of the county program. Unexpended categorical funds shall not be used to offset a deficit incurred in the Base Program or any other categorical program. (PA Title 55, Chapter 4300, Section 4300.155)

Suggested Audit Procedures (for the County)

Verify that the county program has adequate budget monitoring procedures in place.

Examine financial records and verify that the county program has complied with the categorical funding limitations.

Compliance Requirement – Prior-Year Deficit

Departmental funds allocated in the current fiscal year shall not be used to pay for a deficit incurred during the prior year without the approval of the Secretary of Public Welfare. (PA Title 55, Chapter 4300, Section 4300.147)

Suggested Audit Procedures (for the County)

Examine financial records and related source documentation and determine if the prior-year deficit was funded with the current year's allocation.

If the prior year deficit was funded, verify that the Secretary of Public Welfare's designee's approval was obtained.

Compliance Requirement – Contracts/Agreements

The county shall maintain a written contract with each provider (fee-for-service and program funded) to which clients are regularly referred or with which the county/joinder has a continuing relationship. (PA Title 55, Chapter 4300, Sections 4300.138 and 4300.139)

Suggested Audit Procedure (for the County)

Verify that valid contracts exist for the purchase of these services and that all required contract components are present in the contracts.

Compliance Requirements – Salary/Benefit Costs

County

The DPW will participate in compensation costs of personnel up to the combined prevailing Commonwealth salaries and benefits for functionally equivalent positions. This participation is limited to personnel hired under merit system procedures. (PA Title 55, Chapter 4300, Sections 4300.42 through 4300.46)

Service Providers

The DPW will participate in compensation for employees of program-funded agencies and service providers funded on a unit-of-service basis up to the combined prevailing Commonwealth salaries and benefits for functionally equivalent positions.

The DPW's participation in the salaries and benefits of the executive officers of these agencies is also limited to the combined salaries and benefits approved for these positions.

The salary corresponding to a pay range that is eligible for reimbursement by the DPW shall be based on the Commonwealth schedule of salaries for its management employees. (PA Title 55, Chapter 4300, Section 4300.83)

Suggested Audit Procedures (for the County)

Verify that employees were hired in accordance with the approved merit system.

Determine that the base salaries claimed for DPW participation are in accordance with the County Compensation Plan, but do not exceed the Commonwealth Compensation Plan.

Suggested Audit Procedure (for the Provider of Service)

Determine that the compensation claimed for DPW participation does not exceed the combined prevailing Commonwealth salaries and benefits, as detailed in, PA Title 55, Chapter 4300, Section 4300.83.

Compliance Requirement – Retained Revenue

The DPW will participate in an allowance for service providers to retain revenue, accruing at the close of the contract period, in excess of eligible expenses realized under the contract. The DPW will participate in an allowance for retained revenue only when the county explicitly approves retained revenues by including specific provisions in the contract. Retained revenue will be limited to the lesser of the percentage specified in the county’s contract with the provider or three percent of the total gross revenues applicable to the contract. (PA Title 55, Chapter 4300, Section 4300.108)

Suggested Audit Procedures (for the County)

Ascertain whether the county’s provider contracts have specific provisions for the retention of revenue. Verify that the contract identifies the accounting unit or entity (i.e., organizational, service, or activity unit) for computing revenues in excess of eligible expenditures. Examine the county’s procedures for enforcing its retained revenue contract provisions.

Suggested Audit Procedure (for the Provider of Service and Administering County)

Verify that the service provider’s retained revenue does not exceed the lesser of the percentage specified in the county’s contract with the provider or three percent of total gross revenues applicable to the

contract. Any retained revenue in excess of the allowable amount should be cited as a questioned cost.

Compliance Requirement – Related Party Costs

For the determination and reimbursement of costs, a related party is treated as if it is part of the provider. The cost for goods or services furnished to a program by a related organization is allowed at the lower of the allowable cost to the related organization or the market price of comparable goods or services. Interest expense is not an allowable expense if it is paid to a lender related through the control, ownership, or personal relationship to the borrowing organization. The DPW will participate in the cost-of-interest expense only with the prior written approval of the Secretary of Public Welfare or a designee. (PA Title 55, Chapter 4300, Section 4300.13 and 4300.144)

Suggested Audit Procedure (for the County and the Provider of Service)

Ascertain whether the program purchased any goods or services from a related party. If so, verify that the cost of such goods or services is the lower of the allowable cost to the related organization or the market price of comparable goods or services.

Compliance Requirement – Occupancy Expense

The DPW will participate in the cost-of-occupancy expense for buildings and offices rented/leased by the county/joinder for use by the county program or by a private agency for use by programs operated under contract with the county. The amount of the rent charged to a given program shall be prorated in direct relation to the amount of space utilized by the program. For county-owned buildings, the DPW will also participate in maintenance, housekeeping, and utilities on a pro rata basis. **In addition, if a private agency enters into a sale-leaseback agreement with an unrelated purchaser, the DPW will not participate in the cost of rent.** (PA Title 55, Chapter 4300, Sections 4300.48 and 4300.87)

Suggested Audit Procedures (for the County and Provider of Service)

Determine that occupancy costs claimed for the DPW participation are allowable under PA Title 55, Chapter 4300.

Verify that the amount of rent charged to any given program is in direct proportion to the amount of space utilized by that program.

For private agencies, verify that the DPW is not participating in rent associated with a sale-leaseback agreement.

Compliance Requirements – Reconciliation of Costs

If the county contracts with a private agency for MR services, it is the county’s responsibility to ensure that the total interim payments for the subcontract are compared to the actual/audited costs and that appropriate adjustments are made. (PA Title 55, Chapter 4300, Section 4300.116)

Suggested Audit Procedures (for the Administering County)

Ascertain whether the county contracts with private agencies MR services.

Inquire of management as to whether the county has obtained permission to continue cost settlements in any of these programs. If so, examine the county’s procedures regarding the reconciliation of total interim payments to actual/audited costs.

Compliance Requirement – ARRA Funds

Refer to Appendix 4

Suggested Audit Procedures

Refer to Appendix 4

Compliance Requirement – Subrecipient Monitoring

If the county subcontracts all or part of the MR Program, the county is responsible for verifying that the provider of service adheres to all Federal and State regulations and requirements.

Suggested Audit Procedure (for the Administering County)

Verify that the county complies with Common Requirement I, Subrecipient Monitoring, as detailed in the Common Requirements Section of the Audit Supplement.

IV. Applicable Regulations/Procedures and References

A. Social Security Act, Sections 1915(g) and (g)(2)

The Mental Health and Mental Retardation Act of 1966

PA Code, Title 55, Chapters 3130, 4220, 4226, 4300, 4305, 6200

Office of Developmental Programs Allocation Letter

Instructions for the Annual Report of Income and Expenditures

Mental Retardation Bulletin No. 00-02-01, 00-04-13, 00-94-23, 00-96-12,
and 00-96-13

44 CFR Section 206.164 and Section 206.171

County MH/MR Supplement Agreement

MA State Plan Amendment

HCFA Transmittal 56

B. Catalog of Federal Domestic Assistance References

93.667 – Social Services Block Grants

93.778 – Medical Assistance

V. Supplemental Financial Information

A. Supplemental Financial Schedules

The required supplemental financial schedules for this program are **Exhibits IV(c)MR, and IV(d)MR** found in **Appendix I** of this Audit Supplement. These exhibits are provided as examples of the required format, but may be expanded, if necessary, to facilitate completion – as long as the format itself is maintained (i.e., additional lines may be added within various cost centers and/or line items).

The required supplemental financial schedule for the **BCM Program** is **Exhibit IV(e)** found in **Appendix I** of the Audit Supplement. **This schedule should be completed only for counties in their capacity as BCM providers of service.**

It is not meant to be completed for individual contracted providers of service, nor is it a composite of all service providers in a specific county.

For Fiscal Year 2010 – 2011, as a part of the Prospective Payment System, there is no cost settlement for SC services. For TSM and State-only funded case management services, the rate established for SC and used for TSM and State only funded case management is considered to be a Department established fee. In accordance with PA Title 55, Chapter 4300, Section 4300.115, there is no cost settlement for TSM or State only funded case management.

These exhibits are provided as examples of the required format, but may be expanded, if necessary, to facilitate completion – as long as the format itself is maintained (i.e., additional lines may be added within various cost centers and/or line items).

B. Related Information

The following reports/schedules are available from the auditee and may be needed to complete/verify the supplemental financial schedule(s) specified above. **Note:** Please consult with the county to obtain the Instructions for the Annual Income and Expenditure Report for the fiscal year that coordinates with the audit period.

General Invoice (used for payment to the counties)
Payment Summary (provides information on Federal/State funding)
MR 15 – Funding of Program Costs
MR 16 – Report of Income and Expenditures – MR Program

SECTION 7

EARLY INTERVENTION PROGRAMS

ATTENTION: Use in conjunction with the Introduction, Common Requirements, and the Appendix sections of this Single Audit Supplement.

SECTION 7 – CHILD DEVELOPMENT PROGRAMS

Note: Announcement ELS/EI-06 #07 from the Bureau of Early Learning Services waived the following Chapter 4300 Regulations with regard to the Early Intervention Program: §4300.87(b) and (c)(2) Occupancy, §4300.103 Equipment & Furnishings, §4300.105 Depreciation Allowance, §4300.108(b) Retained Revenue, and §4300.116(d) County Negotiated Fees.

I. Program Objectives

Pennsylvania Early Intervention System was implemented in compliance with the Individuals with Disabilities Education Act Amendments of 1991 (IDEA) under Public Law 102-119, Part H (reauthorized as PL 105-17 Part C), and the Pennsylvania Early Intervention Services System Act, Pennsylvania Act 212-1990, which specifies services eligible for children in the Early Intervention (EI) program. The EI program also includes the Infant, Toddler, and Families (ITF) Waiver program.

The Pennsylvania Act 212-1990 was enacted to establish a statewide system of services and supports for infants and toddlers with disabilities and their families. Eligible infants and toddlers and their families receive services and supports under Pennsylvania's statewide system of EI services.

II. Program Procedures

Early Intervention is based on allocations made by the Department of Public Welfare (DPW) to the county. These allocations include state and federal funds with some required match from the county EI program. The county is required to submit:

- An Annual Income and Expenditures (IE) report which documents actual expenditures and
- An Interim and Annual Schedule of Revenues and Expenditures, which documents income by funding stream and expenses by allowable cost standards.

III. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed or Unallowed

Compliance Requirement

Allowable services are those services specified in the Individualized Family Service Plan (IFSP). (55 PA Code §4226.74)

Note: Please refer to the Special Tests and Provisions section for a detail on the IFSP requirements for allowable services.

Suggested Audit Procedures (for the Provider of Service or the Administering County)

Verify that necessary services are detailed on the IFSP with the unit cost for each service.

Test expenditure records and supporting documentation to determine that the services provided were allowable.

Compliance Requirement – ITF Waiver

For the ITF Waiver, the following habilitation services are eligible for federal reimbursement: social work habilitation, audiology habilitation, health services habilitation, nursing services habilitation, nutrition services habilitation, occupational therapy habilitation, physical therapy habilitation, psychological habilitation, speech pathology habilitation, and special instruction habilitation.

