

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

Mercer County

Children and Youth Agency

November 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 Mercer County
Mercer County Courthouse
8425 Sharon Mercer Road
Mercer, PA 16137

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 Mercer County Children and Youth Agency (agency), legally known as Mercer 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, 2017 to June 30, 2018, and July 1, 2018 to June 30, 2019. 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, 2018, and June 30, 2019.

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 Mercer County.

Independent Auditor's Report (Continued)

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 and 2018-2019 fiscal years based on the accrual basis of accounting.

Adjustments to the agency's submitted fiscal reports resulting from the procedures we performed during this engagement are as follows:

- For the **2017-2018 fiscal year**, our engagement resulted in no adjustments being made to the agency's submitted fiscal reports, which are presented in Section 1 of this report.
- For the **2018-2019 fiscal year**, our engagement resulted in one adjustment being made to the agency's submitted fiscal reports. This adjustment in total impacted the agency's Final Net State Share by increasing agency expenditures by \$1,475. Based on the application of the state participation rates, the adjustment resulted in an amount due to the county totaling \$1,328. The adjustment is detailed in our amended fiscal reports for fiscal year 2018-2019, as included in Section 2 of this report.

In addition, we found that the agency did not comply with the finding included in our prior engagement report until the second half of the second year of our two-year engagement period, as detailed in Section 3 of this report. This resulted in our issuance of a repeat finding for the first year-and-a-half of our two year engagement period, as listed below and detailed in Section 4 of this report.

Finding – 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 corrective actions taken and our current position, as listed below and detailed in Section 5 of this report

Observation – Pennsylvania Department of Human Services is Making Strides in Increasing the Protection of At-Risk Children in the Care of Contracted In-Home Preventative Service Providers; Risk that has been Further Exacerbated by the Current COVID-19 Crisis.

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 November 12, 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

Independent Auditor's Report (Continued)

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 Mercer County Children and Youth Agency. If you have any questions, please feel free to contact Tracie Fountain, CPA, Director, Bureau of Children and Youth Services Audits at 717-787-1159.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A DePasquale
Auditor General

November 17, 2020

CONTENTS

	Page
<u>Background</u>	1
<u>Section 1 – Amended Fiscal Reports for the Fiscal Year July 1, 2017 to June 30, 2018</u>	
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
<u>Section 2 – Amended Fiscal Reports for the Fiscal Year July 1, 2018 to June 30, 2019</u>	
Amended Computation of Final Net State Share	9
Amended CY-348 - Fiscal Summary	10
Amended CY-370A - Revenue Report	11
Amended CY-370 - Expenditure Report.....	12
Amended Summary of Expense and Expense Adjustments	13
Adjustment Schedule	14
<u>Section 3 – Status of Prior Engagement Finding and Recommendations</u>	16
<u>Section 4 – Current Engagement Finding and Recommendations</u>	18
<u>Section 5 – Current Engagement Observation</u>	23
<u>Report Distribution List</u>	27

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 Mercer County Children and Youth Agency provided in-home and placement services to 2,797 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 engagement period, 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

**MERCER COUNTY 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 ¹		\$	5,339,037
Supplemental Act 148			<u>0</u>
Total State Allocation			5,339,037
State Share (CY348) ²	\$		4,479,092
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	4,479,092
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	4,479,092
Actual Act 148 Revenues Received ⁴			<u>4,479,092</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.

MERCER COUNTY 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	4,342	0	610	0	0	0	0	0	3,732	3,732	0
02. 90% REIMBURSEMENT	264,110	0	12,632	0	0	0	0	0	251,478	226,330	25,148
03. 80% REIMBURSEMENT	5,306,823	102,566	679,375	202,832	93,351	17,581	0	0	4,211,118	3,368,894	842,224
04. 60% REIMBURSEMENT	1,666,415	26,029	190,586	0	0	17,580	0	4,896	1,427,324	856,394	570,930
05. 50% REIMBURSEMENT	47,532	0	48	0	0	0	0	0	47,484	23,742	23,742
06. TOTAL NET CHILD WELFARE EXPEND.	7,289,222	128,595	883,251	202,832	93,351	35,161	0	4,896	5,941,136	4,479,092	1,462,044

