



March 30, 2011

Enclosed is the 2009-2010 Department of Health Family Planning Audit Report, as mandated by Act 66 of 2006. This report includes information on the separation of abortion and abortion-related activities from family planning activities for the Department's four family planning grantees and their subgrantees. The report includes the guidelines the Department's family planning grantees must follow, as well as, copies of the documentation the family planning grantees submitted to the Department to show their compliance with Act 66 of 2006.

If you have any questions please contact the Department of Health, Bureau of Family Health, Division of Child and Adult Health Services office at (717) 772-2762.



**DEPARTMENT OF HEALTH
STATE FISCAL YEAR 2009-2010
SEPARATION OF ABORTION AND ABORTION-RELATED
ACTIVITIES FROM FAMILY PLANNING ACTIVITIES**

REQUIREMENTS OF REPORT

The General Assembly requires the Department of Health (DOH) to include the following in its report for State Fiscal Year 2009-2010 on the separation of abortion and abortion-related activities from family planning activities:

- Number and findings of audits filed;
- Adequacy of the documentation submitted; and
- Any recommendation to revise the verification process.

DEPARTMENT REQUIREMENTS OF GRANTEEES

The DOH requires, through its Grant Agreements with the family health councils, that the Grantee Audit Guidelines established by the Department of Public Welfare (DPW) are followed. DOH's Family Planning Grant Agreement, Appendix D and DPW's Grantee Audit Guidelines incorporated by reference are included as Appendix I.

Paragraph A requires the Grantee to have its independent auditor attest that abortion-related activities are physically and financially separate from family planning activities funded by any family planning appropriation.

Paragraph B defines "abortion-related activities" and provides further instructions regarding the required audits. Paragraph B directs the independent auditor to review six specific areas and to submit the attestation as a supplement to the agency's annual audit.

Paragraph C requires that each subgrantee who engages in abortion-related activities must provide to the Grantee its policies and procedures relating to the means and methods of separating abortion-related activities from family planning activities. These policies and procedures are to be approved by the subgrantee's board of directors. In addition, the subgrantee is to describe how it complies with the separation requirements.

Paragraph D requires the Grantee to make an annual inspection of all subgrantees conducting abortion-related activities to assure physical and financial separation from family planning activities. The Grantee is required to attest to DPW, in writing, by January 31 of each year that the subgrantee met the physical and financial separation requirements for the state fiscal year ending the previous June 30.

Paragraph E requires that the Grantee include the physical and financial separation requirements in every grant, contract or agreement with a subgrantee and develop guidelines for the subgrantee regarding physical and financial separation.

Paragraph F identifies those subgrantees which are excluded from the audit requirements contained in the Guidelines.

RESPONSE OF GRANTEES

Each of the four Grantees provided DOH with a letter attesting to compliance with the Grantee Audit Guidelines. The independent auditor for each Grantee provided a letter attesting that the requirements contained in the Grantee Audit Guidelines were met. Correspondence is from Adagio Health Inc. in Pittsburgh, Family Health Council of Central Pennsylvania, Inc. in Camp Hill, Family Planning Council in Philadelphia and Maternal and Family Health Services, Inc. in Wilkes-Barre. In order to provide the most complete information to document compliance with the Grantee Audit Guidelines, the Grantees have also provided to DOH, audit statements from their affected subgrantees (See Appendices II through V for copies of correspondence).

Grantees and their affected subgrantees are as follows:

Adagio Health Inc.:

Planned Parenthood of Western Pennsylvania, Inc.

Family Health Council of Central Pennsylvania:

Planned Parenthood of Central Pennsylvania, Inc.

Planned Parenthood of Northeast and Mid-Penn, Inc.

Family Planning Council:

Planned Parenthood Association of Bucks County

Planned Parenthood Southeastern Pennsylvania

Maternal and Family Health Services:

Planned Parenthood of North East and Mid-Penn, Inc.

ADEQUACY OF THE DOCUMENTATION SUBMITTED

The documentation submitted by the Grantees is in compliance with the Grantee Audit Guidelines.

ANY RECOMMENDATION TO REVISE THE VERIFICATION PROCESS

At present, DOH has no recommendation to revise the verification process. The Grantee Audit Guidelines meet the requirements in Act 66 of 2006.

**Department of Health Family Planning Grant Agreement
Appendix D**

PROGRAM SPECIFIC PROVISIONS

Family Planning Audit Requirements

The Grantee shall comply with the Audit Guidelines for the Family Planning Councils, issued by the Department of Public Welfare in accordance with Article XVII-D, effective state fiscal year 2006-2007.

Department of Public Welfare
Grantee Audit Guidelines for the Family Planning Councils

As required by Act 66 of 2006
72 P.S. §§1701-D, et seq.
Effective State Fiscal year 2006-2007

- A. The Grantee receiving funding through any family planning appropriation, will require its independent auditor to attest to the audit of any subgrantee receiving funding through any family planning appropriation. The Grantee will require each subgrantee receiving funding through any Family Planning Appropriation, except those excluded as described in paragraph F below, to have an audit performed by an independent auditor. A "family planning appropriation" is defined as moneys appropriated by the General Assembly from Commonwealth revenue sources and Federal revenue sources for the purpose of funding family planning services or a combination of family planning services and other programs.
- B. Both the Grantee's independent auditor and the subgrantee's independent auditor must attest to the physical and financial separation of abortion related-activities from any family planning project. An "abortion related activity" is defined as activities that consist of any of the following: 1) performing or directly assisting in abortions; 2) referring a pregnant woman to an abortion provider for an abortion; 3) counseling that advocates for or promotes abortion, including counseling that advocates abortion as an option for dealing with an unwanted pregnancy. A family planning "project" is defined as a group or set of family planning services or a combination of family planning services and other services which are funded in whole or in part from a family planning appropriation and which are furnished pursuant to a grant, contract or other agreement between a family planning services provider and the Department of Public Health, as appropriate, or furnished by a subcontractor of such provider pursuant to such grant contract or agreement." The separation and audit requirements apply regardless of whether the program or project is considered a major program under OMB Circular A-133 audit requirements. The audit must be provided as a supplement to the annual audit as described in Rider 1 of Grantee's grant with the Department for State Fiscal year 2006-2007 and must include the following:
- (i) Auditor tests of abortion-related activities and attests that these activities are physically and financially separate from

those services funded under any family planning appropriation.