Services ineligible for federal reimbursement under the ITF Waiver Program include room and board, except, if provided as part of educational services provided under IDEA; services otherwise available for the recipient as part of the Medicaid program; and any other service not specified in the approved waiver or amendment for the applicable period. Additional exclusions are stipulated in the respective Waiver application, subsequent waiver amendments, and the operating agreement.

Suggested Audit Procedure (for the Provider of Service and the Administering County)

Test selected expenditure records and related documentation to determine that waiver-eligible funds have not been expended on Waiver-ineligible services.

B. Eligibility

Compliance Requirement – Early Intervention

Children ranging in age from birth to three years of age (inclusive) who are experiencing developmental delays, or have been diagnosed with a physical or mental condition that has a high probability of resulting in a developmental delay(s) are eligible for EI services. (55 PA Code §4226.22)

Suggested Audit Procedures (for the Provider of Service or the Administering County)

Sample the eligibility files, as well as the case files/records for EI and ascertain whether the children involved meet the eligibility requirements.

Compliance Requirement – ITF Waiver

To be eligible for the ITF Waiver, the infant or toddler must meet Intermediate Care Facilities (ICF)/Mental Retardation (MR) or ICF/Other Related Conditions (ORC) level of care criteria as indicated in MR Bulletin 00-98-07.

The County Assistance Office (CAO) determines the financial eligibility based on the financial and clinical information supplied for the beneficiary. Beginning July 1, 2000, there is no recipient liability under any of the waivers, nor is family/household income considered.

The level-of-care reassessments must be performed at least annually and financial assessments at least every three years. See MR Bulletin 00-98-07 for the re-certification requirements under the ITF Waiver.

Suggested Audit Procedures (for the Provider of Service and the Administering County)

Review program procedures for collecting and maintaining eligibility documentation and evaluate for conformity with the supplemental operating agreement. (OCDEL Announcement 07 #4)

Sample the program records and verify that current eligibility documentation is maintained. (**Note:** This is a check for the **presence** of the required material in the records and does not require a judgment as to the content of the material).

C. Matching, Level of Effort, and/or Earmarking Requirements

The DPW reimburses county programs at a rate dependent upon the type of service provided. For example, when the DPW participates at 90 percent, the remaining ten percent is the county obligation or local match. (The Act; PA Code 55, Chapter 4300, Section 4300.23; MH/MR Program Fiscal Manual for the County MH/MR Program; Allocation Letters)

There are no county matching requirements for the ITF Waiver.

NOTE: Service costs should be reduced by fees or third-party liability income first, prior to applying the state/county reimbursement rate.

Suggested Audit Procedures (for Administering County)

Review the financial records, the DPW allocation letters, and required match information to verify that the county has contributed the proper matching share.

D. Reporting Requirements

Compliance Requirement – Early Intervention

The EI program shall be reported annually, as detailed in the Annual Instructions for the I&E Report.

Money not expended at the end of the fiscal year shall be considered unexpended funds (carryover) available for consideration by the DPW in the computation of the next fiscal year's allocation. (PA Title 55, Chapter 4300, Section 4300.151)

NOTE: The program does **not** allow for negative carryover.

Suggested Audit Procedures (for Administering County)

Review the county program procedures for preparing the county MH/MR Program financial reports and evaluate for conformity with the Annual Instructions for the Report of I&E.

Sample the financial reports and review for completeness and accuracy.

Trace data to the supporting documentation.

Inquire of management regarding adjustments to reported revenues and/or expenditures that were not reflected on reports submitted to the DPW.

Review procedures for computing carryover amounts; the letter(s) certifying carryover, where available; and verify that the correct carryover amounts were used in the reports.

Compliance Requirement – ITF Waiver

The county programs are required to submit the following reports for the ITF Waiver:

- Quarterly Waiver Reports
- Annual Waiver Reports

Suggested Audit Procedures (for Administering County)

Review the program procedures for preparing the Waiver Program financial report and evaluate for conformity with the supplemental operating agreement.

Trace data to the supporting documentation.

Review the periodic reports submitted to the DPW for the appropriate fiscal period and for completeness and accuracy.

Verify that the Annual Waiver Reports were amended (via the Supplemental Schedule to the Annual Waiver Reports) to accurately reflect actual costs.

Inquire of management regarding adjustments to reported revenues and/or expenditures that were not reflected in reports submitted to the DPW.

E. Special Tests and Provisions

NOTE: The Common Requirements Section of the Audit Supplement is considered an integral part of the testing for the following programs.

Compliance Requirement – ARRA Funds (for the Administering County)

The county is required to maximize the transparency and accountability of funds authorized under the American Recovery and Reinvestment Act.

Suggested Audit Procedures

Ensure that agencies are fully compliant with the single audit requirements that apply to them.

Compliance Requirements – Individualized Family Service Plan

The **IFSP** is a required component of the EI Program. This written document describes the planning process where family member(s), the service coordinator, and one or more other professionals work together to outline a plan of EI supports and services for a child and family. For an eligible child, an initial IFSP must be developed within 45 days following referral of the child to the system.

All essential services and expected outcomes, as well as the location, frequency, date, and duration of the services provided to a child and the child's family shall be identified in the IFSP. (55 PA Code §4226.71-§4226.74)

All sources of funding for services recommended in the IFSP should be identified. **Only those eligible EI services listed in the IFSP document shall be considered reimbursable using EI funds.** Periodic reviews must be held at least every 180 calendar days or more frequently if conditions warrant or if the family requests such a review. (55 PA Code §4226.71-§4226.74)

NOTE: When a child is eligible for both EI and Medical Assistance (MA), the EI service is MA eligible, and the provider is MA enrolled, the agency must bill MA for the EI service. **Except** when the child is covered by private insurance, the EI service could be reimbursable under the private insurance, and the family elects to use the insurance for billing.

Otherwise, the EI service should be funded with federal, state, and/or county funds other than MA or ITF Medicaid Waiver funding. (MR Bulletins 00-94-22, OCDEL Announcement 07 #02, OCDEL Announcement 07 #4, OCDEL Announcement 06 #12; the Federal Register, Volume 58, No. 145, relating to Part C [formerly Part H]; 34 CFR, Sections 303.322(b)(1), 303.343, 303.344, and 303.527 and PA Title 55, Chapter 4226, Early Intervention Services.)

Suggested Audit Procedures (for the Administering County)

Verify that the county has signed provider agreements with ITF Waiver Service providers.

Verify that the county has submitted a signed Supplemental Operating Agreement for the ITF Waiver with the OCDEL.

Review the ITF Waiver Annual Expenditure Report to ensure that the county has not exceeded its ITF Waiver services and ITF Waiver administration allocations.

Suggested Audit Procedures (for the Provider of Service)

Review the agency's procedures for funding EI services.

Sample EI expenditures not processed through PELICAN and/or PROMISE and ensure that only eligible services listed in an IFSP were submitted for reimbursement.

Sample case files and ensure that MA or ITF Waiver is billed only for eligible services.

Review the agency's procedures for developing and implementing an IFSP.

Sample case files and verify that the IFSP indicates the source(s) of funding that will be used to provide the recommended services.

Sample the case files of the children who have recently entered the EI system and ensure that an IFSP has been established within 45 days of referral to the system.

Note: EI will continue to be listed on the Annual I&E report. Please refer to Appendix I, Exhibit IV(c).

Compliance Requirement – Administrative Costs (ITF Waiver)

If county administrative costs are charged to the Waiver Program, such costs should be consistently and equitably allocated among the available funding streams. In addition, these costs must meet the definition of "Administrator's Office Costs" as defined in the 4300 Regulations and must be adequately documented. (Chapter 4300, Section 4300.134 - 4300.136)

Suggested Audit Procedures (for the Administering County)

Ascertain whether administrative costs charged to the Waiver Program meet the definition of "Administrator's Office Costs" and are adequately documented.

Verify that the allocation of these costs to the Waiver Program is consistent and equitable.

Compliance Requirement – Reconciliation of Costs (ITF Waiver)

If the county contracts with private agencies for Waiver services, it is the responsibility of the county to ensure that the total interim payments for these contracts be compared to the actual costs and that the appropriate adjustments are made. (Chapter 4300, Section 4300.116-4300.117)

NOTE: 55 PA Code §4300.116 were waived for fiscal year ended June 30, 2007. (ELS/EI Announcement 06 #07)

Suggested Audit Procedure (for the Administering County)

Ascertain whether the county contracts with providers for the Waiver Program.

Compliance Requirement – Contracts/Agreements

The county shall maintain a written contract with each provider (fee-for-service to which clients are regularly referred or with which the county/joinder has a continuing relationship). (PA Title 55, Chapter 4300, Sections 4300.138 and 4300.139) This applies to contracts with providers for base funded services and MA/EI services.

The county shall maintain the standardized written Infant, Toddlers, and Families Medicaid Waiver County Program and Provider Contract for ITF Services. This contract is independent of other contracts, such as EI State Maintenance and MA/EI, the county program holds with providers and shall not include any addendums other than an addendum that places a total financial cap on the contract. Additional sheets that list the provider’s services, locations, and rates may be attached to the contract.

Suggested Audit Procedure (for the Administering County)

Verify that valid contracts exist for the purchase of these services and that all required contract components are present in the contracts.

Compliance Requirement – Subcontractor/Subrecipient Monitoring

If the county subcontracts the above programs, the county is responsible for ensuring that the provider of service adheres to the regulations and requirements of the program. (See Appendix II)

If the county subcontracts allowable administrative functions of the Waiver Program, the county is responsible for ensuring that the Provider of Service adheres to the regulation and requirements of the program, including contract requirements established in the Department’s Operating grant agreement with the County. (ELS/EI Announcement 07 #4)

Suggested Audit Procedure (for the Administering County)

Ensure that the county complies with Common Requirement I, Performing Subrecipient Monitoring, as detailed in the Common Requirements Section of this Audit Supplement.

IV. Applicable Regulations/Procedures and References

The MH/MR Act of 1966

PA Code, Title 55, Chapters 4300, 4305, 4226

Act 212 of 1990

Individuals with Disabilities Education Act (revised June 1997)

Office of Child Development and Early Learning

Allocation Letters

Instructions for the Annual Report of Income and Expenditures

OCD Announcement No. ELS/EI 07 #4, 06 #8

MR Bulletin No. 00-98-07

Title 42 CFR, Parts 435, 440, and 441

A. Catalog of Federal Domestic Assistance (CFDA) References

84.181 – Special Education Grants for Infants and Families (Infants and
Toddlers with Disabilities)

84.393A – IDEA Part C – ARRA Funds

93.778 - Medical Assistance Program

V. Supplemental Financial Information

A. Supplemental Financial Schedules

The required supplemental financial schedules for this program are **Exhibits V(a) & V(b)** found in Appendix I of the Audit Supplement. These exhibits are provided as examples of the required format, but may be expanded, if necessary, to facilitate completion as long as the format itself is maintained (i.e., additional lines may be added within various cost centers and/or line items).

B. Related Information

The following reports/schedules are available from the auditee and may be needed to complete/verify the supplemental financial schedule(s) specified above. Please request them from the county or request a copy of the yearly Audit Guidelines to review. **Note:** Please consult with the county to obtain the Instructions for the Annual I&E Report for the fiscal year that coordinates with the audit period.

