

AMENDED FISCAL REPORTS  
For Fiscal Year:

July 1, 2017 to June 30, 2018

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Butler County  
Children and Youth Agency

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February 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

### Independent Auditor's Report

The Commissioners of Butler County  
Second Floor, County Government Center  
124 West Diamond St  
P.O. Box 1208  
Butler, PA 16003

Dear Commissioners:

We have fulfilled the requirements pursuant to authority derived from Act 148 of 1976, as amended, (62 P.S. § 704.1(a)(4)) for the submitted CY-370 Expenditure Report, the CY-370A Revenue Report, and the CY-348 Fiscal Summary, hereinafter referred to as the submitted fiscal reports, and the related financial records of the Butler County Children and Youth Agency (agency), legally known as Butler County Children and Youth Services, for the purpose of ascertaining and certifying the actual Commonwealth expenditures incurred on behalf of children residing within the County for the fiscal year July 1, 2017 to June 30, 2018. The scope of our engagement was limited to the fiscal reports submitted to the Department of Human Services (DHS) as part of the Act 148 Invoice Packages for the fiscal year ended June 30, 2018.

Preparation of the submitted fiscal reports, and compliance with children, youth, and families regulations, are the responsibility of agency management. Our engagement procedures included a review of selected agency records, and other procedures we deemed necessary, to enable us to ascertain and certify the actual Commonwealth expenditures incurred on behalf of children residing within the County 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.*), but was not conducted, nor was it required to be, in accordance with professional auditing or attestation standards. We believe that our engagement procedures provided us a reasonable basis to ascertain and certify the actual Commonwealth expenditures incurred on behalf of children residing within Butler County.

We certify that the enclosed amended fiscal reports fairly present, in all material respects, the total Commonwealth expenditures paid on behalf of children residing within the county for the 2017-2018 fiscal year based on the accrual basis of accounting.<sup>1</sup>

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<sup>1</sup> The accrual basis of accounting is required by DHS.

Independent Auditor's Report (Continued)

The procedures performed during this engagement resulted in no adjustments to the agency's submitted fiscal reports for the fiscal year included in our engagement scope period. The fiscal reports for the **2017-2018 fiscal year** are included in Section 1 of this report.

Furthermore, we updated our Child Protective Services Law Observation to include DHS management's current and planned corrective actions in response to our concerns, as listed below and detailed in Section 2 of this report.

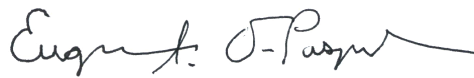
Observation – Significant Control Deficiencies Exist in DHS' Oversight of Children and Youth (C&Y) Agencies' Adherence with the Requirements of the Child Protective Services Law

The results of our engagement procedures, as presented in this report, were discussed with County representatives and agency management at an exit conference held on February 7, 2020.

This report is being forwarded to the DHS Bureau of Financial Operations, and the Office of Children, Youth, and Families for review and settlement of the recommended adjustments included in our amended fiscal reports. You will be notified by DHS of the decisions made regarding the approval and finalization of the adjustment amounts during the DHS settlement process and the impact, if any, on a future Act 148 payment. At that time, in accordance with the Commonwealth's General Rules of Administrative Practice and Procedure, 1 Pa. Code § 31.1 *et seq.*, you will be afforded the opportunity by Commonwealth DHS to appeal its settlement process decision.

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

Sincerely,



Eugene A. DePasquale  
Auditor General

February 10, 2020

# CONTENTS

	Page
<b><u>Background</u></b> .....	1
<b><u>Section 1 – Amended Fiscal Reports for the Fiscal Year July 1, 2017 to June 30, 2018</u></b>	
Amended Computation of Final Net State Share .....	3
Amended CY-348 - Fiscal Summary .....	4
Amended CY-370A - Revenue Report .....	5
Amended CY-370 - Expenditure Report.....	6
Amended Summary of Expense and Expense Adjustments .....	7
<b><u>Section 2 – Current Engagement Observation</u></b> .....	9
<b><u>Report Distribution List</u></b> .....	14

## BACKGROUND

The Department of the Auditor General is responsible for reviewing the fiscal reports, known as the submitted CY-370 Expenditure Report, the CY-370A Revenue Report, and the CY-348 Fiscal Summary of the 67 County Children and Youth Agencies to determine proper reporting and utilization of funds according to program regulations and guidelines under the Human Services 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.” According to information provided by the Department of Human Services (DHS), Office of Children, Youth and Families (OCYF), the Butler County Children and Youth Agency provided in-home and placement services to 1,372 children residing within the County during the 2017-2018 fiscal year. The Children and Youth Social Services Program is County-Administered and State-Supervised by DHS and thus, they are jointly responsible for achieving the Commonwealth’s goal.

