pennsylvania

DEPARTMENT OF HUMAN SERVICES

SINGLE AUDIT SUPPLEMENT

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Commonwealth of Pennsylvania

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DEPARTMENT OF HUMAN SERVICES

SINGLE AUDIT SUPPLEMENT

Developed by:

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Attachment A

DHS Single Audit Supplement
July 2015 – Revisions and Changes

Section	Summary of Major Changes
Introduction	Updated thresholds and Report Submission requirements for years beginning on or after December 26, 2014. Added a new Appendix 2, which requires an additional supplemental schedule and a related Independent Accountant's Report on Applying Agreed-Upon Procedures
Appendix 1	All Schedules are updated as needed. Exhibit I – Children and Youth – Requirement for a supplemental financial schedule: This schedule is no longer required.
Appendix 2	New Appendix which requires an additional supplemental schedule and a related Independent Accountant's Report on Applying Agreed-Upon Procedures.
Appendices 3-6	Old Appendices 2 through 5 have been renumbered.

DEPARTMENT OF HUMAN SERVICES

SINGLE AUDIT SUPPLEMENT

INTRODUCTION

INTRODUCTION

Background

The DHS 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 DHS' 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 3 addresses the use of this Supplement below the county level.

The thresholds and submission requirements detailed within this Single Audit Supplement are for years beginning on or after December 26, 2014, and are in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") contained at 2 CFR Part 200, Subpart F. For years beginning prior to December 26, 2014, please follow the guidance contained in the July 2014 Pennsylvania Department of Human Services Single Audit Supplement for thresholds and submission requirements.

Entities required to have a Single Audit

Single Audit: Subrecipients who expend $750,000 or more of federal awards in a fiscal year are required to have an audit conducted in accordance with the Uniform Guidance, except when the subrecipients elect to have a program-specific audit.

Program-Specific Audit Election: When subrecipients expend federal awards under only one federal program (excluding research and development programs), the subrecipient may elect to have a program-specific audit conducted in accordance with 2 CFR §200.501(c) of the Uniform Guidance.

Exemption When Federal Awards Expended Are Less Than $750,000: Subrecipients who expend less than $750,000 of federal awards in a fiscal year are exempt from the federal audit requirements for that year, but records must be available for review or audit by appropriate officials of the federal agency, pass-through entity and U. S. Government Accountability Office.

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 Human Services 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 Human Services; **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), The Uniform Guidance, *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 American Instsitute of Certified Public Accountants (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 DHS 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.

Appendix 1 provides formats for supplemental financial schedules to be included in the county/joinder 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 1 also provides the procedures to be performed 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 Independent Accountant's Report on Applying 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.

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 3 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 Independent Accountant's Report on Applying Agreed-Upon Procedures is required to accompany the supplemental financial schedules.** Additional information for these reports is presented in Appendix 1 and Appendix 2 of this Supplement. Appendix 4 provides guidance for amending auditor's reports.

Appendix 2 provides a format for a **new supplemental financial schedule** to be included in the single audit report of all entities who receive funding from the DHS. 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 2 also provides the procedures to be performed for the Independent Accountant's Report on Applying Agreed-Upon Procedures which must accompany this schedule. This supplemental schedule as well as the Independent Accountant's Report on Applying 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.

Joinder Operations

For DHS 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 of 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”, GASB Statement 14, "The Financial Reporting Entity", and GASB Statement 61, “The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34”. 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)	**(copy of notice)**
Department of Human Services BFO Audit Resolution Section Forum Place 555 Walnut Street – 1st Floor PO Box 2675 Harrisburg, Pennsylvania 17105 Email: RA-pwauditresolution@state.pa.us	Office of the Budget/Bureau of Audits Forum Place 555 Walnut Street – 8th Floor Harrisburg, Pennsylvania 17101 Email: RA-BOAsingleaudit@state.pa.us

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 3, How to Use the DHS 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 5, 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 DHS has issued Audit Policies for Subrecipient/Contractor grant agreements or contracts (http://www.dhs.state.pa.us/cs/groups/webcontent/documents/bulletin_admin/d_005335.pdf) 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 DHS 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 basis, while the required supplemental information contained in Appendix 1 must be presented on a state fiscal/program year. Because this involves two fiscal periods, **all** adjustments must be properly disclosed in the Independent Accountant's Report on Applying Agreed-Upon Procedures and noted on the supplemental schedules. If corresponding adjustments to the schedules have been made, the note 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 in Appendix 1

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 that has been amended to include a specific cross-reference to the corresponding Independent Accountant's Report on Applying 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 DHS related to the Roster of Personnel.

Roster of Personnel Adjustments

Each county is required to submit a Roster of Personnel to the DHS for review. Upon acceptance and review the DHS 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 supplemental 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 Accountant's Report on Applying Agreed-Upon Procedures.

Record Retention

The DHS follows the Uniform Guidance, which requires records be maintained for at least 3 years following the submission of the audit report. However, the Uniform Guidance also 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 DHS State and Federal Funding

Although specific information regarding the DHS 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 DHS funding source.

DHS uses the Commonwealth's Enterprise Resource Planning (ERP) business information system (known as Imagine PA) and SAP software.

SAP uses a ten-digit number as coding for Appropriation and Organization/Cost Function.

Examples:

Appropriation 10233**000

- 1st two digits represent the ledger
- The next three digits are the appropriation
- ** represents that state fiscal year (i.e. 14 for SFY14-15)
- The last three digits are always 000 unless a lower level fund exists

Organization 1100, Cost Function 00755 is 2110101755

- 1st two digits represent the department (for DHS 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
- Last three digits represent the cost function

Audit Report Submission

Audit Reports are required by the Uniform Guidance and 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):

Audit Period Ended	Report Submission Due Date
June 30, 2015	March 31, 2016
December 31, 2015	September 30, 2016

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
Email: RA-BOAsingleaudit@state.pa.us

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

Report Submission

For years beginning on or after December 26, 2014, the county/joinder must submit an electronic copy of the single audit report package to the Federal Audit Clearinghouse. The county/joinder must then send a copy of the confirmation from the Federal Audit Clearinghouse to the Office of the Budget, Bureau of Audits, at RA-BOASingleAudit@pa.gov.

For years beginning prior to December 26, 2014, the county/joinder should follow the requirements described in the July 2014 Pennsylvania Department of Human Services Single Audit Supplement.

The audit package should include:

- The financial audit report
- The single audit report
- Component Unit audit reports
- Any applicable Corrective Actions Plan (when findings have been issued.)
- The DHS required supplemental schedules and corresponding Independent Accountant's Report on Applying Agreed-Upon Procedures (Appendix 1 and Appendix 2) and/or any contract-required schedules
- Data Collection Form
- Management Letter

Please refer to the Office of the Budget, Bureau of Audits instructions for single audit 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.

SAMPLE REQUEST FOR CONFIRMATION

Date: _____

Auditee: _____ Fed ID No: _____

Contract/Grant/Provider ID Number: _____

Location Number: _____

Audit Period: _____ to _____

Program Name: _____

Payments to be Confirmed:

Date	Payment No.	State	Federal	Total
Total Payments to be confirmed				

_____ (Person Submitting Request) _____ (Return Address)
Auditee Authorized Signature and Title

_____ (Person Confirming for Comptroller) _____
Agency Authorized Signature and Title Date

Confirmation requests should be e-mailed to:

RA-AuditConfirmation@state.pa.us

Confirmations requests regarding PROMISe payments only should be e-mailed to:

RA-QAPromiseConf@state.pa.us

Points of Contact

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

Commonwealth of Pennsylvania
Department of Human Services
Bureau of Financial Operations
Audit Resolution Section
555 Walnut Street – 1st Floor
Forum Place
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675
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

COMMON REQUIREMENTS

COMMON REQUIREMENTS

The following compliance requirements apply to all programs funded through the Department of Human Services (DHS) 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**

   When determining Major Programs, the DHS follows OMB-Circular A-133 §__.520 Major Program Determination, or 2 CFR §200.518, as appropriate. For all CFDA numbers that are tested as a Major Program that fund DHS programs contained within this supplement, the additional testing instructions should be used to completely test internal control and compliance of those federal awards.

   DHS Major Program Rule

   If under the determination above, the federal major program is the main funding for one of DHS's programs contained in this supplement, then you must test that DHS program as a major DHS 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 auditors should do their 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, the Uniform Guidance, OMB Circular A-133, and the 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, state contract/grant number, etc.) 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.

<u>NOTE</u>: Counties must manage subrecipient audits by contract. A Single Audit or program specific audit in accordance with the Uniform Guidance or OMB Circular A-133, as appropriate, 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 75, Government-wide Debarment and Suspension Non-procurement and Government-wide Requirements for Drug-Free Workplace Grants)

NOTE: Information on entities debarred/suspended from federal programs is now available on-line at https://www.sam.gov/portal/SAM/#1 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:
https://www.dgs.internet.state.pa.us/debarment_list/

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 DHS that such contributions should be used to offset allowable retirement expenditures for the DHS's programs and that a corresponding reduction to expenses charged to DHS 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 DHS for pension expenses which were funded through the county retirement fund's excess interest account.

6. Compliance Requirement - Documentation of Personal Services

Charges to Federal funding streams whether treated as direct or indirect costs should be based on payrolls documented in accordance with the practice of the governmental unit as approved by responsible official(s) of the governmental unit. In addition, the payroll costs must be allocated and documented in accordance with the Uniform Guidance.

Suggested Audit Procedures

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

Test 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**

The auditee must manage its assets in accordance with Federal and State laws and regulations. The Uniform Guidance states that charges for 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 usable, used, and needed. Depreciation records indicating the amount of depreciation taken each period must also be maintained.

NOTE: **Some DHS programs do not allow depreciation 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.**

Test the most recent physical property inventory(ies).

Sample selected assets to ensure that fixed assets exist and are usable, used, and needed.

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

8. **Compliance Requirement – Cost Allocation Plan**

The cost allocation plan must cover all DHS Programs. These include, but are not limited to: Children, Youth, and Families; Mental Health; Intellectual Disabilities; Early Intervention; Homeless Assistance; Child Support Enforcement; and Medical Assistance Transportation Programs.

Suggested Audit Procedures

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

Test the 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.

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: Each County Domestic Relations Section (DRS) uses the Pennsylvania Child Support Enforcement System (PACSES) to complete automated processes to establish and enforce child support orders and manage caseloads.

The DRSs of the County Courts of Common Pleas located in each of the counties in Pennsylvania are responsible for the establishment and enforcement of court-ordered child support obligations. The DRS is responsible for the case data entry necessary to initiate systems processes and for responding to systems prompts to complete specific actions.

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

The County is reimbursed based upon submission of monthly invoices based on actual cash expenditures or allocated costs incurred for the CSE services provided directly by the county DRS. Each county has signed a cooperative agreement with the Department of Human Services (DHS) to operate Pennsylvania's Title IV-D CSE Program.

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 provided at 45 CFR, Parts 300 and 75, an approved Cooperative Agreement under the CSE Program, and applicable DRS memoranda issued by the DHS.

Suggested Audit Procedures

Read the approved Cooperative Agreement, 45 CFR Part 75, 302-304, and applicable DRS memoranda.

Test expenditure records and supporting documentation to determine the funds have been expended in accordance with applicable federal regulations, the 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 DHS; DRS Memoranda 2000-38, 2001-27, and 2014-18).

Suggested Audit Procedures

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

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

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 301.1 and 303.2).

Suggested Audit Procedures

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

Verify the applications/petitions were 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 should not be used for any 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). The incentive payments to the county/court – DRS are to 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 Memoranda 2001-38 and 2007-36).

DRSs are required to report all incentive activity on the Monthly Statement of Expenditures, Incentive Paid Cost Worksheet (DRS Memoranda 2007-36).

Suggested Audit Procedures

Verify that when the counties transfer incentives to county general funds, incentives will be deemed spent on the date the incentives are transferred out of the county Title IV-D fund.

Verify that the Ending Incentive Balance shown on the Monthly Statement of Expenditures, Incentive Paid Cost Worksheet, reconciles to the county Title IV-D fund and the general ledger.

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

Test to ensure 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 the county made the required MOE contribution.

Verify the non-Title IV-D expenditures are reimbursed by the county to the Title IV-D Fund in the instances where expenditure disbursements were from the Title IV-D Fund.

Compliance Requirement – Monthly Statement of Expenditures Incentive Reporting

In order for Pennsylvania to meet quarterly OCSE 396A, Child Support Enforcement Program Expenditure Report, reporting requirements, BCSE is required to collect accurate cash-basis incentive payment and expenditure data from MSE incentive paid cost worksheets. Incentive payments subject to the MSE incentive reporting requirement are to be limited to incentive amounts received from BCSE and should not include Title XIX medical incentive payments or interest earned on invested incentives (Deficit Reduction Act of 2005, Sec. 7309; American Recovery and Reinvestment Act of 2009, Sec. 2104: 45 CFR 304.21(c); Title IV-D Cooperative Agreement, Paragraph 6.3; DRS Memoranda 2001-38, 2007-36, 2009-14, and 2010-31).

Suggested Audit Procedures

Trace amounts shown on the Monthly Statement of Expenditures (MSE), Incentive Paid Cost.

