



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
BUREAU OF FINANCIAL OPERATIONS
3rd Floor, Bertolino Building
Harrisburg, Pennsylvania 17105-2675

TINA LONG
ACTING DIRECTOR

MAY -3 2011

TELEPHONE NUMBER
(717) 705-2288
FAX NUMBER
(717) 772-2501

Ms. Allison David
Executive Director Work Force Initiative
Jewish Employment and Vocational Service
1845 Walnut Street
Philadelphia, Pennsylvania 19103

Dear Ms. David

I am enclosing for your review the final performance audit report of the Jewish Employment and Vocational Services (JEVS) Earn Center as prepared by the Division of Audit and Review (DAR). Your response dated April 4, 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 the fieldwork. I understand that your client was especially helpful to Ms. Downs in expediting the audit process.

The report will be forwarded to the Office of Income Maintenance (OIM), to begin the Department's resolution process concerning the report contents. The staff from OIM may be in contact with you to follow-up on the action taken in consideration of the report's findings.

Sincerely,

Tina L. Long

Enclosure

c: Mr. Edward Zogby
Dr. Bryon Noon
Mr. Leon Simmons
Mr. Andy Tiazkun
Mr. Blair Pence
Mr. Dale Porter



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FAX NUMBER
(717) 772-2501

Mr. Dale Porter, Sr. Vice President & CFO
Philadelphia Workforce Development Corporation
1617 JFK Boulevard
Philadelphia, Pennsylvania 19103

Dear Mr. Porter

I am enclosing for your review the final performance audit report of the Jewish Employment and Vocational Services (JEVS) Earn Center as prepared by the Division of Audit and Review (DAR).

Philadelphia Workforce Development Corporation (PWDC) through a contract with JEVS administers certain oversight procedures for the Department of Public Welfare. Finding No. 1, and Finding No. 2 on report page 2, addresses issues that may affect PWDC's oversight responsibilities.

The report will be forwarded to the Office of Income Maintenance (OIM), to begin the Department's resolution process concerning the report contents. The staff from OIM may be in contact with you to follow-up on the action taken in consideration of the report's findings.

Sincerely,

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

Tina L. Long

Enclosure

c: Ms. Allison David
Mr. Edward Zogby
Dr. Bryon Noon
Mr. Leon Simmons
Mr. Andy Tiazkun
Mr. Blair Pence



COMMONWEALTH OF PENNSYLVANIA
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Mr. Edward Zogby
Acting Deputy Secretary for Income Maintenance
Health & Welfare Building Room 432
Harrisburg, Pennsylvania 17120

Dear Mr. Zogby:

In response to a request from the Deputy Secretary for Income Maintenance and the Bureau of Employment and Training (BETP), the Bureau of Financial Operations (BFO) completed an audit of special allowance (SPAL) for supportive services payments processed through Jewish Employment and Vocational Services (JEVS) EARN Center. The audit examined the propriety of 79 SPALs disbursed between January 1, 2009 and December 31, 2009. The audit's goal was to gain an understanding of the policies and procedures used at the EARN Center to process SPALs and to examine the application of those policies and procedures.

This report is currently in final form and therefore does contain current management's views on the reported findings, conclusions and recommendations. Management's response to the final report is included as an attachment hereto. The report contents and response was discussed at an exit conference held April 20, 2011.

JEVS
Executive Summary

SPALs are payments for supportive services made on behalf of eligible individuals either through the Office of Income Maintenance's (OIM), County Assistance Office (CAO) system or a contractor enrolled within the Welfare to Work program. In order to qualify for a cash benefit or a Supplemental Nutrition Assistance Program (SNAP) benefit, recipients, unless exempt, are required to participate in an employment or training activity. In conjunction with these activities that may lead to gainful employment or for a class of individuals that have attained employment the Department of Public Welfare (DPW) offers SPALs to offset certain costs incurred by the recipients. SPALs are issued in defined amounts for items that may be barriers to employment such as, transportation including assistance with the purchase of an automobile, books and supplies, clothing and tools.

