

AMENDED FISCAL REPORTS
For Fiscal Years:

July 1, 2016 to June 30, 2017

July 1, 2017 to June 30, 2018

Lycoming County
Children and Youth Agency

January 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 Lycoming County
Lycoming County Courthouse
48 West Third St.
Williamsport, Pa 17701

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 Lycoming County Children and Youth Agency (agency), legally known as Lycoming 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 years July 1, 2016 to June 30, 2017, and 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 years ended June 30, 2017, and 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 Lycoming 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 2016-2017 and 2017-2018 fiscal years based on the accrual basis of accounting.¹

¹ The accrual basis of accounting is required by DHS.

Independent Auditor's Report (Continued)

The procedures we performed during this engagement resulted in no adjustments to the agency's submitted fiscal reports for the fiscal years included in our engagement scope period. The fiscal reports are included in the following sections of this report:

- Section 1 for the 2016-2017 fiscal year
- Section 2 for the 2017-2018 fiscal year

In addition, due to the timing of the conduct of our prior engagement, the agency was not able to implement corrective action to comply with the recommendations in the finding included in our prior released engagement report, as detailed in Section 3 of this report. As a result, we concluded that this finding should be reissued as a repeat finding in the current section of our engagement report, as listed below and detailed in Section 4 of this report.

Finding – Unresolved Prior Audit Recommendations – Lack of Internal Control Policies and Procedures to Reduce the Risk of Paying Overbillings or Fraudulent Billings Submitted by Contracted In-Home Purchased Service Providers

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 5 of this report.

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

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 January 27, 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 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 Lycoming County Children and Youth Agency.

Sincerely,



Eugene A. DePasquale
Auditor General

January 28, 2020

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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 Lycoming County Children and Youth Agency provided in-home and placement services to 2,600 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 4th 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, 2016 to JUNE 30, 2017

**LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	7,468,982
Supplemental Act 148			<u>0</u>
Total State Allocation			7,468,982
State Share (CY348) ²	\$		6,159,164
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	6,159,164
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	6,159,164
Actual Act 148 Revenues Received ⁴			<u>6,159,164</u>
Net Amount Due County/(State) ⁵		\$	<u><u>0</u></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.

LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
 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	70,279	121	11,388	0	0	0	0	0	58,770	58,770	0
02. 90% REIMBURSEMENT	111,489	0	17,253	0	0	0	0	0	94,236	84,813	9,423
03. 80% REIMBURSEMENT	8,840,265	164,775	1,522,607	266,857	41,583	0	0	0	6,844,443	5,475,557	1,368,886
04. 60% REIMBURSEMENT	997,059	36,412	84,369	0	45,575	50,108	0	4,820	775,775	465,464	310,311
05. 50% REIMBURSEMENT	149,229	14	97	0	0	0	0	0	149,118	74,560	74,558
06. TOTAL NET CHILD WELFARE EXPEND.	10,168,321	201,322	1,635,714	266,857	87,158	50,108	0	4,820	7,922,342	6,159,164	1,763,178

YDCYFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	274,380	755							273,625	164,175	109,450

08. NON-REIMBURSABLE EXPENDITURES	0	0							0		0
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09. TOTAL EXPENDITURES	10,442,701	202,077	1,635,714	266,857	87,158	50,108	0	4,820	8,195,967	6,323,339	1,872,628
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10. TOTAL TITLE IV-D COLLECTIONS 51,219

11. TITLE IV-D Collections for IV-E Children 10,377

12. STATE ACT 148 - line 6 6,159,164

13. STATE ACT 148 ALLOCATION 7,468,982

14. ADJUSTED STATE SHARE (lower of 12 or 13) 6,159,164

INVOICE											
AMENDED STATE SHARE (ACT 148)	6,159,164										
ACT 148 AMOUNT RECEIVED	6,159,164										
ADJUSTMENT TO STATE SHARE	0										

LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
 AMENDED CY 370A
 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
IN-HOME												
I-A ADOPTION SERVICE	70,279	121		11,388	0			0	0	58,770	58,770	0
I-B ADOPTION ASSISTANCE	1,182,659	0	509,083	2,109				0	0	671,467	537,174	134,293
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	251,688	0	60,571					0	0	191,117	152,894	38,223
I-D COUNSELING - DEPENDENT	3,021	0						0	0	3,021	2,417	604
I-E COUNSELING - DELINQUENT	355,153	0		187,508				0	0	167,645	134,116	33,529
I-F DAY CARE	3,662	0						0	0	3,662	2,930	732
I-G DAY TREATMENT - DEPENDENT	538,791	725						0	0	538,066	430,453	107,613
I-H DAY TREATMENT - DELINQUENT	178,176	0			79,349			0	0	98,827	79,062	19,765
I-I HOMEMAKER SERVICE	0	0						0	0	0	0	0
I-J INTAKE & REFERRAL	186,541	183		30,406				0	0	155,952	124,762	31,190
I-K LIFE SKILLS - DEPENDENT	1,790,758	60,604		137,259				0	0	1,592,895	1,274,316	318,579
I-L LIFE SKILLS - DELINQUENT	0	0						0	0	0	0	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	390,508	428		62,412				0	0	327,668	262,134	65,534
I-N PROTECTIVE SERVICE - GENERAL	1,456,087	2,195		234,341				0	0	1,219,551	975,641	243,910
I-O SERVICE PLANNING	327,728	7,302		51,351				0	0	269,075	215,260	53,815
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT	43,112	0		97				0	0	43,015	21,508	21,507
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0						0	0	0	0	0
I-R SUBTOTAL IN-HOME	6,778,163	71,558	569,654	529,363	266,857	0	0	0	0	5,340,731	4,271,437	1,069,294
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	32,551	4,734	0					0	0	27,817	22,254	5,563
2-B ALTERNATIVE TREATMENT - DELINQUENT	296,452	3,273	60,060					0	0	233,119	186,495	46,624
2-C COMMUNITY RESIDENTIAL - DEPENDENT	32,295	2,874	3,445					0	0	25,976	20,781	5,195
2-D COMMUNITY RESIDENTIAL - DELINQUENT	527,953	14,646	120,577					0	0	392,730	314,184	78,546
2-E EMERGENCY SHELTER - DEPENDENT	67,990	0	9,497	1,069				0	0	57,424	51,682	5,742
2-F EMERGENCY SHELTER - DELINQUENT	43,499	0	6,687					0	0	36,812	33,131	3,681
2-G FOSTER FAMILY - DEPENDENT	1,269,359	64,224	101,906	149,087		41,583		0	0	912,559	730,047	182,512
2-H FOSTER FAMILY - DELINQUENT	0	0	0					0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0					0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	16,883	3,587						0	0	13,296	10,637	2,659
2-K SUBTOTAL CBP	2,286,982	93,338	302,172	150,156	0	41,583	0	0	0	1,699,733	1,369,211	330,522
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	106,117	14						0	0	106,103	53,052	53,051
3-B RESIDENTIAL SERVICE - DEPENDENT	73,475	9,086	0			45,575	18,790	0	0	24	14	10
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	414,010	23,740	61,314			0	12,528	0	0	316,428	189,857	126,571
3-D SECURE RES. SERVICE (EXCEPT YDC)	358,952	3,343						0	0	355,609	213,365	142,244
3-E YDC SECURE	274,380	755						0	0	273,625	164,175	109,450
3-F SUBTOTAL INSTITUTIONAL	1,226,934	36,938	61,314	0	0	45,575	31,318	0	0	1,051,789	620,463	431,326
ADMINISTRATION	150,622	243		23,055		0	18,790	0	4,820	103,714	62,228	41,486
TOTAL REVENUES	10,442,701	202,077	933,140	702,574	266,857	87,158	50,108	0	4,820	8,195,967	6,323,339	1,872,628

LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
 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 (by county)	Children Served (Purchased)	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	34,274	12,037		23,912	0	56	70,279	4	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	1,182,659	0	0	0	1,182,659	0	181	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	251,688	0	0	0	251,688	0	27	0	0	0
1-D COUNSELING - DEPENDENT	0	0		0	3,021	0	3,021	0	10	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	355,153	0	355,153	0	79	0	0	0
1-F DAY CARE	0	0		0	3,662	0	3,662	0	9	0	0	0
1-G DAY TREATMENT - DEPENDENT	318,403	131,451		80,209	0	8,728	538,791	48	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	178,176	0	178,176	0	77	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	116,309	54,525		14,167	0	1,540	186,541	2,690	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	1,154,656	372,085		187,857	73,110	3,050	1,790,758	760	542	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	225,731	81,604		76,056	6,700	417	390,508	533	64	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	754,297	280,409		419,212	0	2,169	1,456,087	1,112	0	0	0	0
1-O SERVICE PLANNING	206,909	69,577		50,728	0	514	327,728	324	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				605	42,507		43,112	0	84	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	2,810,579	1,001,688	1,434,347	852,746	662,329	16,474	6,778,163			0	0	0
Number of Children receiving only NON-PURCHASED IN-Home Services 3,194												
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	32,551	0	32,551	210	3	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	296,452	0	296,452	1,848	16	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	11,782	0	0	20,513	0	32,295	121	1	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	445	527,508	0	527,953	2,189	18	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	0	7,940	0	5,558	54,492	0	67,990	1,220	52	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	0	43,499	0	43,499	201	11	0	0	0
2-G FOSTER FAMILY - DEPENDENT	493,445	166,682	0	175,298	432,343	1,591	1,269,359	11,205	64	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	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	16,883	0	16,883	115	1	0	0	0
2-K SUBTOTAL CBP	493,445	186,404	0	181,301	1,424,241	1,591	2,286,982	17,109	166	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	106,117	0	106,117	384	27	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	150	73,325	0	73,475	389	7	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/VFC)	0	0	0	144	413,866	0	414,010	2,102	13	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	358,952	0	358,952	1,222	6	0	0	0
3-E YDC SECURE	0	0	0	0	274,380	0	274,380	538	4	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	294	1,226,640	0	1,226,934	4,635	57	0	0	0
ADMINISTRATION	91,752	23,886	0	34,946	0	38	150,622			0	0	0
TOTAL EXPENDITURES	3,395,776	1,211,978	1,434,347	1,069,287	3,313,210	18,103	10,442,701			0	0	0
County Indirect Costs = \$ 0												

**LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
AMENDED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 70,279	\$ 0	\$ 70,279
Adoption Assistance	1,182,659	0	1,182,659
Subsidized Permanent Legal Custodianship	251,688	0	251,688
Counseling	358,174	0	358,174
Day Care	3,662	0	3,662
Day Treatment	716,967	0	716,967
Homemaker Service	0	0	0
Intake and Referral	186,541	0	186,541
Life Skills	1,790,758	0	1,790,758
Protective Service - Child Abuse	390,508	0	390,508
Protective Service - General	1,456,087	0	1,456,087
Service Planning	327,728	0	327,728
Juvenile Act Proceedings	43,112	0	43,112
Alternative Treatment	329,003	0	329,003
Community Residential	560,248	0	560,248
Emergency Shelter	111,489	0	111,489
Foster Family	1,269,359	0	1,269,359
Supervised Independent Living	16,883	0	16,883
Juvenile Detention Service	106,117	0	106,117
Residential Service	487,485	0	487,485
Secure Residential Service (Except YDC)	358,952	0	358,952
YDC Secure	274,380	0	274,380
Administration	150,622	0	150,622
Combined Total Expense	<u>10,442,701</u>	<u>0</u>	<u>10,442,701</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 10,442,701</u>	<u>\$ 0</u>	<u>\$ 10,442,701</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 3,395,776	\$ 0	\$ 3,395,776
Employee Benefits	1,211,978	0	1,211,978
Subsidies	1,434,347	0	1,434,347
Operating	1,069,287	0	1,069,287
Purchased Services	3,313,210	0	3,313,210
Fixed Assets	18,103	0	18,103
Combined Total Expense	<u>10,442,701</u>	<u>0</u>	<u>10,442,701</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 10,442,701</u>	<u>\$ 0</u>	<u>\$ 10,442,701</u>

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2017 to JUNE 30, 2018

**FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	7,120,254
Supplemental Act 148			<u>0</u>
Total State Allocation			7,120,254
State Share (CY348) ²	\$		5,850,672
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	5,850,672
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	5,850,672
Actual Act 148 Revenues Received ⁴			<u>5,850,672</u>
Net Amount Due County/(State) ⁵		\$	<u><u>0</u></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.