Trace amounts shown on the Monthly Statement of Expenditures (MSE), Incentive Paid Cost Worksheets to the Title IV-D Account and/or the County general ledger. Complete and note the results on Exhibit A-1 (c).

Test to ensure when counties transfer incentives to county general funds, incentives are reported on the MSE as spent in the month the incentives were transferred out of the county Title IV-D fund.

Verify that Title XIX medical incentive payments and/or interest earned on the incentives are excluded from beginning and ending incentive balance totals reported on the MSE incentive paid cost worksheet.

Test to ensure that incentive payments are expended in accordance with federal laws, regulations, and DRS Memoranda.

Verify written policy and procedures exists for the proper reporting of incentive paid expenditures on the MSE, Incentive paid cost worksheet.

Complete and note the results of Title IV-D Account audit procedures on Exhibit 1(c).

Compliance Requirement – Title IV-D Account Reporting

GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, requires fund balance for governmental funds be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB 54, funds are to be reported by the relative strength of the spending constraints placed on the purposes for which resources can be used. Included in the Governmental Fund type definitions is the Restricted fund balance which report amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation (GASB 54).

Section 6.3 of the Title IV-D Cooperative Agreement specifies that all Federal reimbursement and incentive payments and related interest that have been paid or will be paid to the County/DRS shall be placed in a separate restricted bank account or identifiable in a general fund by a separate restricted fund balance accounting. Counties are required to maintain separate restricted fund balances if the Title IV-D Account is maintained in the county general fund (Title IV-D Cooperative Agreement, Paragraph 6.3; DRS Memoranda 2009-35, 2011-07, 2012-2, and 2012-41).

Suggested Audit Procedures

Obtain a copy of the most recent Annual Title IV-D Account Statement submitted to DHS.

Determine what type and how many financial accounts make up the county/DRS Title IV-D Account.

Verify for Title IV-D Accounts (restricted fund balances) contained within the county general fund are independently identified and reported in the fiscal records.

Test to ensure all federal reimbursement and incentive payments received during the audit period were properly accounted for within the Title IV-D Account. Complete and note the results on Exhibit A-1(d).

Test to ensure the restricted Title IV-D account balance and or bank account disbursement activity is specifically authorized in accordance with Title IV-D Cooperative Agreement, Paragraph 6.3.

Test to ensure reimbursement monies and interest received are earmarked and solely used for the purpose of maintaining or strengthening the Child Support Enforcement functions in the county. Verify that all interest earned on Title IV-D monies remains with the principal.

Verify written policies and procedures exist to ensure the annual Title IV-D Account Statement accurately reflects a cash basis fund balance and accurate transaction tracking of reimbursements, income, interest, incentives, and the county Maintenance of Effort to avoid potential federal audit disallowances.

D. Reporting Requirement

Compliance Requirement

The county must submit the Monthly Statement of Expenditures. The DRS may report only cash expenditures that are necessary and reasonable for the proper and efficient administration of the DRS (Title IV-D Cooperative Agreement, Paragraphs 3.10 and 5.4, signed by the county and the DHS, 45 CFR 304.20 and 304.25 and 45 CFR Part 75).

Suggested Audit Procedures

Test 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 test for completeness.

Trace selected data from the reports to the supporting documentation.

Analyze the reports submitted to the DHS 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 DHS.

E. Special Tests and Provisions

<u>NOTE</u>: The Common Requirements Section of this Audit Supplement are considered an integral part of the testing for this program.

<u>Compliance Requirement – Legal Services</u>

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 DHS approval of agreements. Title IV-D regulations specify that legal service expenditures related to the agreement 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 agreements and DHS approved the agreements.

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

<u>Compliance Requirement – Indirect Services</u>

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 should be based on a cost allocation plan developed in accordance with applicable federal and state laws and regulations. The DHS 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 – Cost Allocation Plan

The cost allocation plan must cover all DHS Programs. These include, but are not limited to: Children, Youth, and Families; Mental Health; Intellectual Disabilities; Early Intervention; Homeless Assistance; Child Support Enforcement; and Medical Assistance Transportation Programs.

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 (45 CFR Part 75, and Title IV-D Cooperative Agreement, Paragraph 5.2).

Suggested Audit Procedures

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

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

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

Verify 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 collecting or retaining the fees); genetic 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).

Suggested Audit Procedures

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

Verify 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 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 (45 CFR 303.6).

Suggested Audit Procedure

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.

Test 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

Evaluate 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 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 the most recent data available found by the Secretary of the Department of Health and Human Services (DHHS) is 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.

Test 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 examination on the PACSES OCSE 157 Data Reliability Validation form found at **Exhibit A-1 (b)** in Appendix 1 of this Audit Supplement.

Report Not Applicable (NA) for instances where sample examinations 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. All property without a rightful owner and held by any court, public corporation, public authority, or agency of the Commonwealth for more than one year is deemed abandoned or unclaimed. The Pennsylvania Disposition of Abandoned and Unclaimed Property Law require that property abandoned and unclaimed for five years from the date it first became distributable transfers to the State Treasury through an escheat process.

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 (72 P.S. Section 1301; DRS Memorandum 1999-4).

Suggested Audit Procedures

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

Verify the maintenance of the escheated account is within accordance of applicable requirements.

Verify 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 Act, as amended, (P.L. 93-647), Section 455(a)
Title 45 CFR, Parts 75, 302, 303, 304, and 305
Title IV-D Cooperative Agreement
State Statutes 23 Pa. C.S., §4301, and 72 P.S., §1301, *et seq.*
Title 45 CFR, Part 75
Pennsylvania Rules of Civil Procedure, Rules 1910.22 and 1910.29
Applicable DHS DRS 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 schedules for this program are **Exhibit A-1(a), Exhibit A-1(c), and Exhibit A-1(d)** found in **Appendix 1** 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 1** 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 part of the audit documentation prepared and as such, is not subject to Agreed-Upon Procedures (AUP) reporting. This schedule must be submitted to the DHS; however, it may be submitted as part of the single audit and not included in the AUP report. This exhibit is provided as an example 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 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 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 the Auditor General (AG), Bureau of Children and Youth Services Audits, will be examining the submitted revenue and cost reports of the 67 County CYF Programs, pursuant to Act 148 of July 9, 1976, (P.L. 846, No. 148), as amended, 62 P.S. § 704.1(a)(4). In 2010, the AG ceased conducting these engagements; however, this work resumed in December of 2012. As such, the auditor should analyze the most recent AG children and youth engagement report when preparing for this section. For additional information, contact the Department of the Auditor General, Bureau of Children and Youth Services Audits, at (717) 787-1159.

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 through adoption or permanent legal custodianship 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 DHS 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 #3140-13-04 identifies the service activities to which Title IV-B may be charged (replacing Bulletin #3140-00-05).

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, 3140-03-09, and the Annual Needs Based Plan and Budget.

Title IV-E is a federal entitlement program that provides reimbursement for out-of-home services provided to children in the agency's care and responsibility, adoption assistance subsidies and subsidized permanent legal custodianship subsidies (and related training and administrative costs) to children who meet certain Title IV-E eligibility and reimbursability 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 determine a child's eligibility and reimbursability for this program. Counties must use CYF Bulletin 3130-10-01, Shared Case Responsibility Policy and Procedures, to assist in determining eligibility for delinquent youth (Shared Case Responsibility). Also, CYF Bulletin 3140-13-06 (replacing Bulletin 3140-12-01), Federal Title IV-E Invoicing Procedure Manual, provides counties with the actual invoicing requirements.

Title IV-E Waiver (Child Welfare Demonstration Project [CWDP]) is a federal waiver of Title IV-E eligibility for youth under age 18 in participating counties. Participating counties are reimbursed up to their annual CWDP for Title IV-E eligible out-of-home placement services and Title IV-B eligible intervention/prevention services for youth under age 18. Instructions for participating CWDP counties are included in CYF Bulletin 3140-13-05, Act 148 Invoicing and Medicaid Invoicing Procedures for County Child Welfare Services and in CYF Bulletin 3140-13-06, Federal Title IV-E Invoicing Procedure Manual.

In FY 2014-15, participating counties include Allegheny, Crawford, Dauphin, Lackawanna, Philadelphia and Venango.

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. 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, Adoption Assistance, Subsidized Permanent Legal Custodianship and Juvenile Act Proceedings), 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 investigation services), Community-Based and Institutional Services (excluding secure facilities) that are not funded with TANF, Medicaid, or Title IV-E funds (Bulletin 3140-13-04).

TANF funds may be used for any In-Home Services (excluding Adoption Assistance, Subsidized Permanent Legal Custodianship and Juvenile Act Proceedings), and Emergency Shelter services for eligible children and their families. 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 & 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, Adoption Assistance, or Subsidized Permanent Legal Custodianship must meet specific eligibility and reimbursability 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, Subsidized Permanent Legal Custodianship, 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, at RA-pwauditresolution@pa.gov.

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).

Maintenance of Effort (MOE) is not required to be reported for child welfare TANF.

Suggested Audit Procedure (for the County)

Analyze 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

Counties must submit the Act 148 invoice through an electronic submission process and in the prescribed format as provided in CYF Bulletin 3140-13-05.

Suggested Audit Procedures (for the County)

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

Sample financial reports and test 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 DHS.

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 – 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.

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

Read foster family home approval letters for agency homes and the approval letters for contracted agency children and youth foster family homes for the case records being tested 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 DHS 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.

Analyze 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 DHS 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. The audit clause language in CYF Bulletin #3170-93-01 is no longer required (Title 55, Chapter 3170.93).

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 contracts (Title 55, Chapters 3170.83 and 3170.84).

Compliance Requirements – Salary/Benefits Costs

The DHS 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, are assigned to the C&Y Program, and are under the supervision of the county agency director.

Determine that the combined salaries and benefits claimed for DHS participation are in accordance with the County Compensation Plan, or with the Commonwealth Compensation Plan if 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 DHS. The DHS 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 1).

Compliance Requirement – Interest Earned

All grant funds must be deposited into 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. Interest income should be used to provide services for that program (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 3800.225).

Suggested Audit Procedures (for the Provider of Service)

Analyze 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 – 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 DHS 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)

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

Sample the discharge summary reports and billing statements, and test 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, 3130-10-01, 3130-10-02/3140-10-03, 3130-10-04, 3140-13-06, 3140-13-05, 3140-13-04, 3140-11-02, 3140-10-02, 3140-09-03, 3140-08-01, 3140-06-06, 3140-06-05, 3140-04-06 & 3140-03-09, 3140-04-05/3490-04-01, 3140-01-01, 3140-96-02, 3170-10-02, 3170-10-01, 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 CFR, 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 (CFDA) 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 – Stephanie Tubbs Jones Child Welfare Services Program (Title IV, Part B, Subpart 1)

93.658 - Foster Care Title IV-E

93.659 - Adoption Assistance

93.090 – Guardianship Assistance Program (known in PA as SPLC)

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

In accordance with federal policy, all claims for Title IV-E reimbursement of services must be submitted via the Title IV-E Eligibility Application within 20 months of the end of the quarter that the expenditure was incurred by the County Children and Youth Agency (CCYA).

NOTE: For submission with the 2015 audit report, a supplemental financial schedule is required to be included that captures <u>all</u> expenditures for C&Y services from <u>July 1, 2012 through June 30, 2013, including those claims described in the above paragraph.</u>

For both **Block Grant Counties** and **Non-Block Grant Counties**, the required supplemental financial schedule for this program is **Exhibit I** found in **Appendix 1** of the Audit Supplement. This exhibit is provided as an example of the <u>required</u> 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 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)
Title IV-E Child Welfare Demonstration Project Invoice Summary Invoice
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, CY-63 PLC, 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

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

SECTION 3 – LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)
Crisis Administration

I. Program Objective

The object of LIHEAP is to help low-income households meet the costs of heating their homes during the cold weather months. Eligible low-income households may receive cash benefits to help pay for their home heating fuel and, if needed, a crisis benefit to resolve weather-related, supply shortage, and other household heating emergencies.

II. Program Procedures

DHS may administer the Crisis Program in the County Assistance Office (CAO), the Department of Community and Economic Development (DCED), or contract with local governments, community action agencies, and other local organizations for that purpose. The providers submit invoices for actual administrative costs incurred on either a monthly, biweekly, or weekly basis.

III. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed or Unallowed

Compliance Requirement

The LIHEAP Crisis Administration provider is to approve assistance payments for weather-related, supply shortage, and other household heating emergencies in eligible low-income households.

Administration of the LIHEAP crisis component mandates a response within 48 hours after application or, if a life-threatening situation exists, within 18 hours after application to resolve such heating emergencies. Applicants are considered to be in crisis if they are within 15 days of a complete depletion of a deliverable fuel supply, are in danger of termination of utility service, or have already had their utility service terminated (Appendix B – LIHEAP State Plan).

Suggested Audit Procedure

Analyze the provider's contract, work plan, and Appendix B of the LIHEAP State Plan (attached to the contract), as well as program expenditures and related records, to determine adherence to prescribed procedures and/or standards.

B. Eligibility

Component Requirement

Effective November 3, 2014, the total **crisis benefits** per household are limited to the amount needed to resolve the crisis, up to a maximum of $500 in one program year. The household is ineligible for a crisis benefit that, alone or combined with other resources available to the household, will not resolve the crisis. Any credit balance with the vendor, including, but not limited to, LIHEAP cash benefits is deemed an available resource (Appendix B of LIHEAP State Plan).