- (ii) Auditor tests that equipment and supplies for abortion-related activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion-related activity is made equitably and documented according to the Cost Allocation Plan and attests to the same.
 - (iii) Auditor tests that there are separate timesheets for the personnel performing abortion-related activities and attests to the same.
 - (iv) Auditor tests that all payments received from persons receiving abortion-related services, or payments made on their behalf, are maintained on separate accounting records and attests to the same.
 - (v) Auditor tests that all payments made for rent, utilities, maintenance, supplies, or other purchases are maintained on separate accounting records and attests to the same.
 - (vi) Auditor tests and describes how abortion-related activities are physically separated from activities of the entity funded through any family planning appropriation and attests to the same.
- C. The Grantee must receive from each subgrantee that engages in abortion-related activities a copy of the subgrantee's policies and procedures and other documentation of its abortion and abortion-related activities, including the means and methods of separating these activities from activities of the subgrantee funded through any family planning appropriation. These policies and procedures and other documentation must show approval by the subgrantee's board of directors. In addition, the subgrantee shall supply a description of how it complies with the separation requirements. The Grantee will make these documents available for inspection by the Department.
- D. The Grantee must perform, at a minimum, an annual inspection of the subgrantees described in A, above, to separately attest to the physical and financial separation of abortion-related activities from any family planning project. In addition to the elements described above, the Grantee shall review the abortion services for compliance with pertinent state and federal laws, regulations, and guidelines addressing the promotion, performance, or

referral of abortions or abortion counseling and the required separation of these activities from any family planning projects. As a result of this annual inspection, the Grantee shall separately attest, in writing by January 31 of each grant year, to the Department whether the subgrantee is complying with the requirements found in this paragraph as well as A, B, and C above.

- E. The Grantee shall include the physical and financial separation and the audit requirements in every grant, contract or agreement with a subgrantee or subcontractor. The Grantee shall develop guidelines for the use of the subgrantee described in A, above, in establishing facilities that promote, perform, or refer for abortions or abortion counseling. These documents are to be available for inspection by the Department.
- F. The physical and financial separation and audit requirements shall not apply to subgrantees or subcontractors who are 1) a licensed hospital; 2) a family planning services provider who is a natural person, who is licensed to provide medical services in this Commonwealth and whose only public funding is through a medical assistance appropriation; or 3) recipients of Federal Title X funds, to the extent that the family planning services provider or subcontractor provides only those nondirective abortion counseling and referral services required under Title X and whose failure to perform those services will result in the withholding of Federal funds.



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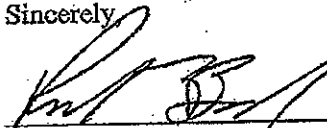
Kelly Holland, Public Health Program Manager
Bureau of Family Health
Pennsylvania Department of Health
625 Forster Street
Harrisburg, PA 17120

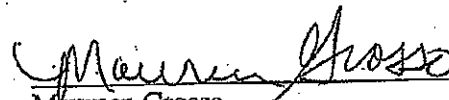
Dear Ms. Holland:

The purpose of this letter is to satisfy the requirements of paragraph C of the Grantee Audit Guidelines for the Family Planning Councils as required by Appropriations Act 66 of 2006 72 P.S. 1701-D effective state fiscal year 2006-2007. In compliance with paragraph C, Adagio Health, attests that the sub-grantee falling into this category is in compliance with the above referenced audit guidelines as they relate to the physical and financial separation of abortion services from services provided through the grant for women's medical services, including non-invasive contraceptive supplies.

As always, should you require additional information, please do not hesitate to contact us.

Sincerely,


Richard L. Baird, Jr.
President/CEO


Maureen Grosso
Chief Financial Officer



Independent Accountants' Report on Applying Agreed-upon Procedures

To the Board of Directors
Planned Parenthood of Western Pennsylvania, Inc.
Pittsburgh, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania Department of Public Welfare (DPW) and the Planned Parenthood of Western Pennsylvania, Inc. (Planned Parenthood) solely to assist you with respect to evaluating Planned Parenthood's compliance with the required sub-grantee policies for sub-grantees that perform abortion related activities during the year ended June 30, 2010.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DPW and Planned Parenthood. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures related to the Sub-Grantee: We inquired of the management of Planned Parenthood regarding the assertions below and performed observation procedures to confirm the responses of the management of Planned Parenthood, as indicated below:

1. **Assertion:** Abortion related activities are physically and financially separate from those services funded under any family planning appropriation.

Response: The abortion related activities performed by Planned Parenthood are physically separate from services provided under any family planning appropriation. The financial records and physical custody of assets related to abortion related activities is separate from the records and physical custody of assets related to family planning appropriations.

2. **Assertion:** Equipment and supplies for abortion related activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion related activity is made equitably and documented according to the Cost Allocation Plan.

Response: Purchases of equipment and supplies used by Planned Parenthood for abortion related activities are separate from purchases for Planned Parenthood's other services.

3. **Assertion:** Separate timesheets are maintained for the personnel performing abortion related activities.

Response: Separate timesheets are maintained by all employees, including those who perform abortion related activities.

4. **Assertion:** All payments received from persons receiving abortion related services, or payments made on their behalf, are maintained in separate accounting records.

Response: All payments received from persons receiving abortion related services are segregated from other receipts of Planned Parenthood.

5. **Assertion:** All payments made for rent, utilities, maintenance, supplies or other purchases are maintained on separate accounting records.

Response: Planned Parenthood maintains separate accounting records for the abortion related services costs. As such, payments for all expenses, including rent, utilities, maintenance, supplies, and other purchases are reflected in the abortion related services accounting records only.