LYCOMING 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	68,153	72	11,085	0	0	0	0	0	56,996	56,996	0
02. 90% REIMBURSEMENT	161,772	0	26,229	0	0	0	0	0	135,543	121,989	13,554
03. 80% REIMBURSEMENT	8,453,678	160,369	1,487,293	266,857	68,550	10,185	0	0	6,460,424	5,168,339	1,292,085
04. 60% REIMBURSEMENT	934,143	16,219	131,287	0	18,608	39,923	0	6,321	721,785	433,072	288,713
05. 50% REIMBURSEMENT	140,551	0	0	0	0	0	0	0	140,551	70,276	70,275
06. TOTAL NET CHILD WELFARE EXPEND.	9,758,297	176,660	1,655,894	266,857	87,158	50,108	0	6,321	7,515,299	5,850,672	1,664,627
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	258,496	0							258,496	155,098	103,398
08. NON-REIMBURSABLE EXPENDITURES	0	0							0		0
09. TOTAL EXPENDITURES	10,016,793	176,660	1,655,894	266,857	87,158	50,108	0	6,321	7,773,795	6,005,770	1,768,025
10. TOTAL TITLE IV-D COLLECTIONS	19,626										
11. TITLE IV-D Collections for IV-E Children	2,065										
12. STATE ACT 148 - line 6	5,850,672										
13. STATE ACT 148 ALLOCATION	7,120,254										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	5,850,672										
INVOICE											
AMENDED STATE SHARE (ACT 148)	5,850,672										
ACT 148 AMOUNT RECEIVED	5,850,672										
ADJUSTMENT TO STATE SHARE	0										

LYCOMING 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	
IN-HOME		68,153	72	489,426	2,647	0	0	0	0	56,996	56,996	0	
1-A	ADOPTION SERVICE	1,136,224	0	489,426	2,647	0	0	0	0	644,151	515,321	128,830	
1-B	ADOPTION ASSISTANCE	263,119	0	76,105	0	0	0	0	0	187,014	149,611	37,403	
1-C	SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	11,930	0	0	0	0	0	0	0	11,930	9,544	2,386	
1-D	COUNSELING - DEPENDENT	377,712	0	266,857	0	0	0	0	0	110,855	88,684	22,171	
1-E	COUNSELING - DELINQUENT	9,783	0	0	0	0	0	0	0	9,783	7,826	1,957	
1-F	DAY CARE	516,511	864	0	0	0	0	0	0	515,647	412,518	103,129	
1-G	DAY TREATMENT - DEPENDENT	31,489	0	0	0	0	0	0	0	31,489	25,191	6,298	
1-H	DAY TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
1-I	HOMEMAKER SERVICE	221,275	373	0	36,582	0	0	0	0	184,320	147,456	36,864	
1-J	INTAKE & REFERRAL	1,505,260	40,583	0	142,787	0	0	0	0	1,321,890	1,057,512	264,378	
1-K	LIFE SKILLS - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	
1-L	LIFE SKILLS - DELINQUENT	553,917	800	0	90,057	0	0	0	0	463,060	370,448	92,612	
1-M	PROTECTIVE SERVICE - CHILD ABUSE	1,405,634	2,421	0	228,549	0	0	0	0	1,174,664	939,731	234,933	
1-N	PROTECTIVE SERVICE - GENERAL	108,833	6,363	0	16,866	0	0	0	0	85,604	68,483	17,121	
1-O	SERVICE PLANNING	41,866	0	0	0	0	0	0	0	41,866	20,933	20,933	
1-P	JUVENILE ACT PROCEEDINGS - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	
1-Q	JUVENILE ACT PROCEEDINGS - DELINQUENT	6,251,706	51,476	565,531	528,573	266,857	0	0	0	4,839,269	3,870,254	969,015	
1-R	SUBTOTAL IN-HOME												
COMMUNITY BASED PLACEMENT		7,742	1,462	0	0	0	0	0	0	6,280	5,024	1,256	
2-A	ALTERNATIVE TREATMENT - DEPENDENT	375,094	8,420	34,682	0	0	0	0	0	331,992	265,594	66,398	
2-B	ALTERNATIVE TREATMENT - DELINQUENT	230,243	4,669	29,926	3	0	0	0	0	195,645	156,516	39,129	
2-C	COMMUNITY RESIDENTIAL - DEPENDENT	331,385	9,155	83,193	0	0	0	0	0	239,037	191,230	47,807	
2-D	COMMUNITY RESIDENTIAL - DELINQUENT	83,477	0	11,103	4,759	0	0	0	0	67,615	60,854	6,761	
2-E	EMERGENCY SHELTER - DEPENDENT	78,295	0	10,367	0	0	0	0	0	67,928	61,135	6,793	
2-F	EMERGENCY SHELTER - DELINQUENT	1,367,527	84,733	112,199	144,271	0	68,550	10,185	0	947,589	758,071	189,518	
2-G	FOSTER FAMILY - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	
2-H	FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
2-I	SUP. INDEPENDENT LIVING - DEPENDENT	0	526	0	0	0	0	0	0	0	0	0	
2-J	SUP. INDEPENDENT LIVING - DELINQUENT	2,473,763	108,965	281,470	149,033	0	68,550	10,185	0	1,855,560	1,498,003	357,557	
2-K	SUBTOTAL CBP												
INSTITUTIONAL PLACEMENT		98,685	0	0	0	0	0	0	0	98,685	49,343	49,342	
3-A	JUVENILE DETENTION SERVICE	41,305	4,641	0	0	0	18,608	18,000	0	56	34	22	
3-B	RESIDENTIAL SERVICE - DEPENDENT	465,599	10,177	106,988	0	0	0	12,528	0	335,906	201,544	134,362	
3-C	RES. SERVICE - DELINQUENT (NON YDC/YFC)	271,956	1,153	0	0	0	0	0	0	270,783	162,470	108,313	
3-D	SECURE RES. SERVICE (EXCEPT YDC)	258,496	0	0	0	0	0	0	0	258,496	155,098	103,398	
3-E	YDC SECURE	1,136,021	15,971	106,988	0	0	18,608	30,528	0	963,926	568,489	395,437	
3-F	SUBTOTAL INSTITUTIONAL												
4	ADMINISTRATION	155,303	248	0	24,299	0	0	9,395	0	6,321	69,024	46,016	
5	TOTAL REVENUES	10,016,793	176,660	953,989	701,905	266,857	87,158	50,108	6,321	7,773,795	6,005,770	1,768,025	

