



**NORTHUMBERLAND COUNTY
CHILDREN AND YOUTH AGENCY
AMENDED FINANCIAL REPORT
FOR THE PERIOD
JULY 1, 2008 TO JUNE 30, 2009**

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

The Commissioners of Northumberland County
Northumberland County Courthouse
399 South Fifth Street
Sunbury, Pennsylvania 17801

Dear Commissioners:

We have examined the submitted fiscal forms CY-370, CY-370A, and CY-348, and the related financial records of the Northumberland County Children and Youth Agency for the purpose of ascertaining and certifying the actual Commonwealth expenditures incurred on behalf of children resident within the County for the period July 1, 2008 to June 30, 2009, pursuant to authority derived from Act 148 of July 9, 1976, (P.L. 846, No. 148), as amended, 62 P.S. § 704.1(a)(4). The scope of our engagement was limited to the aforementioned fiscal forms included in the Act 148 Invoice Package for Fiscal Year End (FYE) 6/30/2009, certified by the County Officials, and submitted to the Department of Public Welfare (DPW).

Preparation of these submitted fiscal forms and compliance with children, youth, and families regulations are the responsibility of the Northumberland County Children and Youth Agency management. Our engagement included testing of the County Children and Youth Agency's records and other procedures we considered necessary to enable us to ascertain and certify the financial information included on the amended fiscal forms and to determine the County's compliance with certain provisions of 55 Pa. Code, Part V. Children, Youth, and Families Manual, Subpart C, Chapters 3140 and 3170 (55 Pa. Code § 3140.1 *et seq.* and § 3170.1 *et seq.*). We believe that our engagement provides a reasonable basis for the certification of the amended financial reports.

The results of the procedures performed during this engagement include 3 adjustments to the attached Northumberland County Children and Youth Agency's fiscal forms, as presented on page 7. We determined that, based upon the state participation rates, the \$3,519 increase in Expenditures and the \$2,856 increase in Revenue resulted in a net amount of \$610 due to the County.

In addition, during the course of our engagement of the Northumberland County Children and Youth Agency, we also identified areas of non-compliance, which are discussed in the following Findings and Recommendations:


Finding No. 1 – Failure to Perform an Annual Physical Inventory of Fixed Assets

Finding No. 2 – Failure to Conduct an Annual Time Study

The results of our engagement procedures, as presented in this report, were discussed with representatives of the Northumberland County Children and Youth Agency at an exit conference held on October 16, 2013.

This report is being forwarded to the Department of Public Welfare, Bureau of Financial Operations, and the Office of Children, Youth, and Families. You will be notified by the Department of Public Welfare of any impact from the results of our engagement. At that time, you will be afforded the opportunity to appeal the results, in accordance with 1 PA Code 31.1 *et seq.*

We appreciate the cooperation, assistance, and courtesy granted our representatives by your officials and the staff of the Northumberland County Children and Youth Agency.



EUGENE A. DEPASQUALE
Auditor General

April 11, 2014

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BACKGROUND

The Department of the Auditor General is responsible for reviewing the submitted cost and revenue reports of the 67 County Children and Youth Agencies to determine proper reporting and utilization of funds according to program regulations and guidelines under the Public Welfare Code (62 P.S. § 704.1(a)(4)). The annual state Act 148 allocations are used by the Counties to administer social services for the children and youth that reside within the Commonwealth of Pennsylvania, whose stated goal is “to ensure, for each child in this Commonwealth, a permanent, legally assured family which protects the child from abuse and neglect.” The Children and Youth Social Services Program is County-Administered and State-Supervised by the Department of Public Welfare (DPW) and thus, they are jointly responsible for achieving the Commonwealth’s goal.

In accordance with the Public Welfare Code (62 P. S. § 703), the DPW is responsible for making and enforcing all rules and regulations necessary and appropriate to the proper accomplishment of the child welfare duties and functions vested by law in the county institution districts or their successors. Title 55 Pa. Code, Part V. Children, Youth, and Families Manual, Subpart C, outlines the rules and regulations relative to the County Administration of the Children and Youth Social Service Programs. Specifically, in compliance with 55 Pa. Code § 3140.31, the Counties must report their actual expenditures incurred for the provision of children and youth social services on a quarterly basis to the DPW through the Act 148 Invoice package. The expenditures reported in the Act 148 Invoice package refers to all costs for dependent and delinquent children and youth services funded or administered by the DPW.