General Invoice (used for payment to the counties)
Payment Summary (provides information on federal/state funding)
EI 15 – Funding of Program Costs
EI 16 – Report of Income and Expenditures - EI Program
Infant, Toddler and Families Quarterly Waiver Reports
Infant, Toddler and Families Annual Waiver Report
EI Schedule of Revenues & Expenditures (Interim & Annual)

Note: The I&E Report has changed to only contain EI. This format is separate from the MH/MR I&E Report, which contained EI within the MR portion.

SECTION 8

COMBINED HOMELESS ASSISTANCE PROGRAMS (HAP)

ATTENTION: Use in conjunction with the Introduction, Common Requirements, and the Appendix sections of this Single Audit Supplement.

Section 8 – COMBINED HOMELESS ASSISTANCE PROGRAMS (HAP)

The Instructions and Requirements for the HAP combine the various HAP components. The final expenditure reports for the various programs are also consolidated. The PENNFREE Bridge Housing component is an addendum to that document and must be reported separately.

Supplemental Homeless Assistance Payments – Counties may occasionally receive supplemental HAP funds that apply to one or more components. At year end, the annual expenditures for each supplemental payout are required to be reported **separately**, but in a format identical to the regular report for the component(s) in question. For the audit, the HAP supplemental financial schedule in Appendix I should include the supplemental funds and corresponding expenditures for each component affected, even if the county does not receive a regular allocation for that component.

I. Program Objectives

The program helps displaced or at risk individuals either maintain housing or assist in finding adequate housing. This is done under several different program components including Emergency Shelter, Bridge Housing, and Rental Assistance. The program provides case management to help at risk and/or houseless individuals/families with housing needs, and can provide for innovative supportive housing services, which allows the service provider to better design the housing services provided outside of the regularly provided housing services noted in this section.

Emergency Shelter ensures that homeless Pennsylvanians can find refuge and care, especially during the cold winter months.

Bridge Housing assists homeless individuals for 12 months by providing and arranging support services with the goal of returning clients to the most independent life situations possible. The county may permit the service provider to extend a client's length of stay from 12 to 18 months. It is a transitional service that allows homeless clients who are in temporary housing to move to a supportive living arrangement while preparing to live independently. It is essential that Bridge Housing programs be identified as part of a county continuum of services that includes emergency shelter and emergency assistance as well as programs that provide permanent long-term housing for homeless people.

PENNFREE Bridge Housing is granted to Allegheny and Philadelphia Counties under the conditions that it be used **only** to expand their existing Bridge Housing Components in scattered sites to serve the PENNFREE targeted population. Funding for PENNFREE Bridge Housing **must be maintained and reported separately** from the main Bridge Housing Component. In addition, funding for the

PENNFREE Bridge Housing component is **not** eligible to have funds transferred in or out.

Rental Assistance provides payments for rent, mortgage arrearage for home and trailer owners, rental costs for trailers and trailer lots, security deposits, and utilities to prevent and/or end homelessness by maintaining individuals and families in their own residence. Emphasis is placed on the prevention of homelessness for families with children.

Case Management is designed to establish an ongoing client/case manager relationship that emphasizes dialogue and interaction with homeless and near homeless clients. Case Management Service is a series of coordinated activities with the client to determine the type of services needed and to coordinate their timely provision.

The **Innovative Supportive Housing Services** component was introduced July 1, 1996, to allow counties to design a supportive housing service that is outside the scope of existing HAP components. To participate in the Innovative Supportive Housing Services Component, counties must submit a narrative identifying the targeted client population and a description of the services to be provided. This narrative is submitted as a separate page in the regular Homeless Assistance Pre-Expenditure Plan and is approved on a county-by-county basis.

Note: Philadelphia is the only county receiving Title XX (SSBG) funding and has the option to use this funding in any HAP component, except PENNFREE Bridge Housing.

II. Program Procedures

The County must submit a Pre-Expenditure Plan detailing under which of the above programs funding will be used. Once a plan is approved, the county may move funds (except to the PENNFREE Bridge Housing component) across the major budget categories within a HAP component during a given fiscal year. However, if the revisions exceed 20 percent of the county's total grant for that fiscal year, a revised budget must be submitted to the Department of Public Welfare (DPW).

Note: If adding a service component not previously approved in the Pre-Expenditure Plan, the county must provide written justification to the DPW.

Revisions to Final Reports - After the county submits the Final Expenditure Report, the DPW will not process any requests for revision to the final report, except for requests that are supported by a provider audit and accompanied by a copy of that audit report. However, the DPW may request that the county make necessary corrections in the case of mathematic errors.

Note: The county may subgrant all or part of the HAP or components; however, the county is responsible for ensuring that the provider(s) of services adhere to the regulations and requirements of the program, including any reporting and/or applicable audit requirements.

III. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed or Unallowed

Compliance Requirements – Emergency Shelter

Allowable costs include: county administration (not to exceed the limit for the period in question); mass shelter, including meals as part of the mass shelter program; mass shelter supplies, such as cots and blankets; and individual shelter costs paid to hotels and motels through a voucher system. **The length of stay in a shelter, hotel, or motel is limited to 60 days.**

Unallowable costs include: client fuel, utilities, rental costs, mortgage subsidies, renovations, real property, and equipment purchases over \$300 (land, buildings, or major equipment).

Suggested Audit Procedure

Test expenditure records and supporting documentation to determine that funds have been expended only for allowable shelter services.

Compliance Requirement – Bridge Housing

Allowable costs include: county administration (not to exceed the limit for the period in question); operating costs of the Bridge Housing facility, including rental charges; room and board costs; salaries of Bridge Housing Program staff; costs of transporting Bridge Housing clients to job training or job interviews; costs of providing or purchasing supportive client services; costs of renovations and purchases of buildings and fixed assets.

Note: The purchasing of buildings is allowable cost; however, the county must receive approval from by the DPW for the purchase.

Suggested Audit Procedure

Test expenditure records and supporting documentation to determine that funds have been expended only for allowable Bridge Housing Program costs.

Compliance Requirements – PENNFREE Bridge Housing

Allowable costs include: room and board, and clothing costs for clients; housing subsidies paid on behalf of the client for rent, utilities, and security deposits; and furniture and appliances for use by the client while in the program.

Unallowable costs include: drug and alcohol treatment services, as other PENNFREE initiatives are available for treatment costs; emergency shelter arrangements; county administration; and the purchase of buildings, and the renovation of buildings or apartments. **In addition, federal funding carries with it certain requirements that prohibit the use of funding for:** administrative expenses, lobbying activities, distribution of sterile needles to intravenous drug users, and the distribution of bleach for cleaning such hypodermic needles.

Suggested Audit Procedure

Test selected expenditure records and supporting documentation to determine that funds have been expended only for allowable PENNFREE Bridge Housing Program costs.

Compliance Requirement – Rental Assistance

Allowable costs include: county administration (not to exceed the limit for the period in question); Rental Assistance payments, including rental payments, utility payments, and security deposits up to a limit of **\$1,000 for adults-only households and \$1,500 for families with children in 24 consecutive months**; life skills training; payments made in eviction cases; and payments made to landlords and/or rental and utility agents after verification of the amount of charges due; and staffing, operating, and equipment costs of the service agency providing the service may be charged directly to the program.

NOTE: The maximum benefit for Rental Assistance payments per applicant benefit is for 24 consecutive months. The maximum dollar limit includes any funding the client receives from county assistance offices (CAOs) or any other government source for rent, security deposit, and/or utility assistance. The eligible period for maximum benefits begins when the client receives the initial Rental Assistance payment and ends 24 months from that date.

Unallowable costs include: funds in excess of the amounts and time limits specified above; payments for equipment (such as furnace, water pump, stove, etc.); and the payment of liens

Suggested Audit Procedures (for the Provider of Service)

Test expenditure records and supporting documentation to determine that funds have been expended only for allowable Rental Assistance services.

Review the procedures for determining the amount of assistance available and for ensuring the prevention of payment duplication to an individual or family/budget group, and evaluate for conformity with applicable requirements.

Note: A clearinghouse must be established to screen all applications to prevent duplication of payments to a single client, family, or budget group.

Compliance Requirements – Case Management

Allowable costs include: county administration (not to exceed the limit for the period in question) and staffing to provide services that may include intake and assessment, preparation of a written service plan, arrangement for the provision of needed services, client tracking, and follow-up and outreach services.

Unallowable costs include: payments made on behalf of the client for shelter or support services other than case management.

Suggested Audit Procedure

Test expenditure records and supporting documentation to determine that funds have been expended only for allowable Case Management Component costs.

Compliance Requirement – Innovative Supportive Housing

Allowable services are detailed in the Innovative Supportive Housing Services portion of the Combined Homeless Assistance Program Pre-Expenditure Plan.

Suggested Audit Procedures

Review the approved Innovative Supportive Housing Services narrative to ascertain the services to be provided.

Test expenditure records and supporting documentation to determine that funds have been expended only for approved allowable services.

B. Eligibility

Compliance Requirement – General

To be eligible in any one of the HAP components, clients must be low-income; who are homeless or near homeless. The county, in conjunction with the provider of service, is responsible for establishing income eligibility requirements and a sliding fee scale for room and board. Clients must be charged appropriately for services according to the scale.

The **homeless** are defined as individuals or families who:

- 1) are residing in a group shelter; domestic violence shelter; hotel or motel paid for with public or charitable funds; a mental health, drug, or alcohol facility; a jail or hospital with no place to reside; or living in a home, but due to domestic violence, needs a safe place to reside;
- 2) have received verification that they are facing foster care placement of their children solely because of lack of adequate housing, or need housing to allow reunification with children who are in foster care;
- 3) are living in a “doubled-up” arrangement for six months or less on a temporary basis;
- 4) are living in a condemned building;
- 5) are living in housing in which the physical plant presents life threatening conditions; i.e., having dangerous structural defects or lacking plumbing, heat, or utilities; or
- 6) are living on the streets, in cars, doorways, etc.

The **near homeless** are those who are facing eviction (having received either written or verbal notification from the landlord that they will lose their housing unless some type of payments is received).

Note: Verbal notification must be followed up with written documentation.

Suggested Audit Procedures

Review the county and/or its designated providers’ procedures for determining eligibility and evaluate for conformity with applicable requirements.

Review selected program services files/records to determine that funds have been expended only for eligible clients and that the sliding fee scale was appropriately applied.

If the county has delegated any portion of its administrative responsibilities, review the county's procedures for ensuring that the service provider adheres to this requirement.

Compliance Requirements – Emergency Shelter

Allowable costs include: county administration (not to exceed the limit for the period in question); mass shelter, including meals as part of the mass shelter program; mass shelter supplies, such as cots and blankets; and individual shelter costs paid to hotels and motels through a voucher system. **The length of stay in a shelter, hotel, or motel is limited to 60 days.**

Unallowable costs include: client fuel, utilities, rental costs, mortgage subsidies, renovations, real property, and equipment purchases over \$300 (land, buildings, or major equipment).

Compliance Requirement – Bridge Housing

The county may permit the service provider to extend a client's length of stay from 12 to 18 months.

Suggested Audit Procedures (for the Administering County)

Review the County's policy and procedures for extending eligibility beyond 12 months to ensure appropriate extensions. Ensure that service providers are following the proper steps to obtain extensions from the County.