In accordance with the Human Services Code (62 P. S. § 703), DHS 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 cumulative actual expenditures incurred for the provision of children and youth social services on a quarterly basis to DHS 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 DHS.

As part of our engagement, we reviewed the County Children and Youth Agency’s submitted fiscal reports, as referenced above, which are included in the Act 148 Invoice package. Specifically, we reviewed the final, cumulative 4<sup>th</sup> Quarter fiscal reports submitted to DHS, along with the County Children and Youth Agency’s related financial records and supporting documentation, to determine whether the County Children and Youth Agency’s actual, cumulative expenditures and revenues were properly reported to DHS for the respective fiscal years (FYs). Any variances identified between the submitted and actual costs and revenues required adjustments to these fiscal reports, and thus, our Amended CY-370 Expenditure Report, Amended CY-370A Revenue Report, and Amended CY-348 Fiscal Summary, resulting from our engagement procedures and included in this report for each fiscal year included in our scope, reflect the County Children and Youth Agency’s actual related costs and revenues for those years. The reports also include the impact of those costs and revenues on the County Children and Youth Agency’s corresponding Net State Shares.

# SECTION 1

## AMENDED FISCAL REPORTS

**FOR THE FISCAL YEAR:**

**JULY 1, 2017 to JUNE 30, 2018**

**BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
AMENDED  
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation <sup>1</sup>		\$	7,982,542
Supplemental Act 148			<u>0</u>
Total State Allocation			7,982,542
State Share (CY348) <sup>2</sup>	\$		7,981,292
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	7,981,292
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable <sup>3</sup>		\$	7,981,292
Actual Act 148 Revenues Received <sup>4</sup>			<u>7,981,292</u>
Net Amount Due County/(State) <sup>5</sup>		\$	<u><u>0</u></u>

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

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

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

<sup>4</sup> Actual Act 148 Revenues Received is the amount of Act 148 funds the County received.

<sup>5</sup> 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.

BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
 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	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET TOTAL	STATE ACT 148	LOCAL SHARE
NET CHILD WELFARE EXPENDITURES											
01. 100% REIMBURSEMENT	393,254	0	67,354	0	0	0	0	0	325,900	325,900	0
02. 90% REIMBURSEMENT	285,279	76	8,405	0	0	0	0	0	276,798	249,119	27,679
03. 80% REIMBURSEMENT	11,239,710	86,150	2,397,623	309,260	125,287	31,194	0	0	8,290,196	6,632,157	1,658,039
04. 60% REIMBURSEMENT	1,311,780	23,479	166,409	0	0	0	0	7,682	1,112,210	667,326	444,884
05. 50% REIMBURSEMENT	225,689	963	11,148	0	0	0	0	0	213,578	106,790	106,788
06. TOTAL NET CHILD WELFARE EXPEND.	13,455,712	112,668	2,650,939	309,260	125,287	31,194	0	7,682	10,218,682	7,981,292	2,237,390

YDCYFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	274,075	7,102							266,973	160,184	106,789

08. NON-REIMBURSABLE EXPENDITURES	65,180	0							65,180		65,180
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09. TOTAL EXPENDITURES	13,794,967	119,770	2,650,939	309,260	125,287	31,194	0	7,682	10,550,835	8,141,476	2,409,359
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10. TOTAL TITLE IV-D COLLECTIONS 30,699

11. TITLE IV-D Collections for IV-E Children 6,981

12. STATE ACT 148 - line 6 7,981,292

13. STATE ACT 148 ALLOCATION 7,982,542

14. ADJUSTED STATE SHARE (lower of 12 or 13) 7,981,292

INVOICE											
AMENDED STATE SHARE (ACT 148)	7,981,292										
ACT 148 AMOUNT RECEIVED	7,981,292										
ADJUSTMENT TO STATE SHARE	0										



**BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
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	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
<b>IN-HOME</b>												
I-A ADOPTION SERVICE	393,254	0		67,354	0			0	0	325,900	325,900	0
I-B ADOPTION ASSISTANCE	2,471,308	0	1,041,683	9,080				0	0	1,420,545	1,136,436	284,109
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	145,963	0	28,515	1,000				0	0	116,448	93,158	23,290
I-D COUNSELING - DEPENDENT	969,982	0		245,558	0			0	0	724,424	579,539	144,885
I-E COUNSELING - DELINQUENT	616,862	0		63,702	0			0	0	553,160	442,528	110,632
I-F DAY CARE	0	0		0	0			0	0	0	0	0
I-G DAY TREATMENT - DEPENDENT	0	0		0	0			0	0	0	0	0
I-H DAY TREATMENT - DELINQUENT	62,560	0		0	0			0	0	62,560	50,048	12,512
I-I HOMEMAKER SERVICE	0	0		0	0			0	0	0	0	0
I-J INTAKE & REFERRAL	88,066	0		14,979	0			0	0	73,087	58,470	14,617
I-K LIFE SKILLS - DEPENDENT	0	0		0	0			0	0	0	0	0
I-L LIFE SKILLS - DELINQUENT	550	0		109	0			0	0	441	353	88
I-M PROTECTIVE SERVICE - CHILD ABUSE	738,163	0		99,518	0			0	0	638,645	510,916	127,729
I-N PROTECTIVE SERVICE - GENERAL	1,954,360	0		330,647	0			0	0	1,623,713	1,298,970	324,743
I-O SERVICE PLANNING	287,100	0		48,832	0			0	0	238,268	190,614	47,654
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT	166,992	0		11,137	0			0	0	155,855	77,928	77,927
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	62	0		11	0			0	0	51	26	25
I-R <b>SUBTOTAL IN-HOME</b>	7,895,222	0	1,070,198	582,667	309,260	0	0	0	0	5,933,097	4,764,886	1,168,211

COMMUNITY BASED PLACEMENT	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	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0		0	0			0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0		0	0			0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	549,586	2,854	114,075	0	0			0	0	432,657	346,126	86,531
2-D COMMUNITY RESIDENTIAL - DELINQUENT	933,713	36,896	0	0	0			0	0	896,817	717,454	179,363
2-E EMERGENCY SHELTER - DEPENDENT	57,919	0	8,405	0	0			0	0	49,514	44,563	4,951
2-F EMERGENCY SHELTER - DELINQUENT	227,560	76	0	0	0			0	0	227,284	204,556	22,728
2-G FOSTER FAMILY - DEPENDENT	2,419,460	46,400	311,111	398,074	0			31,194	0	1,507,394	1,205,915	301,479
2-H FOSTER FAMILY - DELINQUENT	2,037	0	0	0	0			0	0	2,037	1,630	407
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	0			0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0			0	0	0	0	0
2-K <b>SUBTOTAL CBP</b>	4,190,075	86,226	433,591	398,074	0	125,287	31,194	0	0	3,115,703	2,520,244	595,459

INSTITUTIONAL PLACEMENT	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	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
3-A JUVENILE DETENTION SERVICE	58,635	963							0	57,672	28,836	28,836
3-B RESIDENTIAL SERVICE - DEPENDENT	168,101	15,775	6,711	0	0			0	0	145,615	87,569	58,246
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	210,435	4,180	0	0	0			0	0	206,255	123,753	82,502
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0							0	0	0	0
3-E YDC SECURE	274,075	7,102								266,973	160,184	106,789
3-F <b>SUBTOTAL INSTITUTIONAL</b>	711,246	28,020	6,711	0	0	0	0	0	0	676,515	400,142	276,373
4 <b>ADMINISTRATION</b>	933,244	5,524		159,698		0	0	0	7,682	760,340	456,204	304,136
5 <b>TOTAL REVENUES</b>	13,729,787	119,770	1,510,500	1,140,439	309,260	125,287	31,194	0	7,682	10,485,655	8,141,476	2,344,179

**BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
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
<b>IN-HOME</b>												
I-A ADOPTION SERVICE	137,291	69,454		186,509	0	0	393,254	80	0	0	0	0
I-B ADOPTION ASSISTANCE	0	0	2,480,003	0	0	0	2,480,003	0	319	0	8,695	0
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	145,963	0	0	0	145,963	0	28	0	0	0
I-D COUNSELING - DEPENDENT	0	0	0	969,982	0	0	969,982	0	296	0	0	0
I-E COUNSELING - DELINQUENT	0	0	0	616,862	0	0	616,862	0	193	0	0	0
I-F DAY CARE	0	0	0	0	0	0	0	0	0	0	0	0
I-G DAY TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
I-H DAY TREATMENT - DELINQUENT	0	0	0	0	62,560	0	62,560	0	13	0	0	0
I-I HOME/MAKER SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
I-J INTAKE & REFERRAL	57,432	30,634	0	0	0	0	88,066	3,318	0	0	0	0
I-K LIFE SKILLS - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
I-L LIFE SKILLS - DELINQUENT	0	0	0	550	0	0	550	0	0	0	0	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	351,508	169,851	0	66,804	150,000	0	738,163	439	272	0	0	0
I-N PROTECTIVE SERVICE - GENERAL	1,232,074	596,676	0	125,610	0	0	1,954,360	1,254	0	0	0	0
I-O SERVICE PLANNING	180,398	91,767	0	14,935	0	0	287,100	190	0	0	0	0
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT				64,992	102,000		166,992	0	1,138	0	0	0
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				62	0		62	0	0	0	0	0
I-R <b>SUBTOTAL IN-HOME</b>	1,958,703	958,382	2,625,966	459,462	1,901,404	62	7,903,917			0	8,695	0
	Number of Children receiving <b>only</b> NON-PURCHASED IN-Home Services											
<b>COMMUNITY BASED PLACEMENT</b>												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	0	0	1,348	583,993	0	585,341	2,764	26	0	35,755	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	1,187	933,526	0	934,713	4,953	51	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	0	0	0	400	57,519	0	57,919	358	21	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	395	226,965	0	227,360	1,395	66	0	0	0
2-G FOSTER FAMILY - DEPENDENT	305,076	150,710	0	47,937	1,933,667	0	2,437,390	36,268	179	0	17,930	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	849	1,188	0	2,037	36	1	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K <b>SUBTOTAL CBP</b>	305,076	150,710	0	52,116	3,735,858	0	4,243,760	45,774	344	0	53,685	0
<b>ADMINISTRATION</b>	466,792	240,450	0	226,002	0	0	933,244			0	0	0
<b>INSTITUTIONAL PLACEMENT</b>												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	61,435	0	61,435	276	9	0	2,800	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	168,101	0	0	168,101	603	5	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	161	210,435	0	210,435	1,038	5	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	0	0	0	0	0	0	0	0
3-E YDC SECURE	0	0	0	0	274,075	0	274,075	475	4	0	0	0
3-F <b>SUBTOTAL INSTITUTIONAL</b>	0	0	0	161	713,885	0	714,046	2,392	23	0	2,800	0
<b>TOTAL EXPENDITURES</b>	2,730,571	1,349,542	2,625,966	737,741	6,351,147	0	13,794,967			0	65,180	0
	County Indirect Costs = \$ 161,367											

**BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
AMENDED  
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

<b>COST CENTER ITEMS</b>	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 393,254	\$ 0	\$ 393,254
Adoption Assistance	2,480,003	0	2,480,003
Subsidized Permanent Legal Custodianship	145,963	0	145,963
Counseling	1,586,844	0	1,586,844
Day Care	0	0	0
Day Treatment	62,560	0	62,560
Homemaker Service	0	0	0
Intake and Referral	88,066	0	88,066
Life Skills	550	0	550
Protective Service - Child Abuse	738,163	0	738,163
Protective Service - General	1,954,360	0	1,954,360
Service Planning	287,100	0	287,100
Juvenile Act Proceedings	167,054	0	167,054
Alternative Treatment	0	0	0
Community Residential	1,519,054	0	1,519,054
Emergency Shelter	285,279	0	285,279
Foster Family	2,439,427	0	2,439,427
Supervised Independent Living	0	0	0
Juvenile Detention Service	61,435	0	61,435
Residential Service	378,536	0	378,536
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	274,075	0	274,075
Administration	933,244	0	933,244
Combined Total Expense	<u>13,794,967</u>	<u>0</u>	<u>13,794,967</u>
Less Non-reimbursables	<u>65,180</u>	<u>0</u>	<u>65,180</u>
Total Net Expense	<u>\$ 13,729,787</u>	<u>\$ 0</u>	<u>\$ 13,729,787</u>