As part of our engagement, we reviewed three fiscal forms included in the Act 148 Invoice package, the CY-370 Expenditure Report, the CY-370A Revenue Report, and the CY-348 Fiscal Summary. Specifically, we reviewed the final, 4th Quarter fiscal forms submitted to the DPW, along with the County Children and Youth Agency’s related financial records and supporting documentation, to determine if the County Children and Youth Agency’s actual, cumulative expenditures and revenues were properly reported to the DPW for the respective fiscal year (FY). The variances identified between the reported and actual costs and revenues required adjustments to these fiscal forms, and thus, the Amended CY-370 Expenditure Report, the Amended CY-370A Revenue Report, and the Amended CY-348 Fiscal Summary included in this report reflect the County Children and Youth Agency’s revised costs and revenues and the impact on the Net State Share.

**NORTHUMBERLAND COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	5,121,594
Supplemental Act 148			<u>0</u>
Total State Allocation			5,121,594
State Share (CY348) ²	\$		4,237,014
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	4,237,014
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	4,237,014
Actual Act 148 Revenues Received ⁴			<u>4,236,404</u>
Net Amount Due County/(State) ⁵		\$	<u>610</u>

¹ Approved State Allocation is the amount of Act 148 State Funds that were budgeted for the County.

² State Share (CY348) is the total amount of County expenditures that are eligible for reimbursement from Act 148 Funds after audit adjustments are considered.

³ Final Net Share Payable is the net amount of reimbursable expenditures from Act 148 funds after audit adjustments are considered.

⁴ Actual Act 148 Revenues Received is the amount of Act 148 funds the county received.

⁵ Net Amount Due the County/(State) is the variance between the amount of Act 148 funds the county received and the Final Net State Share Payable to the county.

**NORTHUMBERLAND COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009
AMENDED CY348
FISCAL SUMMARY**

	A	B	C	D	E	F	G	H	I	J	K
	GRAND TOTAL	PROGRAM INCOME	TITLE IV-E	TANF	TITLE XX	TITLE IV-B	OTHER FUNDING	MEDICAL ASSISTANCE	NET TOTAL	STATE ACT 148	LOCAL SHARE
NET CHILD WELFARE EXPENDITURES											
01. 100% REIMBURSEMENT	423,285	181	62,967	0	0	0	0	0	360,137	360,137	0
02. 90% REIMBURSEMENT	152,251	0	10,632	0	0	0	0	0	141,619	127,457	14,162
03. 80% REIMBURSEMENT	5,769,799	380,377	970,998	61,982	94,078	24,008	0	0	4,238,356	3,390,686	847,670
04. 60% REIMBURSEMENT	641,669	38,581	36,469	0	0	0	0	2,985	563,634	338,181	225,453
05. 50% REIMBURSEMENT	42,200	1,094	0	0	0	0	0	0	41,106	20,553	20,553
06. TOTAL NET CHILD WELFARE EXPEND.	7,029,204	420,233	1,081,066	61,982	94,078	24,008	0	2,985	5,344,852	4,237,014	1,107,838

YDC/YFC PLACEMENT COSTS											
07. 60% DPW PARTICIPATION	584,273	12,881							571,392	342,835	228,557

08. NON-REIMBURSABLE EXPENDITURES	0	0	0	0	0	0	0	0	0	0	0
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09. TOTAL EXPENDITURES	7,613,477	433,114	1,081,066	61,982	94,078	24,008	0	2,985	5,916,244	4,579,849	1,336,395
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10. IL Grant Funds Reported	53,759										
11. TOTAL HSDF used for Child Welfare	0										
12. TOTAL TITLE IV-D COLLECTIONS	199,151										
13. TITLE IV-D Collections for IV-E Children	53,348										
14. STATE ACT 148 - line 6	4,237,014										
15. STATE ACT 148 ALLOCATION	5,121,594										
16. ADJUSTED STATE SHARE (lower of 14 or 15)	4,237,014										