Participation is limited to an individual or group of individuals, including related roomers, who are living together as one economic unit that customarily pays for its home heating energy, either directly or indirectly, to a vendor as an undesignated part of rent.

Households must meet the income requirements established in the LIHEAP Handbook (LIHEAP Handbook Chapter 650, Appendix A).

The time period used for determining income eligibility is the 30 days or 12 months prior to the date of application. Applicants whose income remains the same from month to month (salaried employees, Social Security recipients, etc.) must only provide one representative month of income verification. If an applicant receives other DHS benefits, income can be verified through DHS' Client Information System (CIS).

Applicants are not required to report monthly interest/dividend income of $25 or less, as this income is excluded.

Suggested Audit Procedures

Analyze the LIHEAP State Plan, the LIHEAP Handbook and the provider's procedures used to determine eligibility and evaluate for conformity with applicable requirements.

Test selected files and determine adherence to prescribed procedures.

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

There is no matching, level of effort, or earmarking requirement.

D. Reporting Requirements

Compliance Requirement

The providers are required to submit itemized invoices for actual costs incurred administering the crisis program on either a monthly, biweekly, or weekly basis (Rider PP of Emergency Energy Assistance Program Contract).

Suggested Audit Procedures

Test invoices and related program and financial records.

Determine that invoices were accurately submitted within the budget limitations.

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 – Crisis Benefits

To receive crisis benefits, the household must meet the general eligibility requirements under the LIHEAP State Plan Sub-Section 601.31, as well as the responsibility for heating costs and Pennsylvania residency requirements.

To receive crisis benefits, the household must be without heat or in imminent danger of being without heat due to a weather-related or energy supply shortage emergency. A household must be within 15 days of a complete depletion of a deliverable fuel supply to be eligible for crisis benefits (Appendix B of LIHEAP State Plan). Deliverable fuel vendors are required to provide trip tickets to the CAO or crisis contractor showing the exact cost of the fuel delivery. Payment will be authorized only for the amount shown on the trip ticket and cannot be authorized until the trip ticket is received.

Suggested Audit Procedures

Analyze providers' operating procedures and evaluate for conformity with applicable requirements.

Test selected files/program records to determine adherence to prescribed procedures.

Compliance Requirement – Interest Earned

The provider may use any interest earned on monies provided by the DHS under this contract solely for the program purposes of this contract during the contract period. Any funds, including interest earned, that are not expended at the end of the contract period shall be returned to the DHS within 120 days from the end of the contract.

Suggested Audit Procedure

Analyze the provider's financial records and determine whether appropriate resolution of program income occurred.

IV. Applicable Regulations/Procedures and References

A. Contract with the Pennsylvania Department of Human Services LIHEAP State Plan

Public Law 97-35, Sections 2602, 2604, 2605, 2607, and 2609

B. Catalog of Federal Domestic Assistance (CFDA) References

93.568 - Low Income Home Energy Assistance Program

V. Supplemental Financial Schedules

A. Supplemental Financial Schedules

The required supplemental financial schedule for this program is **Exhibit II** found in **Appendix 1** of the Audit Supplement. This exhibit is provided as an example 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.

PWEA 322 Fuel Emergency Program Invoice
PWEA 14 Budget Summary

NOTE: The preparer must accumulate the line item costs from the supplementary schedules submitted with the invoices.

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 DHS. 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 DHS 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 2012. 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 DHS to the providers.

The county must comply with the Instructions and Requirements for the FY 2014-2015 set forth by DHS.

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, Exhibit 6, page 81).

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 50).

Suggested Audit Procedures (for the Provider of Service)

Obtain and analyze 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.

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

Use the sample tested records of other transportation funding sources to verify that trips charged to MATP were not also charged to other funding sources.

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

B. Eligibility

<u>Compliance Requirements</u>

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 DHS as the primary source to verify client eligibility on an ongoing basis (MATP Instructions and Requirements, Exhibit 7, pages 83-84).

Note: HealthChoices - 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)

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

Test 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 DHS 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 49).

The County Quarterly Reports are due to DHS 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, Exhibit 13, page 95).

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)

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

Sample quarterly expenditure reports and test for completeness.

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

Analyze 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 54).

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

Analyze 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 – Direct Administrative Costs

Direct administrative costs are actual expenses incurred for the direct purpose of administering the MATP program. These costs include, but are not limited to, the following:

- 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 mileage reimbursement checks
- Determining medical assistance eligibility
- Completing application forms

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

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

Compliance Requirement – Indirect Administrative Costs

Indirect costs are costs incurred for a joint purpose and cannot be readily assigned to any one program objective. Indirect costs are eligible for MATP reimbursement, but limited to the audited indirect cost rate for the applicable program year.

Suggested Audit Procedures (for the County)

Analyze the cost allocation plan and determine that indirect costs were charged in accordance with the cost allocation plan and Federal Regulations.

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

Compliance Requirement – Indirect Cost Rate

MATP will allow indirect costs up to the indirect cost rate noted in the applicable cost allocation plan for a given program year.

Suggested Audit Procedures (for the County)

Obtain and analyze a copy of the appropriate cost allocation plan for determination of the indirect cost rate.

Assess if the indirect cost rate for MATP is appropriate based on any findings pursuant to testing of cost allocation plan from the Common Requirements Section.

Compliance Requirement – Interest Earned

Advance payments from DHS are required to be deposited in an interest-bearing account. Interest earned on DHS 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, pages 51-52).

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, which is all interest earned from the County, the Prime Contractor, and all subgrantees/contractors, is 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 DHS via the prescribed waiver procedures (MATP Instructions and Requirements, Fiscal Requirements, pages 54-55).

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

Prior written approval must be obtained from DHS 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 55).

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)

Analyze 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.

Analyze 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 DHS 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, General Responsibilities, pages 25-26 and Fiscal Requirements, page 50).

Suggested Audit Procedure (for the Provider of Service)

Evaluate 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)

Analyze 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)

Analyze 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, analyze 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, General Responsibilities, page 35).

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, General Responsibilities, page 35).

Suggested Audit Procedure (for the Administering County)

Ensure that the county complies with Common Requirement 2, 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 (CFDA) 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 1** of the Audit Supplement. This exhibit is provided as an example 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 applicable Indirect Cost Rate identified and agreed-upon per the Compliance Requirements above should be noted on Exhibit III. This should be the indirect cost rate established by the cost allocation plan in advance of the fiscal year end.

B. Related Information

The following reports/schedules are available from the auditee and may be needed to complete/verify the supplemental financial schedule 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

The Department of Human Services' Office of Mental Health and Substance Abuse Services (OMHSAS) has the primary responsibility for program development, policy and financial oversight of the delivery of behavioral health services in the Commonwealth. OMHSAS seeks to ensure that there is an integrated approach to both the delivery and financing of behavioral health services with the primary objective being to support an individual's movement toward recovery. The Pennsylvania Mental Health and Intellectual Disability (MH/ID) Act of 1966 (formally The Mental Health and Mental Retardation Act of 1966; and referenced in this publication as The Act) requires county governments to provide an array of community-based mental health services including unified intake, community consultation and education, support for families caring for members with mental disorders, and community residential programs. Community services are targeted to adults with serious mental illnesses and children/adolescents with or at risk of serious emotional disturbances. Key provisions of service include recovery-oriented treatment, community care and support services that enable individuals to return to the community and lead independent and productive lives. Non-residential services include: family-based support; peer to peer support; outpatient care; partial hospitalization, emergency and crisis intervention, and after care. Community residential services consist of: housing support, residential treatment, inpatient care, crisis services, and mobile therapy. Services are administered by single counties, county joinders or through contracts with private, non-profit organizations. Services are funded with State, Federal and/or county matching funds.

II. Program Procedures

The County MH Program must complete an annual plan and submit it to DHS. 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 DHS for reconciliation of final county expenditures to allocation.

Administrative Costs – Mental Health

Federal guidelines enable County Mental Health Programs to claim federal reimbursement for costs incurred in administering Medicaid funded mental health services, including, but not limited to: Intensive Case Management (ICM), Resource Coordination (RC), Family Based Mental Health Services (FBMHS), Mental Health Crisis Intervention (MHCI) and Early & Periodic

Screening, Diagnosis & Treatment (EPSDT) {MH only}. It is the Department's position that County Mental Health programs are entitled to 50% Federal Financial Participation (FFP) for the reimbursement of expenses incurred as a result of administering Medicaid funded mental health services.

In order to identify applicable costs charged to the program, counties must use the Administrator's Office cost center 3.1. Office of Mental Health and Substance Abuse Services (OMHSAS) services Bulletin number OMHSAS-12-02 allows for appropriate reporting and monitoring of expenditure and service information for a number of new community mental health services.

Additional Funding Stream Information

For state fiscal year 2012-2013, Article XIV-B, Section 1401-B established the Human Services Block Grant Pilot Program for the purpose of allocating block grant funds to county governments to provide locally identified county-based human services that will meet the service needs of county residents.

For state fiscal year 2014-2015, each county participating in the Human Services Block Grant shall expend at least 50% of the amount the county was allocated under the funds identified in subsection (a) (1) for that county-based service on each of the following county-based human services:

(i) Community-based mental health services
(ii) Intellectual disability services
(iii) Child welfare services
(iv) Drug and alcohol treatment and prevention services
(v) Homeless assistance services
(vi) Behavioral health services

The **Community Hospital Integration Projects Program (CHIPP)** links the county operated community programs and the state mental hospitals. The Program was initiated by 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 Mental Health/Intellectual Disabilities (MH/ID) providers and administered by the counties. (State 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. SIPP 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 DHS' Medical Assistance (MA) managed care program that began during FY 1996-1997. It has both a physical and behavioral health component. 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 have rolled into HealthChoices as counties were phased in. These drug and alcohol funds are allocated and paid to the Single County Authorities (SCAs) and are reported on the Report of Income and Expenditures.

The **Behavioral Health Services Initiative (BHSI)** is **not** part of HealthChoices and is sometimes erroneously referred to as the Special Initiative. BHSI 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 Report of Income & Expenditures, as well as a drug and alcohol component that is allocated to SCAs and reported on the Income & Expenditures Report.

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 Department of Health (DOH), DHS, hospitals, mental health providers, and public and private emergency response and social service entities.

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

The **Jail Diversion and Trauma Recovery Grant** was awarded to the Commonwealth by the SAMHSA 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 SAMHSA 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.

The **Transition Age Youth Grant** was awarded to the Commonwealth by the SAMHSA in September 2014. This five-year grant will promote awareness and early identification of individuals age 16-25 with, or at risk of, serious mental health conditions, and improve access to a broad array of effective and integrated services and supports for these youth and young adults. Over the 5 years of the grant, 660 individuals with serious mental health conditions will be served.

The **Project LAUNCH Grant** was awarded to the Commonwealth by the SAMHSA in September 2014. This five-year grant will enable Pennsylvania to create and implement a plan to address physical, cognitive, social, emotional and behavioral aspects of children's development in a holistic and coordinated manner. Throughout the five years of the grant, the project expects to serve at least 2,000 people annually through screening and referral to evidence-based interventions.

The **Suicide Prevention in Schools and Colleges** grant was awarded to the Commonwealth by the SAMHSA in September 2014. This five-year grant was established to identify and capture costs associated with youth suicide prevention and early intervention in schools and colleges. It will assess and identify levels of immediate risk for suicide or suicide attempts among youth at risk.

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 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;
- 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.

Analyze 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 – Allowable Costs

DHS 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/ID 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 reporter; attorney for the petitioner, when the petitioner is not the county administrator; and fees for testimony by witnesses other than expert medical and client's expert witnesses (Pa. Code Title 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 – Consumer Support Services (CSS)

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. DHS 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 indirect 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: All counties are included, either directly or indirectly, in the HealthChoices Behavioral Health Program. The Family Based Mental Health Services program will no longer need to be tested as part of this 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.

Analyze 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 – Client Liability (Re-) Determination

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 Title 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 applicable regulations.

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

Compliance Requirement - General

DHS reimburses county programs at a rate dependent on the type of service provided. For example, when DHS participates at 90 percent, the remaining 10 percent is the county obligation or local match (The Act; Pa. Code Title 55, Chapter 4300, Section 4300.23; MH/ID Program Fiscal Manual for the County MH/ID 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)

Ascertain that Medical Assistance clients' eligibility codes are for the correct federal match rate; as the match rate will vary depending on their eligibility status under Medicaid expansion in PA.

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

D. Reporting Requirements

Compliance Requirements – Carryover– Non-Block Grant

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

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

NOTE: The program does not allow for negative carryover.

NOTE: All CHIPPs and SIPPs are funded through a MH categorical allocation and follow the rules that apply to that funding.

Suggested Audit Procedures (for the Non-Block Grant County)

Analyze 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 test 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 DHS.

Analyze 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 Requirements – Reinvestment - Block Grant County

A county participating in the Human Services Block Grant may submit to the Department a written plan to reinvest up to 3% of its block grant allocation for the current state fiscal year to be expended on county-based human services in the next state fiscal year. The 3% limitation may be waived by the Department upon good cause shown by the county.

Suggested Audit Procedures (for the Block Grant County)

Inquire of management whether a written plan for reinvestment was submitted to the Department and approved.