<b>OBJECTS OF EXPENDITURE</b>	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 2,730,571	\$ 0	\$ 2,730,571
Employee Benefits	1,349,542	0	1,349,542
Subsidies	2,625,966	0	2,625,966
Operating	737,741	0	737,741
Purchased Services	6,351,147	0	6,351,147
Fixed Assets	0	0	0
Combined Total Expense	<u>13,794,967</u>	<u>0</u>	<u>13,794,967</u>
Less Non-reimbursables	<u>65,180</u>	<u>0</u>	<u>65,180</u>
Total Net Expense	<u>\$ 13,729,787</u>	<u>\$ 0</u>	<u>\$ 13,729,787</u>

## SECTION 2

# CURRENT ENGAGEMENT OBSERVATION

BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
CURRENT ENGAGEMENT OBSERVATION

**Observation – Significant Control Deficiencies Exist in the Commonwealth Department of Human Services’ Oversight of Children and Youth (C&Y) Agencies’ Adherence with the Requirements of the Child Protective Services Law (CPSL)**

The Child Protective Services Law (CPSL) requires the conduct of criminal background checks and child abuse history clearances (certifications) for all employees and direct volunteers of county children and youth (C&Y) agencies as well as the volunteers/employees of these agencies’ contractors (providers) and subcontractors (sub-recipients).<sup>2</sup> To ensure adherence to these requirements, the Commonwealth DHS (DHS) has assigned monitoring responsibilities to internal offices and bureaus based on the types of services provided.

**Foster Care**

As a part of its annual licensing inspection process of county C&Y agencies, the Commonwealth DHS’ Office of Children, Youth and Families (OCYF) performs reviews of agency employees and agency foster parents’ adherence to the requirements of the CPSL. The OCYF also performs CPSL adherence reviews of employees of contracted foster family agencies through its annual licensing inspection of these providers. However, because the OCYF is behind in its completion of these annual inspections and does not have adequate procedures in place to determine whether C&Y agencies are monitoring their respective providers’ and sub-recipients’ adherence to the CPSL,<sup>3</sup> the safety of children receiving services from these agencies and their contractors and subcontractors may be at **risk**. According to information provided by DHS OCYF, the Butler County Children and Youth Agency provided in-home and placement services to 1,372 children residing within the County during the 2017-2018 fiscal year.

**Day Treatment Centers and Child Residential Facilities**

Beginning July 1, 2012, the DHS Bureau of Human Services’ Licensing (bureau) took over responsibility for the performance of the annual licensing inspections of Child Day Treatment Centers and Child Residential Facilities, which encompasses the performance of CPSL adherence reviews of the employees of these providers. Prior to July 1, 2012, DHS OCYF had been responsible for performing these CPSL adherence reviews during its annual licensing inspections of these providers. Through a review of the DHS website, we found letters, posted by DHS, to the management staff of Child Day Treatment Centers and Child Residential Facilities detailing the results of the licensing inspections performed by the bureau and identifying regulatory violations, including CPSL adherence violations, as specified in the accompanying License Inspection Summaries. However, we are unable to attest to: 1) the

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<sup>2</sup> 23 Pa.C.S. §§ 6344 and 6344.2.

<sup>3</sup> This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2018, via Finding 2018-010).

BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
CURRENT ENGAGEMENT OBSERVATION

timeliness of the completion and approval of these annual inspections and 2) whether the CPSL adherence of any potential sub-recipients used by these providers are being monitored.<sup>4</sup>

**Contracted In-Home Preventative Service Providers**

For contracted In-Home Preventative Service providers, we were informed by DHS OCYF that these providers are not required to be licensed by the Commonwealth and, thus, are not subject to the annual inspections performed by DHS.<sup>5</sup> DHS' position was that while not all in-home service providers would meet the criteria requiring the conduct of *certifications* for employees/volunteers, when they do, C&Y agencies were responsible for including provisions in their executed contracts with these providers.

