



pennsylvania
DEPARTMENT OF PUBLIC WELFARE

MAY -3 2012

Ms. Melissa Weiler Gerber
Executive Director
Family Planning Council
1700 Market Street, 18th Floor
Philadelphia, Pennsylvania 19103

Dear Ms. Weiler Gerber:

I am enclosing the final report of the Family Planning Council that was recently completed by this office. Your response has been incorporated into the final report and labeled as an Appendix.

I would like to extend my appreciation for all the courtesy extended to my staff during the course of fieldwork. I understand that you were especially helpful to Nyanquoi Jones in expediting the audit process.

The final report will be forwarded to the Department's Office of Policy Development (OPD) to begin the Department's resolution process concerning the report contents. The staff from the OPD may be in contact with you to follow-up on the action taken to comply with the report's recommendations.

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

Sincerely,

Tina L Long

Tina L. Long, CPA
Director

Enclosure

c: Mr. Timothy Costa
Ms. Karen Deklinski
Ms. Angela Logan



MAY - 3 2012

Mr. Timothy M. Costa
Executive Deputy Secretary
Department of Public Welfare
Health & Welfare Bldg., Room 333
Harrisburg, Pennsylvania 17120

Dear Mr. Costa:

The Bureau of Financial Operations (BFO) conducted an audit of the Family Planning Council (FPC). The audit was performed to determine if grant funding is being applied in accordance with the grant agreement and standards and the Department of Public Welfare's (DPW's) criteria. Our audit examined the period from July 1, 2009 through June 30, 2011.

This report is currently in final form and therefore contains FPC's views on the reported findings, conclusions and recommendations. Management's response to the draft report is included as an Appendix hereto. The reports contents were discussed at an exit conference held on April 20, 2012.

Executive Summary

FPC is based in Philadelphia, Pennsylvania and offers comprehensive, reproductive and related health and prevention services primarily to low-income individuals and families. In fulfilling its mission, FPC provides financial and administrative support to 27 family planning provider agencies in 80 locations throughout the southeastern region of Pennsylvania. FPC's network of providers includes major teaching hospitals, Federally Qualified Health Centers (FQHCs) and the City of Philadelphia Department of Health.

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

FINDINGS	SUMMARY
<p><i>Finding No. 1 – FPC's Claims Processing Procedures Did Not Detect Duplicate Claims Submitted For Payment.</i></p>	<p>FPC's "Schedule of Services Provided" for FY 10/11 included a significant number of duplicate claims. However, these claims were not paid because the costs of sub-recipient's services rendered exceeded the total grant funding.</p>
HIGHLIGHTS OF RECOMMENDATIONS	
<p>FPC should :</p> <ul style="list-style-type: none"> • Re-evaluate its claims processing procedures to ensure that claims submitted for payments are void of duplicates. 	

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FINDINGS	SUMMARY
<i>Finding No. 2 – Monitoring For One Delegate Agency Was Not Conducted For More Than Three Years.</i>	FPC is required under the terms of the grant agreement to conduct monitoring of all its delegate agencies at least once every three years. However, there was one delegate agency that was not monitored within the prescribed three year timeframe.

HIGHLIGHTS OF RECOMMENDATIONS
FPC should: <ul style="list-style-type: none"> • Take the necessary steps to ensure monitoring of all its delegate agencies are conducted within the timeframe prescribed by the grant agreement.

OBSERVATION	
<i>Observation – Excess Grant Funding In The Amount Of \$5,427 Was Not Returned To DPW Within The Timeframe Prescribed By The Grant Agreement</i>	FPC did not return un-expended grant funding within the 75-day timeframe prescribed by the grant agreement. The excess funds were returned to DPW after 210 days.

Background

The FPC is a private, non-profit organization located in Philadelphia, Pennsylvania. FPC's mission is to ensure access to high quality, comprehensive, reproductive and related health and prevention services to primarily low-income individuals and families. The FPC develops, manages, and promotes programs that are innovative, research-based and responsive to women, men and adolescents. In fulfilling this mission, the FPC provides financial and other administrative support to a wide range of organizations and programs throughout the five-county Philadelphia region, including family planning providers; providers serving families affected by HIV; and, breast and cervical cancer screening and prevention programs for women 40 and older.

In its family planning program, the FPC supports 27 family planning provider agencies in 80 locations throughout the region. This network includes the area's major teaching hospitals, Planned Parenthood affiliates, federally funded community health centers, and the Philadelphia Department of Health. In 2010, 140,725 low-income women, men, and adolescents were served. Funding for these programs come from Title X (through the U.S. Department of Human Services); Title XX (through the Pennsylvania Department of Public Welfare); Pennsylvania Department of Health and the City of Philadelphia.