Compliance Requirement – PENNFREE Bridge Housing

PENNFREE funds are to be used to serve only homeless people with a drug and/or alcohol problem. A client is eligible to participate in the program for up to 12 months. The service provider may request an extension for up to 15 months.

Suggested Audit Procedures

Review the procedures for determining eligibility and evaluate for conformity with applicable requirements.

If the county has delegated any portion of its administrative responsibilities, review the county's procedures for ensuring that the service provider adheres to this requirement.

Compliance Requirement – Rental Assistance

All families and individuals in the Commonwealth may be eligible for, but not assured of, Rental Assistance payments up to the maximum – if they meet the following criteria:

1. are homeless or near homeless,
2. have income at or below 200 percent of the poverty;
3. have a written agreement with the landlord to rent to them, and
4. have anticipated income sufficient to pay the rent in the future.

Suggested Audit Procedures

Review the county procedures, or those of its designated provider, for determining eligibility or verifying that the CAO has determined eligibility.

Review selected program service files/records to determine that funds have been expended only for eligible clients.

If the county has delegated any portion of its administrative responsibilities, review the county's procedures for ensuring that the service provider adheres to this requirement.

Compliance Requirements – Case Management

Allowable costs include: county administration (not to exceed the limit for the period in question) and staffing to provide services that may include intake and assessment, preparation of a written service plan, arrangement for the provision of needed services, client tracking, and follow-up and outreach services.

Unallowable costs include: payments made on behalf of the client for shelter or support services other than case management.

Suggested Audit Procedure (for the Provider of Service)

Test expenditure records and supporting documentation to determine that funds have been expended only for allowable Case Management Component costs.

Compliance Requirement – Innovative Supportive Services

The targeted population and eligibility criteria are detailed in the Innovative Supportive Housing Services portion of the Combined Homeless Assistance Program Pre-Expenditure Plan.

Suggested Audit Procedures

Review the approved Innovative Supportive Housing Services narrative to ascertain the targeted population and related eligibility criteria.

Test case files to determine that services have been provided only to eligible clients.

If the county has delegated any portion of its administrative responsibilities, review the county's procedures for ensuring that the service provider adheres to this requirement.

C. Matching, Level of Efforts, and/or Earmarking Requirements

There are no matching requirements.

D. Reporting Requirements

Compliance Requirement – Financial and Client Reporting

Client Reporting – Provider client reports must be maintained by the county and be available to auditors and DPW staff upon request. The service provider must ensure that all HAP information required by the DPW is reported on a timely basis to the county. A county-summarized Client Data Report must be submitted to the DPW quarterly.

E. Special Test and Provisions

NOTE: The Common Requirements Section of the Audit Supplement is considered an integral part of the testing for this program.

A. General

Compliance Requirements – Administrative Costs

County administrative costs shall not exceed ten percent of total available HAP funds (i.e., grant, plus interest earned, plus client contributions, and other income). County administrative costs are those costs incurred at the county level to administer the program including, but not limited to: grant management and reporting, coordination between service providers and

the county; monitoring of service provider's programs and management; supportive activities such as procurement and data processing; and maintaining relationships with other community organizations, representatives of the DPW, and other grant recipients.

County indirect costs must be a part of the county administrative costs and part of the maximum amount allowed.

If the county subgrants all or part of HAP and the county's administrative functions are also passed down to that subgrantee, then the **combined** administrative costs for both the county and the subgrantee cannot exceed the limitation during the applicable fiscal year. This requirement pertains to county administrative costs only and does not address costs that can be assigned to an individual client. Costs attributed to clients are to be considered direct service provider costs and are not included in the county administrative cost limitation.

Note: County administrative costs may not be charged to the PENNFREE Bridge Housing Program.

Suggested Audit Procedures

Trace the reported county administrative costs to supporting documentation to ensure validity of the expenditure.

Verify that the total amount reported for county administrative costs does not exceed the allowable limit.

Compliance Requirement – Indirect Costs

Indirect costs are allowable, provided the county has a county-approved cost allocation plan. Indirect costs may not exceed a maximum of two percent of the amount allocated by the DPW. The sum of indirect costs plus other county administrative costs must fall within the allowable county administrative limit for the period in question. (Social Services Bulletins 99-84-05 and 99-85-13)

Suggested Audit Procedures

Review the cost allocation plan and determine that indirect costs were charged in accordance with the plan.

Evaluate indirect costs to ascertain that they are reasonable and equitably distributed, and are not duplicated as direct cost charges.

Verify that the amount charged for indirect costs does not exceed the allowable limit.

Compliance Requirement – Program Income

The county is required to place any advanced and/or unused funds in an interest bearing account. The resulting interest should be used to offset program expenditures.

Some HAP components require client matching funds. These funds should be recorded as income to the program and offset any related program expenditures.

Suggested Audit Procedures

Verify that DPW funds not immediately needed to meet expenditures are deposited in an interest-bearing account, or that the county obtained a waiver of this requirement from the Office of Income Maintenance.

Determine the amount of interest and other program income earned, and ascertain that the earnings were appropriately reported and used to offset expenditures within the applicable HAP component.

Compliance Requirement – Carryover/Fund Balances

The DPW reviews grants against actual expenditures at the end of the grant period. In the event funding for the program is continued, the county may retain funds unexpended by June 30; the DPW will adjust payments in the next fiscal year. In the event funding is not continued, a check for the funds unexpended at June 30 must be returned to the DPW by August 15.

Suggested Audit Procedures

Determine whether an unexpended fund balance existed at the end of the grant period.

If the program funding was not continued, verify that a check for all unexpended funds was returned to the DPW by the August 15 deadline.

Compliance Requirement – Encumbered Funds

Anticipated costs to be incurred in succeeding years may not be encumbered out of the grant funds.

Suggested Audit Procedure

Review the program's financial records and related source documentation to determine that funds have not been encumbered out of the subject year funds for costs anticipated to be incurred in a succeeding year.

Compliance Requirements – Fixed Asset Inventory

Each program component must maintain an inventory of all fixed assets that were purchased with DPW funds at a cost of \$300 or more. If the inventory differs from the Schedule of Equipment Purchases form submitted with the proposed budget, an explanation should be on file for monitoring purposes.

The title to fixed assets with a unit price of \$300 or more that were acquired with grant funds shall remain with the county during the term of the grant. This includes property purchased by the county for its own use, and that property purchased for service providers that were paid for in full at the time of acquisition, or within the grant period in which it was acquired.

NOTE: Fixed assets are unallowable costs for the Emergency Shelter component.

Suggested Audit Procedures

Review the inventory for the applicable fiscal year.

Compare the inventory to the Schedule of Equipment Purchases submitted with the corresponding component budget. Ascertain that explanations are maintained for any discrepancies.

Ascertain that the program compares projected and actual purchase information, and that all fixed assets with a unit price of \$300 or more are listed on the Schedule of Equipment Purchases.

Verify that the title of fixed assets with a unit price of \$300 or more and that were acquired with grant funds remains with the county.

Compliance Requirement – Program Monitoring

The county is responsible for monitoring the compliance of each contracted service provider. The county must maintain a written monitoring report for each contracted service provider. The report must identify any programmatic or administrative weaknesses, the service provider's plan of resolution (corrective action plan), and follow-up information. Monitoring reviews must be performed once every 12 months and the corresponding written report must be maintained on file in the county office for at least two years. The receipt of an audit report cannot be used in lieu of program monitoring.

Suggested Audit Procedures

Review the county's procedures for monitoring the contracted service providers.

Ascertain that monitoring is performed at least once every 12 months and that a written report is maintained for each contracted service provider.

B. Bridge Housing

Compliance Requirement - Client Records

Each program must maintain intake and service records on each client. Counties must include the requirement to maintain these records in their written agreements with service providers.

Suggested Audit Procedures (for the Provider of Service)

Review the agency's procedures for client intake and service and evaluate for conformity with applicable requirements.

Suggested Audit Procedures (for the Administering County)

Establish whether the county has written agreements with service provider(s) which include provisions for the maintenance of intake and service records.

Review the county's procedures for monitoring service providers for conformity with the applicable requirements.

Compliance Requirement - Required Support Services

The agency must provide the following support services:

- Case management services for every client;
- Linkages with other community organizations or agencies such as emergency shelters, County Mental Health and Mental Retardation Programs, County Assistance Offices, Private Industry Councils, the Social Security Administration, and the Veterans Administration for necessary services for each client;
- Assistance to clients in finding permanent housing; and

Suggested Audit Procedures (for the Provider of Service)

Review the agency's procedures for providing support services and evaluate for conformity with applicable requirements.

Review selected financial records and program service files to determine that support services are being provided.

C. Rental Assistance

Compliance Requirement – Service Denial/Review

The county, or its designated provider, must establish written procedures that afford a client who questions the amount of Rental Assistance granted, or who has been denied assistance, or terminated from service, the opportunity to have the case reviewed at the county government level. Individuals or families who are denied service, or whose service has been terminated, must receive a written notice.

Suggested Audit Procedures

Review the county's written procedures for the denial of service for compliance with the requirements.

Sample case files and verify that a written notice was sent to all families/individuals for whom service was denied.

If the county has delegated any portion of its administrative responsibilities, review the county's procedures for ensuring that the service provider adheres to this requirement.

Compliance Requirement – Security Deposit

When Rental Assistance funds are used for a security deposit on an apartment and, at a later time, the client moves elsewhere, the program is **not** required to recoup the security deposit. However, if the security deposit, or any portion thereof, is returned to the county or private agency, the returned deposit must be shown as **other income** on the final expenditure report. (A copy of the Instructions and Requirements may be obtained at <http://www.dpw.state.pa.us/ServicesPrograms/Other/HomeAssist/> or from the DPW Office of Income Maintenance.)

Suggested Audit Procedure (for the Provider of Service and the Administering County)

Verify that all security deposits returned were appropriately reported as **other income** on the final expenditure report.

D. Case Management

Compliance Requirement – Client Service Plan

A written service plan must be developed in cooperation with the client and signed by the client. The implementation of this plan must be monitored regularly, and referrals to the service providers are to be followed up. (Instructions and Requirements for the Homeless Assistance Program)

Suggested Audit Procedures (for the Provider of Service)

Review the procedures for client intake and service, and evaluate for conformity with applicable requirements.

Review selected client files/records to determine that a written service plan has been developed, implemented, signed by the client, and regularly monitored.

Compliance Requirement – Program Substitution Prohibition

The program will ensure that the Homeless Case Management Component funded by the DPW is not used as a substitute for existing case management programs.

Suggested Audit Procedures (for the Provider of Service and the Administering County)

Review the program's procedures for evaluating the needs of the client, and determine whether these procedures ensure assignment to the Homeless Case Management Component only when the needs of the client are not met by the case management service provided by other programs.

Sample case files, and evaluate for proper assignment to the Homeless Case Management Component in light of other programs available to the client.

Determine whether there are controls in place to prevent improper assignment to the Homeless Case Management Component.

Applicable Regulations/Procedures and References

A. A copy of the Instructions and Requirements may be obtained from the DPW Office of Income Maintenance

B. Catalog of Federal Domestic Assistance

- 93.558 – Temporary Assistance for Needy Families
- 93.667 - Social Services Block Grant
- 93.959 – Block Grants for Prevention and Treatment of Substance Abuse (SAPT) (Allegheny and Philadelphia Counties only)

NOTE: Philadelphia is the only county receiving SSBG funding, and may apply it to any HAP program component except PENNFREE Bridge Housing.

