



pennsylvania

DEPARTMENT OF PUBLIC WELFARE

JUL 27 2011

Ms. Rumana Ahmad
Deputy Commissioner for Finance
Philadelphia County Department of Human Services
Philadelphia, Pennsylvania 19102

Dear Ms: Ahmad:

I am enclosing for your review the final performance audit report of the Bureau of Financial Operation's audit of the Philadelphia County Department of Human Services Special Grants. Your response received on July 1, 2011 has been incorporated into the final report as an attachment.

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

The report will be forwarded to the Department's Office of Children, Youth and Families (OCY&F) to begin the Department's audit resolution process concerning the report contents. The staff from OCY&F may be in contact with you to follow-up on action taken in consideration of the report's findings.

Sincerely,

Tina L. Long

Enclosures

c: Ms. Cathy Utz
Mr. Cliff Crowe
Ms. Rasheemah Shamsid-Deen Hampton
Mr. Don Klees

bc: Ms. Karen Deklinski
Mr. Thomas Crofcheck
Mr. Daniel Higgins
Mr. Alexander Matolyak
Ms. Kenya Faulkner
Ms. Shelley Lawrence
SEFO Audit File (S1008 Y51)



JUL 27 2011

Ms. Cathy Utz
Acting Deputy Secretary for Children, Youth and Families
Health & Welfare Building, Room 131
Harrisburg, Pennsylvania 17120

Dear Ms. Utz:

In response to a request from the Office of Children, Youth and Families (OCYF), the Bureau of Financial Operations (BFO) conducted an audit of Philadelphia County Department of Human Services (DHS) Special Grants for the fiscal year ended June 30, 2010. The audit was requested to determine the appropriateness of the charges made to the Special Grant funds and to determine that costs which should have been charged to the Act 148 invoice were not shifted to Special Grant funding.

This report is currently in final form and contains DHS's views on the reported findings, conclusions or recommendations. DHS did not request an exit conference but submitted a response which is included as an Appendix to this final report.

Executive Summary

The BFO was requested to audit Special Grants administered by DHS to ensure that costs reported under these grants were appropriate to the specific grant and that the grant costs were not also charged to the Act 148 invoice. Based on our audit, BFO found no material deficiencies in DHS's administration and reporting of the Special Grant funds. The findings and recommendations for corrective action are summarized below:

| FINDING | SUMMARY |
|---|--|
| <p><i>Finding No. 1 – DHS Did Not Maintain Written Contracts For Three FFT Grant Subcontractors.</i></p> | <p>Of the 12 subcontractors providing services in six special grant categories, DHS did not have written contracts or purchase of service agreements for three subcontractors.</p> |
| HIGHLIGHTS OF RECOMMENDATIONS | |
| <p>DHS should:</p> <ul style="list-style-type: none"> • Maintain contracts or purchase of service agreements for all its providers as required by Pennsylvania Title 55 chapter 3170.93 (b). | |

| FINDING | SUMMARY |
|---|---|
| <p>Finding No. 2 – Grant Outcome Data Were Not Available For Four Out of Six Special Grant categories.</p> | <p>Grant outcome data which delineate the result or impact of a grant implementation were not available at DHS for the Family Functional Therapy (FFT), Family Finding (FF), Pennsylvania Promising Practices – Dependent (PaPP Dep.), and Pennsylvania Promising Practices – Delinquent (PaPP – Del.) special grants categories.</p> |

| HIGHLIGHTS OF RECOMMENDATIONS |
|--|
| <p>DHS:</p> <ul style="list-style-type: none"> • Should request outcome data from all subcontractors. |

| FINDING | SUMMARY |
|---|---|
| <p>Observation – DHS Did Not Expend 67% Of Special Grants Funds Budgeted For FY 2009/2010.</p> | <p>For FY 2009/2010, a total of \$12,682,687 was budgeted for Special grants. Of that total, DHS expended 33% or \$4,196,581. As such, 67% of the Special Grant funding was not utilized.</p> |

Background

The OCYF awards Special Grants to County Children and Youth agencies to reduce specific areas of the Needs Based Budget (NBB). The categories of Special Grants requested to be examined are: Evidence Base (EB), Pa Promising Practices (PaPP), and Housing.

The EB grants include the following: Multi-Systemic Therapy (MST), Functional Family Therapy (FFT), Family Group Decision Making (FGDM), Family Development Credentialing (FDC) and Family Finding (FF). These EB grants are funded 95% by the state and 5% by the counties.

The PaPP grants encourage outcome based services. Counties may choose one dependent and one delinquent program for special grant funding consideration. The PaPP grants are funded 90% by the state and 10% by the counties. The Housing Initiative (HI) grant strives to facilitate improved housing conditions; to decrease placement and to assist youth transition to independent living. Housing initiative grants are funded 80% by the state and 20% by the counties.