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	424,095	4,849							419,246	251,548	167,698

08. NON-REIMBURSABLE EXPENDITURES	30,665	0							30,665		30,665
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09. TOTAL EXPENDITURES	7,743,982	133,444	883,251	202,832	93,351	35,161	0	4,896	6,391,047	4,730,640	1,660,407
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10. TOTAL TITLE IV-D COLLECTIONS 39,451

11. TITLE IV-D Collections for IV-E Children 11,481

12. STATE ACT 148 - line 6 4,479,092

13. STATE ACT 148 ALLOCATION 5,339,037

14. ADJUSTED STATE SHARE (lower of 12 or 13) 4,479,092

INVOICE											
AMENDED STATE SHARE (ACT 148)	4,479,092										
ACT 148 AMOUNT RECEIVED	4,479,092										
ADJUSTMENT TO STATE SHARE	0										

MERCER COUNTY 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
IN-HOME	TOTAL	PROGRAM	TITLE IV-E	TITLE IV-E	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL	NET	STATE	LOCAL
	REIMBURSABLE	INCOME	MAINTENANCE	ADMIN.					ASSISTANCE	REIMBURSABLE	ACT 148	SHARE
	EXPENDITURES									EXPENDITURES		
1-A ADOPTION SERVICE	4,342	0	0	610	0	0	0	0	0	3,732	3,732	0
1-B ADOPTION ASSISTANCE	268,512	0	84,319	153	0	0	0	0	0	184,040	147,232	36,808
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	357,246	0	105,902	0	0	0	0	0	0	251,344	201,075	50,269
1-D COUNSELING - DEPENDENT	541,185	0	0	857	170,548	93,351	0	0	0	276,429	221,143	55,286
1-E COUNSELING - DELINQUENT	380,555	0	0	71	11,008	0	0	0	0	369,476	295,581	73,895
1-F DAY CARE	0	0	0	0	0	0	0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
1-I HOMEMAKER SERVICE	42,647	0	0	632	17,688	0	0	0	0	24,327	19,462	4,865
1-J INTAKE & REFERRAL	131,894	0	0	20,894	0	0	0	0	0	110,414	88,331	22,083
1-K LIFE SKILLS - DEPENDENT	156,809	0	0	12,004	3,588	0	0	0	0	141,217	112,974	28,243
1-L LIFE SKILLS - DELINQUENT	141,295	0	0	0	0	0	0	0	0	141,295	113,036	28,259
1-M PROTECTIVE SERVICE - CHILD ABUSE	352,241	0	0	56,092	0	0	0	0	0	296,149	236,919	59,230
1-N PROTECTIVE SERVICE - GENERAL	1,156,267	0	0	183,719	0	0	0	0	0	972,548	778,038	194,510
1-O SERVICE PLANNING	27,334	0	0	4,351	0	0	0	0	0	22,983	18,386	4,597
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	11,950	0	0	48	0	0	0	0	0	11,902	5,951	5,951
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	832	0	0	0	0	0	0	0	0	832	416	416
1-R SUBTOTAL IN-HOME	3,572,523	0	190,221	279,431	202,832	93,351	0	0	0	2,806,688	2,242,276	564,412

COMMUNITY BASED PLACEMENT	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
TOTAL	REIMBURSABLE	PROGRAM	TITLE IV-E	TITLE IV-E	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL	NET	STATE	LOCAL
EXPENDITURES	EXPENDITURES	INCOME	MAINTENANCE	ADMIN.					ASSISTANCE	REIMBURSABLE	ACT 148	SHARE
										EXPENDITURES		
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	150,074	14,731	27,287	3,836	0	17,581	0	0	0	86,639	69,311	17,328
2-D COMMUNITY RESIDENTIAL - DELINQUENT	763,393	34,563	0	0	0	0	0	0	0	728,830	583,064	145,766
2-E EMERGENCY SHELTER - DEPENDENT	31,378	0	3,794	787	0	0	0	0	0	26,797	24,117	2,680
2-F EMERGENCY SHELTER - DELINQUENT	232,732	0	8,051	0	0	0	0	0	0	224,681	202,213	22,468
2-G FOSTER FAMILY - DEPENDENT	772,289	53,056	109,201	69,787	0	0	0	0	0	540,245	432,196	108,049
2-H FOSTER FAMILY - DELINQUENT	65,668	216	270	0	0	0	0	0	0	65,182	52,146	13,036
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	2,015,534	102,566	148,603	74,410	0	17,581	0	0	0	1,672,374	1,363,047	309,327