LYCOMING 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
IN-HOME												
I-A ADOPTION SERVICE	30,596	11,274		26,241	0	42	68,153	8	0	0	0	0
I-B ADOPTION ASSISTANCE	0	0	1,136,224	0	0	0	1,136,224	0	178	0	0	0
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	263,119	0	0	0	263,119	0	28	0	0	0
I-D COUNSELING - DEPENDENT	0	0			11,930	0	11,930	0	42	0	0	0
I-E COUNSELING - DELINQUENT	0	0			377,712	0	377,712	0	102	0	0	0
I-F DAY CARE	0	0			9,783	0	9,783	0	13	0	0	0
I-G DAY TREATMENT - DEPENDENT	305,055	116,303		80,691	0	14,462	516,511	56	0	0	0	0
I-H DAY TREATMENT - DELINQUENT	0	0			31,489	0	31,489	0	36	0	0	0
I-I HOME/MAKER SERVICE	0	0			0	0	0	0	0	0	0	0
I-J INTAKE & REFERRAL	129,568	62,878		26,540	0	2,289	221,275	2,713	0	0	0	0
I-K LIFE SKILLS - DEPENDENT	844,215	310,377		168,651	178,741	3,276	1,505,260	813	1,040	0	0	0
I-L LIFE SKILLS - DELINQUENT	0	0			0	0	0	0	0	0	0	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	273,864	109,451		155,733	8,200	6,669	553,917	541	80	0	0	0
I-N PROTECTIVE SERVICE - GENERAL	786,174	291,967		312,458	0	15,035	1,405,634	1,166	0	0	0	0
I-O SERVICE PLANNING	58,382	21,811		26,657	0	1,983	108,833	481	0	0	0	0
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT					41,866		41,866	0	127	0	0	0
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT					0		0	0	0	0	0	0
I-R SUBTOTAL IN-HOME	2,427,854	924,061	1,399,343	796,971	659,721	43,756	6,251,706					
Number of Children receiving only NON-PURCHASED IN-Home Services 3,304												
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	7,742	0	7,742	49	2	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	375,094	0	375,094	2,311	17	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	4,217	0	660	225,366	0	230,243	904	5	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	122	331,263	0	331,385	1,450	16	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	0	2,842	0	6,137	74,498	0	83,477	1,405	66	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	141	78,154	0	78,295	392	18	0	0	0
2-G FOSTER FAMILY - DEPENDENT	502,513	160,216	0	199,101	496,552	9,145	1,367,527	13,775	75	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	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 SUBTOTAL CBP	502,513	167,275	0	206,161	1,588,669	9,145	2,473,763	20,286	199	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	98,685	0	98,685	374	34	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	1,055	40,250	0	41,305	225	6	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	21	465,578	0	465,599	2,366	17	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	150	271,936	0	271,936	842	7	0	0	0
3-E YDC SECURE	0	0	0	0	258,496	0	258,496	448	2	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	1,226	1,134,795	0	1,136,021	4,255	66	0	0	0
ADMINISTRATION	94,184	25,093	0	33,068	0	2,958	155,303					
TOTAL EXPENDITURES	3,024,551	1,116,429	1,399,343	1,037,426	3,383,185	55,859	10,016,793					
County Indirect Costs = \$ 0												