E. Supplemental Financial Information

a. Supplemental Financial Schedules

The required supplemental financial schedule for the combined HAPs is **Exhibit XIX** found in **Appendix I** of the Audit Supplement. These exhibits are provided as examples of the required format, but may be expanded, if necessary, to facilitate completion as long as the format itself is maintained (i.e., additional lines may be added within various cost centers and/or line items).

B. Related Information

The following Instructions and Requirements and reports/schedules are available from the auditee and may be needed to complete/verify the supplemental financial schedule(s) specified above.

NOTE: Please consult with the county to obtain the Instructions for the Annual Income and Expenditure Report for the fiscal year that coordinates with the audit period, as examples are no longer provided.

- Final Expenditure Report for the HAP
- Cumulative Quarterly Client Report
- TANF – Final Expenditure Report for the HAP
- TANF – Cumulative Quarterly Client Report
- Homeless Assistance Program Instructions and Requirements
- Pre-Expenditure Budget
- TANF – Pre-Expenditure Budget
- PENNFREE Bridge Housing Quarterly Income and Expense Report
- PENNFREE Bridge Housing Quarterly Client and Service Report

NOTE: PENNFREE Bridge Housing information is not to be included in the Combined Homeless Assistance Program Reports. See addendum to

the consolidated Instructions and Requirements of the Homeless Assistance Program.

APPENDIX 1

SUPPLEMENTAL FINANCIAL SCHEDULES

(EXHIBITS A-1 through XIX(b))

SUPPLEMENTAL FINANCIAL SCHEDULES

Introduction

NOTE: The submission of information related to Appendix I is not affected by the Single Audit Amendments of 1996 or the latest OMB Circular A-133 Revision.

There are several reasons for requiring supplemental financial schedules and the corresponding Independent Accountant's Report on Applying Agreed-Upon Procedures including: timing, varying bases of program accounting, and the level of audit work required. Even though the calendar year is used by many entities for financial reporting purposes, many are required to submit expenditure reports and grant/contract-specific information based upon the Commonwealth's July 1 to June 30 fiscal year, or other program periods, such as the October 1 to September 30 federal fiscal year. A single audit is required to be conducted on the auditee's fiscal year. Therefore, the corresponding Schedule of Expenditures of Federal Assistance, rarely supplies the Department with adequate financial information necessary for the final settlement of grants and contracts.

The following schedules/exhibits are to be prepared based upon the program's fiscal year (i.e., July 1 through June 30), regardless of the entity's reporting period, and submitted in conjunction with the entity's single audit report package for the audit period during which the program year ended.

As is the case with other financial statements, management (the auditee) is responsible for the preparation of the required supplemental financial schedules/exhibits. The auditor is asked to give certain assurances relevant to these schedules and incorporate all such schedules/exhibits into the Single Audit package using the Independent Accountants Report on Applying Agreed-Upon Procedures.

Schedules

Supplemental financial schedules are required for all of the programs listed in the Supplement's Table of Contents in which the auditee participates. Even where responsibility for an entire program, including the administrative functions, is passed down to a contractor/subgrantee, **the county remains responsible for the submission of the required supplemental schedules** as well as for ensuring that the other requirements of this Supplement have been met.

Each schedule is labeled with a specific exhibit number. For purposes of continuity, **these exhibit numbers should remain the same**, regardless of the number of schedules being submitted. **The supplemental financial schedules are considered an integral part of the Single Audit package.** For examples of specific reports that may be of help in completing these schedules, please consult with the county to obtain the Instructions for the Annual Income and Expenditure Report for the fiscal year that coordinates with the audit period.

Independent Accountant's Report on Applying Agreed-Upon Procedures (AUP)

An AUP must be submitted with the supplemental information referenced above and is considered an integral part of the audit package. An example of this report is provided in this appendix and has been updated to reflect recent changes in official guidance. It is used to provide assurances relevant to the supplemental financial schedules. **The issuance of this report in no way absolves the auditor from his/her responsibility to disclose financial and/or compliance irregularities. The standards pertaining to adequate disclosure still apply to this review.**

The AUP must be submitted regardless of the fiscal year of the auditee. Part (a) of the report requires verification by comparison of the amounts and classifications to ensure that the schedules have been accurately compiled and reflect the audited books and records of the auditee and are at the requested level of detail. Part (b) requires the auditor to inquire of management regarding adjustments to revenues and/or expenditures and Part (c) provides for a detailed listing of the necessary adjustments and/or findings affecting the schedules.

Audit Adjustments/Findings

Because many of the audits received by the Department are conducted on a fiscal period other than that required for the supplemental information, **it is very important that all adjustments be properly disclosed in the AUP and footnoted on all supplemental schedules.** If corresponding adjustments to the schedules have been made, the footnote should so state. Audit findings must be specific as to the state fiscal period(s) affected, especially where questioned costs are involved.

As it is considered to be offsetting income, interest income earned on Department funds must be reflected on the applicable supplemental financial schedule.

Note – As identified in the Introduction, the auditor should also include the adjustments made with regard to the county's Roster of Personnel. This adjustment is noted on the acceptance and review letter sent by the DPW to the county/joinder and is required to be made available during program testing.

Content of the Schedules

The information contained in these schedules should be the result of the auditor's inquiries and the audit work performed. **They are not to be routinely submitted as previously reported by the auditee.** However, in cases where there are no adjustments, a provider-prepared schedule amended with a specific cross-reference to the AUP is acceptable.

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

To (Auditee)

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Public Welfare (DPW), and (Auditee) solely to assist you with respect to the financial schedules and exhibits required by the DPW Single Audit Supplement. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DPW. 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:

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

<u>Program Name</u>	<u>Number</u>	<u>Referenced Schedule/Exhibit</u>
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(List each individual schedule for all programs in which the auditee participated.)

(i.e.)

Child Support Enforcement	A-1	Summary of Expenditures
County Children and Youth	I	Revenues and Expenditures

- (b) We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to DPW for the period in question.
- (c) The processes detailed in paragraphs (a) and (b) above disclosed the following adjustments and/or findings which have (have not) been reflected on the corresponding schedules:

(List each separately. Indicate whether it has/has not been reflected on the schedule.)

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

(Continued)

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Department of Public Welfare and should not be used by those who have not agreed to the procedures, and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

(Date) (Signature)

**HILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH REPORTED EXPENDITURES**

Quarter Ending:	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid
1. Salary & Overhead															
2. Fees & Costs															
3. Interest & Prog Income															
4. Blood Testing Fees															
5. Blood Testing Costs															
6. ADP															
Net Total (1-2-3-4+5+6)															

Quarter Ending:	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid
1. Salary & Overhead															
2. Fees & Costs															
3. Interest & Prog Income															
4. Blood Testing Fees															
5. Blood Testing Costs															
6. ADP															
Net Total (1-2-3-4+5+6)															

**CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH REPORTED EXPENDITURES**

Quarter Ending:	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid
1. Salary & Overhead															
2. Fees & Costs															
3. Interest & Prog Income															
4. Blood Testing Fees															
5. Blood Testing Costs															
6. ADP															
Net Total (1-2-3-4+5+6)															

Quarter Ending:	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid	A. Total	B. Unallowable	C. Incentive Paid Costs	Net (A - B - C)	Amt. Paid
1. Salary & Overhead															
2. Fees & Costs															
3. Interest & Prog Income															
4. Blood Testing Fees															
5. Blood Testing Costs															
6. ADP															
Net Total (1-2-3-4+5+6)															

**CHILD SUPPORT ENFORCEMENT
PACSES OCSE 157 Data Reliability Validation**

County _____ Year Ended _____

OCSE 157 Report Line Number	Number of Cases Reviewed	Case Problems Found
Line #1 IV-D cases open at the end of the fiscal year.		
Line #2 IV-D cases open at the end of the fiscal year with support orders established.		
Line #5 Children in IV-D cases open at the end of the fiscal year that were born out of wedlock.		
Line #6 Children in IV-D cases open at the end of the fiscal year that were born out of wedlock with paternity resolved.		
Line #21 IV-D Cases Open at the end of the fiscal year with medical support ordered.		
Line #23 IV-D Cases Open at the End of the fiscal year with health insurance provided as ordered.		
Line #24 Total amount of current support due for the fiscal year for IV-D cases, excluding emancipated children.		
Line #25 Total amount of support disbursed as current support during the fiscal year for IV-D cases, excluding emancipated children.		
Line #28 Cases with arrears due during the fiscal year (10/01/09 - 9/30/10)		
Line #29 Cases with Disbursements on arrears during the fiscal year (10/01/09 - 9/30/10)		

Note: This schedule is only required if the Child Support Enforcement is tested as a major program.

COUNTY CHILDREN AND YOUTH SOCIAL SERVICE PROGRAMS

County _____ Report Period _____

	A	B	C	D	E	F	G	H	I	J	K
	Grand Total	Fed Title XX	Fed Title IV-E	Fed Title IV-B	Fed Other	Fed TANF	MA	Prog Inc	Net Total	State Act 148	Local Share
Net Child Welfare Expend											
01 100% Reimbursement											
02 90% Reimbursement											
03 80% Reimbursement											
04 60% Reimbursement											
05 50% Reimbursement											
06 Other Reimbursement											
07 Total (Lines 1 - 6)											
YDC/YFC Placement Costs											
08 80% DPW Participation											
09 60% DPW Participation											
10 Total YDC/YFC Cost											
11 Reserved											
12 Non Allowable Expend											
13 Total Expenditures											
14 Total HSDP Used for Child			15 Total Title IV-D				16 Total Title IV-D / Title IV-E Collections				
Welfare State Act 148 – Line 7 a.			Collections State Act 148 b.				Adjusted State Share c. (Lower of a or b)				

No Longer in Use

**Note: Contracts Requiring Program Settlement
Should prepare a Schedule of Revenues and Expenditures
that directly mirrors the budget page (Rider 3) of the contract.
The Schedule of Revenues and Expenditures should mirror the line items on the
budget pages of the contracts and include a budget and an actual expenditure
column.**

MEDICAL ASSISTANCE TRANSPORTATION PROGRAM
Schedule of Revenues and Expenditures

County _____	Year Ended _____		
		<u>Reported</u>	<u>Actual</u>
<u>Service Data</u>			
Expenditures			
Group I Clients		_____	_____
Group II Clients		_____	_____
Omit group III			
Total Expenditures		=====	=====
Omit summary of trips			
<u>Allocation Data</u>			
Revenues			
Dept. of Public Welfare omit references		_____	_____
Interest Income		_____	_____
Total Revenues		=====	=====
Funds Expended			
Operating Costs		_____	_____
Administrative Costs		_____	_____
Excess Revenues Over Expenditures		=====	=====

MENTAL HEALTH SERVICES

County: _____

Fiscal Year: _____

Sources of DPW Funding	DPW Funds Available			Costs Eligible for DPW Participation (4)	Balance Of Funds (5)	Grant Fund Adjustments (6A)	CSR State Grant Fund Adjustments (6B)	CSR – Promise Adjustments (6C)	TOTAL FUND BALANCE (7)
	Carryover (1)	Allotment (2)	Total Allocation (3)						
A. MH Services									
B. OTHER STATE FUNDS									
Specialized Residences.									
1. BH Initiative									
2. New Directions									
3. Personal Care Homes									
4. County Assistance Offices									
5. Autism Intervention Services									
6. Facility and Services Enhancements									
7. Reserved									
8. 9. Total Other State									
C. SSBG									
D. CMHSBG									
E. OTHER FEDERAL FUNDS									
1. Max. Part. Project									
Medical Assistance/TTI									
2. PATH Homeless									
3. 4. Capitalization of POMS									
5. MH Systems Transformation									
Youth Suicide Prevention									
6. Jail Diversion & Trauma Recovery									
7. Terrorism Related Disaster Relief									
8. 9. Hospital Prep Program – Crisis Counseling									
Bioterrorism Hosp Preparedness & Response Grant									
10. Reserved									
11. Total Other Federal									
12.									
F. TOTAL									

MH 15 10/11

This Exhibit corresponds directly to the MH-15. Instructions for completion are included in the MH/MR Instructions for the Annual Income and Expense Report.