INSTITUTIONAL PLACEMENT	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
TOTAL	REIMBURSABLE	PROGRAM	TITLE IV-E	TITLE IV-E	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL	NET	STATE	LOCAL
EXPENDITURES	EXPENDITURES	INCOME	MAINTENANCE	ADMIN.					ASSISTANCE	REIMBURSABLE	ACT 148	SHARE
										EXPENDITURES		
3-A JUVENILE DETENTION SERVICE	34,750	0	0	0	0	0	0	0	0	34,750	17,375	17,375
3-B RESIDENTIAL SERVICE - DEPENDENT	88,513	0	9,838	6,273	0	17,580	0	0	0	54,822	32,893	21,929
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	195,911	16,971	11,534	0	0	0	0	0	0	167,406	100,444	66,962
3-D SECURE RES. SERVICE (EXCEPT YDC)	355,601	1,544	0	0	0	0	0	0	0	354,057	212,434	141,623
3-E YDC SECURE	424,095	4,849	0	0	0	0	0	0	0	419,246	251,548	167,698
3-F SUBTOTAL INSTITUTIONAL	1,098,870	23,364	21,372	6,273	0	17,580	0	0	0	1,030,281	614,694	415,587

4 ADMINISTRATION	1,026,390	7,514	0	162,941	0	0	0	0	0	4,896	510,623	340,416
5 TOTAL REVENUES	7,713,317	133,444	360,196	523,055	202,832	93,351	35,161	0	4,896	6,360,382	4,730,640	1,629,742

MERCER COUNTY 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
IN-HOME	WAGES AND SALARIES	EMPLOYEE BENEFITS	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
1-A ADOPTION SERVICE	2,277	952		1,070	0	43	4,342	6	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	269,885	0	0	0	269,885	0	34	0	1,373	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	357,246	0	0	0	357,246	0	52	0	0	0
1-D COUNSELING - DEPENDENT	3,605	1,508		409	535,596	67	541,185	0	138	0	0	0
1-E COUNSELING - DELINQUENT	0	0		1,040	379,515	0	380,555	0	164	0	0	0
1-F DAY CARE	0	0		0	0	0	0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-I HOMEMAKER SERVICE	2,656	1,110		156	38,676	49	42,647	0	24	0	0	0
1-J INTAKE & REFERRAL	87,872	36,719		5,079	0	1,638	131,308	2,192	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	50,483	21,095		2,920	81,370	941	156,809	0	92	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	141,295	0	141,295	0	141	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	225,090	94,060		28,896	0	4,195	352,241	991	0	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	726,516	303,590		131,337	125	13,542	1,175,110	2,229	1	18,843	0	0
1-O SERVICE PLANNING	18,031	7,534		1,433	0	336	27,334	3,220	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				335	11,615		11,950	0	86	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				832	0		832	0	0	0	0	0
1-R SUBTOTAL IN-HOME	1,116,530	466,568	627,131	173,507	1,188,192	20,811	3,592,739			18,843	1,373	0
Number of Children receiving only NON-PURCHASED IN-Home Services												
COMMUNITY BASED PLACEMENT	WAGES AND SALARIES	EMPLOYEE BENEFITS	EMPLOYEE BENEFITS SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	DAYS OF CARE	Children Served (Purchased)	Non-Reimbursable Non PS/Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	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	16,133	6,742	0	4,407	122,491	301	150,074	808	12	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	972	762,421	0	763,393	4,563	41	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	758	317	0	2,646	27,642	15	31,378	579	22	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	427	232,305	0	232,732	1,484	60	0	0	0
2-G FOSTER FAMILY - DEPENDENT	192,446	80,419	0	73,645	426,094	3,587	776,191	11,954	59	0	3,902	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	1,831	63,837	0	65,668	939	3	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	209,337	87,478	0	83,928	1,634,790	3,903	2,019,436	20,327	197	0	3,902	0
INSTITUTIONAL PLACEMENT	WAGES AND SALARIES	EMPLOYEE BENEFITS	EMPLOYEE BENEFITS SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	DAYS OF CARE	Children Served (Purchased)	Non-Reimbursable Non PS/Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
3-A JUVENILE DETENTION SERVICE	0	0	0	0	34,750	0	34,750	139	3	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	26,380	11,024	0	1,657	48,961	491	88,513	181	1	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	392	195,919	0	195,911	963	8	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	355,601	0	355,601	1,067	4	0	0	0
3-E YDC SECURE	0	0	0	0	424,095	0	424,095	735	6	0	0	0
3-F SUBTOTAL INSTITUTIONAL	26,380	11,024	0	2,049	1,058,926	491	1,098,870	3,085	22	0	0	0
4 ADMINISTRATION	545,646	228,010	0	248,890	0	10,391	1,032,937			6,547	0	0
5 TOTAL EXPENDITURES	1,897,893	793,080	627,131	508,374	3,881,908	35,596	7,743,982			25,390	5,275	0
County Indirect Costs = \$ 159,873												