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

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 68,153	\$ 0	\$ 68,153
Adoption Assistance	1,136,224	0	1,136,224
Subsidized Permanent Legal Custodianship	263,119	0	263,119
Counseling	389,642	0	389,642
Day Care	9,783	0	9,783
Day Treatment	548,000	0	548,000
Homemaker Service	0	0	0
Intake and Referral	221,275	0	221,275
Life Skills	1,505,260	0	1,505,260
Protective Service - Child Abuse	553,917	0	553,917
Protective Service - General	1,405,634	0	1,405,634
Service Planning	108,833	0	108,833
Juvenile Act Proceedings	41,866	0	41,866
Alternative Treatment	382,836	0	382,836
Community Residential	561,628	0	561,628
Emergency Shelter	161,772	0	161,772
Foster Family	1,367,527	0	1,367,527
Supervised Independent Living	0	0	0
Juvenile Detention Service	98,685	0	98,685
Residential Service	506,904	0	506,904
Secure Residential Service (Except YDC)	271,936	0	271,936
YDC Secure	258,496	0	258,496
Administration	155,303	0	155,303
Combined Total Expense	<u>10,016,793</u>	<u>0</u>	<u>10,016,793</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 10,016,793</u>	<u>\$ 0</u>	<u>\$ 10,016,793</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 3,024,551	\$ 0	\$ 3,024,551
Employee Benefits	1,116,429	0	1,116,429
Subsidies	1,399,343	0	1,399,343
Operating	1,037,426	0	1,037,426
Purchased Services	3,383,185	0	3,383,185
Fixed Assets	55,859	0	55,859
Combined Total Expense	<u>10,016,793</u>	<u>0</u>	<u>10,016,793</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 10,016,793</u>	<u>\$ 0</u>	<u>\$ 10,016,793</u>

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

Finding – The Lycoming County Children and Youth Agency Should Develop and Implement Internal Control Policies and Procedures in Order to Reduce the Risk of Paying Overbillings or Fraudulent Billings by Contracted In-Home Purchased Service Providers (Unresolved)

In our prior engagement report, for the fiscal years July 1, 2010 to June 30, 2016, we cited the Lycoming County Children and Youth Agency (agency) for failure to develop and implement internal control policies and procedures in order to reduce the risk of paying overbillings or fraudulent billings by contracted In-Home Purchased Service providers. We concluded that the agency did not have sufficient controls in place to obtain reasonable assurance that contracted services invoiced by In-Home Purchased Service providers were actually provided and, if provided, provided in adherence to key executed contract terms.

Our current engagement scope period included the 2016-2017 and 2017-2018 fiscal years. Due to the timing of the conduct of our prior audit engagement, we did not make the agency aware of these internal control deficiencies until June 14, 2018, two weeks prior to the June 30, 2018 end of our current engagement scope period. As such, we concluded that the issuance of a repeat finding is warranted. This repeat finding is included in the Current Engagement Finding and Recommendations section (Section 4) of this report.