Objective/Scope/Methodology

The audit objective, developed in concurrence with Office of Policy Development (OPD) was:

- To determine and verify if grant funding is being applied in accordance with the grant agreement standards and Department of Public Welfare criteria.

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In pursuing the objective stated above, the BFO randomly sampled 40 claims and tested their underlying support documentation; visited four clinics, made inquiries and conducted observations to confirm the financial and physical separation of DPW funded services from all other services not included in the grant agreement; and, reviewed the scope and methodologies of FPC's monitoring of its delegate agencies. We also reviewed accounting records and conducted procedures to determine the appropriateness of receipts and disbursements under the grant agreement. Finally, we interviewed FPC's management and examined work papers of the independent auditor engaged by FPC and its delegate agencies to attest to the financial and physical separation of DPW funded services from all other services not included in the grant agreement.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on our understanding of the controls, we consider the deficiency in internal control described in Finding No.1 to be a material weakness. Areas where we noted an opportunity for improvement in management controls are addressed in the findings of this report.

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

The BFO's fieldwork was conducted from January 19, 2012 to February 29, 2012, and was performed in accordance with generally accepted government auditing standards. This report will be available for public inspection.

Results of Fieldwork

Finding No. 1 – FPC's Claims Processing Procedures Did Not Detect Duplicate Claims Submitted For Payment.

In performing the audit fieldwork, we visited four clinic locations associated with three FPC's delegate agencies, observed the patient intake and service delivery processes, inspected the physical conditions of the facilities and inquired of the nature of all services provided. We also randomly sampled 40 claims and examined their related medical charts to verify that claims processed and submitted for payment were properly supported and documented. We noted one instance in which a claim submitted for payment was not documented in the patient's medical chart.

In addition to the audit procedures outlined above, we utilized data mining to uncover a pattern of abnormalities in the total population of claims submitted for payment. We noted that a significant amount of claims were duplicated and included in the accompanying "Schedule of Services Delivered" in FPC's consolidated financial statements for fiscal years ended June 30, 2010 and 2011. These claims had identical elements such as patients' name, procedure codes and date of service.

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No overpayment is associated with this finding since total funding is less than total services delivered after adjustments for duplicate claims are made. However, the finding exposes a deficiency in controls and significant vulnerability in FPC's claims processing procedures that could lead to potential overpayment if the problems are not corrected.

Recommendation

The BFO recommends that the FPC take the necessary steps to ensure that claims submitted for payment are void of duplicates.

Finding No. 2 – Monitoring For One Delegate Agency Was Not Conducted For More Than Three Years.

As part of our audit field work, we assessed the scope, methodologies and frequency of FPC's monitoring of its delegate agencies and interviewed staff having responsibility for monitoring. We also reviewed several FPC's monitoring reports and noted that one delegate agency was not monitored over a three year period as required by Rider 2 part 7 (c) of the grant agreement. Rider 2 part 7 (c) of the grant agreement states in part... "all sub-grantees should be monitored on-site at least once every three years."

Recommendation

The BFO recommends that the FPC take the necessary steps to ensure that all delegate agencies are monitored as required by the grant agreement.

Observation – Excess Grant Funding In The Amount Of \$5,427 Was Not Returned To DPW Within The Timeframe Prescribed By The Grant Agreement.

During the course of audit fieldwork, we noted that FPC did not return un-expended Breast Cancer Screening grant monies within the 75-day timeframe prescribed by the grant agreement. Rider 1 part 5 states in part: "Within 75-days of the end of the State Fiscal Year or grant termination, grantee must pay to the department all excess funds received by grantee and any unused interest income." The repayment was processed January 26, 2012, which is 210 days after the end of the state fiscal year.

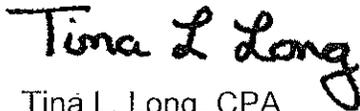
Exit Conference / Conclusion

An audit exit conference was held on April 20, 2012. The report's contents along with FPC's response were discussed to ensure an understanding of both documents by each party. As a result no changes were made to the draft audit report. FPC response included their proposed corrective actions to the report findings. Other than the findings noted FPC is applying grant funding in accordance with the grant agreement as put forth in the audit objective.

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In accordance with our established procedures, an audit response matrix will be provided to the Office of Policy Development. The OPD will be responsible for completing the matrix and forwarding it to the DPW Audit Resolution Section within 60 days. The response to each recommendation should indicate OPD's concurrence or non-concurrence, the corrective action to be taken, the staff responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Sincerely,



Tina L. Long, CPA
Director

c: Ms. Karen Deklinski
Ms. Angela Logan

**FAMILY PLANNING COUNCIL
RESPONSE TO THE DRAFT REPORT**

APPENDIX



April 10, 2012

Mr. Daniel Higgins, Audit Manager
Division of Audit and Review
Bureau of Financial Operations
Department of Public Welfare
801 Market Street, Suite 5040
Philadelphia, PA 19107-3126

Dear Mr. Higgins:

Please consider this the formal response of the Family Planning Council (the "Council") to your "draft" performance audit report covering the period July 1, 2009 to June 30, 2011, dated March 13, 2012 and received by the Council on March 19, 2012.