REPORT OF INCOME AND EXPENDITURES – MH/MR PROGRAM

-- MENTAL HEALTH County Program Code (CAU): _____
 Fiscal Year: _____
 Cost Center: _____

I.	TOTAL ALLOCATION	
II.	TOTAL EXPENDITURES	
III.	COSTS OVER ALLOCATION	
	A. County Funded Eligible	
	B. County Funded Ineligible	
	C. Other Eligible	
	D. Other Ineligible	
	E. Total Costs Over Allocation	
IV.	REVENUES	
	A. Program Service Fees	
	B. Private Insurance Fees	
	C. Medical Assistance	
	D. Medical Assistance – Administrative Claims	
	E. Room and Board	
	F. Earned Interest	
	G. Other	
	H. Total Revenue	
V.	DPW REIMBURSEMENT	
	A. Base Allocation 90%	
	B. Base Allocation 100%	
	C. DPW Categorical Funding 90% Subtotal	
	D. DPW Categorical Funding 100% Subtotal	
	E. SSBG 90% Adult	
	SSBG 90% Child	
	SSBG 100% Adult	
	SSBG 100% Child	
	F. CMHSBG 90% Non-Categorical Funding	
	CMHSBG 100% Non-Categorical Funding	
	CMHSBG Categorical Funding	
VI.	10% County Match	
VII.	TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	
VIII.	TOTAL CARRYOVER	

MH 16 10/11

This Exhibit corresponds directly to the **MH-16**. Instructions for completion are included in the MH/MR Instructions for the Annual Income and Expense Report.

MENTAL RETARDATION SERVICES

County: _____

Fiscal Year: _____

Sources of DPW Funding	DPW Funds Available			Cost Eligible for DPW Participation (4)	Balance of Funds (5)	Grant Fund Adjustments (6A)	CSR State Grant Fund Adjustments (6B)	CSR – Promise Adjustments (6C)	TOTAL FUND BALANCE (7)
	Carryover (1)	Allotment (2)	Total Allocation (3)						
A. MR Services									
Community (NR/Res)									
1. SSBG									
2. 3. Reserved									
4. Subtotal MR Services									
B. Waiver									
1. Waiver Administration									
Reserved									
2. 3. Subtotal Waiver									
D. Other									
Elwyn									
1. 2. Money Follows the Person									
3. Services for individuals with Autism									
Reserved									
4. Subtotal Other									
5. E. TOTAL									

MR 15 10/11

This Exhibit corresponds directly to the MR-15. Instructions for completion are included in the MH/MR Instructions for the Annual Income and Expense Report.

REPORT OF INCOME AND EXPENDITURES – MH/MR PROGRAM

-- MENTAL RETARDATION County Program Code (CAU): _____

Fiscal Year: _____

Cost Center: _____

I.	TOTAL ALLOCATION	
II.	TOTAL EXPENDITURES	
III.	COSTS OVER ALLOCATION	
	A. County Funded Eligible	
	B. County Funded Ineligible	
	C. Other Eligible	
	D. Other Ineligible	
	E. Total Costs Over Allocation	
IV.	REVENUES	
	A. Program Service Fees	
	B. Private Insurance Fees	
	C. Medical Assistance	
	D. Medical Assistance – Administrative Claims	
	E. Room and Board	
	F. Earned Interest	
	G. Other	
	H. Total Revenue	
V.	DPW REIMBURSEMENT	
	A. Base Allocation 90%	
	B. Base Allocation 100%	
	C. DPW Categorical Funding 90% Subtotal	
	D. DPW Categorical Funding 100% Subtotal	
	E. SSBG 90% Adult	
	SSBG 90% Child	
	SSBG 100% Adult	
	SSBG 100% Child	
VI.	10% County Match	
VII.	TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	
VIII.	TOTAL CARRYOVER	

MR 16 10/11

This Exhibit corresponds directly to the **MR-16**. Instructions for completion are included in the **MH/MR Instructions for the Annual Income and Expense Report**.

EARLY INTERVENTION SERVICES

County: _____

Fiscal Year: _____

Sources of Funding	DPW Funds Available			Cost Eligible for DPW Participation	Balance of Funds	Grant Fund Adjs.	TOTAL FUND BALANCE
	Carryover	Allotment	Total Allocation				
A. Early Intervention							
State Early Intervention							
1. State EI - Training							
2. EI Administration							
3. 4. Infant & Toddlers w/Disabilities (Part C)							
IT&F Waiver Admin							
5. Infant & Toddlers w/Disabilities (Part C)							
6. Pelican Readiness – Admin (Part C) ARRS							
ARRA							
Total							

8.

EI 15 10/11

This Exhibit corresponds directly to the EI-15. Instructions for completion are included in the MH/MR Instructions for the Annual Income and Expense Report.

REPORT OF INCOME AND EXPENDITURES – MH/MR PROGRAM

-- EARLY INTERVENTION County Program Code (CAU): _____
 Fiscal Year: _____
 Cost Center: _____

I.	TOTAL ALLOCATION	
II.	TOTAL EXPENDITURES	
III.	COSTS OVER ALLOCATION	
	A. County Funded Eligible	
	B. County Funded Ineligible	
	C. Other Eligible	
	D. Other Ineligible	
	E. Total Costs Over Allocation	
IV.	REVENUES	
	A. Program Service Fees	
	B. Private Insurance Fees	
	D. Medical Assistance – MA EI	
	E. Medical Assistance – Administrative Claims	
	G. Earned Interest	
	H. Other	
	I. Total Revenue	
V.	DPW REIMBURSEMENT	
	A. Base Allocation 90%	
	B. Base Allocation 100%	
	C. DPW Categorical Funding 90% Subtotal	
	D. DPW Categorical Funding 100% Subtotal	
VI.	10% County Match	
VII.	TOTAL DPW REIMBURSEMENT AND COUNTY MATCH	
VIII.	TOTAL CARRYOVER	

EI 16 10/11

This Exhibit corresponds directly to the EI - 16. Instructions for completion are included in the MH/MR Instructions for the Annual Income and Expense Report.

No Longer in Use

All Counties receiving funds for the CCIS program, should refer to both their signed grant agreement and the CCIS Audit Guide for FY 2010-11 for supplemental reporting requirements.

EXHIBIT XIX(a)

**COMBINED HOMELESS ASSISTANCE PROGRAM
Fiscal Year 2009-2010**

County _____

Report Prepared By _____

Telephone Number _____

SOURCES OF FUNDING	TOTAL AVAILABLE FUNDS
DPW Allocation (must equal Total County HAP Allocation)	A
Client Contributions	B
Other	C
Interest Earned	D
Total HAP Funding (A+B+C+D = E)	E

EXPENSES	Bridge Housing	Case Management	Rental Assistance	Emergency Shelter	Innovative Supportive Housing Services	TOTAL EXPENSES
On Behalf of Clients						F
Personnel						G
Operating						H
Fixed Assets/Equipment						I
Subtotal						J (Must Equal F+G+H+I)
County Administration (Max 10% Total HAP Funding)						K
Total HAP Expenses (J+K = L)						L
Total Unexpended Funds (E-L =)						\$

No Longer in Use

APPENDIX 2

HOW TO USE THE DEPARTMENT OF PUBLIC WELFARE SINGLE AUDIT SUPPLEMENT AT THE COUNTY SUBRECIPIENT LEVEL

HOW TO USE THE DEPARTMENT OF PUBLIC WELFARE (DPW) SINGLE AUDIT SUPPLEMENT AT THE COUNTY SUBRECIPIENT LEVEL

The majority of counties use contractors/subgrantees to administer all or part of the program services. Therefore, it is the county's responsibility to ensure that the elements specified in Common Requirement Section have been met.

When the county subcontracts all or part of the DPW's program(s), the **county** is responsible for ensuring that the requirements of the Single Audit Supplement have been met. It is the county's responsibility to prepare and submit the supplemental financial schedules and the amended/additional reports as an integral part of the county's single audit report package. As a result, all applicable sections of this Supplement, including the Common Requirements, should be passed down through the county's contract with the provider agency. (The appropriate program section and related material should be copied and incorporated into the contract.)

To facilitate passing down these requirements, suggested Audit Procedures are designated as applicable to the provider of service, the county, or the administering county.

- **For the Provider of Service** – Applies to whoever is **actually** providing the service. This can be the county and/or the contracted agency.
- **For the County/For the Administering County** – Applies exclusively to counties.

Suggested audit steps for the provider of service should be used when auditing subrecipients. The subrecipient auditor should review the applicable Supplement Section and the Common Requirements to determine which steps should be included in the audit testing. Use of the Single Audit Supplement, along with state regulations and contract requirements, will ensure that DPW programs are being adequately tested in the audit process.

Subrecipient and Vendor

Subrecipient – An entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency. For purposes of this audit clause, a subrecipient is not a vendor that receives a procurement contract to provide generally required goods or services related to the administrative support of a federal program.

Vendor – A dealer, distributor, merchant, or other seller providing goods or services to an auditee that are required for the **administrative support** of a program. These goods or services may be for an organization's own use or for

the use of beneficiaries of the federal program. The vendor's responsibility is to meet the requirements of the procurement contract.

The distinguishing between Subrecipient and Vendor in the OMB Circular A-133, defines a subrecipient as "...an entity that receives federal assistance passed through from a prime recipient or another subrecipient to **carry out or administer a program**" (emphasis added). The definition goes on to provide several distinguishing characteristics, most of which refer to the programmatic responsibilities and requirements to which a subrecipient is expected to adhere.

In contrast, a vendor is defined as "...an entity responsible for providing **generally required goods and services** related to the administrative support of the federal award" (emphasis added). **Receiving funding on a fee-for-service basis is not a deciding factor** for whether the entity is deemed a vendor. In general, the term "fee-for-service" refers to the payment mechanism, not the type of service.

Applicable Reporting for Subrecipients

The OMB Circular A-133 covers prime recipient monitoring and audit requirements for subrecipients. Grantee monitoring and audit requirements for vendors are based upon the grantee's responsibility to ensure compliance with the DPW Audit Policy.

A **for-profit** organization is required to have an audit if it expends a total of \$500,000 or more in combined federal funds under one or more federal program. Title 45, CFR 74.26, incorporates the thresholds and deadlines of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, but provides for-profit organizations with two options regarding the type of audit that will satisfy the audit requirements:

1. An audit made in accordance with generally accepted *Government Auditing Standards* (The Yellow Book), revised; or
2. An audit that meets the requirements contained in OMB Circular A-133.