SECTION 4

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

Finding – Unresolved Prior Audit Recommendations – Lack of Internal Control Policies and Procedures to Reduce the Risk of Paying Overbillings or Fraudulent Billings Submitted by Contracted In-Home Purchased Service Providers

Condition: As detailed in our Status of Prior Engagement Findings and Recommendations section (Section 3) of this report, the Lycoming County Children and Youth Agency (agency) lacked internal control policies and procedures designed to sufficiently reduce the agency’s risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers. For contracted In-Home Fee-for-Service providers, as cited in the finding included in our prior engagement report, the agency could not provide evidence that it substantiated the validity of the number of units invoiced for each individual listed on these providers’ submitted invoices. For contracted In-Home Program-Funded providers, the agency failed to provide supporting documentation evidencing that services related to contracted costs invoiced by these providers, and paid by the agency, were actually provided, and if provided, provided in adherence to the requirements of the respective provider’s contract terms.

During the conduct of our current engagement, in response to the recommendations included in our prior engagement report, agency management stated fiscal-related monitoring policy and corresponding procedures are in the process of being developed. During the conduct of our next regularly scheduled engagement of this agency, we will verify if the agency finalized and implemented this policy and corresponding procedures. If implementation occurred, we will review and evaluate the implemented monitoring policies and procedures and determine whether they are sufficient in providing agency management reasonable assurance that invoiced contracted In-Home Services were actually provided and that the number of units invoiced by contracted Fee-for-Service providers and contacted costs invoiced by contracted Program-Funded providers are properly substantiated, thus, reducing the agency’s risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

Criteria: The following section of 55 Pa. Code Chapter 3140, Planning and Financial Reimbursement Requirements for County Children and Youth Social Service Programs:

Section 3140.21. Reimbursement for Services. General. “(a) Under section 704.1 of the [Human Services] (62 P.S. § 704.1), the Department reimburses expenses incurred by the county for children and youth social services, including services to alleged and adjudicated dependent and delinquent children according to an approved county plan and budget estimate up to the amount of State funds allocated to the county under section 709.3 of the [Human Services] Code (62 P.S. § 709.3).”

- *Office of Children, Youth and Families (OCYF) Bulletin 3140-06-06, applicable for fiscal year ended 6/30/2011; Bulletin 3140-11-02, applicable for fiscal year ended*

LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

6/30/2012; *Bulletin 3140-13-01, applicable for fiscal year ended 6/30/2013; Bulletin 3140-13-05, applicable for fiscal year ended 6/30/2014* : Act 148 Invoicing Procedures for County Child Social Services - Instructions for Completion of Expenditure Report. This form is a report of the ACTUAL EXPENDITURES of the County Children and Youth Agency (CCYA).

The following sections of 55 Pa. Code § 3170, Allowable Costs and Procedures for County Children and Youth:

- *Section 3170.2. Definitions.* Program funded agency – An agency whose total eligible expenditures are funded in a manner which is predetermined by the appropriate county authorities.
- *Section 3170.23(a). Purchase of Service.* Purchase of service funding may be by unit of service funding or by program funding.
- *Section 3170.85. Responsibility of the County.* “...the county executive officers shall be responsible for the effective execution of each purchase of service agreement...”
- *Section 3170.91. 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 the fiscal operations of the program.”
- *Section 3170.92(b). Accountability for Expenditures for Clients. 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: Due to the timing of the conduct of our prior engagement, the agency was not notified of these internal control deficiencies until June 14, 2018, two weeks before the end of our current engagement scope period. However, agency management informed us it is in the process of developing written internal control procedures over payments to In-Home providers.

Effect: The agency’s lack of internal control procedures, during the fiscal years included in our current engagement scope period, designed to reduce the agency’s risk of paying overbillings

LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

or fraudulent billings by contracted In-Home Purchased Service providers, increased agency management's risk of:

- Failure to detect fraudulent or erroneous In-Home provider billings (invoices).
- Failure to prevent or detect improper payments for such invoices.
- Inappropriately billing the Commonwealth DHS for such improper payments.
- Receipt of Act 148 funds to which the agency may not be entitled.