INVOICE											
AMENDED STATE SHARE (ACT 148)	4,237,014										
ACT 148 AMOUNT AS SUBMITTED	4,236,404										
ADJUSTMENT TO STATE SHARE	610										

Subsidized Permanent Legal Custodianship SPLC	Total Subsidies 199,313	Number of Days 9,931	Number of Children 32
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NORTHBERLAND COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009
AMENDED CY370A
REVENUE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	OTHER FUNDING	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
IN-HOME												
1-A ADOPTION SERVICE	423,285	181		62,967						360,137	360,137	0
1-B ADOPTION ASSISTANCE	722,095		355,823							366,272	293,018	73,254
1-C COUNSELING - DEPENDENT	0									0	0	0
1-D COUNSELING - DELINQUENT	89,911									89,911	71,929	17,982
1-E DAY CARE	0									0	0	0
1-F DAY TREATMENT - DEPENDENT	10,611									10,611	8,489	2,122
1-G DAY TREATMENT - DELINQUENT	207,118				61,982	94,078	24,008			145,136	116,109	29,027
1-H HOME/MAKER SERVICE	391,935	40,025		(4)						253,828	187,062	46,766
1-I INTAKE & REFERRAL	0									0	0	0
1-J LIFE SKILLS - DEPENDENT	0									0	0	0
1-K LIFE SKILLS - DELINQUENT	0									0	0	0
1-L PROTECTIVE SERVICE - CHILD ABUSE	387,815	31		57,708						330,076	264,061	66,015
1-M PROTECTIVE SERVICE - GENERAL	950,781	78		141,522						809,181	647,345	161,836
1-N SERVICE PLANNING	792,255	58		117,927						674,270	539,416	134,854
1-O JUVENILE ACT PROCEEDINGS - DEPENDENT	18,000									18,000	9,000	9,000
1-P JUVENILE ACT PROCEEDINGS - DELINQUENT	0									0	0	0
SUBTOTAL IN-HOME	3,993,806	40,373	355,823	380,120	61,982	94,078	24,008		0	3,037,422	2,496,566	540,856
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0									0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	57,815	862								56,953	45,562	11,391
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0									0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	22,052									22,052	17,642	4,410
2-E EMERGENCY SHELTER - DEPENDENT	85,088		10,632							74,456	67,010	7,446
2-F EMERGENCY SHELTER - DELINQUENT	67,163									67,163	60,447	6,716
2-G FOSTER FAMILY - DEPENDENT	1,764,782	274,358	142,049	100,471						1,247,904	998,323	249,581
2-H FOSTER FAMILY - DELINQUENT	273,155	64,962	(323)	326						208,190	166,552	41,638
2-I SUP. INDEPENDENT LIVING - DEPENDENT	97,974	3	53,759	1,740						42,472	33,978	8,494
2-J SUP. INDEPENDENT LIVING - DELINQUENT	1,500									1,500	1,200	300
SUBTOTAL CBP	2,369,529	340,185	206,117	102,537	0	0	0		0	1,720,690	1,390,714	329,976
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	24,200	1,094								23,106	11,553	11,553
3-B RESIDENTIAL SERVICE - DEPENDENT	144,706	17,574		34						127,098	76,259	50,839
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	188,869	19,809	4,794							164,266	98,560	65,706
3-D SECURE RES. SERVICE (EXCEPT YDC)	95,715	1,093								94,622	56,773	37,849
3-E YDC/YFC (NON-SECURE)-Institutional	0									0	0	0
3-F YDC SECURE	584,273	12,881								571,392	342,835	228,557
SUBTOTAL INSTITUTIONAL	1,037,763	52,451	4,794	34	0	0	0	0	0	980,484	585,980	394,504
ADMINISTRATION	212,379	105		31,641					2,985	177,648	106,589	71,059
TOTAL REVENUES	7,613,477	433,114	566,734	514,332	61,982	94,078	24,008	0	2,985	5,916,244	4,579,849	1,336,395