**JEVS Human Services
Special Allowance Audit
January 1, 2009 – December 31, 2009**

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

FINDINGS	SUMMARY
<i>Finding No. 1 – The Issuance Of SPAL Payments Exceeded The Maximum Allowed Amount.</i>	<p>Seven SPAL payments exceeded the maximum allowed amount. For the client files examined, three approved utility SPALs (\$701) and four approved housing SPALs (\$2,793) exceeded the guideline limits by a total of \$3,494.</p> <p>SPAL payments should not exceed the maximum amount permitted by regulatory guidelines. Any exceptions to the guidelines should be approved in writing by Philadelphia Workforce Development Corporation (PWDC).</p>

HIGHLIGHTS OF RECOMMENDATIONS

<p>JEVS should:</p> <ul style="list-style-type: none"> • Request approval by PWDC for SPAL payments in excess of guideline limits. Approval documents should be filed in the case record. <p>PWDC should:</p> <ul style="list-style-type: none"> • Review the propriety of invoices submitted for cost reimbursement to ensure the SPAL payment is within the required guideline limits. <p>OIM should:</p> <ul style="list-style-type: none"> • Recover \$3,494 in SPAL payments that exceeded the maximum amount allowed.
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FINDINGS	SUMMARY
<i>Finding No. 2 – SPAL Payments Totaling \$2,775 Were Issued For Unallowable Expenses.</i>	Ten SPAL payments totaling \$2,775 were inappropriately issued for unallowable expense items.

HIGHLIGHTS OF RECOMMENDATIONS

<p>JEVS should:</p> <ul style="list-style-type: none"> • Review SPAL request for eligibility and appropriateness before they are approved for payment. <p>PWDC should:</p> <ul style="list-style-type: none"> • Review the propriety of invoices submitted for cost reimbursement to ensure the SPAL payment meets the required guidelines. <p>OIM should:</p> <ul style="list-style-type: none"> • Recover \$2,775 of ineligible SPAL payments made by JEVS.
--

**JEVS Human Services
Special Allowance Audit
January 1, 2009 – December 31, 2009**

FINDINGS	SUMMARY
<i>Finding No. 3 –SPAL Payments Are Not Made Timely.</i>	<p>JEVS issues SPAL checks from their corporate office and sends them to the EARN Center to be mailed to the appropriate vendors. At times, clients request to pick the checks up instead of a direct mail to the vendors. In such cases if the client does not pick up the check it could sit for up to six months with no follow up as to why it was not paid.</p> <p>Our sample identified nine such checks which eventually were voided and not reissued.</p>

HIGHLIGHTS OF RECOMMENDATIONS

<p>JEVS should :</p> <ul style="list-style-type: none"> • Implement procedures to ensure the SPAL payments are mailed directly to vendors. If an exception is warranted and a check needs to be picked up by a client, follow-up is necessary to ensure the client receives the check in a timely manner and forwards it to the vendor. • Carefully review SPAL requests to verify the necessity of the request. • Review its internal procedures and follow-up on SPAL checks which have not been cashed within 30 days of issuance.
--

FINDINGS	SUMMARY
<i>Finding No. 4 – Other SPAL Attributes That Did Not Satisfy The Required Standards.</i>	<p>The following attributes were deficient:</p> <ul style="list-style-type: none"> • Ten SPAL files did not contain the proper SPAL verification form. • Fourteen SPALs were not paid within the 15 day time frame. • Four SPAL files did not contain sufficient documentation to allow the reviewer to conclude the client had a demonstrated need. • Five SPAL files did not contain sufficient documentation to determine the client was attending an approved activity. • JEVS did not use the required SPAL codes.