DHS was awarded grants for the programs listed above and detailed later in this report. Additional programs that are eligible for Special Grant funding are State Reintegration Programs, Older Adolescent Initiative/Independent Living Initiative and Multidimensional Treatment Foster Care. DHS incurred expenses related to the Special Grants for the FFT, FGDM, FF, Pa PP Dependent, PaPP Delinquent and Housing Initiative programs.

These grant awards are a part of the NBB process and are required to be used to reduce specific areas of NBB expense.

Objective/Scope/Methodology

The audit objective developed in concurrence with OCYF was:

- To determine the appropriateness of the charges made to the Special Grant funds and to determine that costs which should have been charged to the Act 148 invoice were not shifted to Special Grant funding.

In pursuing this objective, the BFO interviewed OCYF staff, DHS staff and the staff of two DHS subcontractors who provided the services directly to clients. The BFO also reviewed accounting and financial records, selected invoices, subcontractors' records and other pertinent data necessary to complete our objective. The BFO did not audit the Act 148, County Children & Youth Social Services Program Expenditure Report. However, audit procedures were applied to obtain reasonable assurances that the special grant costs were not included in the expenses stated on the DHS's fiscal year ended June 30, 2010 Act 148 invoice. Similarly, program outcomes reported by DHS have been included in this report but were not verified as a part of the audit.

We conducted this performance audit in accordance with generally accepted government audit 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.

Government auditing standards require that the auditors obtain an understanding of the management controls that are relevant to the audit objective stated above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of those controls. Based on our understanding of the controls, no material deficiencies came to our attention.

The BFO's fieldwork for this audit took place between March 22, 2011, and May 2, 2011 and was performed in accordance with generally accepted government auditing standards. This report, when presented in its final form, is available for public inspection.

Results of Fieldwork

DHS incurred expenses related to six Special Grant categories for the fiscal year ended June 30, 2010. Services provided under these grants were subcontracted out to 13 providers. Based on our review of DHS's Special Grants, no material deficiencies were identified. Additionally, we reviewed the outcomes resulting from these Special Grant expenditures as discussed further below.

DHS administered the following grants for the fiscal year ended June 30, 2010:

Functional Family Therapy (FFT)

FFT is a family engagement therapy which involves the entire family of a youth in the Juvenile Justice System. It is intended to address interpersonal, educational, social and traumatic issues that affect a youth's behavior. The therapy sessions are intended to

improve and benefit of the entire family. FFT is a behavioral health service and thus is covered by funding through Community Behavioral Health (CBH). DHS requested special grant funding for FFT to cover youths who are not CBH or Medicaid eligible. These services were subcontracted out to Intercultural Family Services, Inc. (ICFSI); Vision Quest National, Ltd. (VQNL); and West Philadelphia Community Mental Health Consortium, Inc. (WPCMHC) based on a rate of \$237.75 per session.

The total amount budgeted for this grant was \$598,500 and the actual amount expended and invoiced to the county was \$137,888, including the county's matching share of \$6,893 or 5%. As such, the FFT special grant drew down only 23% of the budget.

Grant outcome data for FFT was not available at DHS.

Family Group Decision Making (FGDM)

FGDM is intended to prevent placement for youth in danger of entering the delinquent or dependent system and to identify more family resources and supports for youths. Youth and families meeting the criteria for referral are offered the opportunity to participate in a FGDM conference. Referrals may be made by DHS, subcontractors' social workers or by the Family Court. DHS subcontracted with A Second Chance, Inc. (ASCI); and It Takes A Village, Inc. (ITAV) to provide these services. As a part of its field work, BFO conducted site visit of ITAV to review the files of youth and families served.

The total amount budgeted for this grant was \$3,712,410 and the actual amount expended and invoiced to the county was \$1,659,980, including the county's matching share of \$82,999 or 5%. As such, the FGDM special grant drew down 45% of the budget.

A total of 1,008 cases were referred during the fiscal year ended June 30, 2010 of which 358 or 36% were completed.

Family Finding (FF)

This program attempts to identify, locate and involve family members in a child's day-to-day life. Staff training and team meetings preceded engagement with the families and children. DHS subcontracted with Seneca Residential and Day Treatment Center (SRDTC) and Turning Points for Children (TPC) to provide these services.

The total amount budgeted for this grant was \$47,424 and the actual amount expended and invoiced to the county was \$47,556, including the county's matching share of \$2,378 or 5%.

As such, the FF special grant exceeded its budgeted amount by \$132. This amount was considered immaterial and, therefore not addressed in this report.