6. **Assertion:** Abortion related activities are physically separated from activities of the entity funded through any family planning appropriation.

7. **Response:** Abortion related activities are physically separated from activities of the entity funded through any family planning appropriation.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of Planned Parenthood and the Pennsylvania Department of Public Welfare. It is not intended to be and should not be used by anyone other than these specified parties.

Alpern Rosenthal

November 3, 2010



Independent Accountants' Report on Applying Agreed-upon Procedures

To the Board of Directors
Adagio Health Inc.
Pittsburgh, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania Department of Public Welfare (DPW) and Adagio Health Inc. (Adagio Health) solely to assist you with respect to evaluating Adagio Health's compliance with the required review of sub-grantee policies and annual inspection of sub-grantees that engage in abortion-related activities during the year ended June 30, 2010. We have been informed that the only sub-grantee of Adagio Health that engages in abortion services, and is not exempt under the *Grantee Audit Guidelines for the Family Planning Councils*, is Planned Parenthood of Western Pennsylvania.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DPW and Adagio Health. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures related to the Grantee (Adagio Health): We asked the following questions and received the following responses:

1. Question: Does the Grantee (Adagio Health) receive, from each sub-grantee that engages in abortion-related activities, a copy of the sub-grantee's policies and procedures and other documentation of its abortion-related activities, including the means and methods of separating these activities from activities of the sub-grantee funded through any family planning appropriation?

Are these policies and procedures and other documentation approved by the sub-grantee's Board of Directors?

Response: Adagio Health has received a copy of the sub-grantee's policies and procedures. These policies and procedures have been approved by the sub-grantee's Board of Directors. A copy of the policies and procedures is available for inspection.

2. **Question:** Did the Grantee (Adagio Health) perform an inspection of the sub-grantee to separately attest to the physical and financial separation of abortion-related activities from any family planning project.

Has the Grantee (Adagio Health) reviewed the abortion-related services for compliance with pertinent state and Federal laws, regulations, and guidelines addressing the promotion, performance, or referral of abortions or abortion counseling and the required separation of these activities from any family planning projects?

Response: Adagio Health has performed an inspection of the physical and financial separation of the sub-grantee's abortion-related activities. In addition, Adagio Health has reviewed the abortion-related services for compliance with pertinent state and Federal laws.

3. **Question:** Did the Grantee (Adagio Health) include the physical and financial separation and the audit requirements in every grant, contract, or agreement with a sub-grantee or contractor?

Did the Grantee (Adagio Health) develop guidelines for the use of the sub-grantee in establishing facilities that promote, perform, or refer for abortions or abortion counseling?

Response: Adagio Health did include the physical and financial separation and the audit requirements in every grant, contract, or agreement with a sub-grantee or contractor.

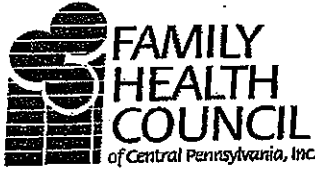
Adagio Health did not develop guidelines for the use of the sub-grantee. However, Adagio Health has provided the sub-grantee with all relevant information related to any family planning appropriation.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of Adagio Health and the DPW. It is not intended to be and should not be used by anyone other than these specified parties.

Alperin Rosenthal

January 13, 2011



Suite 200, 3461 Market Street
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<http://www.fhccp.org>

Cindy Stewart, CAE
President and CEO

January 14, 2011

Ms. Abigail Coleman
Adolescent Health Program Administrator
Bureau of Family Health
Division of Child and Adult Health Services
Health & Welfare Bldg, 7th floor East Wing
625 Forster Street
Harrisburg PA 17120

Dear Ms. Coleman:

The purpose of this letter is to satisfy the requirements of Act 66 of 2006 72 P.S. 1701-D effective state fiscal year 2006-2007. Family Health Council of Central Pennsylvania, Inc. (FHCCP) is in full compliance and therefore attests that all its sub-grantees are in compliance with the above referenced audit guidelines as they relate to the physical and financial separation of abortion services from services provided through all family planning appropriations received from the Commonwealth of Pennsylvania.

Enclosed is the independent auditor report from the accounting firm of Seligman, Friedman & Company, P.C., attesting that both the FHCCP and its sub-grantees (Planned Parenthood of Northeast and Mid-Penn, Inc. and Planned Parenthood of Central Pennsylvania, Inc.) are in compliance with the aforementioned audit guidelines.

Also enclosed are the October 25, 2010 report from Campbell, Rappold & Yurasits, LLP, for Planned Parenthood of Northeast and Mid-Penn, Inc. and the September 23, 2010 report from SF & Company, PC for Planned Parenthood of Central Pennsylvania, Inc., attesting that these organizations are in compliance with the audit guidelines.

If you require additional information, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Dana Hotra".

Dana Hotra, MHS
Contract Analyst

Enclosures

Building and Supporting Community-based Health Networks



Seligman, Friedman & Company, P.C.
SF&COMPANY
CPAs AND BUSINESS ADVISORS

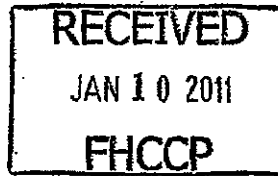
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**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL COMPLIANCE
REQUIREMENTS AS REQUIRED BY APPROPRIATIONS ACT 66; 72 P.S. 1701-D**

To the Board of Directors
Family Health Council of Central Pennsylvania, Inc.
Camp Hill, Pennsylvania 17011

We have examined Family Health Council of Central Pennsylvania, Inc.'s compliance with the "Grantee Audit Guidelines for the Family Planning Councils" provided by the Commonwealth of Pennsylvania, Department of Public Welfare in relation to Appropriations Act 66 for the year ended June 30, 2010. Those Guidelines require that the Council perform, at a minimum, an annual inspection of the sub-grantee to separately attest to the physical and financial separation of the promotion, performance, or referral of abortions or abortion counseling. The Council's inspection of the sub-grantee's (Planned Parenthood of Central Pennsylvania, Inc. and Planned Parenthood of Northeast Mid-Penn, Inc.) operations included, but was not limited to, the gathering of information to document sub-grantee's compliance with the following:

1. Abortion activities are physically and financially separate from those funded under the Women's Medical Services Grant.
2. Equipment and supplies for abortion activities are purchased separately.
3. Separate timesheets are maintained for personnel performing abortion and abortion related activities.
4. All payments received from persons receiving abortion or abortion related services, or payments made on their behalf are maintained in separate accounting records.
5. All payments for rent, utilities, maintenance, and supplies are maintained on separate accounting records.