HIGHLIGHTS OF RECOMMENDATIONS

<p>JEVS Should:</p> <ul style="list-style-type: none"> • Comply with the Operations Memorandum – Employment & Training, OPS 090801 and the PWDC Operations Memorandum #3.5.09.02 and begin using the proper SPAL Verification form for all SPALs. • Ensure all SPAL payments are made within the 15 day time frame. • Ensure each file contains the proper documentation to verify the necessity of the SPAL and that the client was attending an approved activity. • Comply with the Master Guidelines and ensure each SPAL is properly coded.
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**JEVS Human Services
Special Allowance Audit
January 1, 2009 – December 31, 2009**

Background

The OIM administers an array of client benefits, one of which is SPALs. For a class of recipients to continue to receive cash and/or SNAP benefits, the individuals are required to participate in an employment or training program. In conjunction with program participation or employment itself, there may be associated expenses. In order to continue to assist the recipients overcome barriers to employment and obtain or maintain gainful employment, DPW will pay certain related expenses. These payments for qualified items are categorized as SPALs.

SPALs may be used for a variety of items necessary to help individuals prepare for, seek, accept or maintain education, training or employment. Examples are transportation including assistance with the purchase of an automobile, books and supplies, clothing and tools.

In order to obtain a SPAL, a client must be determined eligible to receive cash or SNAP benefits, be enrolled in an approved training or education program or be employed within program parameters. Additionally, a client must demonstrate the need for a SPAL in relationship to the activity engaged in and that no other resource is available.

Regulations governing employment and training related to special allowances for supportive services are found at 55 PA Code 165.4 and in the Cash Assistance Handbook at Chapter 135.6. In addition, the PWDC Supportive Service Manual implemented through the Transitional Workforce Division (TWD) is a case management tool and resource to supportive services. The BETP Master Guidelines for Supportive Services chart is used in conjunction with the PWDC Supportive Service Manual. It summarizes in chart formation what supportive service guidelines are provided by and applicable to County assistance offices as well as the Contractors. Further, OIM issued Operations Memorandum – Employment & Training, OPS090801 dated August 5, 2009 revised October 21, 2009. These documents are the prescribed regulations and guidelines to be used to administer the approval, issuance and monitoring of SPALs.

Objective/Scope/Methodology

The audit objective, developed in concurrence with OIM was:

- To determine JEVS SPAL payments were made in accordance with applicable regulations and guidelines.

In pursuing this objective, the BFO interviewed OIM, BETP, PWDC and JEVS management. We also reviewed case records, client files and other pertinent data necessary to complete our objective. Eligibility, necessity, verification and timeliness were the testing groups for each client file sampled. Eligibility testing was limited to the CAO's determination that the client was eligible to receive cash or SNAP benefits. A statically valid sample (SVS) size of 79 was selected within a testing period of January 1, 2009 through December 31, 2009. The testing attributes of the SVS were a 95% confidence level with a 5% error factor.

JEVS provided a master list of all SPALs issued during the Calendar Year 2009 which had been generated by their internal accounting system. In addition to our sample certain unallowable SPAL transactions were identified from the master list provided by JEVS. These items were

**JEVS Human Services
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reviewed and included as a finding where applicable. Upon testing of the SPAL payments itemized on the Master List, several approved but unpaid SPALs were discovered (Finding No. 3). As such, application of the SVS error rate to the total population was not possible.

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

Government auditing standards require that the auditors obtain an understanding of management controls that are relevant to the audit objectives described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on our understanding of the controls no material deficiencies came to our attention. Areas where we noted an opportunity for improvement are addressed in the findings of this report.

The BFO's fieldwork was conducted intermittently between July 26, 2010 and February 3, 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

As indicated, the audit encompassed the verification of specific attributes of the SPAL process. A summary of the types of SPALs examined is found in Exhibit A. The total results of testing for each attribute are presented in Exhibit B. Client eligibility was verified 100% correct; that is, no ineligible client received a SPAL. Timeliness was verified 82% correct in that the SPAL was processed within the required parameters.