NORTHUMBERLAND COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009
AMENDED CY370
EXPENDITURE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reimbursable Non PS,Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
IN-HOME												
1-A ADOPTION SERVICE	235,502	109,787		77,996			423,285	37				
1-B ADOPTION ASSISTANCE			722,095				722,095		172			
1-C COUNSELING - DEPENDENT							0					
1-D COUNSELING - DELINQUENT				89,911			89,911		21			
1-E DAY CARE							0					
1-F DAY TREATMENT - DEPENDENT				10,611			10,611		3			
1-G DAY TREATMENT - DELINQUENT				207,118			207,118		42			
1-H HOMEMAKER SERVICE	175,822	73,525		142,468	120		391,935	236	18			
1-I INTAKE & REFERRAL							0					
1-J LIFE SKILLS - DEPENDENT							0					
1-K LIFE SKILLS - DELINQUENT							0					
1-L PROTECTIVE SERVICE - CHILD ABUSE	216,759	69,609		101,447			387,815	338				
1-M PROTECTIVE SERVICE - GENERAL	526,508	217,195		204,270	2,808		950,781	629	24			
1-N SERVICE PLANNING	456,090	186,324		149,841			792,255	1,257				
1-O JUVENILE ACT PROCEEDINGS - DEPENDENT					18,000		18,000		338			
1-P JUVENILE ACT PROCEEDINGS - DELINQUENT							0					
1-Q SUBTOTAL IN-HOME	1,610,681	656,440	722,095	676,022	328,568	0	3,993,806			0	0	0
	Number of Children receiving only NON-PURCHASED IN-Home Services											
COMMUNITY BASED PLACEMENT	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	DAYS OF CARE	Children Served (Purchased)	Non-Reimbursable Non PS,Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
2-A ALTERNATIVE TREATMENT - DEPENDENT							0					
2-B ALTERNATIVE TREATMENT - DELINQUENT					57,815		57,815	392	12			
2-C COMMUNITY RESIDENTIAL - DEPENDENT							0					
2-D COMMUNITY RESIDENTIAL - DELINQUENT					22,052		22,052	103	3			
2-E EMERGENCY SHELTER - DEPENDENT				11,642	73,446		85,088	2,857	115			
2-F EMERGENCY SHELTER - DELINQUENT				1,114	66,049		67,163	639	54			
2-G FOSTER FAMILY - DEPENDENT	309,455	153,892	199,313	306,018	796,104		1,764,782	28,171	155			
2-H FOSTER FAMILY - DELINQUENT				13,619	259,536		273,155	4,618	33			
2-I SUP. INDEPENDENT LIVING - DEPENDENT	37,873	18,591	30,537	9,054	1,919		97,974	101	3			
2-J SUP. INDEPENDENT LIVING - DELINQUENT			1,500				1,500		1			
2-K SUBTOTAL CBP	347,328	172,483	231,350	341,447	1,276,921	0	2,369,529	36,881	376	0	0	0
	Number of Children receiving only NON-PURCHASED IN-Home Services											
INSTITUTIONAL PLACEMENT	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	DAYS OF CARE	Children Served (Purchased)	Non-Reimbursable Non PS,Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
3-A JUVENILE DETENTION SERVICE					24,200		24,200	110	14			
3-B RESIDENTIAL SERVICE - DEPENDENT				2,459	142,247		144,706	1,109	11			
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)				788	188,081		188,869	1,538	11			
3-D SECURE RES. SERVICE (EXCEPT YDC)					95,715		95,715	330	3			
3-E YDC/YFC (NON-SECURE)-Institutional							0					
3-F YDC SECURE					584,273		584,273	2,008	16			
3-G SUBTOTAL INSTITUTIONAL	0	0	0	3,247	1,034,516	0	1,037,763	5,095	55	0	0	0
ADMINISTRATION	39,439	14,766		158,174			212,379					
TOTAL EXPENDITURES	1,997,448	843,689	953,445	1,178,890	2,640,005	0	7,613,477			0	0	0
	County Indirect Costs = \$ 128,716											