Analyze procedures for computing the 3% maximum reinvestment/retained earnings. If applicable, determine whether a waiver of the 3% maximum was requested and granted.

Verify that prior year reinvestment/retained earnings were expended on county-based human services in the current state fiscal year.

Compliance Requirement – Roster of Personnel (PW 1171)

The county must follow specific personnel-related regulations and submit a Roster of Personnel (PW 1171) to DHS. 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. Code 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 DHS.

Inquire of management as to whether disallowance letters have been received that pertain to the County MH/ID 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 Independent Accountant's Report on Applying Agreed-Upon Procedures. (See Appendix 1)

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 Requirements – Administrative Costs

Each MH/ID/EI County/Joinder is required to maintain a cost allocation methodology that allocates costs within an individual county/joinder program in a fair and equitable manner. The cost allocation methodology should address the *direct* administrative costs occurring in

the MH/ID/EI administrator's office associated with the expenditure related to the individual MA Claim. (OMHSAS-12-02)

The Department also recognizes that county governments prepare overall County *indirect* Cost Allocation Plans that are designed to capture indirect administrative costs and charge the various county programs/offices for these costs in a fair and equitable manner. Pa. Code, Title 55, Chapter 4300.55 addresses the overall control over Department participation in these indirect charges. County MH/ID/EI programs will not be reimbursed for excesses of the requirements found in this regulation.

Costs that are charged to the MA Administrative claims and direct administrative costs must not be duplicated in the County Indirect Cost Allocation Plan or in any other document that may be used to draw down federal reimbursement.

Suggested Audit Procedures (for the County)

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

Verify that the *direct* administrative costs comply with OMHSAS-12-02.

Verify that the *indirect* cost allocation plan is fair and equitable and complies with Pa. Code, Title 55, Chapter 4300.55.

Evaluate these costs to determine that they are eligible and were not duplicated.

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 Title 55, Chapter 4300, Section 4300.55).

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

For contracted service providers, DHS 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. Code Title 55, Chapter 4300, Section 4300.94).

Suggested Audit Procedures (for the County)

Analyze 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 DHS 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.

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

Compliance Requirement – Apportioned Costs

Administrative costs incurred at the county program level should be consistently and equitably allocated between MH and ID, and further among costs centers and funding streams. The county program shall maintain documentation supporting the apportionment of these costs (Pa. Code 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/ID, 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. Most other administrative expenses are included in HealthChoices, as applicable.

Compliance Requirement – Categorical Fund Restrictions – Non-Block Grant Counties

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. Code Title 55, Chapter 4300, Section 4300.155).

Suggested Audit Procedures (for the Non-Block Grant County)

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

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

Compliance Requirement – Categorical Allocations – Block Grant Counties

Counties participating in the Human Services Block Grant (HSBG) may receive MH categorical funding that was not transferred to the HSBG. These funds shall be considered restricted and available for the stated purpose only. These specific categorical funds must be accounted for separately. Expenditures eligible for DHS participation supported by categorical allocations are to be reported individually on the MH Report. The totals for the categorical expenditures are brought forward to the Non-Block Grant Summary Report.

Unexpended categorical funds may not be used to offset a deficit incurred in the Base Program or another categorical program unless approved by the Secretary of Human Services, through an allocation change. (Pa. Code Title 55, Chapter 4300, Section 4300.155).

Suggested Audit Procedures (for the Block Grant County)

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

Analyze financial records and verify that the county program has complied with the categorical funding requirements.

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 Human Services (Pa. Code Title 55, Chapter 4300, Section 4300.147).

Suggested Audit Procedures (for the County)

Analyze 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 Human Services' 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. Code 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, DHS 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. Code Title 55, Chapter 4300, Sections 4300.42 through 4300.46).

For contracted service providers, DHS 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. DHS' 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 DHS shall be based on the Commonwealth schedule of salaries for its management employees (Pa. Code 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 DHS 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 DHS participation does not exceed the combined prevailing Commonwealth salaries and benefits, as detailed in Pa. Code Title 55, Chapter 4300, Section 4300.83.

Compliance Requirement – Retained Revenue

DHS 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. DHS 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. Code 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. Analyze 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. DHS will participate in the cost of interest expense only with the prior written approval of the Secretary of Human Services or a designee (Pa. Code 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

DHS 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, DHS 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, DHS will not participate in the cost of rent (Pa. Code 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 DHS participation are allowable under Pa. Code 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 DHS is not participating in rent associated with a sale-leaseback agreement.

Compliance Requirements – County negotiated fees

The allowable cost standards in Pa. Code Title 55, Chapter § 4300.82 – 4300.108 shall be used by counties/joinders for negotiating rates for unit of service contracts. The Department will not participate in the portion of a rate which contains disallowed costs or exceeds maximum levels of reimbursement established by the Department.

Departmental participation in payments based on negotiated rates shall be adjusted for reported or audited actual costs, or both, and compliance with Pa. Code Title 55, Chapter § 4300.82 – 4300.108 and § 4300.158 (relating to revenue). The allowances provided under § 4300.87 (relating to occupancy) and § 4300.108 (relating to retained revenue). Audits shall be conducted under § 4300.161. (See Pa. Code Title 55, Chapter 4300, Section 4300.116 for more detail).

Suggested Audit Procedures (for the County)

Verify that the county receives and reviews audit reports from providers. Verify that the provider is not reporting disallowed costs or costs that exceed the maximum levels of reimbursement established by the Department.

Analyze the county's procedures regarding the reconciliation of total interim payments to actual/audited costs.

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

Compliance Requirement – Subrecipient Monitoring

If the county subcontracts all or part of the MH 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 2, 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 (now known as The Mental Health and Intellectual Disability 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, OMHSAS-12-02, OMHSAS-05-01, OMHSAS-09-07, OMHSAS-10-03, OMHSAS-10-02, OMHSAS-10-01, OMH-93-09, OMHSAS-14-02

44 CFR Section 206.164 and Section 206.171

B. Catalog of Federal Domestic Assistance (CFDA) References

93.150 – Projects for Assistance in Transition from Homelessness (PATH)
93.667 – Social Services Block Grant
93.778 – Medical Assistance Program
93.958 – Block Grants for Community Mental Health Services
93.889 – National Bioterrorism Hospital Preparedness Program
93.243 – Targeted Capacity Jail Diversion
93.104 – Child Mental Health Initiative
93.609 – Adult Health Quality Measures
93.243 – Project LAUNCH
93.243 – Suicide Prevention in Schools and Colleges
93.243 – Pennsylvania Healthy Transitions Partnership

V. Supplemental Financial Information

A. Supplemental Financial Schedules

Please refer to the flowchart on page I-5 in Appendix 1 of this Audit Supplement to determine the applicable supplemental financial schedules for this program based on county status as Non-Block Grant or Block Grant and County or Joinder. 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

INTELLECTUAL DISABILITIES (ID) PROGRAMS

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

SECTION 6 – COUNTY INTELLECTUAL DISABILITIES PROGRAMS

I. Program Objective

County Intellectual Disabilities (ID) Programs, separately or in concert with other counties, were established to serve persons with intellectual disabilities and/or developmental delays. The Program makes it possible for persons to receive and benefit from an active treatment plan. The Mental Health and Mental Retardation Act of 1966, now known as The Mental Health and Intellectual Disability Act of 1966, or The Act, mandates that a range of supports and services be available to persons who are intellectually disabled so that they can live "an everyday life." They are to receive a comprehensive support and services program through a continuum of care in their own communities and, whenever possible, in their own homes.

II. Program Procedures

The County ID Program must complete an annual plan and submit it to DHS. 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 DHS 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 DHS's Provider Reimbursement and Operations Management Information System (PROMISe). All providers of services, including County operated providers, should follow requirements and regulations issued by DHS, ODP, which includes the Consolidated Waiver and PFDS Waiver Cost Report Instructions (Year 8) (Cost Report Instructions) as issued by DHS. Any required supplemental information should be submitted directly to ODP.

Please be advised that certain MA Waiver payments are considered to have Federal Financial Participation. Therefore, for the Counties providing such services to ID Waiver clients and billing DHS 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, or the Uniform Guidance, as appropriate. Please refer to the Cost Report Instructions for the services to include.

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 supports coordination (case management services) consists of locating, coordinating, and monitoring necessary and appropriate services specifically identified in the person's Individual Support Plan (ISP). (Note: Some TSM consumers may not have ISPs.) Clients enrolled in the Consolidated or PFDS Waiver receive **Waiver Supports Coordination (SC)**; however, the services and federal funding are the same as for TSM.

Participation in the SC Program for providers of ID 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 (BCM) 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 DHS'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 serve 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 DHS /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 ID 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 intellectually disabled;
- 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 an intellectual disability or the necessity of admitting or committing the intellectually disabled to a facility (The Act, Article III, Section 301; Pa. Code Title 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 supports coordination. SSBG funding cannot be used for any administrative costs. The County ID SSBG funding must be utilized in the ID program for both Block Grant and Non-Block Grant Counties.

Compliance Requirements – 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 (although TSM consumers may not have an 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. Also, TSM/SC charges which are based on estimated costs are not eligible for Federal reimbursement.

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 intellectual disabilities who are not eligible for TSM/SC are funded through the State categorical case management allocation established by DHS. This categorical allocation excludes funding of case management services provided under the Early Intervention Program (County MH/ID 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, PA PROMISe Provider Handbook 2.7.1).

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. Also verify that the TSM costs and the Consolidated/PFDS SC costs are not duplicated.

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 an intellectual 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 Title 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 intellectual disabilities who are not receiving supports coordination (case management services) provided under the Early Intervention Program (EI). 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 with

intellectual disabilities 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/ID, 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)

Analyze 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

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

Analyze the financial records, the DHS 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 ID Quarterly TSM/SC Administration Cost Report** must be submitted according to the requirements. The quarterly costs submitted cannot be based on estimates. They must be based on actual costs. In addition, 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)

Analyze the County Program's procedures for preparing the County ID 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 DHS.

D. Reporting Requirements

Compliance Requirements – Non-Block Grant County/Joinders

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

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

NOTE: The program does not allow for negative carryover.

Suggested Audit Procedures (for the County)

Analyze the county program procedures for preparing the county ID 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 DHS.

Analyze 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 Requirements – Block Grant County

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

In FY 2014-2015, the Block Grant Counties were to have spent at least 50% of each participating program's total funding on that program unless a waiver was approved by the Department. However, all ID SSBG federal funds must be spent in the ID program.

Money not expended over 3% of county Block Grant allocations at the end of the fiscal year shall be considered unexpended funds (carryover) available for consideration by DHS in the computation of the next fiscal year's payment if a waiver was not granted.

A county participating in the Block Grant may submit to the Department a written plan to reinvest up to 3% of its block grant allocation for the current state fiscal year to be expended on county-based human services in the next state fiscal year. The 3% limitation may be waived by the Department upon good cause as shown by the county.

NOTE: The program does not allow for negative carryover.

NOTE: The Carryover from FY 11/12 must be listed separately and follow the rules that apply to that funding.

Suggested Audit Procedures (for the BG County)

Inquire of management whether a written plan for reinvestment was submitted to the department and approved.

Analyze procedures for computing the 3% maximum reinvestment/retained earnings. If applicable, determine whether a waiver of the 3% maximum was requested and granted.

Verify that prior year reinvestment/retained earnings were expended on county-based human services in the current state fiscal year.

Determine if the required 50% (FY 2014-2015) was spent on each program and if not, verify the county obtained a waiver.

Verify that the County spent their SSBG funds on ID allowed services.

Sample the financial reports and test 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 DHS.

Compliance Requirement – Roster of Personnel (PW 1171)

The county must follow specific personnel-related regulations and submit a Roster of Personnel (PW 1171) to DHS. 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. Code 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 DHS.

Inquire of management as to whether disallowance letters have been received that pertain to the County ID 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 Independent 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 – Waiver & TSM Administration Costs

The County ID Program may claim 50 percent Federal reimbursement for only those costs related to the administration of the two ID Waivers and TSM up to their final fiscal year Waiver Admin and TSM admin allocations, respectively. Those costs are to be supported by allocation methodology that shows the costs of each program in the county. The methodology used must be maintained as required and available for audit or review. 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 administrative costs up to the allocation amounts.

Analyze the allocation methodology to verify if costs were equitably allocated and currently maintained (i.e. time studies were done as often as required).

Determine 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 waiver enrolled individuals/services for SC and Medicaid Eligible Individuals for TSM.

Compliance Requirement – TSM/SC - Administrative Costs

The County ID 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 Title 55, 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.

Analyze 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 total prior year MA revenue of their enrolled Waiver consumers, plus the amount of their prior year ID Community Services allocations paid through the Department's traditional allocation process for determining compliance with 4300.55 (c) (Pa. Code Title 55, Chapter 4300, Section 4300.55).

Indirect costs must be included in the county's approved cost allocation plan and budget and reported under the administration cost center in plans, budgets, and reports submitted to DHS (Pa. Code Title 55, Chapter 4300, Section 4300.94).

For contracted service providers, DHS 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. Code Title 55, Chapter 4300, Section 4300.94).

Suggested Audit Procedures (for the County)

Analyze 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 limitation, as specified above, 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 DHS 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.