Grant outcome data for FF was not available at DHS.

PaPP Dependant (PaPP Dep)

The primary goals of this program include: provide expanded sexual abuse services to children 18 years or younger; and, to provide expanded social services to families in

housing programs. DHS subcontracted with Methodist Family Services of Philadelphia (MFSP); Vision Quest National, Ltd. (VQNL); and The Philadelphia Children's Alliance (PCA). As a part of its field work, BFO conducted site visit of MFSP to review the files of youth and families served.

The total amount budgeted for this grant was \$6,836,029 and the actual amount expended and invoiced to the county was \$1,300,333 including the county's matching share of \$130,034 or 10%. As such the PaPP Dep special grant drew down 19% of the budget.

Grant outcome data for PaPP Dep was not available at DHS.

PaPP Delinquent (PaPP Del)

The PaPP Del grant was implemented under the Youth Level of Service/Case Management Inventory (YLS/CMI). The YLS/CMI began in July 2009 as a pilot for 3 to 6 months and expanded to full implementation by the end of fiscal year ended June 2010. The target population is youth between ages 10 and 20 who received assessments for dispositional planning, case management planning and determining services and supervision standards. Funds expended and invoiced under this grant comprised of the cost of materials, supplies and technical assistance for the grant implementation process.

The total amount budgeted for this grant was \$67,500 and the actual amount expended and invoiced to the county was \$26,588, including the county's matching share of \$2,659 or 10%. As such, the PaPP Del drew down only 39% of the budget.

Grant outcome data for PaPP Del was not available at DHS.

Housing Initiative

The primary goals of the Housing Initiative (HI) program is to facilitate improved housing conditions such that a child's risk of placement is decreased; to return a child from out-of-home placement; and to assist youths transitioning to independent living. DHS subcontracted with Carson Valley Children's Aid (CVCA); Methodist Family Services of Philadelphia (MFSP); Northern Homes for Children (NHFC); and, Valley Youth House (VYH) to provide these services.

The total amount budgeted for this grant was \$1,138,198 and the actual amount expended and invoiced to the county was \$1,024,236 including the county's matching share of \$204,846 or 20%. As such, the HI special grant drew down 90% of the budget.

A total of 138 families were referred to the HI during the fiscal year ended June 30, 2010. Of that total, 40 exited the program. Average accompanying children served were 28.

As a result of our audit, the following findings and recommendations have been identified:

Finding No. 1 – DHS Did Not Maintain Written Contracts For Three FFT Grant Subcontractors.

A total of 12 subcontractors provided services in six special grant categories during the audit period. Of those 12 subcontractors, DHS did not maintain written contracts or purchase of

service agreements for the three subcontractors providing services related to the FFT special grant in accordance with Pennsylvania Title 55 chapter 3170.93 (b) which states: "The county shall maintain a written contract or purchase of service agreement with providers to which clients are regularly referred, or with which the county agency, the juvenile probation office, and the court have a continuing relationship. This includes program-funded facilities. The contract shall represent a legally binding agreement between the county and the provider, and shall be renewed annually".

The DHS staff interviewed stated that these services were court ordered and as such, the court directed which subcontractor would receive the referral for FFT services. However, the absence of written contracts leads to lack of clarity regarding the services to be performed or the standards to be used in measuring program success.

Recommendation

BFO recommends that DHS maintain contracts for all its providers as required by Pennsylvania Title 55 chapter 3170.93 (b).

Finding No. 2 – Outcome Data Was Not Available For Four Out Of Six Special Grant Categories.

Grant outcome data was not available at DHS for the following four special grant categories: FFT, FF, PaPP Dep, and PaPP Del. Grant outcome data delineate the impact of the grant in terms of the number of youths and families served, juvenile delinquency prevented, number of successful completions as well as other results related to the program goals.

The Special Grant component of the Need Based Budget (NBB) strives to improve research-based practices in children and youth services. The failure to collect this information adversely affects any attempt to measure a program's success or a subcontractor's effectiveness. Also, grant outcome data could serve as a useful tool in preparing a subsequent year's NBB.

Recommendation

BFO recommends that DHS request outcome data from all its subcontractors.

Observation – DHS Did Not Expend 67% Of Special Grants Funds Budgeted For FY 2009/2010.

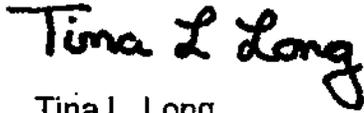
A review of DHS's records revealed that Special Grants funds budgeted for the fiscal year ended June 30, 2010 totaled \$12,682,687. Of that total, DHS expended 33% or \$4,196,581. As such, 67% of Special Grants funding was not utilized.