The following are the audit findings and recommendations:

Finding No. 1 – The Issuance Of SPAL Payments Exceeded The Maximum Allowed Amount

For the SPAL case files examined, seven payments exceed the maximum amount permitted per regulatory guidelines by a total of \$3,494. These payments in excess of the SPAL maximum amount are categorized as follows:

- Three utility payments exceed the maximum allowable amount by a total of \$701.
- Four housing rent payments exceed the maximum allowable amount by a total of \$2,793.

As stated in the PWDC Supportive Service Manual, under Supplemental Categories, allowed expenditures such as rent assistance, property repairs and utilities were added as SPAL eligible costs. As with all other SPALs, clients would have to demonstrate the need for support in order to be eligible to receive assistance in these areas. The maximum support awarded to a client for help with rent is not to exceed \$1,000. The maximum amount awarded to a client for help with housing repairs is not to exceed \$1,500. The maximum amount awarded to clients to help with

**JEVS Human Services
Special Allowance Audit
January 1, 2009 – December 31, 2009**

the utility bills is not to exceed \$750. The SPAL payments noted above exceed these allowable amounts.

If JEVS management believes a SPAL payment in excess of guideline limits is necessary, a written exception should be obtained from PWDC. No exceptions were obtained.

Recommendations

The BFO recommends that JEVS request approval from PWDC for SPAL payments in excess of guideline limits. Approval documents should be filed in the case record.

The BFO also recommends PWDC ensure the propriety of invoices submitted for cost reimbursement to ensure the SPAL payment meets required guidelines.

Finally, the BFO recommends that OIM recover the \$3,494 in excess SPAL payments.

Finding No. 2 – SPAL Payments Totaling \$2,775 Were Issued For Unallowable Expenses

SPAL payments are issued to alleviate barriers to employment. Specific guidelines related to the amount and frequency of SPAL payments are detailed in the BETP Master Guidelines. Additionally, PWDC has developed a Supportive Services Manual which further details allowable SPAL payments. For calendar year 2009, JEVS made 10 SPAL payments which were not allowable under these guidelines. The total amount of unallowable SPAL payments is \$2,775.

The following unallowable expenses were identified:

- Fines/ Fees – Three of the cases examined related to court fees and traffic court fines. Total unallowable SPAL payments related to fines and fees was \$1,637.
- Tuition Payments – Included in our sample were two SPALs for tuition payments. SPAL payments cannot be used for tuition expenses. The total amount identified as tuition expense was \$643.
- Internet Expenses – Two transactions examined related to internet service, and in one case internet and television service. Internet access, which is provided by the Earn Center, and television service are ineligible SPAL expenses. Total amount identified as ineligible internet and television expense was \$350.
- Miscellaneous expense – Three transactions examined related to the purchase of food. One such transaction was inadvertently charged as a SPAL; additionally, two other payments, also related to the purchase of food, were categorized as SPALs. Total ineligible miscellaneous SPAL payments were \$145.

Total ineligible SPAL payments identified were \$2,775.

**JEVS Human Services
Special Allowance Audit
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Recommendations

The BFO recommends that JEVS review SPAL request for eligibility and appropriateness before they are approved for payment.

The BFO also recommends that PWDC ensure the propriety of invoices submitted for cost reimbursement to ensure the SPAL payments meet the required guidelines.

Finally, the BFO recommends OIM recover the \$2,775 of ineligible SPAL payments made by JEVS.

Finding No. 3 – SPAL Payments Are Not Made Timely

To ensure SPAL payments are used appropriately, a receipt for the approved expenditure is required to be maintained in the client file and must be received within 14 days of the SPAL payment. Because certain expenditures, such as utility payments may not have an actual receipt, the canceled check acts as receipt of payment. However, JEVS does not maintain payment information in the client file.

JEVS finance department files copies of checks that were issued for payment, but the client files did not indicate whether the check had been issued and cashed. As a result during our review of the client files we were unable to determine whether the SPAL payments had been made timely, or at all. Upon further review of the actual canceled checks it was noted that nine checks, 11% of our sample, had been voided and never re-issued.