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

Compliance Requirement – Apportioned Costs

Administrative costs incurred at the county program level should be consistently and equitably allocated between MH and ID, and further among costs centers and funding streams. The county program shall maintain documentation supporting the apportionment of these costs (Pa. Code 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/ID, 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. Code 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.

Analyze 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 Human Services (Pa. Code Title 55, Chapter 4300, Section 4300.147).

Suggested Audit Procedures (for the County)

Analyze 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 Human Services' 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. Code 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
DHS 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. Code Title 55, Chapter 4300, Sections 4300.42 through 4300.46).

Service Providers
DHS 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.

DHS'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 DHS shall be based on the Commonwealth schedule of salaries for its management employees (Pa. Code 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 DHS 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 DHS participation does not exceed the combined prevailing Commonwealth salaries and benefits, as detailed in, Pa. Code Title 55, Chapter 4300, Section 4300.83.

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. DHS will participate in the cost of interest expense only with the prior written approval of the Secretary of Human Services or a designee (Pa. Code 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

DHS 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, DHS will also participate in maintenance, housekeeping, and utilities on a pro rata basis. **However, if a private agency enters into a sale-leaseback agreement with an unrelated purchaser, DHS will not participate in the cost of rent** (Pa. Code 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 DHS participation are allowable under Pa. Code 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 DHS 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 ID 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. Code Title 55, Chapter 4300, Section 4300.116).

Suggested Audit Procedures (for the Administering County)

Ascertain whether the county contracts with private agencies for ID services.

Verify that total interim payments were compared to the actual/audited costs and that appropriate adjustments were made.

Compliance Requirement – Subrecipient Monitoring

If the county subcontracts all or part of the ID 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 2, 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 - now known as:

The Mental Health and Intellectual Disability 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

Developmental Programs Bulletins 00-04-13, and 00-96-13

44 CFR Section 206.164 and Section 206.171

County MH/ID Agreement

MA State Plan Amendment

HCFA Transmittal 56

B. Catalog of Federal Domestic Assistance References

93.667 – Social Services Block Grant (SSBG)
93.778 – Medical Assistance

V. Supplemental Financial Information

A. Supplemental Financial Schedules

Please refer to the flowchart on page I-5 in the Appendix 1 of this Audit Supplement to determine the applicable supplemental financial schedules for this program based on county status as Non-Block Grant or Block Grant and County or Joinder. 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 schedules 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)

For **Non Block Grant Counties**:
ID 15 - Funding of Program Costs
ID 16 - Report of Income and Expenditures – ID Program
ID 16A – Categorical Expenditures by Cost Center and Funding Percent
ID 17 – County Administration and Direct Services Expenditures

For **Block Grant Counties**:
ID – Report of Income and Expenditures – County Human Services Block Grant – ID Program
Summary Report – BG – County Human Services Block Grant – Schedule of Fund Balances – Summary Report

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 – EARLY INTERVENTION PROGRAMS

Note: Announcement: ELS/EI-06 #07 from the Bureau of Early Learning Services gives Clarification of Waiver of Chapter 4300 Fiscal Regulations for Early Intervention with regard to: §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 Human Services (DHS) 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 (I&E) report which documents actual expenditures

III. Compliance Requirements and Suggested Audit Procedures

A. Types of Services Allowed or Unallowed

<u>Compliance Requirement</u>

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

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

Suggested Audit Procedures (for 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 – Infant, Toddler and Families (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 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 (Pa. Code Title 55 §4226.22).

Suggested Audit Procedures (for 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)/Intellectual Disabilities (ID) or ICF/Other Related Conditions (ORC) level of care criteria as indicated in OCDEL Announcement EI-08 #10.

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

The level-of-care recertification must be performed at least annually and financial assessments at least every three years. See OCDEL Announcement EI-08 #10 for the recertification requirements under the ITF Waiver.

Suggested Audit Procedures (for the Administering County)

Analyze program procedures for collecting and maintaining eligibility documentation and evaluate for conformity with the supplemental operating agreement.

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

DHS reimburses county programs at a rate dependent upon the type of service provided. For example, when DHS participates at 90 percent, the remaining ten percent is the county obligation or local match (The Act; Pa. Code Title 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)

Analyze the financial records, the DHS 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 DHS in the computation of the next fiscal year's allocation (Pa. Code Title 55, Chapter 4300, Section 4300.151).

NOTE: The program does not allow for negative carryover.

Suggested Audit Procedures (for Administering County)

Analyze the county program procedures for preparing the county EI Program financial reports and evaluate for conformity with the Annual Instructions for the I&E Report.

Sample the financial reports and test 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 DHS.

Analyze 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)

Analyze 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.

Analyze the periodic reports submitted to DHS for the appropriate fiscal period and test 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 DHS.

E. Special Tests and Provisions

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

Compliance Requirements – Individualized Family Service Plan (IFSP)

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 (Pa. Code Title 55 §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 (Pa. Code Title 55 §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. (OCDEL Announcement: EI-07 #4, OCDEL Announcement: EI-13 #02; 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. Code 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 OCDEL.

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

Note: EI will continue to be listed on the Annual I&E report for the County Early Intervention Program for both **Block Grant Counties** and **Non-Block Grant Counties**. Please refer to Appendix 1, Exhibits V(a) and V(b).

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: Pa. Code Title 55 §4300.116(d) was waived for the Early Intervention Program as of July 1, 2006 (ELS/EI-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. Code 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 3).

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 regulations 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 2, 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 4226, 4300, 4305

Act 212 of 1990

Individuals with Disabilities Education Act (IDEA) Amendments of 2004

Office of Child Development and Early Learning Allocation Letters

Instructions for the Annual Report of Income and Expenditures

OCDEL Announcements: ELS/EI-06 #07, EI-07 #04, EI-08 #10, EI-09 #14, EI-10 #09, EI-13 #02, EI 13-#08

Title 42 CFR, Parts 435, 440, and 441

Title 34 CFR Part 303

A. Catalog of Federal Domestic Assistance (CFDA) References

84.181 – Special Education-Grants for Infants and Families (Infants and Toddlers with Disabilities)
93.778 - Medical Assistance Program

V. Supplemental Financial Information

A. Supplemental Financial Schedules

For both **Block Grant Counties** and **Non-Block Grant Counties**, the required supplemental financial schedules for this program are **Exhibits V(a) & V(b)** found in Appendix 1 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 schedules 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

Note: The I&E Report has changed to only contain EI. This format is separate from the MH/ID I&E Report. The EI I&E Report is the same for both the Block Grant counties and the Non-Block Grant counties.

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, Case Management and Innovative Supportive Housing Services. The program provides case management to help at risk and/or homeless 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. If a county feels that a client needs more than 18 months of Bridge Housing to obtain their goals, the county may request a waiver from the state requesting additional time. 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.

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 Human Services (DHS).

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

Revisions to Final Reports - After the county submits the Final Expenditure Report, the DHS 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 DHS 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), food purchases and wages, salaries and benefits that are not included in the shelter per diem rate, provision of cash payments for the cost of subsistence or room and board **except** for temporary emergency shelter provided as a protective service, payment of wages for a client as a social services, provision of medical care unless it is an integral but subordinate part of a social service, provision of any educational service which Pennsylvania generally makes available to its residents without cost and without regard to their income and the provision of cash payments as a service.

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 not available through other existing resources; costs of renovations and purchases of buildings and fixed assets.

Note: Costs of transportation can be allowable if the client's progress is dependent upon a particular program where transportation is not funded as a supportive service and public transportation is not available.

Note: The purchasing of buildings is allowable cost; however, the county must receive approval from by the DHS 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 or assistance toward the purchase of a home.

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.

Analyze 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

Analyze 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 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

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

Test 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, analyze the county's procedures for ensuring that the service provider adheres to this requirement.

Compliance Requirement – Bridge Housing

The county may permit the service provider to extend a client's length of stay from 12 to 18 months. A county may also request a waiver from the DHS for the length of stay to extend beyond 18 months.

Suggested Audit Procedures (for the Administering County)

Analyze 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

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

If the county has delegated any portion of its administrative responsibilities, analyze 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

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

Test 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, analyze 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

Analyze 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, analyze 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 DHS staff upon request. The service provider must ensure that all HAP information required by the DHS is reported on a timely basis to the county. A county-summarized Client Data Report must be submitted to the DHS 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 DHS, 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 DHS. 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

Analyze 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 DHS 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 DHS 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 DHS 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 DHS 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 DHS 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

Analyze 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 DHS 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

Analyze 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

Analyze 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.

1. **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)

   Analyze 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.

   Analyze 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.

Suggested Audit Procedures (for the Provider of Service)

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

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

2. 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

Analyze 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, analyze 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.dhs.state.pa.us/cs/groups/webcontent/documents/document/c_087047.pdf or from the DHS 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.

3. 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)

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

Test 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 DHS is not used as a substitute for existing case management programs.

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

Analyze 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.

Test selected 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 DHS 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.

4. 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
- Annual Client Data 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.

SECTION 9

CHILD CARE INFORMATION SERVICES (CCIS)

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

Audit Guidelines for the Child Care Information Services (CCIS) agencies operating the Subsidized Child Care Programs are available online at:

http://www.dhs.state.pa.us/cs/groups/webcontent/documents/manual/c_095249.pdf

The CCIS Audit Guidelines are applicable for Government Operated, Non-profit, and For-profit CCIS providers that contract directly with DHS. However, these guidelines are also applicable if the CCIS subcontracts all or part of the CCIS function.

The Supplemental Financial Schedule for this program consists of the Final CCIS Recap for the fiscal year-end June 30.

An Independent Accountant's Report on Applying Agreed-Upon Procedures should accompany the supplemental financial schedule, unless included in the Auditor's Report on Supplemental Information. The format for this report is included in Appendix I of the Audit Guidelines for the Child Care Information Services (CCIS) agencies.

Adjustments for unallowable costs should be properly disclosed in the Independent Accountant's Report on Applying Agreed-Upon Procedures and footnoted on all applicable supplemental schedules. If a corresponding adjustment to the schedules has been made, the footnote should so state. Audit findings must be specific as to the criteria upon which the adjustment is based, and the state fiscal period(s) affected, especially where questioned costs are involved.

In addition, an Independent Accountant's Report on Applying Agreed-Upon Procedures should accompany the CCIS Reconciliation Supplemental Financial Schedule, for which an example is included in Appendix II of the Audit Guidelines for the Child Care Information Services (CCIS) agencies.

NOTE: The subsidy coordinator from OCDEL must be notified of the time, date, and location of the pre-audit and post-audit conferences.

APPENDIX 1

SUPPLEMENTAL FINANCIAL SCHEDULES

EXHIBITS A-1 through XIX(a)

SUPPLEMENTAL FINANCIAL SCHEDULES

Introduction

NOTE: The submission of information related to Appendix 1 is not affected by the issuance of the Uniform Guidance.

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 perform certain procedures on these schedules and incorporate all such schedules/exhibits into the Single Audit package using the Independent Accountant's 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. The procedures to be performed are listed below. **The issuance of this report in no way absolves the auditor from his/her responsibility to disclose financial and/or compliance findings. The standards pertaining to adequate disclosure still apply to this AUP.**

The AUP must be submitted regardless of the fiscal year of the auditee. Procedure (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. Procedure (b) requires the auditor to inquire of management regarding adjustments to revenues and/or expenditures and Procedure (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 schedules.

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 DHS 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 include any adjustments based on the results of the independent accountant's inquiries and the analysis 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.

Procedures to be Performed by the Independent Accountant

(a) Verify by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DHS for fiscal year ended June 30, ___, have been accurately compiled and reflect the audited books and records of (Auditee). Also verify 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 DHS Single Audit Supplement pertaining to this period.

Program Name	Number	Referenced Schedule/Exhibit

(List each individual schedule for all programs in which the auditee participated.)

(i.e.)

Child Support Enforcement	A-1	Summary of Expenditures

(b) Inquire of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to DHS for the period in question.

(c) Based on the procedures detailed in paragraphs (a) and (b) above, disclose any adjustments and/or findings and identify which have (have not) been reflected on the corresponding schedules:

(List each separately. Indicate whether it has/has not been reflected on the schedule.)