A for-profit organization is required to have an audit, in accordance with the above audit requirements, if it expends a total of \$500,000 or more of federal awards directly or indirectly during its fiscal year.

If a for-profit organization expends total federal awards of less than \$500,000 during its fiscal year, it is exempt from these federal audit requirements, but is required to maintain auditable records of federal or state funds that supplement such awards. Records must be available for review by appropriate officials. **Although an audit may not be necessary under the federal requirements, DPW audit requirements may be applicable.**

SUBRECIPIENT AND VENDOR

Distinguishing Between Subrecipient and Vendor

What distinguishes a subrecipient from a vendor?

A subrecipient is an entity that receives federal assistance passed through from a prime recipient or another subrecipient to carry out or administer a program. Distinguishing characteristics of a subrecipient include items such as:

- determining eligibility for assistance;
- performance measured against meeting the objectives of the program;
- responsibility for programmatic decision making;
- responsibility for applicable program compliance requirements; and
- use of the funds passed through to carry out a program of the sub-entity as compared to providing goods or services for a program of the prime recipient.

A vendor is an entity responsible for providing generally required goods or services related to the administrative support of the federal award. These goods or services may be for the prime recipient or subrecipient's own use, or for the use of beneficiaries of the program. Distinguishing characteristics of a vendor include items such as:

- providing the goods and services within normal business operations;
- providing similar goods or services to many different purchasers;
- operating in a competitive environment; and
- program compliance requirements do not pertain to the goods or services provided.

There may be unusual circumstances or exceptions to the distinguishing characteristics of a subrecipient and vendor listed above. In making the determination of whether a subrecipient or vendor relationship exists, **the substance of the relationship is more important than the form of the agreement**. The federal cognizant, oversight, or grantor agency may be contacted for guidance in making these determinations.

APPENDIX 3

CHANGES REQUIRED FOR AUDITOR'S REPORTS

CHANGES REQUIRED FOR AUDITOR'S REPORTS

NOTE: This guidance is for county single audit reports only. Other auditors should use their judgment based upon the requirements of the audit in question.

As the single audit process evolves and matures, the nature of the auditor's reports issued in connection with these reports is also changing. The American Institute of Certified Public Accountants issues Statements on Auditing Standards and Statements of Position with guidance on recommended report language.

In the past, the DPW has provided examples of certain reports for the convenience of the auditor. However, in light of the rapidity with which the audit process is evolving, it is almost impossible to maintain up-to-date examples. Therefore, the Single Audit Supplement will no longer provide such examples. Upon request, the county can supply the reports for the auditor.

The changes required are quite basic. The phrase "**and Pennsylvania Department of Public Welfare**" should be added wherever reference is made to the examination/testing of federal funding, federal financial assistance programs, federal compliance requirements, etc.

The Schedule of Expenditures of Federal Awards (SEFA) should be prepared in accordance with the OMB Circular A-133, Subpart C—Auditees, §____. 300 Auditee responsibilities, (d) the auditee shall prepare appropriate financial statements, including the SEFA in accordance with §____. 310. However, the DPW requires additional detail in order to reconcile the SEFA contained within the audit report. Please add the additional columns to the SEFA.

1. The DPW requires the SEFA to show the **total federal awards paid by DPW** to the county under each CFDA number. This can be determined by review the remittance advice sent with payment.
2. For grants and/or contract agreements, the grant or contract number assigned by the DPW must be used on the SEFA as the required identifying number. For multi-year contracts, each year must be listed separately.
3. The SEFA may include additional information, such as state or local expenditures with each amount listed separately.

Note: A-133 Compliance Supplement, Addendum 1, requires ARRA funds to be separately identified on the SEFA. Please ensure that both Federal ARRA funds paid and expensed are recorded separately from those on-going Federal programs. (Please see below for suggested reporting.)

Example of a county SEFA

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through/ Program or Cluster Title	Federal CFDA Number	Identifying Number	Federal Payments	Federal Expenditures
U. S. Department of Health and Human Services List any direct federal funding				
Passed through: Commonwealth of Pennsylvania: Department of Public Welfare (the following is a list of possible funding)				
CSE Child Support Enforcement	93.563	Contract or Grant Number	Payments Made by DPW	Funds Expended
Temporary Assistance for Needy Families	93.558			
CYS Temporary Assistance for Needy Families	93.558			
Title IV-B, Part 1-Child Welfare Services	93.645			
Title IV-E Foster Care	93.658			
Adoption Service Block Grant	93.659			
Social Service Block Grant	93.667			
Child Abuse and Neglect State Grant	93.669			
Independent Living	93.674			
Medical Assistance Program	93.778			
LIHEAP Low Income Home Energy Assistance Program	93.568			
MATP Medical Assistance Program	93.778			
EI Infants and Toddlers with Disabilities	84.181			
Medical Assistance Program	93.778			
MH/MR Mental Health Services for the Homeless Block Grant	93.150			
Mental Health Research Grant	93.242			
Mental Health Clinical or Service Related Training	93.244			
Social Service Block Grant	93.667			
Block Grants for Prevention & Treatment of Subs Ab	93.959			
Medical Assistance Program	93.778			
Community Mental Health Services Block Grant	93.958			
MA Waiver MR Medical Assistance Program	93.778			
TSM – MR Medical Assistance Program	93.778			

Federal Grantor/Pass-Through/ Program or Cluster Title	Federal CFDA Number	Identifying Number	Federal Payments	Federal Expenditures
Non-Waiver AC Social Service Block Grant	93.667			
Waiver AC Medical Assistance Program	93.778			
Subsidized CC Child Care and Development Fund Block Grant	93.596			
Social Service Block Grant	93.667			
Child Care and Development Grant	93.575			
Payments to States for Child Care Assistance	93.575			
Child Care and Development Fund Block Grant	93.596			
Child Care and Development Fund	93.596			
Social Service Block Grant	93.667			
HAP Social Service Block Grant	93.667			
Temporary Assistance for Needy Families	93.558			
PENNFREE Block Grant for Prevention & Treatment of Subs	93.959			

Direct Contracts

Example: Family Centers				
Promoting Safe and Stable Families	93.556	41000XXXXX		
Community-Based Child Abuse Prevention	93.590			

**U. S. Department of Health and Human Services
Passed through Commonwealth of Pennsylvania:
Department of Public Welfare – ARRA only**

Example:

ARRA – Emergency Contingency Fund for TANF Programs	93.714			
ARRA –TANF Supplemental Grants	93.716			

Please note – The above is not an all inclusive listing of CFDA numbers. The allocation letter or grant/contract agreement should always be referred to when compiling the complete listing of CFDA numbers on SEFA submitted for review. The program has been listed to help identify the main CFDA numbers as they pertain to each individual section of this Supplement.

APPENDIX 4

SUPPLEMENTAL SECTION FOR MEDICAL ASSISTANCE FUNDING

SUPPLEMENTAL SECTION FOR MEDICAL ASSISTANCE FUNDING

NOTE: Information on the Federal Medical Assistance participation (FMAP) rates and the Provider Reimbursement and Operations Management Information System (PROMISe) provider types is presented for the convenience of the auditor and applies to MA funding at both the county and service provider levels. It is not meant to be all-inclusive.

The applicability of single audit and state requirements to Medical Assistance (MA) funding can be very involved at both the county and subrecipient levels. The purpose of this Appendix is to assist in the proper treatment of this funding. MA funding is present in a number of Department of Public Welfare (DPW) programs including, but not limited to:

- Children and Youth Program for Administrative Costs Related to the Random Moment Time Study (RMTS)
- Medical Assistance Transportation Program (MATP)
- Waiver for Persons with Mental Retardation
- Mental Health and Mental Retardation Programs and Related MA Initiatives
- Waiver Attendant Care Program
- Early Intervention
- Wrap-Around Services
- Residential Treatment Facilities

All MA funding, as it relates to the programs addressed in Sections 4, 5, 6 and 7 of the Single Audit Supplement, as well as the Early Periodic Screening, Diagnosis, and Treatment (EPSDT), are considered FFA at both the county and provider level and included in the audit process.

For MA in programs not included above, the PROMISe provider type can help to identify the funding. For instance, funding for Home Health (Provider Type 05), Clinics (Provider Type 08), and Mental Health/Substance Abuse (Provider Type 11) is considered vendor payments and not FFA. As such, the MA funding received under these provider types **should not be** included on the Schedule of Expenditure of Federal Awards or be considered in the calculations for applying Office of Management and Budget Circular A-133 thresholds.

In general, the deciding factor for whether the funding is considered FFA is the program-related requirements that accompany the funding. (In addition, see the discussion of the Subrecipient/Vendor issue in Appendix II of the Audit Supplement.)

Some MA payments are affected by detailed federal requirements for cost settlement, such as: Inpatient Facility (Provider Type 01) and Extended Care

Facility (Provider Type 03). While these payments can be considered FFA, the facilities receiving payments rarely receive other FFA; therefore, the formal cost report process is accepted in place of a program audit.

MA funding to **Private Intermediate Care Facilities for the Mentally Retarded** (ICF/MR – Provider Type 03, Specialty Code 032 or 033) **is considered FFA**. Requirements for auditing ICF/MR are detailed in the revised Mental Retardation Bulletin. **Intermediate Care Facilities for Other Related Conditions** are audited in the same fashion.

Note: The provider type can be found on the invoice submitted to PROMISe and the remittance advice accompanying the PROMISe payment.

HealthChoices Behavioral Health funding is not considered FFA below the state level. However, please note that the managed care program does not replace all mental health activities in the participating counties. Remaining program funding will continue to be administered in accordance with Office of Mental Health policies and regulations.

ACCESS funding to Local Education Agencies for health-related services to MA special needs students is not FFA for DPW purposes; however, MA reimbursements for **indirect administration costs** incurred in providing health-related services to MA special needs students **is considered FFA**, and should be shown as passing through DPW on the Schedule of Expenditures of Federal Awards. For further details on ACCESS funding, contact the Pennsylvania Department of Education.

Determining Federal/State Share

All MA payments have both a federal share and a corresponding state-matching share. However, the source of the state-matching share may vary. In some programs, the PROMISe payment contains both the federal funding and state-matching share, split at the appropriate FMAP. However, for some of the newer MA initiative programs, the federal funding and the matching state share are received separately. In these cases, the federal share is paid through the DPW PROMISe and the matching state share is paid through the county. When the **state match is passed through the county, the DPW considers the county as the pass-through grantor because it is the county that actually controls the program.** The PROMISe system is simply the most efficient payment mechanism.

Note: When the state match is passed through the county, a State Match Verification Form must be completed in order to bill for the federal share. (See Section 5e of the Audit Supplement).

Standard FMAP rates for Pennsylvania for recent periods are as follows. Information on the FMAP rates and selected PROMISe provider types is presented for the convenience of the auditor. It is not meant to be an all-inclusive resource. The below FMAP rates can be found by accessing the Federal Matching Tables at aspe.hhs.gov/health/fmap.htm.