Management stated that checks are issued based on an approved SPAL request and sent to the Earn Center where they are mailed to the appropriate vendor. In an emergency situation such as the receipt of a utility notice threatening immediate termination, the check will be held for hand delivery by the client. However, JEVS does not follow-up to ensure that checks are picked up in a timely manner. In some cases these checks may sit at the Earn Center for as long as six months at which time the outstanding checks are voided.

The SPAL payment is intended to alleviate a situation preventing clients from obtaining or maintaining employment. If approved SPAL payments are not made in a timely manner the intent of the SPAL is not being met and the necessity of the SPAL is in question.

Based on our audit, weaknesses in the internal controls surrounding un-cashed checks (as detailed above) and the SPAL payment process were identified. Client files did not contain documentation as to whether the SPAL was approved, denied or actually paid.

Recommendations

The BFO recommends JEVS review its procedures regarding the issuance of SPAL payments and ensure checks are mailed directly to vendors in a timely manner. SPAL payments requiring pick up by clients should be kept to a minimum and JEVS should follow up to ensure the client receives the check and payment is made.

**JEVS Human Services
Special Allowance Audit
January 1, 2009 – December 31, 2009**

The BFO also recommends JEVS carefully review SPAL requests to verify the necessity of the request before checks are processed.

Finally, the BFO recommends JEVS review internal control procedures and follow-up on SPAL checks which have not been cashed within 30 days of issuance. Further, the requesting Employment Advisor should be notified that the payment was not made and a determination must be made as to the necessity of the SPAL.

Finding No. 4 – Other SPAL Attributes That Did Not Satisfy The Required Standards

As illustrated in Exhibit B, 13 attributes were tested for each of the sampled SPAL payments. We found compliance in the eligibility area to be satisfactory. Documentation was deficient in the verification attributes, and timeliness fell short of the standard. Deficiencies in these areas included:

SPAL Verification Form - The Operations Memorandum – Employment & Training, OPS 090801 established, among other things, that specific SPAL Verification Forms be used for all SPAL transactions starting August 4, 2009. This form was implemented to strengthen controls within the SPAL approval process. JEVS did not use this required form for all SPALS issued after August 4, 2009. Additionally, PWDC instituted the use of the SPAL verification form effective November 5, 2009 through its Operations Memorandum #3.5.09.02.

SPAL Payments Not Made Within 15 Days - SPAL payments are required to be paid within 15 days of the date of request. The client files in our sample did not always indicate the payment date of the SPAL. Additionally, as discussed in Finding No. 3, some SPAL payments were never actually paid.

The fourth grouping of attributes was necessity; that is, did the file demonstrate the SPAL was necessary for the individual to participate in training or employment. Four SPAL files did not contain sufficient documentation to allow the reviewer to conclude that the client had demonstrated need. Additionally, five files did not contain sufficient documentation to determine whether the client had been attending an approved activity.

Finally, JEVS did not use the required SPAL codes. SPAL payment documentation contained in the client files did not state the appropriate SPAL code required by Master Guidelines. Each category of SPAL expense is associated with a specific SPAL code; however, JEVS did not document the SPAL code used. As such, no determination could be made as to whether the appropriate code was used.

Recommendations

The BFO recommends JEVS comply with the Operations Memorandum – Employment & Training, OPS 090801 and the PWDC Operations Memorandum #3.5.09.02 and begin using the proper SPAL verification form for all SPAL transactions.

**JEVS Human Services
Special Allowance Audit
January 1, 2009 – December 31, 2009**

The BFO also recommends that JEVS take the necessary steps to ensure all SPAL payments are made within the prescribed 15 day timeframe.

Additionally, the BFO recommends JEVS ensure each client file contains sufficient documentation to determine the necessity of the SPAL payment and documentation to determine that the client was participating in an approved activity.

Finally, the BFO recommends JEVS comply with the Master Guidelines and ensure all SPAL payments are coded properly with the prescribed SPAL codes.