Supplemental Financial Schedules
Flowchart

	Type of Entity					
	Non-Block-Grant Counties and Joinders, All of Whose Affiliated Counties are Non-Block-Grant Counties	Block-Grant Counties, not Affiliated with a Joinder	Block-Grant Counties that are Affiliated with a Joinder, which is Affiliated with Block-Grant Counties only	Block-Grant Counties that are Affiliated with a Joinder, which is also Affiliated with Non-Block-Grant Counties	Joinders, All of Whose Affiliated Counties are Block-Grant Counties	Joinders that are Affiliated with Both Block-Grant and Non-Block-Grant Counties
Schedules to include (as appropriate)	A-1(a) A-1(b) A-1(c) A-1(d) II III IV(a) - MH-NBG IV(b) - MH-NBG IV(c) - ID-NBG IV(d) - ID-NBG V(a) - EI V(b) - EI VIII(a) VIII(b) VIII(c) VIII(d) XIX(a) - NBG	A-1(a) A-1(b) A-1(c) A-1(d) II III V(a) - EI V(b) - EI VI(a) - BG-S VI(b) - BG-S VIII(a) VIII(b) VIII(c) VIII(d)	A-1(a) A-1(b) A-1(c) A-1(d) II III V(a) - EI V(b) - EI VI(c) - BG-A VI(d) - BG-A VIII(a) VIII(b) VIII(c) VIII(d)	A-1(a) A-1(b) A-1(c) A-1(d) II III V(a) - EI V(b) - EI VI(k) - BG-A VI(l) - BG-A VIII(a) VIII(b) VIII(c) VIII(d)	A-1(a) A-1(b) A-1(c) A-1(d) II III V(a) - EI V(b) - EI VI(e) - BG-J VI(f) - BG-J-MH VI(g) - BG-J-ID VI(h) - BG-J-DA VIII(a) VIII(b) VIII(c) VIII(d)	A-1(a) A-1(b) A-1(c) A-1(d) II III V(a) - EI V(b) - EI VI(i) - BG-J VI(j) - BG-J VIII(a) VIII(b) VIII(c) VIII(d)

EXHIBIT A-1(a)

CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH REPORTED EXPENDITURES

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
Quarter Ending:	**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)															

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
Quarter Ending:	**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)															

EXHIBIT A-1(a)

CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT EXPENDITURES WITH REPORTED EXPENDITURES

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
Quarter Ending:	**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)															

	Single Audit Expenditures					Reported Expenditures					Single Audit Over/(Under) Reported				
Quarter Ending:	**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)															

EXHIBIT A-1(b)

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 (10/01/12 - 9/30/13)		
Line #29 Cases with Disbursements on arrears during the fiscal year (10/01/12 - 9/30/13)		

Note: This schedule is only required if the Child Support Enforcement is tested as a major program.

CHILD SUPPORT ENFORCEMENT **EXHIBIT A-1 (c)**

COMPARISON OF REPORTED INCENTIVES TO INCENTIVES ON DEPOSIT

County_____ **Year Ended**_____

Month	MSE Incentive Paid Cost Worksheet Ending Incentive Balance	Audited Title IV-D Account Incentive Balance	Type of Account Structure
January 1			
March 31			( ) Separate Bank Account
June 30			( ) Restricted Fund - General Ledger
September 30			( ) Other: _____
December 31			

Note: Do not include income received from interest or Medical Incentives.

EXHIBIT A-1 (d)

CHILD SUPPORT ENFORCEMENT
COMPARISON OF SINGLE AUDIT TITLE IV-D ACCOUNT WITH REPORTED TITLE IV-D ACCOUNT

County_____ **Year Ended**_____

	Single Audit TITLE IV-D Account	Reported TITLE IV-D Account	Single Audit Over/(Under) Reported
Balance at January 1	$ _____	$ _____	$ _____
Receipts:			
Reimbursements	_____	_____	_____
Incentives	_____	_____	_____
Title XIX Incentives	_____	_____	_____
Interest	_____	_____	_____
Program Income	_____	_____	_____
Genetic Testing Costs	_____	_____	_____
Maintenance of Effort (MOE)	_____	_____	_____
Other: _____	_____	_____	_____
Total Receipts	$ _____	$ _____	$ _____
Intra-fund Transfers - In	_____	_____	_____
Funds Available	$ _____	$ _____	$ _____
Disbursements:			
Transfers to General Fund	_____	_____	_____
Vendor Payments	_____	_____	_____
Bank Charges	_____	_____	_____
Other: _____	_____	_____	_____
Total Disbursements	$ _____	$ _____	$ _____
Intra-fund Transfers - Out	_____	_____	_____
Balance at December 31	$ _____	$ _____	$ _____

The Title IV-D account consists of _____ accounts. Please indicate here the total number of accounts that make up the Title IV-D account.

The Title IV-D account is comprised of a _____ checking, _____ savings, _____CD, and _____ other accounts. Please indicate here the type of accounts that the Title IV-D account is comprised of.

COUNTY CHILDREN AND YOUTH PROGRAMS

No Longer in Use

DHS will use the County Children & Youth Examination Reports prepared by the Department of the Auditor General to cost settle this program.

Contracts Requiring Program Settlement

Note: Entities with 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 contract and include a budget and an actual expenditure column.

EXHIBIT III

MEDICAL ASSISTANCE TRANSPORTATION PROGRAM

Schedule of Revenues and Expenditures

County _____ **Year Ended** _____

	Reported	**Actual**
Service Data		
Expenditures		
Group I Clients	_____	_____
Group II Clients	_____	_____
Omit group III		
Total Expenditures	_____	_____
Omit summary of trips		
Allocation Data		
Revenues		
Dept. of Public Welfare omit references	_____	_____
Interest Income	_____	_____
Total Revenues	_____	_____
Funds Expended		
Operating Costs	_____	_____
Administrative Costs	_____	_____
Excess Revenues Over Expenditures	_____	_____

Indirect Cost Rate: %

NON BLOCK GRANT COUNTIES
MENTAL HEALTH SERVICES

EXHIBIT IV(a) MH NBG

County:

Report Period:

Sources of DHS Funding	Appropriation	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance Of Funds (5)	Grant Fund Adjs. (6)	TOTAL FUND BALANCE (7)
		Carryover (1)	Allotment (2)	Total Allocation (3)				
A. MH Services	10248							
B. OTHER STATE FUNDS								
1. Specialized Residences for the Mentally Ill	10258							
2. Behavioral Health Services Initiative	10262							
Subtotal Other State								
C. SSBG	70135							
D. CMHSBG	70167							
E. OTHER FEDERAL FUNDS								
PATH Homeless Grant (Federal)	70154							
1. Capitalization of POMS	70522							
2. 3. Youth Suicide Prevention	70651							
4. Jail Diversion & Trauma Recovery	70747							
5. Child Mental Health Initiative	70766							
6. PA System of Care Expansion Implementation	70976							
7. Hospital Preparedness Program – Crisis Counseling	80222							
8. Bio-Terrorism Hospital Preparedness Program	80343							
9. Adult Health Quality Measures	70127							
10. Infusing Peer Specialist into Crisis Services-TTI	70127							
11. Self Directed Care-TTI	70127							
12. Project Launch	71021							
13. Suicide Prevention in Schools and Colleges	71022							
14. Pennsylvania Healthy Transitions Partnership	71024							
Subtotal Other Federal Funds								
F. TOTAL								

This Exhibit corresponds directly to the MH-15 for Non Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report

NON BLOCK GRANT COUNTIES
MENTAL HEALTH SERVICES

County:
Report Period:

	Total
I. TOTAL ALLOCATION	
II. TOTAL EXPENDITURES	
III. COSTS OVER ALLOCATION	
A. County Funded Eligible	
B. County Funded Ineligible	
C. Other Eligible	
D. Other Ineligible	
Subtotal Costs over Allocation	
IV. REVENUES	
A. Program Service Fees	
B. Private Insurance	
C. Medical Assistance	
D. Medical Assistance - Admin Claims	
E. Room and Board	
F. Earned Interest	
G. Other	
Subtotal Revenues	
V. DHS REIMBURSEMENT	
A. Base Allocation 90%	
B. Base Allocation 100%	
C. DHS Categorical Funding 90%	
D. DHS Categorical Funding 100%	
E. SSBG 90%	
F. SSBG 100%	
G. CMHSBG Non-Categorical Funding 90%	
H. CMHSBG Non-Categorical Funding 100%	
I. CMHSBG Categorical Funding	
Subtotal DHS Reimbursement	
VI. COUNTY MATCH	
10% County Match	
Subtotal County Match	
VII. TOTAL DHS REIMB & COUNTY MATCH	
VIII. TOTAL CARRYOVER	

This Exhibit corresponds directly to the MH-16 for Non Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report

NON BLOCK GRANT COUNTIES
INTELLECTUAL DISABILITIES SERVICES

EXHIBIT IV(c) ID NBG

County: _____ Fiscal Year: _____

Sources of DHS Funding	Appropriation	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance Of Funds (5)	Grant Fund Adjs. (6)	TOTAL FUND BALANCE (7)
		Carryover (1)	Allotment (2)	Total Allocation (3)				
A. ID Services								
1. Community (Non-Residential/Residential)	10255							
2. SSBG	70177							
Subtotal ID Services								
B. Waiver								
1. Waiver Administration	10255/70175							
Subtotal Waiver								
C. Other								
Subtotal Other								
D. TOTAL								

This Exhibit corresponds directly to the ID-15 for Non Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report

EXHIBIT IV(d) ID NBG

NON BLOCK GRANT COUNTIES
INTELLECTUAL DISABILITIES SERVICES

County: _____

Fiscal Year: _____

	Total
I. TOTAL ALLOCATION	
II. TOTAL EXPENDITURES	
III. COSTS OVER ALLOCATION	
A. County Funded Eligible	
B. County Funded Ineligible	
C. Other Eligible	
D. Other Ineligible	
Subtotal Costs over Allocation	
IV. REVENUES	
A. Program Service Fees	
B. Private Insurance	
C. Medical Assistance	
D. Medical Assistance - Admin Claims	
E. Room and Board	
F. Earned Interest	
G. Other	
Subtotal Revenues	
V. DHS REIMBURSEMENT	
A. Base Allocation 90%	
B. Base Allocation 100%	
C. DHS Categorical Funding 90%	
D. DHS Categorical Funding 100%	
E. SSBG 90%	
F. SSBG 100%	
Subtotal Reimbursement	
VI. COUNTY MATCH	
10% County Match	
Subtotal County Match	
VII. TOTAL DHS REIMB & COUNTY MATCH	
VIII. TOTAL CARRYOVER	

This Exhibit corresponds directly to the ID-16 for Non Block Grant Counties.
Instructions for completion are included in the Instructions for the Annual Income and Expense Report.

EXHIBIT V(a) EI

EARLY INTERVENTION SERVICES

Sources of DHS Funding	Appropriation	DHS Funds Available			Cost Eligible for DHS Participation (4)	Balance Of Funds (5)	Grant Fund Adjustments (6)	Total Fund Balance (7)
		Carryover (1)	Allotment (2)	Total Allocation (3)				
A. Early Intervention Services								
1. Early Intervention Services	10235							
2. Early Intervention Training	10235							
3. Early Intervention Administration	10235							
4. Infants & Toddlers w/Disabilities (Part C)	70170							
5. IT&F Waiver Administration	10235/70184							
6. Total Early Intervention Services								

This Exhibit corresponds directly to the EI-15. Instructions for completion are included in the Instructions for the Annual Income and Expense Report

EXHIBIT V(b) EI

EARLY INTERVENTION SERVICES

	Admin Office	Early Intervention	Supports Coordination	Total
I. TOTAL ALLOCATION				
II. TOTAL EXPENDITURES				
III. COSTS OVER ALLOCATION				
A. County Funded Eligible				
B. County Funded Ineligible				
C. Other Eligible				
D. Other Ineligible				
Subtotal Costs Over Allocation				
IV. REVENUES				
A. Program Service Fees				
B. Private Insurance				
C. Medical Assistance				
D. Earned Interest				
E. Other				
Subtotal Revenues				
V. DHS REIMBURSEMENT				
A. DHS Categorical Funding 90%				
B. DHS Categorical Funding 100%				
Subtotal DHS Reimbursement				
VI. COUNTY MATCH				
10% County Match				
Subtotal County Match				
VII. TOTAL DHS REIMB & COUNTY MATCH				
VIII. TOTAL CARRYOVER				

This Exhibit corresponds directly to the EI-16. Instructions for completion are included in the Instructions for the Annual Income and Expense Report

BLOCK GRANT COUNTIES
County Report of Income and Expenditures
County Human Services Block Grant

County Match	%
Actual County Match ($)	$
Actual County Match (%)	%

Schedule of Fund Balances - Summary Report

Block Grant Reporting			Costs Eligible for DHS Participation (2)									
Sources of Funding:	Appropriation	DHS Allocation (1)	Mental Health	Intellectual Disability	Homeless Assistance	Child Welfare	HSS	D&A	Total	Balance of Funds (3)	Adjustments (4)	Total Fund Balance (5)
1 State Human Services Block Grant	Multiple											
2 SSBG	Multiple											
3 SABG	70113											
4 CMHSBG	70167											
5 MA	70175											
6 Crisis Counseling	80222											
Total for Block Grant												

Retained Earnings	
I. Unexpended Allocation	
II. Maximum Retained Earnings (3%)	
III. Waiver Requested Money (if applicable)	
IV. Total Requested Retained Earnings	

Prior Year Retained Earnings	
I. FY 13-14 Retained Earnings	
II. Total Expended Retained Earnings-3%	
III. Total Expended Retained Earnings-Waiver of 3%	
IV. Amount to be Returned to DHS	

This Exhibit corresponds directly to the Summary Report-BG for Non-LCA-Affiliated Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report .