The DHS staff interviewed stated that subcontractors did not begin implementing programs related to the special grants since the state budget was not passed until the second quarter of the fiscal year ended June 30, 2010. However, a review of subcontractors' invoices revealed that several subcontractors provided services prior to the state budget being passed for which DHS was invoiced.

Going forward, DHS should reassess its planning and budgeting process for the special grants to ensure that amounts budgeted and requested are reasonably close to spending levels required to fund vital children and youth services.

Based on the results of the audit and the comments provided by the Philadelphia Department of Human Services the BFO will consider this audit closed.

Sincerely,



Tina L. Long

Enclosures

- c: Ms. Rumana Ahmad
- Mr. Cliff Crowe
- Ms. Rasheemah Shamsid-Deen Hampton
- Mr. Don Klees

bc: Ms. Karen Deklinski
Mr. Thomas Crofcheck
Mr. Daniel Higgins
Mr. Alexander Matolyak
Ms. Kenya Faulkner
Ms. Shelley Lawrence
SEFO Audit File (S1008 Y51)

**Philadelphia Department of Human Services Special Grants
Auditee Response**

Finding No. 1

DHS did not maintain written contracts or purchase of service agreements for the three (3) subcontractors providing services related to the FFT special grant.

Pennsylvania Title 55 chapter 3170.93 (b) states: "The county shall maintain a written contract or purchase of service agreement with providers to which clients are regularly referred, or with which the county agency, the juvenile probation office, and the court have a continuing relationship. This includes program-funded facilities. The contract shall represent a legally binding agreement between the county and the provider, and shall be renewed annually".

The DHS staff interviewed stated that these services were court ordered and as such, the court directed which subcontractor would receive referral for FFT services. However, the absence of written contracts leads to lack of clarity regarding the services to be performed or the standards to be used in measuring program success.

Recommendation

BFO recommends that DHS maintains contracts for all its providers as required by Pennsylvania Title 55 chapter 3170.93 (b).

DHS RESPONSE TO FINDING NO. 1

FFT IS A COURT ORDERED SERVICE WITH SUBCONTRACTORS (INTERCULTURAL, VISION QUEST AND CONSORTIUM) NOT CONTRACTED WITH BY DHS IN FY 10. FOR FY 11, DHS DID CONSUMMATE AN FFT CONTRACT WITH CONSORTIUM.

FOR FY 12 AND BEYOND, DHS WILL ENTER INTO MISCELLANEOUS PURCHASE ORDERS (MPOs) WITH COURT ORDERED FFT SERVICES SUBCONTRACTORS WHO PROVIDE SERVICES NOT GREATER THAN \$30,000.

Finding No. 2

Data outcomes were not available at DHS for the following four special grant categories: FFT, FF, PaPP Dep, and PaPP Del.

The Special Grant component of the Need Based Budget (NBB) strives to improve research-based practices in children and youth services. Therefore, data outcomes are vital since they provide a basis for DHS to measure a program's success or a subcontractor's effectiveness. Also, data outcomes could serve as useful tool in preparing a subsequent year's NBB.

Recommendation

BFO recommends that DHS request outcome data from all its subcontractors.

DHS RESPONSE TO FINDING NO. 2

DHS AGREES WITH THE FINDING AND IS IN THE PROCESS OF STREAMLINING, MAINTAINING AND CREATING DATA OUTCOMES/MEASURES FOR ALL SPECIAL GRANTS THROUGH THE DIVISION OF PERFORMANCE MANAGEMENT AND ACCOUNTABILITY.

Observation

A review of DHS's records revealed that Special Grants funds budgeted for the fiscal year ended June 30, 2010 totaled \$12,682,687. Of that total, DHS expended 33% or \$4,196,581. As such, 67% of Special Grants funding was not utilized.

The DHS staff interviewed stated that subcontractors did not begin implementing programs related to the special grants since the state budget was not passed until the second quarter of the fiscal year ended June 30, 2010. Review of subcontractors' invoices did reveal that several subcontractors provided services prior to the state budget being passed for which DHS was invoiced.

Recommendation

BFO recommends that DHS reassess its planning and budgeting process for the special grants to ensure that amounts budgeted and requested are reasonably close to spending levels required to fund vital children and youth services.

DHS RESPONSE TO OBSERVATION

DHS AGREES WITH OBSERVATION AND WILL DIRECT STATE SPECIAL GRANT PROJECT MANAGERS TO ENSURE THAT FUNDING REQUESTED VIA THE NBB PROCESS IS REASONABLY CLOSE TO ACTUAL EXPENDITURE LEVEL REQUIRED TO FUND VITAL GRANT SERVICES.