Exit Conference

JEVS management prepared and submitted a response to the draft audit report. Both the audit report and response were reviewed at the audit exit conference. Pertaining to Finding No. 1, management stressed the SPALS in question were reviewed and reimbursed through the DPW intermediary who did not take an exception to benefit payments above the prescribe limits. BFO does acknowledge this process; however, no explicit exceptions could be presented. As such, no changes were made to the finding. A segment of Finding No. 2 questioned payments for bundled telephone, cable television and internet bills. BFO did revise the amount questioned and allow for the telephone portion of the bundled invoices. No other changes were made to the report.

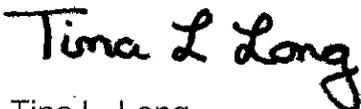
JEVS has submitted an additional statement in reference to Finding No. 1. This statement is included as and attachment hereto.

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

RA-pwauditresolution@state.pa.us

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

Sincerely,



Tina L. Long

Attachments

c: Mr. Andy Tiazkun Mr. Leon Simmons
 Mr. Blair Pence Mr. Dale Porter
 Dr. Bryon Noon

JEWISH EMPLOYMENT VOCATIONAL SERVICES
SUMMARY OF TOTAL SPALs EXAMINED
January 1, 2009 - December 31, 2009

SPAL Code	Description	Total
298	Eye glasses	9
256	Clothing/Personal Items for Employment/Training	4
260	Motor Vehicle Operator Fees	3
280	Needs Base Payment (See Below):	63
		<u>79</u>

(280) Needs Based Payments consisted of the following types of expenses:

Child abuse clearance	8
Background check	4
Traffic court fines	2
Utility	14
Housing: Rent & Mortgage	26
Drug Testing	1
Vital Statistics	3
Paid Work Experience	1
Misc.	
Internet	1
tuition	2
employee reimbursement	1
Total	<u><u>63</u></u>

Exhibit A

**JEWISH EMPLOYMENT VOCATIONAL SERVICES
SPAL TESTING SUMMARY
JANUARY 1, 2009 - DECEMBER 31, 2009**

<u>Attributes</u>		<u>Total</u>	<u>Percentage</u>
Eligibility	Yes	79	100%
	No	0	0%
 <u>Necessity</u>			
Required Documents Were Available	Yes	79	100%
	No	0	0%
Proper SPAL Code Used	Yes	0	0%
	No	79	100%
Client Attending Approved Activity	Yes	74	94%
	No	5	6%
Demonstrated SPAL Required For Participation	Yes	75	95%
	No	4	5%
 <u>Verification</u>			
Evaluation Cost Of SPAL Calculated	Yes	79	100%
	No	0	0%
SPAL Verification Form Completed	Yes	69	87%
	No	10	13%
Original Receipt in File	Yes	70	89%
	No	9	11%
Continued Eligibility Verified	Yes	79	100%
	No	0	0%
SPAL Payment Within Allowable Limits	Yes	72	91%
	No	7	9%
SPAL Payment In Error	Yes	6	8%
	No	73	92%
 <u>Timeliness</u>			
SPAL Was Paid Within 15 Days	Yes	65	82%
	No	14	18%

**JEWISH EMPLOYMENT VOCATIONAL SERVICES
SUMMARY OF UNALLOWABLE COSTS
JANUARY 1, 2009 - DECEMBER 31, 2009**

<u>Description</u>	<u>Number of SPALs</u>	<u>Unallowable Amount</u>
Court Fees	3	\$ 1,637
Excess Rent Payments	4	2,793
Food	3	145
Internet and Television	2	350
Tuition Payments	2	643
Excess Utility Payments	3	<u>701</u>
Total Unallowable Costs		<u>\$ 6,269</u>

Exhibit C

**JEWISH EMPLOYMENT AND VOCATIONAL SERVICE
RESPONSE TO THE DRAFT REPORT**

ATTACHMENT



Making hope happen.

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- Jan Tuttleman, Ph.D.