Non-LCA-Affiliated County

BLOCK GRANT COUNTIES
County Report of Income and Expenditures
County Human Services Block Grant
Schedule of Fund Balances - Summary Report

EXHIBIT VI(b) BG-S

	Sources of Funding	Appropriation	Total Carryover (1)	Allotment (2)	DHS Allocation (3)	Costs Eligible for DHS Participation (4)	Balance of Funds (5)	Adjustments (6)	Total Fund Balance (7)
A.	**Mental Health Services**								
1	State - Personal Care Homes	10252							
2	Federal - Adult Health Quality Measures	10248							
3	Federal - Self Directed Care - TTI	10252							
4	Federal - Infusing Peer Specialist into Crisis Services - TTI	70154							
5	Federal - PATH Homeless Grant	70522							
6	Federal - Capitalization of POMS	70651							
7	Federal - Youth Suicide Prevention	70747							
8	Federal - Jail Diversion & Trauma Recovery	80343							
9	Federal - Project Launch	70127							
10	Federal - Bio-Terrorism Hospital Preparedness	70589							
	Subtotal Mental Health Services								
B.	**Intellectual Disabilities Services**								
1	Other	10255							
2	Elwyn	10236							
3	Money Follows the Person	10263							
	Subtotal Intellectual Disabilities Services								
C.	Total for Non-Block Grant Reporting								

This Exhibit corresponds directly to the Summary Report-NBG for Non-LCA-Affiliated Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report.

LCA-Affiliated County

BLOCK GRANT COUNTIES
County Report of Income and Expenditures
County Human Services Block Grant

EXHIBIT VI(c) BG-A

County Name	
County Match	%
Actual County Match ($)	$
Actual County Match (%)	%

County Reporting to DHS
County
Schedule of Fund Balances - Summary Report

Block Grant Reporting			Cost Eligible for DHS Participation (2)							
Sources of Funding:	Appropriation	DHS Allocation (1)	Payments to Joinder	Homeless Assistance	Child Welfare	HSS	Total	Balance of Funds (3)	Adjustments (4)	Total Fund Balance (5)
1 State Human Services Block Grant	Multiple									
2 SSBG	Multiple									
3 SABG	70113									
4 CMHSBG	70167									
5 MA	70175									
6 Crisis Counseling	80222									
Total for Block Grant										

Retained Earnings	
I. Unexpended Allocation	
II. Maximum Retained Earnings (3%)	
III. Waiver Requested Money (if applicable)	
IV. Total Requested Retained Earnings	

Prior Year Retained Earnings	
I. FY 13-14 Retained Earnings	
II. Total Expended Retained Earnings-3%	
III. Total Expended Retained Earnings-Waiver of 3%	
IV. Amount to be Returned to DHS	

This Exhibit corresponds directly to the Summary Report-BG for LCA-Affiliated Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report.

BLOCK GRANT COUNTIES
County Report of Income and Expenditures
County Human Services Block Grant
Schedule of Fund Balances - Summary Report

	Sources of Funding	Appropriation	Total Carryover (1)	Allotment (2)	DHS Allocation (3)	Costs Eligible for DHS Participation (4)	Balance of Funds (5)	Adjustments (6)	Total Fund Balance (7)
A.	**Mental Health Services**								
1	State - MH Services	10248							
2	State - Specialized Residences for the Mentally Ill	10258							
3	State - Behavioral Health Services Initiative	10262							
4	Federal - SSBG	70135							
5	Federal - CMHSBG	70167							
6	Federal - PATH Homeless	70154							
7	Federal - Youth Suicide Prevention	70651							
8	Federal - Hospital Preparedness Program - Crisis Counseling	80222							
9	Federal - Bio-Terrorism Hospital Preparedness	80343							
	Subtotal Mental Health Services								
B.	**Intellectual Disabilities Services**								
1	State - Community (Non-Residential/Residential)	10255							
2	Federal - SSBG	70177							
3	State/Federal - Waiver Administration	10255/70175							
	Subtotal Intellectual Disabilities Services								
C.	**Drug and Alcohol Services**								
1		10237							
2	State - Act 152 Funding	10262							
D.	State - DHS Drug and Alcohol Total for Non-Block Grant Reporting								

This Exhibit corresponds directly to the <u>Summary Report-NBG for LCA-Affiliated Block Grant Counties</u>. Instructions for completion are included in the Instructions for the Annual Income and Expense Report.

Joinder - Both Counties in Block Grant

BLOCK GRANT COUNTIES - JOINDER
Joinder Report of Income and Expenditures
County Human Services Block Grant
Schedule of Fund Balances - Summary Report

EXHIBIT VI(e) BG-J

	Sources of Funding	Appropriation	Total Carryover (1)	Allotment (2)	DHS Allocation (3)	Costs Eligible for DHS Participation (4)	Balance of Funds (5)	Adjustments (6)	Total Fund Balance (7)
A.	**Mental Health Services**								
1	State - MH Services	10248							
2	State - Specialized Residences for the Mentally Ill	10258							
3	State - Behavioral Health Services Initiative	10262							
4	Federal - SSBG	70135							
5	Federal - CMHSBG	70167							
6	Federal - PATH Homeless	70154							
7	Federal - Youth Suicide Prevention	70651							
8	Federal - Hospital Preparedness Program - Crisis Counseling	80222							
9	Federal - Bio-Terrorism Hospital Preparedness	80343							
	Subtotal Mental Health Services								
B.	**Intellectual Disabilities Services**								
1	State - Community (Non-Residential/Residential)	10255							
2	Federal - SSBG	70177							
3	State/Federal - Waiver Administration	10255/70175							
	Subtotal Intellectual Disabilities Services								
C.	**Drug and Alcohol Services**								
1		10237							
2	State - Act 152 Funding	10262							
	State - BHSI Drug and Alcohol								
	Subtotal Drug and Alcohol Services								
D.	Total for Non-Block Grant								

This Exhibit corresponds directly to the Summary Report-NBG for LCA-Affiliated Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report.

BLOCK GRANT COUNTIES - JOINDER
Joinder Report of Income and Expenditures
Mental Health Services Fiscal Year 2014 - 2015
Joinder: _____

	Total
I. TOTAL EXPENDITURES (JOINDER)	
Subtotal Expenditures	
II. REVENUES (JOINDER)	
Subtotal Revenues	
III. DHS REIMBURSEMENT	
County_____ Block Grant:	
A. State Human Services Block Grant	
B. State PATH Match	
C. Prior Year Retained Earnings-3%	
D. Prior Year Retained Earnings-Waiver of 3%	
E. SSBG	
F. CMHSBG	
G. Crisis Counseling	
Subtotal _____ County Block Grant	
County _____ Block Grant:	
A. State Human Services Block Grant	
B. State PATH Match	
C. Prior Year Retained Earnings-3%	
D. Prior Year Retained Earnings-Waiver of 3%	
E. SSBG	
F. CMHSBG	
G. Crisis Counseling	
Subtotal _____ County Block Grant	
Joinder Non-Block Grant:	
A. Base Allocation 90%	
B. Base Allocation 100%	
C. DHS Categorical Funding 90%	
D. DHS Categorical Funding 100%	
E. SSBG 90%	
F. SSBG 100%	
G. CMHSBG Non-Categorical Funding 90%	
H. CMHSBG Non-Categorical Funding 100%	
I. CMHSBG Categorical Funding	
Subtotal Joinder	
Subtotal DHS Reimbursement	
IV. COUNTY MATCH	
A. County Match - _____ County	
B. County Match - _____ County	
C. County Match - Joinder	
Subtotal County Match	
VI.TOTAL ALL REVENUES	

BLOCK GRANT COUNTIES - JOINDER
Joinder Report of Income and Expenditures
Intellectual Disabilities Services Fiscal Year 2014 - 2015
Joinder: _____

	Total
I. TOTAL EXPENDITURES (JOINDER)	
Subtotal Expenditures	
II. REVENUES (JOINDER)	
Subtotal Revenue	
III. DHS REIMBURSEMENT	
County_____ Block Grant:	
A. State Human Services Block Grant	
B. Prior Year Retained Earnings-3%	
C. Prior Year Retained Earnings-Waiver of 3%	
D. SSBG	
E. MA	
Subtotal _____ County Block Grant	
County _____ Block Grant:	
A. State Human Services Block Grant	
B. Prior Year Retained Earnings-3%	
C. Prior Year Retained Earnings-Waiver of 3%	
D. SSBG	
E. MA	
Subtotal _____ County Block Grant	
Joinder:	
A. Base Allocation 90%	
B. Base Allocation 100%	
C. DHS Categorical Funding 90%	
D. DHS Categorical Funding 100%	
E. SSBG 90%	
F. SSBG 100%	
Subtotal Joinder	
Subtotal DHS Reimbursement	
IV. COUNTY MATCH	
A. County Match - _____ County	
B. County Match - _____ County	
C. County Match - Joinder	
Subtotal County Match	
VI. TOTAL ALL REVENUES	

BLOCK GRANT COUNTIES - JOINDER
Joinder Report of Income and Expenditures
Drug & Alcohol Fiscal Year 2014 - 2015
Joinder:

	Total
I. TOTAL EXPENDITURES	
Subtotal Expenditures	
II. REVENUES	
Subtotal Revenue	
III. DHS REIMBURSEMENT	
A. State Human Services Block Grant-____County	
A. State Human Services Block Grant-____County	
B. Prior Year Retained Earnings-3%	
C. Prior Year Retained Earnings-Waiver of 3%	
D. Joinder - Act 152 Funding	
E. Joinder - BHSI Funding	
Subtotal DHS Reimbursement	
IV. COUNTY MATCH	
A. County Match - _____County	
B. County Match - _____County	
Subtotal County Match	
V.TOTAL ALL REVENUES	

BLOCK GRANT COUNTIES - JOINDER
Joinder Report of Income and Expenditures
County Human Services Block Grant
Schedule of Fund Balances - Summary Report

County Match	%
Actual County Match ($)	$
Actual County Match (%)	%

Block Grant Reporting			Costs Eligible for DHS Participation (2)						
Sources of Funding:	**Appropriation**	**DHS Allocation (1)**	**Mental Health**	**Intellectual Disabilities**	**D&A**	**Total**	**Balance of Funds (3)**	**Adjustments (4)**	**Total Fund Balance (5)**
1 State Human Services Block Grant	Multiple								
2 SSBG	Multiple								
3 SABG	70113								
4 CMHSBG	70167								
5 MA	70175								
6 Crisis Counseling	80222								
Total for Block Grant - from_____ County									

Retained Earnings	
I. Unexpended Allocation	
II. Maximum Retained Earnings (3%)	
III. Waiver Requested Money (if applicable)	
IV. Total Requested Retained Earnings	

Prior Year Retained Earnings	
I. FY 13-14 Retained Earnings	
II. Total Expended Retained Earnings-3%	
III. Total Expended Retained Earnings-Waiver of 3%	
IV. Amount to be Returned to DHS	

This Exhibit corresponds directly to the Summary Report-BG for LCA with One Affiliated Block Grant County. Instructions for completion are included in the Instructions for the Annual Income and Expense Report

BLOCK GRANT COUNTIES - JOINDER
Joinder Report of Income and Expenditures
County Human Services Block Grant
Schedule of Fund Balances - Summary Report

	Sources of Funding	Appropriation	Total Carryover (1)	Allotment (2)	DHS Allocation (3)	Costs Eligible for DHS Participation (4)	Balance of Funds (5)	Adjustments (6)	Total Fund Balance (7)
A.	**Mental Health Services**								
1	State - MH Services	10248							
2	State - Specialized Residences for the Mentally Ill	10258							
3	State - Behavioral Health Services Initiative	10262							
4	Federal - SSBG	70135							
5	Federal - CMHSBG	70167							
6	Federal - PATH Homeless	70154							
7	Federal - Youth Suicide Prevention	70651							
8	Federal - Hospital Preparedness Program - Crisis Counseling	80222							
9	Federal - Bio-Terrorism Hospital Preparedness	80343							
	Subtotal Mental Health Services								
B.	**Intellectual Disabilities Services**								
1	State - Community (Non-Residential/Residential)	10255							
2	Federal - SSBG	70177							
3	State/Federal - Waiver Administration	10255/70175							
	Subtotal Intellectual Disabilities Services								
C.	**Drug and Alcohol Services**								
1	State - PHS Drug and Alcohol	10237							
2	State - Act 152 Funding	10262							
	Subtotal Drug and Alcohol Services								
D.	Total for Luzerne/Wyoming LCA Reporting								

This Exhibit corresponds directly to the Summary Report-NBG for LCA with One Affiliated Block Grant County. Instructions for completion are included in the Instructions for the Annual Income and Expense Report.

LCA-Affiliated County

BLOCK GRANT COUNTIES
County Report of Income and Expenditures
County Human Services Block Grant

EXHIBIT VI(k) BG-A

County Name	
County Match	%
Actual County Match ($)	$
Actual County Match (%)	%

County Reporting to DHS
County
Schedule of Fund Balances - Summary Report

Block Grant Reporting			Cost Eligible for DHS Participation							
Sources of Funding:	Appropriation	DHS Allocation (1)	Payments to Joinder	Homeless Assistance	Child Welfare	HSS	Total	Balance of Funds (3)	Adjustments (4)	Total Fund Balance (5)
1 State Human Services Block Grant	Multiple									
2 SSBG	Multiple									
3 SABG	70113									
4 CMHSBG	70167									
5 MA	70175									
6 Crisis Counseling	80222									
Total for Block Grant										

Retained Earnings	
I. Unexpended Allocation	
II. Maximum Retained Earnings (3%)	
III. Waiver Requested Money (if applicable)	
IV. Total Requested Retained Earnings	

Prior Year Retained Earnings	
I. FY 13-14 Retained Earnings	
II. Total Expended Retained Earnings-3%	
III. Total Expended Retained Earnings-Waiver of 3%	
III. Amount to be Returned to DHS	

This Exhibit corresponds directly to the Summary Report-BG for LCA-Affiliated Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report.