Management is responsible for the Council's compliance with these requirements. Our responsibility is to express an opinion on the Council's compliance based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the Council's compliance with specified requirements.

In our opinion, the Council complied in all material respects with the Guidelines contained in Appropriation Act 66 as the grantee for the year ended June 30, 2010.

This report is intended solely for Family Health Council of Central Pennsylvania and the Pennsylvania Department of Public Welfare and is not intended to be and should not be used by anyone other than those parties.



Harrisburg, Pennsylvania
January 6, 2011



CAMPBELL, RAPPOLD & YURASITS LLP
 Certified Public Accountants

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

Planned Parenthood of
 Northeast and Mid-Penn, Inc.

We have performed the procedures enumerated below, which were agreed to by Planned Parenthood of Northeast and Mid-Penn, Inc., solely to assist the specified parties in evaluating Planned Parenthood of Northeast and Mid-Penn's, compliance with the physical and financial separation of abortion services from services provided through the Women's Medical Services grant for the year ended June 30, 2010. Management is responsible for the Organization's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Auditor tests of abortion activities and attests that these activities are physically and financially separate from those services funded under the Women's Medical Services grant.

Currently, two of the Organization's centers perform abortions, Reading and Allentown, both centers have separate hours for abortion and family planning services. During the designated times for family planning, the center will not see abortion patients and during the set hours for abortion services the center will not see family planning patients. We toured the centers to see firsthand how the services are kept separate. The centers have a separate system of patient numbers for family planning patients and abortion patients. All data pertaining to abortion patients is manually logged onto sheets with a patient number, name, and the amount of money collected. The files are kept in a separate location and coded differently than family planning patients. If an abortion patient later becomes a family planning patient, a new, completely separate, file is created.

The results of these procedures indicate that the abortion activities are physically and financially separate from family planning services.

2. Auditor tests that equipment and supplies for abortion activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion activity is made equitably and documented according to the Cost Allocation Plan and attests to the same.

Supplies used specifically for abortion related activities are purchased separately from family planning supplies, using a separate purchase order system and are accounted for in the general ledger, under expense categories used for this purpose only. We examined and verified that abortion supplies at the center are kept in separate areas, separate purchase orders were used, and costs were properly posted to the general ledger. Our compliance testing of expenditures did not disclose any instances of expenses being improperly allocated to family planning services. Equipment purchased and used for abortion activities is expensed or capitalized according to the Organization's capitalization policy. The expense or depreciation related to the equipment is allocated to the appropriate cost center.

We noted no exceptions in performing these procedures and conclude that equipment and supplies are physically and financially separate.

3. Auditor tests the agency's process to distinguish the time each person/employee spends performing abortion and abortion related activities from other non-abortion related activities and attests to the same.

The Organization has a standard time card that distinctly requires the recording of time spent on abortion-related activities. We selected five pay periods and examined all time cards for all employees allocated to abortion activities and haphazardly examined timesheets for family planning activities. We verified that the hours reported on the time sheet were consistent with the hours the center was open for abortion services. We verified that the wages posted to the general ledger for abortion activities was in agreement with the payroll records.

We noted no exceptions in performing these procedures, the agency's process to distinguish the time each employee spends performing abortion and abortion related activities exists.

4. Auditor tests that all payments received from persons receiving abortion or abortion related services, or payments made on their behalf, can be identified separately in the accounting records and attests to the same.

We verified and examined all payments received from patients for abortion services. The payments are summarized on a deposit log, used only for abortion services, and recorded on a separate deposit slip. Patients may pay by credit card, and a separate credit card account is used for abortion services, signed credit card slips and the daily batch report are stapled to the daily log. We verified that all deposit slips and credit card payments agreed with the daily log and were deposited into the bank and recorded properly in the general ledger accounts.

We noted no exceptions in performing these procedures and conclude that payments received for abortions and abortion related services are identified separately in the accounting records.

5. Auditor tests that all payments made for rent, utilities, maintenance, supplies, or other purchases can be identified separately in the accounting records and attests to the same.

Allocations of overhead, maintenance and occupancy costs, not directly attributable to abortion services, are based on time usage for abortion services over total usage of the center. The amount allocated is reasonable based on all the factors involved, i.e.: space used only for abortion activities vs. shared space and space used only for family planning services. Abortion services are separately budgeted from family planning services and have separated general ledger accounts for classification.

Based on our observations and tests we conclude that payments made for rent, utilities, maintenance, supplies, or other purchases can be identified separately in the accounting records.

6. Auditor tests and describes how abortion and abortion related activities are physically separated from the activities of the entity funded through the agreement and attests to the same.

During our tour of the centers, we observed the posting of the family planning hours. The hours are clearly stated and are the same every week. The Reading center is open Tuesdays for 7 hours for abortion services only. The Allentown center provides 2 ½ hours of abortion services on Tuesdays and 7 hours on Fridays. Family planning patients are not admitted during these hours. All patients must have an appointment to be seen.

Based on the results of tests in numbers one through five, listed above, and the observations of the facility and inquiries of key personnel the procedures performed indicate that abortions and abortion related activities are physically separated from the activities funded through the agreement.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is solely for the information and use of the Finance and Audit Committee, Management and Board of Directors of Planned Parenthood of Northeast and Mid-Penn, Inc., Maternal Family Health Services, Inc. and the Department of Public Welfare and is not intended to be, and should not be used by anyone other than these specified parties.