April 4, 2011

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

Dear Mr. Higgins:

Thank you for the opportunity to reply to the Special Allowance Audit you conducted in September 2010. JEVS is committed to continuous improvement and this correspondence serves as a response to the findings you noted in your report. We are pleased that you noted that "client eligibility was verified at 100% correct and that "timeliness was verified 82% correct in that the SPAL was processed within the required parameters".

While PWDC has limited our need to process SPALs, below are corrective action items noted through your findings.

Finding No. 1 – The Issuance of SPAL Payments Exceeded The Maximum Allowed Amount

JEVS reviews all SPAL payment requests for compliance prior to processing especially in the case where the amount is high. We do not agree that 7 cases exceeding the maximum allowed amount with no approval from PWDC. JEVS submits an invoice to PWDC both electronically and in hard copy. Prior to paying us, PWDC reviewed the same documentation we reviewed. PWDC has authority to waive the limits and they did so. PWDC emails us in writing that they have received our invoices. Evidence of their approval is payment of the invoice amounts. No funds were charged to this grant without this prior approval from PWDC and this prior approval constituted PWDC's waiver of the SPAL maximum. This \$3,494 should be allowed

Finding No. 2 – SPAL Payments Totaling \$2,907 Were Issued for Unallowable Expenses

Some of these SPAL payments were simple errors in coding. We will review these during the exit interview. In the future, JEVS will review SPAL requests for eligibility and appropriateness before they are approved and ensure that coding is correct before submitting to PWDC.



The \$482 identified as internet charges should be allowed. In both of these cases the participant's telephone service was bundled with their internet service and it was not possible to separate out the phone cost from the other components. Since EARN jobseekers need both telephone and internet connectivity in order to be in contact with potential employers, this SPAL expense should be allowed

Finding No. 3 – SPAL Payments Are Not Made Timely

JEVS processes SPAL requests within the required timelines. However, delays have occurred in the event that the check was not mailed directly to the vendor.

JEVS will implement procedures to ensure the SPAL payments are mailed directly to vendors. If an exception is warranted and a check needs to be picked up by a client, follow up will be made to ensure that the client receives the check in a timely manner.

Finding No. 4 – Other SPAL Attributes That Did Not Satisfy The Required Standards

JEVS will:

- comply with Operations Memorandum – Employment & Training, OPS 090801 and the PWDC Operations Memorandum #3.5.09.02;
- ensure that all SPAL payments are made within the 15 day time frame;
- ensure that each file contains the proper documentation to verify the necessity of the SPAL; and
- comply with the Master Guidelines and ensure that each SPAL is properly coded.

In addition to the above corrective action items, JEVS would like to discuss the best practices gleaned from the audits of other EARN Centers.

Sincerely,



Allison C. David
Executive Director, Workforce Initiatives
JEVS Human Services

cc: J. Glover, BETP
B. Noon, BETP
L. Simmons, BETP
D. Porter, PWDC
P. Stroup, JEVS Human Services
C. Davidson, JEVS Human Services



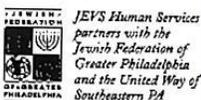
Making hope happen April 26, 2011

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

Dear Mr. Higgins:

Thank you for the opportunity to meet for an exit conference for the Special Allowance Audit you conducted. This letter serves as documentation of the exit conference on April 20th and provides further clarity regarding audit finding #1.

First, we were pleased to hear that JEVS faired well compared to the audits of other vendors and the County Assistance Offices. We appreciate your comments and your suggestions for further program improvements.

Audit Finding No. 1 - We would like to clarify that not all of the SPAL requests sent to PWDC were automatically approved. On several occasions, SPAL requests were not approved based on the review and analysis done by PWDC. This is additional evidence that PWDC's review and payment of SPALs that were over the PWDC guideline limit constituted their waiver of that limit and those special allowances should be allowed.

Thank you again for the opportunity to provide additional information regarding this audit.

Sincerely,

Allison C. David

Allison C. David
Executive Director, Workforce Initiatives

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