Recommendation: We again recommend that agency management implement a fiscal-related monitoring policy, and corresponding procedures, designed to sufficiently reduce the agency's risk of paying overbillings and fraudulent billings submitted by contracted In-Home Purchased Service providers. We further recommend that agency management ensure that such policies and procedures are sufficient in providing agency management reasonable assurance that the services related to the fees invoiced by contracted In-Home Purchased Service providers were actually provided, and provided in adherence to executed contract terms.

Specifically, this written fiscal-related monitoring policy, and corresponding procedures, must be sufficient to assess the validity of the number of units invoiced by Fee-For-Service providers and the invoiced contract costs of Program-Funded In-Home Purchased Service providers. Procedures typically performed to achieve these objectives are listed below for agency management's consideration and comparison to its newly created and implemented procedures:

- Performance of on-site fiscal-related monitoring visits of In-Home Purchased Services providers, as deemed necessary by agency management, to determine whether appropriate supporting documentation exists substantiating invoiced costs, including assessing the validity the number of units invoiced by contracted Fee-for-Service providers and operating costs invoiced by contracted Program-Funded providers, and that related services were actually provided according to executed contract terms.²
- Require In-Home Purchased Services providers, as deemed necessary by agency management, to submit substantiation evidencing that contracted services related to invoiced In-Home Purchased Services costs were actually provided.

We further recommend that agency management ensure that:

- Agency staff responsible for reviewing and approving submitted In-Home Purchased Services providers' invoices for payment are made aware of the results of fiscal-related monitoring reviews of these providers and, for any such providers for which significant

² For any Program-Funded providers, fiscal-related monitoring should include substantiation of these providers' operating costs invoiced to the agency.

LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

documentation deficiencies have been identified, the impact on the agency's review and approval process for these providers.

- The agency maintains sufficient evidence substantiating the results of all fiscal-related monitoring procedures performed to determine whether the services for which In-Home Purchased Service providers were paid were actually provided, and provided in adherence to DHS regulations and executed contract terms, and to reduce the risk of overbillings and fraudulent billings by contracted In-Home Purchased Service Providers going undetected.

Agency Representative Response: Lycoming County Children and Youth Services agrees with the finding and is in the process of implementing corrective action to include the development of contract monitoring policies and procedures for In-Home service provider contracts. The policies and procedures will incorporate the above recommendations. Contracts in effect during the 2019-2020 fiscal year will be subject to monitoring in accordance with the policies and procedures developed.

Auditor's Conclusion: We commend Lycoming County Children and Youth on their effort to strengthen the agency's invoice payment process for In-Home Purchased Services providers and their efforts to develop and implement formal, written fiscal-related monitoring policy and procedures for their contracted In-Home Purchased Service providers. During our next audit of the agency, we will review the agency's policy and procedures to determine whether the agency implemented internal controls to reduce risk of paying overbillings and fraudulent billings by contracted In-Home Purchased Services providers.

SECTION 5

CURRENT ENGAGEMENT OBSERVATION

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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).³ 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,⁴ 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 Lycoming County Children and Youth Agency provided in-home and placement services to 2,600 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

³ 23 Pa.C.S. §§ 6344 and 6344.2.

⁴ 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).

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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.⁵

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.⁶ 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.⁷ 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

⁵ 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).

⁶ 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.

⁷ 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.

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volunteers, this Department will continue to raise concerns about the risks posed to the safety of these vulnerable children.⁸

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 providers⁹ 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.¹⁰ 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.

⁸ 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, accessed August 3, 2018.

⁹ This includes *contracted In-Home Preventative Service providers* and their sub-recipients.

¹⁰ As of the date of this report, DHS has not notified us that the Single Audit Supplement has been updated.

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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.¹¹ However, recent amendments to the CPSL extend this time frame from one year to five years.¹² 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.¹³

¹¹ 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.

¹² 23 Pa.C.S. § 6344.4.

¹³ 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.

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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.¹⁴

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)*.

¹⁴ As noted in an earlier footnote, the now repealed one year validity of checks and clearances only applied to prospective employees.

LYCOMING COUNTY CHILDREN AND YOUTH AGENCY
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This report was originally distributed to the following:

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