Conigbell, Pappold & Yessierli LLP

Certified Public Accountants

October 25, 2010



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL COMPLIANCE REQUIREMENTS
AS REQUIRED BY APPROPRIATIONS ACT 66**

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www.sfc-cpa.com

To the Board of Directors
Planned Parenthood of Central Pennsylvania, Inc.
York, Pennsylvania 17401

We have examined Planned Parenthood of Central Pennsylvania, Inc.'s compliance with the following requirements during the year ended June 30, 2010:

1. Abortion activities are physically and financially separate from those funded under All Family Planning Appropriations received from the Commonwealth of Pennsylvania.

The room used for abortion services are segregated from the family planning facilities. We tested sixty files to verify that surgical abortion procedures were segregated from family planning. No exceptions noted.

The Center has a separate bank account for the money received from abortion activities. We selected fifty-three patient files to verify they were financially separate from the above mentioned grant. No exceptions were noted.

The results of these procedures indicate that the respective activities are physically and financially separate.

2. Equipment and supplies for abortion activities are purchased separately.

The Center uses separate purchase orders for purchasing abortion supplies and equipment. We reviewed the purchase orders for abortion supplies to test for compliance. No exceptions noted.

3. Separate timesheets are maintained for personnel performing abortion and abortion related activities.

We tested eight employees to verify they were keeping separate timesheets for abortion related activities. No exceptions noted.

4. All payments received from persons receiving abortion or abortion related services, or payments made on their behalf are maintained in separate accounting records.

The Center has a separate checking account for revenue received from abortion services. We examined deposit slips and journal entries to verify that the activity is recorded separately.

5. All payments for rent, utilities, maintenance, and supplies are maintained on separate accounting records.

We inquired with the Director of Fiscal Operations regarding the Center's allocation policy. The allocation is based on number of days patients are receiving abortion services. We tested the allocation for reasonableness based upon the number of days patients are seen. The allocation appears reasonable. Separate general ledger accounts are maintained for the abortion services. We tested a few transactions to verify that separate ledger accounts were used. No exceptions noted.

Management is responsible for Planned Parenthood of Central Pennsylvania, Inc.'s compliance with these requirements. Our responsibility is to express an opinion on Planned Parenthood of Central Pennsylvania, Inc.'s compliance based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about Planned Parenthood of Central Pennsylvania, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on Planned Parenthood of Central Pennsylvania, Inc.'s compliance with specified requirements.

In our opinion, Planned Parenthood of Central Pennsylvania, Inc. complied in all material respects with the requirements mentioned in Requirements 1 through 5 during the year ended June 30, 2010.

Abortion related services and abortion related activities are physically separated from the activities funded through All Family Planning Appropriations received from the Commonwealth of Pennsylvania. Testing of Planned Parenthood of Central Pennsylvania, Inc.'s payroll and attendance records support management's assertion that all activities are segregated. In our opinion Planned Parenthood of Central Pennsylvania, Inc. complied with this policy.

This report is intended solely for Family Health Council of Central Pennsylvania and the Pennsylvania Department of Public Welfare and is not intended to be and should not be used by anyone other than these parties.



York, Pennsylvania
September 23, 2010



January 24, 2011

Abigail Coleman, Public Health Program Administrator
Division of Child and Adult Health
Bureau of Family Health
Pennsylvania Department of Health
7th Floor East, Health & Welfare Building
625 Forster Street
Harrisburg, PA 17120-0701

Dear Ms. Coleman:

The purpose of this letter is to satisfy the requirements of paragraph B of the Grantee Audit Guidelines for the Family Planning Councils as required by *Act 66 of 2006 72 P.S. §§1701-D, et seq. effective state Fiscal Year 2006-2007* for the Council's fiscal year 2009-2010.

In compliance with Paragraph B, the Family Planning Council provides no abortion services and attests that all of its sub-grantees are in compliance with the above referenced audit guidelines, as they relate to the physical and financial separation of abortion services from family planning services funded by the Commonwealth from any family planning appropriation, including non-invasive contraceptive supplies. In addition, enclosed is the required supplementary report from the Council's auditors, Larson Allen LLP. In addition, based on the communications from the Department, we have included copies of the audit statements from Planned Parenthood affiliates that perform abortion services and receive family planning funds from the Family Planning Council.

By Board resolution, the Council has adopted the required policies. In addition, the Council has made the required site visits to each of the sub-grantees to assure that the policies and procedures necessary to maintain the physical and financial separation of abortion services are in place.

Audit materials and other documentation supporting this attestation are available for Department review. If you require any additional information, please do not hesitate to contact us.

Sincerely,

Melissa Weiler Gerber
Executive Director

encls

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and Officers
Family Planning Council, Inc.

In accordance with "Grantee Audit Guidelines for the Family Planning Councils" as set forth by the Commonwealth of Pennsylvania, Department of Public Welfare, we were engaged by Family Planning Council, Inc. (FPC) solely to assist FPC to attest to the physical and financial separation of abortion services from family planning services funded by the Commonwealth from any family planning appropriation, including non-invasive contraceptive supplies for the year ended June 30, 2010. In compliance with the requirements of paragraph B of the Grantee Audit Guidelines for the Family Planning Councils as required by Act 66 of 2006, FPC provides no abortion services and attests that all of its sub-grantees are in compliance with the above referenced audit guidelines. Since FPC does not directly engage in any of these services, it was determined that no attestation procedures needed to be applied directly to FPC. However, such services are performed by the following sub-grantees of FPC:

Planned Parenthood Association of Bucks County
Planned Parenthood Southeastern Pennsylvania

Each of the aforementioned sub-grantees had their independent accountants perform the procedures enumerated below, which were agreed to by FPC, the sub-grantees and the Commonwealth of Pennsylvania, Department of Public Welfare, solely to assist the sub-grantees in complying with the requirements of Act 66 of 2006. FPC received agreed-upon procedures or attestation reports from the two sub-grantees highlighted above. The procedures and findings for each of the sub-grantees included the following:

- (i) Accountant tests abortion-related activities and attests that these activities are physically and financially separate from those services funded under any family planning appropriation.
- (ii) Accountant tests that equipment and supplies for abortion-related activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion-related activity is made equitably and documented according to the Cost Allocation Plan and attests to the same.
- (iii) Accountant tests that there are separate timesheets and/or accounting for the personnel costs related to performing abortion-related activities and attests to the same.
- (iv) Accountant tests that all payments received from persons receiving abortion-related services, or payments made on their behalf, are maintained on separate accounting records and attests to the same.