NORTHUMBERLAND COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009
AMENDED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 422,827	\$ 458	\$ 423,285
Adoption Assistance	722,095	0	722,095
Counseling	89,911	0	89,911
Day Care	0	0	0
Day Treatment	217,729	0	217,729
Homemaker Service	391,628	307	391,935
Intake and Referral	0	0	0
Life Skill	0	0	0
Protective Service - Child Abuse	387,525	290	387,815
Protective Service - General	949,875	906	950,781
Service Planning	791,478	777	792,255
Juvenile Act Proceedings	18,000	0	18,000
Alternative Treatment	57,815	0	57,815
Community Residential	22,052	0	22,052
Emergency Shelter	152,251	0	152,251
Foster Family	2,037,295	642	2,037,937
Supervised Independent Living	99,397	77	99,474
Juvenile Detention Service	24,200	0	24,200
Residential Service	333,575	0	333,575
Secure Residential Service (Except YDC)	95,715	0	95,715
YDC/YFC (Non-Secure) - Institutional	0	0	0
YDC Secure	584,273	0	584,273
Administration	212,317	62	212,379
Combined Total Expense	<u>7,609,958</u>	<u>3,519</u>	<u>7,613,477</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 7,609,958</u>	<u>\$ 3,519</u>	<u>\$ 7,613,477</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,997,448	\$ 0	\$ 1,997,448
Employee Benefits	840,170	3,519	843,689
Subsidies	953,445	0	953,445
Operating	1,178,890	0	1,178,890
Purchased Services	2,640,005	0	2,640,005
Fixed Assets	0	0	0
Combined Total Expense	<u>7,609,958</u>	<u>3,519</u>	<u>7,613,477</u>
Less Non-Reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 7,609,958</u>	<u>\$ 3,519</u>	<u>\$ 7,613,477</u>

**NORTHUMBERLAND COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009
ADJUSTMENT SCHEDULE**

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENT	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	AMENDED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370 Adjustment							
CY-370	1-A	2	1	Adoption Service - Employee Benefits	\$ 109,329	\$ 458	\$ 109,787
	1-H	2		Homemaker Service - Employee Benefits	\$ 73,218	\$ 307	\$ 73,525
	1-L	2		Protective Services - Child Abuse - Employee Benefits	\$ 69,319	\$ 290	\$ 69,609
	1-M	2		Protective Services - General - Employee Benefits	\$ 216,289	\$ 906	\$ 217,195
	1-N	2		Service Planning - Employee Benefits	\$ 185,547	\$ 777	\$ 186,324
	2-G	2		Foster Family (Dep.) - Employee Benefits	\$ 153,250	\$ 642	\$ 153,892
	2-I	2		Supervised Ind. Living (Dep.) - Employee Benefits	\$ 18,514	\$ 77	\$ 18,591
	4	2		Administration - Employee Benefits	\$ 14,704	\$ 62	\$ 14,766
				Total Adjustment Amount		\$ 3,519	
				To increase Retirement Employee Benefits to properly report the agency's actual allocation of the county pension contribution. The agency had reported an estimated contribution amount on the CY-370.			
				Title 55 PA Code, Chapter 3170.47(f)			
CY-370A Adjustment							
CY-370A	1-B	3	2	Adoption Assistance - Title IV-E Maintenance	\$ 352,610	\$ 3,213	\$ 355,823
	2-G	3		Foster Family Care(Dep.) - Title IV-E Maintenance	\$ 142,406	\$ (357)	\$ 142,049
				Total Adjustment amount		\$ 2,856	
				To increase Federal Title IV-E Revenue to adjust for 7 supplemental invoices totaling \$2,856 that the agency had not reported on the CY-370A.			
				Title 55 PA Code,Chapter 3170.95(a)(b)			
CY-348 Adjustment							
CY-348	13	A	3	Title IV-D Collections for IV-E Eligible Children	\$ 53,002	\$ 346	\$ 53,348
				To increase Title IV-D collections for IV-E Eligible Children by \$346 to reflect the actual amount received.			
				Title 55 PA Code,Chapter 3170.95(a)(b)			

NORTHUMBERLAND COUNTY CHILDREN AND YOUTH AGENCY
STATUS OF PRIOR AUDIT FINDING AND RECOMMENDATION

STATUS OF PRIOR FINDING FOR FISCAL YEAR JULY 1, 2006 TO JUNE 30, 2007

**Finding – Northumberland County Children and Youth Services Did Not Perform
A Reconciliation of Agency Records to County Records**

The County Children and Youth Agency complied with this Finding by implementing procedures whereby semi-annual and year-end reconciliations of the agency records to the county records are now being performed. The agency began this process for the second half of fiscal year 2008-2009.