October 1, 2007 – September 30, 2008 (FFY 2008) – 54.08
 October 1, 2008 – September 30, 2009 (FFY 2009) – 54.52
 October 1, 2009 – September 30, 2010 (FFY 2010) – 54.81
 October 1, 2010 – September 30, 2011 (FFY 2011) – 55.64

NOTE: The FMAP rate used by PROMISe is based on the payment date, **not the date of service – unless the billing itself specifies the split.**

Determining ARRA Expenditures

Enhanced FMAP

With the enactment of American Recovery and Reinvestment Act (ARRA), MA services are receiving an enhanced FMAP rate. This rate is as follows for Pennsylvania:

October 1, 2008 – September 30, 2009 (FFY 2009) – 68.16
 October 1, 2009 – September 30, 2010 (FFY 2010) – 68.37
 October 1, 2010 – September 30, 2011 (FFY 2011) – 68.95

Calculation of MA ARRA Expenditures

Step 1: Calculate the standard Federal Funds expended.

Federally eligible	\$1,000,000
	x <u>54.81%</u> FMAP rate (FFY 2010)
MA Funds Exp	\$548,100

Step 2: Calculated the enhanced Federal Funds expended.

Federally eligible	\$1,000,000
	x <u>68.37%</u> Enhanced FMAP
Enhanced MA Exp	\$683,700

Step 3: Subtract the standard from the enhanced FFP amount. The difference is the amount supported by ARRA Funds.

Enhanced MA	\$683,700
MA Funds	<u>(548,100)</u>
ARRA Funds Exp.	\$135,600

Step 4: Be sure to note the ARRA funds on the Schedule of Expenditures of Federal Awards separately from the regular federal funding received.

SEFA notation

93.778 MA	\$548,100
93.778 ARRA MA	\$135,600

Please refer to Appendix 3 for more detail on identifying ARRA expenditures separately.

APPENDIX 5

DEPARTMENT OF PUBLIC WELFARE CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBERS

**DEPARTMENT OF PUBLIC WELFARE (DPW)
CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

The following CFDA numbers are associated with the DPW and are presented for the convenience of the user. Many of these programs involve the DPW subrecipients.

CFDA	
10.551	Food Stamps
10.553	School Breakfast Program
10.555	National School Lunch Program
10.561	State Administrative Matching Grants for Food Stamp Program
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals
84.181	Special Education Grants for Infants and Families with Disabilities
84.186	Safe and Drug-Free Schools and Communities State Grants
93.003	Public Health and Social Services Emergency Fund
93.150	Projects for Assistance in Transition from Homelessness (PATH)
93.230	Consolidated Knowledge Development and Application (KD&A) Program
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance
93.448	Food Safety and Security Monitoring Project
93.556	Promoting Safe & Stable Families
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.566	Refugee and Entrant Assistance - State Administered Programs
93.568	Low Income Home Energy Assistance
93.575	Child Care and Development Block Grant (Child Care and Development Fund (CCDF))
93.576	Refugee and Entrant Assistance - Discretionary Grants
93.584	Refugee and Entrant Assistance Targeted Assistance Grants
93.590	Community-Based Child Abuse Prevention Grants
93.596	Child Care Mandatory & Matching Funds of the Child Care & Development Fund (Child Care and Development Fund (CCDF))
93.597	Grants to States for Access and Visitation Programs
93.600	Head Start
93.603	Adoption Incentive Payments
93.630	Developmental Disabilities Basic Support and Advocacy Grants
93.631	Developmental Disabilities Projects of National Significance
93.645	Child Welfare Services – State Grants
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.669	Child Abuse and Neglect
93.670	Child Abuse and Neglect Discretionary Activities

CFDA

93.671	Family Violence Prevention & Services/Grants for Battered Women's Shelters/Grants States & Indian Tribes
93.674	Chafee Foster Care Independence Program
93.770	Medicare Prescription Drug Coverage
93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities
93.778	Medical Assistance Program
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.958	Block Grants of Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.982	Crisis Counseling (Crisis Counseling Grant, Regular Services)
93.991	Preventive Health and Health Services Block Grant
97.032	Crisis Counseling
97.033	Disaster Legal Services
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

APPENDIX 6

DEPARTMENT OF PUBLIC WELFARE ACRONYMS

ACT 152- State funding for drug and alcohol non-hospital detox and residential treatment
AMR- Agreement of Mutual Responsibility
APOC- Administrative Office of Pennsylvania Courts
ARC- Audit Review Committee
ARRC- Automated Restitution Referral and Computations (System)
ASR- Automated Supervisory Review (System)
AT- Attendant Care
BFO- Bureau of Financial Operations
BH- Bridge Housing
BHSI- Behavioral Health Services Initiative
CA- Cash Assistance
CAC- Corrective Action Committee
CAF- Common Application Form
CAFS- Child Abuse and Family Services
CAH- Cash Assistance Handbook
CAHPS- Consumer Assessment of Health Plans
CAMIS- Child Account Management Information System
CAO- County Assistance Office
CAP- Corrective Action Plan
CAPTA- Child Abuse Prevention & Treatment Act
CART- Corrective Action Review Team
CBFC- Community Based Family Center
CCIS- Child Care Information Service
CCMIS- Child Care Management Information System
CDPS- Chronic Illness Disability Payment System
CFDA- Catalog of Federal Domestic Assistance
CHIP- Children Health Insurance Program-thru Insurance Department
CHIPP- Community Hospital Integration Projects Program
CI- Crisis Intervention
CIS- Client Information System
CJIS- Commonwealth Judicial Inquiry System
CM- Chronically Mental or Case Management
CMHS- Community Mental Health Services
CMS- Centers for Medicare and Medicaid Services
CSE- Child Support Enforcement
CSR- Comprehensive Supervisory Review
CYF- Children, Youth and Families
DAP- Disability Advocacy Program
DATP- Drug and Alcohol Treatment Program
DCED- Department of Community and Economic Development
DO- District Office
DPSR- Data Processing Service Request
DPW- Department of Public Welfare
DRP- Drug Rebate Program
DRS- Domestic Relations Section
DHS- Disproportionate Share
EA- Emergency Assistance
EBT- Electronic Benefits Transfer
EDS- Electronic Data Systems
EDV- Encounter Data Validation
EFAA- Emergency Fund Advancement Account
EM SH- Emergency Shelter Component
EPSDT- Early Periodic Screening, Diagnosis, and Treatment (Program)
EQR- External Quality Review
ETS- Enterprise Tracking System
FEIU- Front-End Investigative Unit

FB- Family Based
FBMHS- Family Based Mental Health Services
FFP- Federal Financial Participation
FMAP- Federal Medical Assistance Participation
FPLS- Federal Parent Locator Service
FS- Food Stamp
FSH- Food Stamp Handbook
FSIU- Food Stamp Integrity Unit
FSS- Family Support Services – provides directly to/for FBMHS clients
FSSR- Family Services System Reform
FYE- Fiscal Year End
GA- General Assistance
GPFS- General Purpose Financial Statement
HA- Housing Assistance
HAP- Homeless Assistance Program
HC-BH- HealthChoices Behavioral Health (Program)
HCFA- Health Care Financial Administration
HCSIS- Home and Community Services Information System
HEDIS- Health Plan Employer and Data Information Set
HIPAA- Health Insurance Portability and Accountability Act
HOST- Host Component Homeless Assistance
HSDF- Human Services Development Fund
ICF/MR- Intermediate Care/Mental Retardation Facilities
I & E- Annual Income and Expenditure Report
IEVS- Income Eligibility Verification System
ICM- Intensive Case Management
ICS- Integrated Central System
IDEA- Individuals with Disabilities Education Act
IGT- Intergovernmental Transfer
IFSP- Individualized Family Service Plan – a document that outlines the plan of Early Intervention supports for a child and family
IMCW- Income Maintenance Caseworker
IPRO- Island Peer Review Organization
IRS- Internal Revenue Service
ISP- Individual Services Plan
JJS- Juvenile Justice Services
LEA- Local Education Ag
LRR- Legally Responsible Relative
LEP- Limited English-Proficient
LIHEAP- Low Income Home Energy Assistance Program
LMA- Local Management Agency
MA- Medical Assistance
MAH- Medical Assistance Handbook
MAMIS- Medical Assistance Management Information System
MATP- Medical Assistance Transportation Program
MCO- Managed Care Organization
ME- Management Education
MEDA- Medical Eligibility Determination Automation
MEPA/IEAP- Multiethnic Placement Act
MER- Management Evaluation Review
MFCS- Medicaid Fraud Control Section
MH- Mental Health
MH/HR- Mental Health/Mental Retardation
MLC- Management Letter Comment
MOE- Maintenance of Effort
MPP- Maximizing Participation Program

MR- Mental Retardation
MRF- Monthly Reporting Form
NCQA- National Committee for Quality Assurance
NEP- Nutrition Education Plan
OIG- Office of Inspector General
OMAP- Office of Medical Assistance Programs
OMB- Office of Management and Budget
OMHSAS- Office of Mental Health and Substance Abuse Services
OMR- Office of Mental Retardation
OSP- Office of Social Programs
PACSES- Pennsylvania Child Support Enforcement System
FACTS- Pennsylvania Commonwealth Telecommunications System
PCF- Petty Cash Fund
PCIS- Patient Census Information System
PCP- Primary Care Practitioner
PDN- Prospective Determination of Need
PENN- Pennfree Bridge Housing
PEP- Paternity Establishment Performance
P/FDS- Person/Family Directed Support
PHI- Protected Health Information
PLS- Parent Locator Service
PCH- Personal Care Home
PROMISE- Provider Reimbursement and Operations Management Information System
PRWORA- Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193)
PAEM- Public Assistance Eligibility Manual
RAU- Reg. Administrative Units
RC- Resource Coordinator
RMTS- Random Moment Time Study
ROS- Reimbursement Operations Section
RTF- Resident Treatment Facility
SAM- Service Access and Management, Inc.
SAPT- Block Grants for Prevention and Treatment of Substance Abuse
SAR- Semi-Annual Reporting
SCA- Single County Authority
SCDU- Statewide Collections Disbursement Unit
SEFA- Schedule of Expenditure of Federal Awards
SFFA- Schedule of Federal Financial Assistance
SFYE- State Fiscal Year End
SH- Supplemental Handbook
SIPP- Southeast Integration Projects Program
SMV- State Match Verification Form
SNF- Skilled Nursing Facility
SNAP – Supplemental Nutritional Assistance Program
SPAM- SDU Payment Adjustment Management (Database)
SPLS- State Parent Locator Service
SPT- Support Pass Through
SRA- Specific Risk Analysis
SSBG- Social Services Block Grant – Philadelphia is the only Co rec'g SSBG funding.1 Phila option to use SSBG in any HAP Program except Pennfree
SSI- Supplemental Security Income
SSN- Social Security Number
SUA- Standard Utility Allowance
SVES- State Verification Exchange System
TA- Targeted Assistance
TANF- Temporary Assistance for Needy Families
TMA- Transitional Medical Assistance

TPL- Third Party Liability

Title IV-A- Emergency Assistance Funding

Title IV-B- Child welfare Services State Grants

Title IV-D- Child support enforcement services necessary to establish paternity and obtain financial and medical support from the non-custodial parent

Title IV-E- Juvenile Probation

Title XIX- MH/MR Program – Adult Dev. Training

TRAN- Transition

TSM- Target Service Management

TSR- Targeted Supervisory Review

WRR- Work Requirement Review