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- (v) Accountant tests that all payments made for rent, utilities, maintenance, supplies or other purchases are maintained on separate accounting records and attests to the same.
- (vi) Accountant tests and describes how abortion-related activities are physically separated from activities of the entity funded through any family planning appropriation and attests to the same.

We have performed the procedures enumerated below, which were agreed to by FPC and the Commonwealth of Pennsylvania, Department of Public Welfare (DPW) solely to assist you to attest to the physical and financial separation of abortion services and family planning services funded by the Commonwealth from any family planning appropriation including non-invasive contraceptive supplies for the year ended June 30, 2010. FPC's management is responsible for FPC's compliance and monitoring of these services. The agreed-upon procedures were conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- I. We have reviewed the sub-grantees agreed-upon procedures and attestation reports for the six compliance requirements as noted above. We observed that the reports included the six requirements and that no findings were noted in the sub-grantees reports.
- II. We have reviewed FPC's annual inspection reports of the two sub-grantees highlighted above and noted that the required procedures to monitor physical and financial separation of abortion services from family planning services were performed. These inspection reports included no findings.

We were not engaged to and did not conduct an examination, the objective of which would be an opinion on FPC's compliance with paragraph B of the Grantee Audit Guidelines as required by Act 66 of 2006. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management and Board of Directors of Family Planning Council, Inc. and the Commonwealth of Pennsylvania, Department of Public Welfare and is not intended to be and should not be used by anyone other than these specified parties.


LarsonAllen LLP

Blue Bell, Pennsylvania
January 7, 2011

Ellenoff, Underwood & Norman LLP

Certified Public Accountants and Consultants
25 West Court Street
Doylestown, Pennsylvania 18901

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Planned Parenthood Association
Of Bucks County
610 Louis Drive
Warminster, Pennsylvania 18974

Members of the Board of Directors:

We have examined Planned Parenthood Association of Bucks County's (a subgrantee) compliance with Commonwealth of Pennsylvania "Grantee Audit Guidelines for the Family Planning Councils", as required by the State Fiscal Code, during the period July 1, 2009 through June 30, 2010. Compliance requirements are listed in attached Appendix A. Management is responsible for Planned Parenthood Association of Bucks County's compliance with those requirements. Our responsibility is to express an opinion on Planned Parenthood Association of Bucks County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about Planned Parenthood Association of Bucks County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of Planned Parenthood Association of Bucks County's compliance with specified requirements.

In our opinion, Planned Parenthood Association of Bucks County complied, in all material respects, with the aforementioned requirements during the period July 1, 2009 through June 30, 2010.

This report is intended solely for the information and use of the audit committee, management, The Family Planning Council and state agencies and is not intended to be or should be used by anyone other than those specified parties.

Ellenoff, Underwood & Norman, LLP
Ellenoff, Underwood & Norman, LLP
October 22, 2010

Appendix A

Compliance requirements for grantees as required by State Fiscal Code:

1. Auditor tests abortion activities and attests that these activities are physically and financially separate from those services funded under all family planning appropriations.
2. Auditor tests that equipment and supplies for abortion activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion activity is made equitably and documented according to the Cost Allocation Plan and attests to the same.
3. Auditor tests that there are separate timesheets for the personnel performing abortion related activities and attests to the same.
4. Auditor tests that all payments received from persons receiving abortion related services, or payments made on their behalf, are maintained on separate accounting records and attests to the same.
5. Auditor tests that all payments made for rent, utilities, maintenance, supplies, or other purchases are maintained on separate accounting records and attests to the same.
5. Auditor tests and describes (Appendix B) how abortion related activities are physically separated from activities of the entity funded through any family planning appropriation and attests to the same.

Appendix B

Physical separation of abortion and abortion related activities from activities funded through any family planning appropriation:

Family planning and abortion clinic hours do not occur simultaneously. Abortion and abortion related activities are provided at the Warmiaster clinic site on Fridays. Regular family planning services are provided Monday through Thursday. There is a separate mini-clinic downstairs from the regular clinic that provides limited family planning services on Fridays. There are two separate procedure rooms, a recovery room, and other areas for abortion services. Treatment rooms for abortion services are not used during family planning hours. There are different dedicated exam rooms in a separate area of the clinic for family planning activities. Abortion forms and information sheets are only kept in the abortion compliance office.

Medical supplies for abortion related services are kept in separate cabinets from supplies used in family planning services. Contraceptive supplies for abortion services are ordered from alternative sources. Clients that request a birth control method following an abortion are given supplies purchased through Planned Parenthood Federation of America or The National Abortion Federation. If another birth control method is requested, the patient is advised to return to the clinic on a family planning day.

Patient files for abortion services are completely separate from those of family planning patients. They are a different color, have a different numbering system, and are stored in a separate area. Patient files for abortion services do not contain any family planning forms or patient family planning visit information. In a like manner, family planning files do not contain any information regarding abortion related services for a patient.

Scheduling for abortion related services is done through the abortion services assistant who is not a family planning counselor. Staff members separately record when they are working with family planning or abortion services clients.