We requested an exit conference with your office which has been confirmed for April 20 at 10 a.m. at our office. We provide this response 10 days in advance of that conference, as outlined in your letter, and understand that our response will be considered in your preparation of the final report.

Finding No. 1 – FPC's Claims Processing Procedures Did Not Detect Duplicate Claims Submitted for Payment

Summary – FPC's "Schedule of Services Provided" for FY10/11 included a significant number of duplicate claims. However, these claims were not paid because the costs of the subrecipients' services rendered exceeded the total grant funding.

Recommendation – The Bureau of Financial Operations (BFO) recommends that the FPC take the necessary steps to ensure that claims submitted for payment are void of duplicates.

Council Response – As discussed with the auditors in advance of this report, the Council acknowledges that duplicate records were mistakenly included in the data file provided to the auditors. We are confident that the new staffing and protocols that are in place around this process will ensure that accurate monthly data will be available moving forward. In addition, the per-provider agency allocation system the Council has had in place for many years ensures that overpayments are avoided and continuity of care is ensured.

It should be noted that past billing practices by former employees did not include saving the monthly data file that was used to bill Title XX services. Thus, we were unable to recreate any exact monthly billing for the audit. In lieu of that, we developed a file of all services provided to Title XX eligible clients from our data warehouse to be used to audit medical records at the clinic sites. This file was in Access

and exported to Excel. In developing the file, records were grouped by Site, Patient Medical Record Number, Patient Name, Date of Service, and Service Description. Knowing that it is possible that a duplicate record could be created in the data warehouse if an agency resubmits files for processing for some reason, for example if it has not received timely payment from a third party payer, we put screens in place to eliminate any duplicate records from these older files. We regret that some duplicate files were included mistakenly, and are confident that the system currently in place to save monthly data files will prevent this from happening in the future.

We note that the report characterizes the deficiency in internal controls related to this finding as a material weakness and "a significant vulnerability in FPC's claims processing procedures that could lead to potential overpayment if the problems are not corrected."

As explained to the auditors, the Council avoids overpayment by funding its affiliated family planning provider agencies through an allocation system and not a claims processing system. This system has been in place for over thirty years and at the time of every audit conducted by the Department. This allocation method pools the dollars from Titles XX, V and X into a single allocation that is paid out to providers in equal monthly increments. It was devised so that services are provided to uninsured clients seamlessly throughout the entire year. In contrast, if we paid out the funds based on service claims, the agencies would cease providing services when the funds are expended – well before the end of the fiscal year. This system is working successfully for us and benefits the clients who receive family planning care in our network all year long.

Finding No. 2 – Monitoring For One Delegate Agency Was Not Conducted For More Than Three Years

Summary – FPC is required under the terms of the grant agreement to conduct monitoring of all of its delegate agencies at least once every three years. However, there was one delegate agency that was not monitored within the prescribed three year timeframe.

Recommendation – The BFO recommends that the FPC take the necessary steps to ensure that all delegate agencies are monitored as required by the grant agreement.

Council response – The Council's Quality Improvement Department (QI) engages in ongoing monitoring of the Council's delegate agencies through a variety of mechanisms. In addition, QI strives to conduct an on-site audit of all 26 agencies within a three year period. Due to a key staff member being out on an extended medical leave last year, QI did not complete the auditing activities for the one identified member of our network within that three year time period, by the close of 2011. This agency is currently being monitored through a performance measures system, and is also participating in a Council CDC funded project through which they receive intensive assessment of their clinical practices and targeted technical assistance to improve the quality of their family planning services. The agency also participated in other monitoring activities during this interim period including assessment of appointment availability and clinic access, mystery shopper calls, and HIV testing audits. The agency will receive an on-site audit in 2012.

Observation – Excess Grant Funding In The Amount of \$5,427 Was Not Returned To DPW Within The Timeframe Prescribed By The Grant Agreement

Council response – The Council acknowledges that the funds were returned after 210 days (note that report indicates 285 days), and will return any future excess grant funding within the timeframe prescribed by the grant agreement.

Please let me know if you have any questions regarding the Council's response. We look forward to talking with you at our exit conference on April 20, and to working with you to bring this audit to closure.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melissa Weiler Gerber', with a long horizontal flourish extending to the right.

Melissa Weiler Gerber
Executive Director