NORTHUMBERLAND COUNTY CHILDREN AND YOUTH AGENCY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009

Finding No. 1: Failure to Perform an Annual Physical Inventory of Fixed Assets.

Condition: For fiscal year July 1, 2008 to June 30, 2009, the Northumberland County Children and Youth Agency did maintain a fixed asset listing; however, a physical inventory has not been performed since June of 2007.

Criteria: Title 55 Pa. Code, § 3170.77 (f)(4), related to ownership of fixed assets, states:

Ownership Responsibilities. In accordance with sound business practice, the holder of fixed assets shall:

Perform an annual physical inventory at the end of the funding period/fiscal year by sighting and verifying the inventory listings. Discrepancies shall be documented and kept on file with invoices, inventory reports, and other papers which are subject to audit.

Cause: For the fiscal year under review, the county officials and Agency Fiscal Officer were unaware that the performance of a physical inventory of fixed assets was required annually; however, as a result of a Single Audit recommendation, in 2012, the county implemented procedures whereby an annual physical inventory of all fixed assets will be performed each year.

Effect: Agency fixed assets might not have been acquired, secured or disposed of in accordance with funding regulations which could lead to loss/misuse of assets.

Recommendation: The Northumberland County Children and Youth Agency should ensure they continue to perform and document an annual physical inventory of the agency's fixed assets, in accordance with applicable regulations.

Agency Response: Agency management concurred, stating that a physical inventory of fixed assets was conducted in 2012 and will continue to be completed annually.

NORTHUMBERLAND COUNTY CHILDREN AND YOUTH AGENCY
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD JULY 1, 2008 TO JUNE 30, 2009

Finding No. 2: Failure to Conduct an Annual Time Study

Condition: The Northumberland County Children and Youth Agency did not perform an annual time study for fiscal year 2008-2009. The agency did allocate its general operating expenses among the various cost centers for purposes of reporting expenditures on the CY-370 Expenditure Report to the Department of Public Welfare; however, they could not provide time study worksheets or any other type of documentation to show the methodology utilized in determining the allocation of expenses.

Criteria: Title 55 Pa. Code, § 3170.91 and § 3170.92(b), related to fiscal management of the County Agency, state, in part:

County Responsibility. The county is responsible for the general fiscal management of the county agency. This includes maintaining fiscal records of expenditures and revenues of the program, providing data for budgeting and expenditure reporting to the Department, monitoring the financial activities of the program, and other activities related to fiscal operations of the program.

Records Maintenance. County agencies shall maintain sufficient and appropriate records and data to justify payment for expenses by the Department. The local authorities or contractors shall maintain books, records, documents and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for funds supported by the Department and for which reimbursement is claimed.

Cause: The current Agency Fiscal Officer had just been appointed in 2008 so she was unaware that time studies were to be conducted on an annual basis.

Effect: Failure to properly allocate expenses among the various cost centers on the CY-370 Expenditure Report could lead to inappropriate reimbursement and/or loss of state/federal funding.

Recommendation: The Northumberland County Children and Youth Agency should establish and implement written policies and procedures to ensure that time studies are being conducted annually. In addition, the Agency should ensure the methodology for the completion of the time studies is documented and that the time studies are being utilized in the allocation of general operating costs reported to the DPW on the CY-370 Expenditure Report.

Agency Response: The agency was not aware of the requirement to conduct annual time studies, but will now ensure they are completed for each fiscal year going forward.

NORTHUMBERLAND COUNTY CHILDREN AND YOUTH AGENCY
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