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Independent Accountants' Report
on Applying Agreed-Upon Procedures

Board of Directors
Planned Parenthood Southeastern Pennsylvania
Philadelphia, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by Planned Parenthood Southeastern Pennsylvania (PPSP), the Family Planning Council, and the Commonwealth of Pennsylvania, Department of Public Welfare (collectively, with the Board of Directors, the "specified parties"), solely to assist the specified parties with respect to complying with the requirements of Act 66 of 2006 and Family Planning Council Audit Guidelines, for the year ended June 30, 2010. PPSP's management is responsible for PPSP's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

1. We obtained and read PPSP's Board Resolution on "Adoption of the Policy on the Distinct Separation between Non-Title X Abortion Activities and Title X Project Activities."
2. We verified that the abortion-related activities for the year ended June 30, 2010 are physically and financially segregated from those services funded under any family planning appropriation.
3. We verified that equipment and supplies for abortion-related activities are purchased separately or, if there is a single purchase for the entity, that apportionment to the abortion-related activity is made in accordance with the cost allocation plan. We randomly selected forty payroll transactions and forty cash disbursements and traced them to supporting documentation to verify the proper recording in the general ledger. Based on our testing, we noted that abortion-related equipment and supplies were not recorded in non-abortion-related accounts. No exceptions noted.



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Board of Directors
Planned Parenthood Southeastern Pennsylvania

4. We verified and observed that separate time sheets are maintained for personnel performing abortion-related activities for the year ended June 30, 2010. We randomly selected and reviewed the payroll transactions for three employees performing abortion-related services. For the three selections, we noted the separate allocation of payroll costs in the general ledger and the payroll registers based on the employees' abortion-related services noted on their timecards. We additionally selected two pays for each of the two doctors who performed abortion-related activities during the year. We haphazardly selected transactions from the months of October 2009, November 2009, April 2010 and June 2010 and traced their timecards to the general ledger report for verification that services performed were properly coded. No exceptions noted.
5. We tested services and payments received for abortion or non-abortion related services are recorded separately within the accounting records. We obtained PPSP's abortion-related activities report summaries for each month recorded during the year. We randomly selected five months during the year ended June 30, 2010 and determined that all payments received from persons receiving abortion-related services, or payments made on their behalf, were maintained in separate accounting records. We randomly selected seven patient records from the selected months and traced to the invoice and cash receipt to determine that it was for an abortion-related service and was properly recorded in the general ledger. No exceptions noted.
6. We obtained a schedule of PPSP's headquarter building, Far Northeast, and West Chester Surgical Center expenses for the year ended June 30, 2010, which includes rent, utilities, maintenance, supplies and other purchases. We made inquiries to determine that such expenses are properly allocated to abortion-related activities and non-abortion activities based upon square footage of the buildings or number of employees. We obtained and recalculated PPSP's allocations. No exceptions noted.
7. We verified through observation at each location that the abortion-related activities are physically separated from activities of PPSP funded through any family planning appropriation. Abortion-related activities are located on a separate floor from the non-abortion activities at the Locust Surgical Center. Only abortion-related services are provided in the Far Northeast Surgical Center building. At the West Chester location, abortion-related services are provided only on designated days and in separately identified examination rooms. We also noted at the West Chester location, that there were separately identified locked medical storage cabinets in the facility that provided clear segregation of family planning and abortion-related supplies.



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Page Three
Board of Directors
Planned Parenthood Southeastern Pennsylvania

We were not engaged to and did not conduct an audit, the objectives of which would be the expression of an opinion on the accounting records supporting compliance with the requirements of Act 66 of 2006 and Family Planning Council Audit Guidelines. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of PPSP, Family Planning Council and the Commonwealth of Pennsylvania, Department of Public Welfare and is not intended to be and should not be used by anyone other than those specified parties.

Asher & Company, Ltd.
ASHER & COMPANY, Ltd.

November 19, 2010

15 Public Square, Suite 600
Wilkes-Barre, PA 18701-1700



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DEC 28 PM 12:08

December 21, 2010

Ms. Kelly Holland
Public Health Program Manager
Bureau of Family Health
Pennsylvania Department of Health
625 Forster Street
Harrisburg, Pennsylvania 17120

Re: Contracts: SAP-4100038432

Dear Ms. ^{Kelly}Holland:

Enclosed are Maternal & Family Health Services Inc. A-133 Audit Report, Supplementary Schedules and Reports Issued in Connection with Audited Financial Statements, for the fiscal year ended June 30, 2010.

Also enclosed are two additional reports as required under the amended contract regarding the financial and physical separation of those providers who perform abortions. They are labeled Independent Account's Report and Independent Account's Report on Applying Agreed-Upon Procedures.

Also enclosed please find our annual attestation letter to the physical and financial separation of services for those providers who also provide abortions.

If you have any questions, please contact me at (570) 826-1777 or by e-mail at rmackey@mfhs.org.

Respectfully yours,


Richard W. Mackey
Chief Financial Officer

Enclosures

15 Public Square, Suite 600
Wilkes-Barre, PA 18701-1700



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December 21, 2010

Ms. Kelly Holland
Public Health Program Manager
Bureau of Family Health
Pennsylvania Department of Health
625 Forster Street
Harrisburg, Pennsylvania 17120

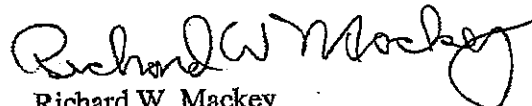
Dear Ms. Holland:

The purpose of this letter is to satisfy the annual requirements of paragraph C of the Grantee Audit Guidelines for Family Planning Councils as required by Act 66 of 2006 P.S. 1701-D effective State fiscal year 2006-2007. In compliance with paragraph B, Maternal and Family Health Services, Inc., attests that all its sub-grantees are in compliance with the above referenced audit guidelines as they relate to the physical and financial separation of abortion services from services provided through any family planning appropriation.

Auditor material and other related documentation supporting this attest are available for department review. If you require any additional information, please do not hesitate to contact us.

Respectfully yours,


Elizabeth Cox Saxton
President/CEO


Richard W. Mackey
Chief Financial Officer

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CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Maternal and Family Health Services, Inc.

We have performed the procedures enumerated below, which were agreed to by the management of Maternal and Family Health Services, Inc. (MFHS) and the Pennsylvania Department of Public Welfare, solely to assist the specified parties in evaluating MFHS's compliance with required reviews of subgrantee policies and annual inspection of subgrantees that perform or refer for abortions or engage in abortion counseling during the year ended June 30, 2010. Planned Parenthood of Northeast and Mid-Penn through its Reading and Allentown, Pa. centers is the only subgrantee of MFHS that engages in abortion services. Management is responsible for MFHS's compliance with those requirements.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures:

We asked the following questions and provided our responses.