BLOCK GRANT COUNTIES
County Report of Income and Expenditures
County Human Services Block Grant
Schedule of Fund Balances - Summary Report

EXHIBIT VI(I) BG-A

	Sources of Funding	Appropriation	Total Carryover (1)	Allotment (2)	DHS Allocation (3)	Costs Eligible for DHS Participation (4)	Balance of Funds (5)	Adjustments (6)	Total Fund Balance (7)
A.	**Mental Health Services**								
1	State - MH Services	10248							
2	State - Specialized Residences for the Mentally Ill	10258							
3	State - Behavioral Health Services Initiative	10262							
4	Federal - SSBG	70135							
5	Federal - CMHSBG	70167							
6	Federal - PATH Homeless	70154							
7	Federal - Youth Suicide Prevention	70651							
8	Federal - Hospital Preparedness Program - Crisis Counseling	80222							
9	Federal - Bio-Terrorism Hospital Preparedness	80343							
	Subtotal Mental Health Services								
B.	**Intellectual Disabilities Services**								
1	State - Community (Non-Residential/Residential)	10255							
2	Federal - SSBG	70177							
3	State/Federal - Waiver Administration	10255/70175							
	Subtotal Intellectual Disabilities Services								
C.	**Drug and Alcohol Services**								
1		10237							
2	State - Act 152 Funding	10262							
	State - BHSI Drug and Alcohol								
	Subtotal Drug and Alcohol Services								
D.	Total for Non-Block Grant								

This Exhibit corresponds directly to the Summary Report-NBG for LCA-Affiliated Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report.

EXHIBIT VIII(a)

CCIS RECAP FOR FY 2014-2015

CONTRACTOR: _____ **COUNTY:** _____

FEDERAL ID NO.: _____ **PREPARED BY:** _____

CONTRACT NO.: _____ **PHONE NO.:** _____

	Low Income		Former TANF		
	ADMIN	**SERVICE**	**ADMIN**	**SERVICE**	**LI & FT TOTAL**
Revenue DHS Funds					
Interest					
Audit Adjustments					
Other (e.g., Penalties)					
Total Revenue					
Expenditures Final Report Totals					
Total Expenditures					
Subtotal-LIFT					

EXHIBIT VIII(b)

CCIS RECAP FOR FY 2014-2015

CONTRACTOR: _____ **COUNTY:** _____

FEDERAL ID NO.: _____ **PREPARED BY:** _____

CONTRACT NO.: _____ **PHONE NO.:** _____

	TANF FSS	TANF SERVICE		TANF TOTAL
		TRAINING	WORKING	
Revenue DHS Funds				
Interest				
Audit Adjustments				
Other (e.g., Penalties)				
Total Revenue				
Expenditures Final Report Totals				
Total Expenditures				
TOTAL DUE DHS				

EXHIBIT VIII(c)

CCIS RECAP FOR FY 2014-2015

CONTRACTOR: _____ **COUNTY:** _____

FEDERAL ID NO.: _____ **PREPARED BY:** _____

CONTRACT NO.: _____ **PHONE NO.:** _____

	STATE MOE/GA FSS	SERVICE		STATE MOE/GA TOTAL
		STATE MOE	GENL ASSIST/WS2	
Revenue DHS Funds				
Interest				
Audit Adjustments				
Other (e.g., Penalties)				
Total Revenue				
Expenditures Final Report Totals				
Total Expenditures				
TOTAL DUE DHS				

EXHIBIT VIII(d)

CCIS RECAP FOR FY 2014-2015

CONTRACTOR: _____ **COUNTY:** _____

FEDERAL ID NO.: _____ **PREPARED BY:** _____

CONTRACT NO.: _____ **PHONE NO.:** _____

	Supplemental Nutrition Assistance Program (SNAP)		
	FSS	**SERVICE**	**TOTAL**
Revenue DHS Funds			
Interest			
Audit Adjustments			
Other (e.g., Penalties)			
Total Revenue			
Expenditures Final Report Totals			
Total Expenditures			
TOTAL DUE DHS			

CHILD CARE INFORMATION SERVICES
(CCIS)

The required supplemental financial schedule for this program is the Final CCIS Recap for the fiscal year-ended June 30, 2015.

An Independent Accountant's Report on Applying Agreed-Upon Procedures should accompany the supplemental financial schedule, unless the schedule is included in the Auditor's Report on Supplemental Information.

All Counties receiving funds for the CCIS program should refer to both their signed grant agreement and the CCIS Audit Guide for FY 2014-15 for supplemental reporting requirements.

EXHIBIT XIX(a) NBG

NON BLOCK GRANT COUNTIES
COMBINED HOMELESS ASSISTANCE PROGRAM
Fiscal Year 2014-2015

County: _____

Fiscal Year:	Administration	Bridge Housing	Case Management	Rental Assistance	Emergency Shelter	Other Housing Supports	Total
I. TOTAL ALLOCATION							
II. TOTAL EXPENDITURES							
A. Personnel							
B. Operating							
C. Purchased Services							
Subtotal of Total Expenditures							
III. REVENUES							
Client Fees							
A. B. Other							
Subtotal Revenues							
IV. DHS REIMBURSEMENT							
A. State HAP Funding							
B. SSBG							
C. SABG							
Subtotal DHS Reimbursement							
V. UNSPENT ALLOCATION							

This Exhibit corresponds directly to the HAP for Non Block Grant Counties. Instructions for completion are included in the Instructions for the Annual Income and Expense Report.

APPENDIX 2

ADDITIONAL SUPPLEMENTAL FINANCIAL SCHEDULE

RECONCILIATION SUPPLEMENTAL FINANCIAL SCHEDULE

Introduction

NOTE: The submission of information related to Appendix II is not affected by the latest OMB Circular A-133 Revision, or the issuance of 2 CFR Part 200, Subpart F.

All entities who are submitting a single audit in accordance with OMB Circular A-133 or 2 CFR Part 200, Subpart F, as appropriate, are also required to include in their single audit reporting package a supplemental schedule, which is to be subjected to Agreed-Upon Procedures. The schedule, for which an example is included in this Appendix, is a reconciliation of the expenditures listed on the Schedule of Expenditures of Federal Awards (SEFA) to the Federal award income received from the Pennsylvania Department of Human Services (DHS), as noted in the revenue audit confirmation received from the Commonwealth of Pennsylvania. The procedures to be performed on the reconciliation schedule are as follows:

(a) Agree the expenditure amounts listed on the reconciliation schedule under the "Federal Expenditures per the SEFA" column C to the audited Schedule of Expenditures of Federal Awards (SEFA).

(b) Agree the receipt amounts listed on the reconciliation schedule under the "Federal Awards Received per the audit confirmation reply from Pennsylvania" column D to the subrecipient Federal amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.

(c) Recalculate the amounts listed under the "Difference" column E and the "% Difference" column F.

(d) Agree the amounts listed under the "Difference" column E to the audited books and records of the entity.

(e) Agree the "Detailed Explanation of the Differences" to the audited books and records of the entity.

(f) Based on the procedures detailed in paragraphs (a) through (e) above, disclose any adjustments and/or findings which have not been reflected on the corresponding schedules (List each separately.).

As is the case with other financial statements and schedules, management (the auditee) is responsible for the preparation of the required supplemental financial schedules. The auditor is asked to perform certain procedures on these schedules and incorporate all such schedules into the Audit package using the Independent Accountant's Report on Applying Agreed-Upon Procedures.

EXHIBIT XX

Entity Name
Year Ended {ORGANIZATION'S FINANCIAL STATEMENT DATE}

SUPPLEMENTAL SCHEDULE

RECONCILIATION
Federal Awards Passed through the Pennsylvania Department of Human Services
Expenditures per the SEFA to Revenue Received per the Pennsylvania Audit Confirmation Reply

(A)	(B)	(C)	(D)	(E)	(F)	(G)
			Federal Awards Received			
CFDA	CFDA	Federal Expenditures	per the audit confirmation	Difference	% Difference	Detailed
Name	Number	per the SEFA	reply from Pennsylvania	(C-D)	(E/D)	Explanation of the Differences
		$	$	$	%	

APPENDIX 3

HOW TO USE THE DEPARTMENT OF HUMAN SERVICES SINGLE AUDIT SUPPLEMENT AT THE COUNTY SUBRECIPIENT LEVEL

HOW TO USE THE DEPARTMENT OF HUMAN SERVICES (DHS) 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 DHS' 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 DHS programs are being adequately tested in the audit process.

Subrecipient and Contractor

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 contractor that receives a procurement contract to provide generally required goods or services related to the administrative support of a federal program.

Contractor – 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 contractor's responsibility is to meet the requirements of the procurement contract.

The distinguishing factors between Subrecipient and Contractor are further described in the Uniform Guidance (2 CFR § 200). The Uniform Guidance defines a subrecipient as a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program. The Uniform Guidance 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 contractor is defined as an entity that receives a contract, which is a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. **Receiving funding on a fee-for-service basis is not a deciding factor** for whether the entity is deemed a contractor. In general, the term "fee-for-service" refers to the payment mechanism, not the type of service.

Applicable Reporting for Subrecipients

The Uniform Guidance covers prime recipient monitoring and audit requirements for subrecipients. Grantee monitoring and audit requirements for contractors are based upon the grantee's responsibility to ensure compliance with DHS Audit Policy.

A **for-profit** organization is required to have an audit if it expends a total of $750,000 or more in combined federal funds under one or more federal programs. Title 45, CFR 75.501(i), incorporates the thresholds and deadlines of 2 CFR Part 200, but provides for-profit organizations with two options regarding the type of audit that will satisfy the audit requirements:

1. A financial audit conducted in accordance with generally accepted Government Auditing Standards (The Yellow Book), revised; or
2. An audit that meets the requirements contained in 2 CFR Part 200.

A for-profit organization is required to have an audit, in accordance with the above audit requirements, if it expends a total of $750,000 or more of federal awards directly or indirectly during its fiscal year.

If a for-profit organization expends total federal awards of less than $750,000 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, DHS audit requirements may be applicable.**

Attachment

SUBRECIPIENT AND CONTRACTOR

Distinguishing Between Subrecipient and Contractor

What distinguishes a subrecipient from a contractor?

A subrecipient is 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. Distinguishing characteristics of a subrecipient include items such as:

- Determines who is eligible to receive what Federal assistance;
- Has its performance measured in relation to whether objectives of a Federal program were met;
- Has responsibility for programmatic decision making;
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

A contractor is an entity that receives a contract, which is a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. Distinguishing characteristics of a contractor include items such as:

- Provides the goods or services within the normal business operations;
- Provides similar goods or services to many different purchasers;
- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the Federal program; and
- Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

There may be unusual circumstances or exceptions to the distinguishing characteristics of a subrecipient and contractor listed above. In making the determination of whether a subrecipient or contractor 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 4

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.

In the past, DHS 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 Human Services"** should be added wherever reference is made to the auditing/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 2 CFR § 200.510 (b).

The DHS requires additional detail in order to review the SEFA contained within the audit report. Please add the additional information to the SEFA.

1. For grants and/or contract agreements, the grant or contract number assigned by the DHS must be used on the SEFA as the required identifying number. For multi-year contracts, each year must be listed separately.

2. The SEFA may include additional information, such as state or local expenditures with each amount listed separately.

APPENDIX 5

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 Human Services (DHS) 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 Intellectual Disabilities
- Mental Health and Intellectual Disabilities 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, and 6 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) are considered contractor 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 the Federal audit requirement 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/Contractor issue in Appendix III 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 Intellectually Disabled** (ICF/ID – Provider Type 03, Specialty Code 032 or 033) **is considered FFA**. Requirements for auditing ICF/ID 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 and Substance Abuse Services policies and regulations.

ACCESS funding to Local Education Agencies for health-related services to MA special needs students is not FFA for DHS 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 DHS 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 DHS PROMISe and the matching state share is paid through the county. When the **state match is passed through the county, the DHS 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.

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 FMAP rates can be found by accessing the Federal Matching Tables at aspe.hhs.gov/health/fmap.htm.

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**.

APPENDIX 6

DEPARTMENT OF HUMAN SERVICES 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
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-through PA 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
DHS- Department of Human Services
DO- District Office
DPSR- Data Processing Service Request
DRP- Drug Rebate Program
DRS- Domestic Relations Section
DSH- 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
FFA - Federal Financial Assistance
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/ID- Intermediate Care/Intellectual Disabilities Facilities
I & E- Annual Income and Expenditure Report
IEVS- Income Eligibility Verification System
ICM- Intensive Case Management
ICS- Integrated Central System
ID- Intellectual Disabilities
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 Agency
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/ID- Mental Health/ Intellectual Disabilities
MLC- Management Letter Comment
MOE- Maintenance of Effort

MPP- Maximizing Participation Program
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
PACTS- Pennsylvania Commonwealth Telecommunications System
PAEM- Public Assistance Eligibility Manual
PCF- Petty Cash Fund
PCH- Personal Care Home
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
PROMISe- Provider Reimbursement and Operations Management Information System
PRWORA- Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193)
PUR- Period Under Review
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
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- Targeted Service Management
TSR- Targeted Supervisory Review
WRR- Work Requirement Review