In correspondence with management of C&Y agencies during some of our recently conducted engagements, we have found that some C&Y agencies' management staffs are still of the opinion that there is no need to directly monitor CPSL adherence of the providers' employees/volunteers because they are now including the requirements for this type of monitoring in their executed contracts with these providers. However, our interpretation of the CPSL remains that C&Y agencies cannot fulfill their duties under the CPSL to protect the children receiving in-home preventative services from child abuse by merely including the requirements for "direct monitoring" in their provider executed contracts.<sup>6</sup> Instead, all C&Y agencies should have a process in place that allows them to actively monitor their providers and sub-recipients by routinely reviewing their employees' and volunteers' *certifications* for disqualifying convictions.

Therefore, we concluded that DHS had not taken every action to obtain reasonable assurance that C&Y agencies were taking enough action to ensure the safety and welfare of the vulnerable, at risk children receiving in-home preventative services. Further, because DHS has not implemented a process to ensure that C&Y agencies are consistently monitoring the CPSL adherence of the contracted In-Home Preventative Service providers' employees and

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<sup>4</sup> This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2018, via Finding 2018-010).

<sup>5</sup> Please note that based on recent correspondence with DHS, these providers are referred to as "private providers delivering prevention and reunification services." We refer to them as *contracted In-Home Preventative Service providers* throughout our observation for ease of understanding.

<sup>6</sup> In our Department's opinion "direct monitoring" consists of C&Y agencies routinely performing procedures to obtain reasonable assurance that their *contracted In-Home Preventative Service providers* and their sub-recipients are properly vetting a representative sample of the background checks and child abuse history clearances of their employees and volunteers to identify, and properly address, any identified disqualifying convictions.

BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
CURRENT ENGAGEMENT OBSERVATION

volunteers, this Department will continue to raise concerns about the risks posed to the safety of these vulnerable children.<sup>7</sup>

**DHS Senior Management Follow-Up Response**

DHS senior management provided an official response to our concerns detailed in this Observation in a February 28, 2018 letter that affirmed their assertion that, because DHS has no contractual relationship with *contracted In-Home Preventative Service providers*, the ability and responsibility to monitor private providers<sup>8</sup> to ensure that their *certifications* adhere to the CPSL falls to the C&Y agencies, as does the responsibility to take appropriate action when they do not comply.

DHS senior management staff further stated that DHS recognizes that they are responsible for communicating contract monitoring expectations to the C&Y agencies and for implementing a method to ensure that contract monitoring is being performed adequately. DHS' OCYF has communicated DHS' expectation that C&Y agencies must monitor these private providers' compliance with the requirements of the CPSL. DHS has also reiterated this expectation during quarterly Pennsylvania Children and Youth Administrators (PCYA) meetings held between June 2016 and October 2017, as well as in general guidance regarding contract monitoring efforts included in OCYF Bulletins issued for the 2017-18 and 2018-19 fiscal years. Further, DHS stated that OCYF will issue additional guidance in its Needs-Based Plan and Budget instructions for this year to emphasize adherence to the CPSL requirements for these providers as part of the C&Y agencies' monitoring expectations.

Finally, DHS informed us that they will address the adequacy of C&Y agencies' monitoring through the July 2019 version of the DHS Single Audit Supplement (SAS) and will develop and require through the SAS a schedule that captures the details of each C&Y agency's monitoring efforts.<sup>9</sup> This will include a listing of these private providers, whether they were monitored and if any CPSL violations were identified. The schedule will be submitted with the respective county's annual single audit report and will be subject to an Agreed Upon Procedures (AUP) engagement. DHS will also provide technical assistance to any C&Y agency that needs improvement.

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<sup>7</sup> The *2017 Annual Child Protective Services Report* notes that the DHS' Office of Children, Youth and Families (OCYF) and its regional offices (in Philadelphia, Scranton, Harrisburg, and Pittsburgh) have responsibilities that include, among others: "Monitoring, licensing, and providing technical assistance to CCYA and private children and youth agencies and facilities." [Emphasis added.], p. 7; [http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c\\_275378.pdf](http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c_275378.pdf), accessed August 3, 2018.

<sup>8</sup> This includes *contracted In-Home Preventative Service providers* and their sub-recipients.

<sup>9</sup> As of the date of this report, DHS has not notified us that the Single Audit Supplement has been updated.

BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
CURRENT ENGAGEMENT OBSERVATION

We believe that DHS obtaining C&Y agencies' reporting of the CPSL status of these providers as a part of their Single Audit Supplement and the other above discussed DHS' methods taken to address the issues we raised in our March 18, 2018, Position Statement letter to DHS would be a significant improvement. However, until DHS implements a process to ensure that all 67 C&Y agencies are routinely directly monitoring the CPSL adherence to the *certifications* of their contracted in-home preventative service providers' employees and volunteers, this Department, as indicated in our March 18, 2018, Position Statement letter, will continue to raise our concerns. Our Department again wishes to re-emphasize that any failure to perform such monitoring puts the safety of these vulnerable children at great risk.

**Greater Scrutiny of Arrest and Conviction Records**

It is important to note that background checks and child abuse clearances have historically been valid for one year after being obtained.<sup>10</sup> However, recent amendments to the CPSL extend this time frame from one year to five years.<sup>11</sup> Therefore, there is a need for DHS and C&Y agencies across the commonwealth to have a *greatly heightened* awareness about the arrest and conviction records, as well as child abuse adjudications, of the employees/volunteers of C&Y agencies' *contracted In-Home Preventative Service providers* and their sub-recipients. This is to ensure that no new, disqualifying incidents have occurred from the date of the background clearances since certain disqualifying offenses could go undetected for years.

**Auditor General Senior Management's Follow-up Conclusion Statement**

We commend DHS management for acknowledging the seriousness of the risks to children's safety resulting from the significant control deficiencies we identified related to CPSL adherence as discussed in our March 18, 2018 Position Statement letter. Further, we recognize the challenges that DHS faces in monitoring the 67 C&Y agencies' direct monitoring of the numerous *contracted In-Home Preventative Service providers* and their sub-recipients. We believe that requiring C&Y agencies to submit a schedule that captures the details of the agency's monitoring efforts as described above will be a major improvement. However, we also recognize that risks to these vulnerable children continue to exist. One such risk results from the potential delay of 9 to 21 months (or possibly longer) between the date of possible noncompliance by a *contracted In-Home Preventative Service provider* and/or inadequate monitoring by a county C&Y agency and DHS becoming aware of those issues.<sup>12</sup>

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<sup>10</sup> Please note that the previous one year validity of checks and clearances only applied to prospective employees, which is a requirement that was deleted by Act 153 of 2014.

<sup>11</sup> 23 Pa.C.S. § 6344.4.

<sup>12</sup> The potential 9-21 month delay is based on the Single Audit being due nine months after the end of the fiscal year plus up to 12 months for possible noncompliance occurring at the beginning of the fiscal year. The period of delay would be higher when the Single Audit is not received within nine months from the end of the fiscal year.



BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
CURRENT ENGAGEMENT OBSERVATION

Furthermore, as previously stated, we have communicated to DHS that we believe that DHS should do more to assure that employees/volunteers of *contracted In-Home Preventative Service providers* are properly vetted through reviews of background checks and child abuse history clearances and to ensure that employees/volunteers do not have any convictions or adjudications that are disqualifying under the CPSL. Further, because of more recent amendments to the CPSL that changed the validity timeframe for background checks and child abuse history clearances from one to five years (i.e., 60 months) after being obtained, we believe that a greatly heightened awareness of these providers and sub-recipients' arrest and conviction records and child abuse adjudications is warranted.<sup>13</sup>

Directly monitoring whether employees/volunteers of *contracted In-Home Preventative Service providers* are properly vetted through a background check process is a crucial step towards protecting these at-risk children. Therefore, we will continue to monitor the adequacy of measures taken by DHS to monitor and address C&Y agencies' compliance with the requirements of the CPSL as it relates to their contracted in-home preventative service providers and their sub-recipients. Again, our Department re-emphasizes that any failure to perform such monitoring puts the safety of these vulnerable children at great risk.

Finally, we requested that DHS reach out to, and work with, the chairs of the legislative committees of the Pennsylvania Senate and House of Representatives who help to protect the wellbeing of Pennsylvania children and youth to amend the Human Services Code to include provisions requiring the licensure and annual inspections of *contracted In-Home Preventative Service providers and their subcontractors (sub-recipients)*.

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<sup>13</sup> As noted in an earlier footnote, the now repealed one year validity of checks and clearances only applied to prospective employees.

BUTLER COUNTY CHILDREN AND YOUTH AGENCY  
REPORT DISTRIBUTION LIST

This report was originally distributed to the following:

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**The Honorable Teresa D. Miller**  
Acting Secretary  
Department of Human Services

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Deputy Secretary  
Office of Children, Youth and Families  
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