Question #1. Does the Grantee (MFHS) receive, from each sub-grantee that is promoting, performing, or referring for abortions or engaging in abortion counseling, a copy of the sub-grantee's policies and procedures and other documentation of its abortion and abortion related activities, including the means and methods of separating these activities from activities of the sub-grantee funded through any family planning appropriation?

Are these policies and procedures and other documentation approved by the sub-grantee's board of directors?

Response: MFHS has received a copy of the sub-grantee's policies and procedures. These policies and procedures were approved by the sub-grantee's board of directors. A copy of the policies and procedures is attached to this letter.

Planned Parenthood of Northeast and Mid-Penn
Accounting Policies related to Abortion Activities

Background

The Appropriations Act 7A requires any organization, that promotes, performs or refers for abortions or engages in abortion counseling to maintain physical and financial separation of abortion services from services provided through the grant for Woman's Medical Services. These policies will establish the framework for Planned Parenthood of Northeast and Mid-Penn to accomplish this task.

Physical Separation

To maintain the requirement that the services maintain physical separation, Planned Parenthood of Northeast and Mid-Penn will not see Family Planning Patients, at times reserved for abortion-related activities. This policy will be enforced at any other Health Center that may perform abortion-related activities in the future.

Wages

Planned Parenthood of Northeast and Mid-Penn utilizes a web-based timekeeping collection system that distinctly requires the recording of time spent on abortion-related activities ("AB Services"). These hours are then translated to a separate payroll expense account maintained for this purpose.

Supplies and Equipment

Supplies and equipment used specifically for abortion-related activities are purchased separately using a separate order system and are accounted for, in the general ledger, under expense categories used for this purpose only. Items are inventoried separately and are segregated from supplies and equipment used for non-abortion related activities.

Revenue

Revenue generated by abortion-related activities must be recorded separately. Any Health Center that provides abortion-related activities must maintain separate deposit records and make separate deposits. The accounting for these activities are recorded in a separated cost center in the general ledger.

Planned Parenthood of Northeast and Mid-Penn, Inc.

Accounting Procedures related to Abortion Activities

Physical Separation

- To maintain the requirement that the services maintain physical separation we will not see Family Planning Patients, for any purpose, at times reserved for abortion related activities. This policy will be enforced at any health center which may perform abortion related activities.
- Medical records are maintained separately.

Revenue

Patient Revenue

- Fees collected from patients are recorded separately on forms established for this purpose. They will be deposited into the bank account separately and the forms sent to finance. There are two general ledger accounts set up to record abortion revenue.

3-043-11-02-06 Abortion Services Allentown

3-043-11-02-09 Abortion Services Reading

- Finance will accumulate and record this revenue separately from any other revenue generated by the health center.
- A separate credit card account are established for patients paying for abortion services using credit cards.

Expenses

Wages and FICA

- All time spent on abortion related activities are recorded in a separate column on the employee timesheet. There are two separate cost centers established to record the actual wages charged to abortion services.

4-100-00-02-06 Salaries & Wages Allentown Abortion Services

4-100-00-02-09 Salaries & Wages Reading Abortion Services

- FICA is charged directly based upon wages.



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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Maternal and Family Health Services, Inc.

We have audited the compliance of Maternal and Family Health Services, Inc. (MFHS) with types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement that are applicable to each of its major programs for the year ended June 30, 2010 and issued our report on compliance dated November 3, 2010.

This report addresses the additional compliance requirements contained in "Grantee Audit Guidelines for the Family Planning Councils", as required by Act 66 of 2006 P.S. 1701-D effective state fiscal year 2009-2010, namely that no appropriated family planning funds may be used to perform abortions or refer clients for abortion or engage in abortion counseling.

Planned Parenthood of Northeast and Mid-Penn (Planned Parenthood) receives funding from MFHS, as a sub-grantee, for family planning services. However, the Reading and Allentown, Pa. centers of Planned Parenthood also engage in abortion related activities. Planned Parenthood's independent auditor has attested to the physical and financial separation of abortion services from services provided through appropriated family planning funds in a report dated October 25, 2010 for the year ended June 30, 2010.

We have examined MFHS's compliance with the requirements listed in ATTACHMENT 1 concerning the physical and financial separation of abortion services from services provided through the grant for appropriated family planning funds during the year ended June 30, 2010. Management is responsible for MFHS's compliance with those requirements. Our responsibility is to express an opinion on MFHS's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about MFHS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of MFHS's compliance with specified requirements.

In our opinion, Maternal and Family Health Services, Inc. complies, in all material respects, with the aforementioned requirements for the year ended June 30, 2010.

ATTACHMENT 1

Grantee Audit Guideline requirements:

The independent auditors must attest that:

1. Abortion activities are physically and financially separate from those services funded under the appropriated family planning funds.
2. Equipment and supplies for abortion activities are purchased separately or if there is a single purchase for the entity that apportionment to the abortion activity is made equitably and documented according to the Cost Allocation Plan.
3. Separate timesheets are maintained for the personnel performing abortion and abortion related activities.
4. All payments received from persons receiving abortion or abortion related services, or payments made on their behalf, are maintained on separate accounting records.
5. All payments made for rent, utilities, maintenance, supplies, or other purchases are maintained on separate accounting records.
6. Abortion and abortion related activities are physically separated from activities of the entity funded through the appropriated family planning funds.



March 30, 2011

Enclosed is the 2009-2010 Department of Health Family Planning Audit Report, as mandated by Act 66 of 2006. This report includes information on the separation of abortion and abortion-related activities from family planning activities for the Department's four family planning grantees and their subgrantees. The report includes the guidelines the Department's family planning grantees must follow, as well as, copies of the documentation the family planning grantees submitted to the Department to show their compliance with Act 66 of 2006.

If you have any questions please contact the Department of Health, Bureau of Family Health, Division of Child and Adult Health Services office at (717) 772-2762.