**MERCER COUNTY 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	\$ 4,342	\$ 0	\$ 4,342
Adoption Assistance	269,885	0	269,885
Subsidized Permanent Legal Custodianship	357,246	0	357,246
Counseling	921,740	0	921,740
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	42,647	0	42,647
Intake and Referral	131,308	0	131,308
Life Skills	298,104	0	298,104
Protective Service - Child Abuse	352,241	0	352,241
Protective Service - General	1,175,110	0	1,175,110
Service Planning	27,334	0	27,334
Juvenile Act Proceedings	12,782	0	12,782
Alternative Treatment	0	0	0
Community Residential	913,467	0	913,467
Emergency Shelter	264,110	0	264,110
Foster Family	841,859	0	841,859
Supervised Independent Living	0	0	0
Juvenile Detention Service	34,750	0	34,750
Residential Service	284,424	0	284,424
Secure Residential Service (Except YDC)	355,601	0	355,601
YDC Secure	424,095	0	424,095
Administration	<u>1,032,937</u>	<u>0</u>	<u>1,032,937</u>
Combined Total Expense	<u>7,743,982</u>	<u>0</u>	<u>7,743,982</u>
Less Non-reimbursables	<u>30,665</u>	<u>0</u>	<u>30,665</u>
Total Net Expense	<u>\$ 7,713,317</u>	<u>\$ 0</u>	<u>\$ 7,713,317</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,897,893	\$ 0	\$ 1,897,893
Employee Benefits	793,080	0	793,080
Subsidies	627,131	0	627,131
Operating	508,374	0	508,374
Purchased Services	3,881,908	0	3,881,908
Fixed Assets	<u>35,596</u>	<u>0</u>	<u>35,596</u>
Combined Total Expense	<u>7,743,982</u>	<u>0</u>	<u>7,743,982</u>
Less Non-reimbursables	<u>30,665</u>	<u>0</u>	<u>30,665</u>
Total Net Expense	<u>\$ 7,713,317</u>	<u>\$ 0</u>	<u>\$ 7,713,317</u>

SECTION 2

AMENDED FISCAL REPORTS

**FOR THE FISCAL YEAR:
JULY 1, 2018 to JUNE 30, 2019**

**MERCER COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	5,221,902
Supplemental Act 148			<u>0</u>
Total State Allocation			5,221,902
State Share (CY348) ²	\$		4,825,202
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	4,825,202
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	4,825,202
Actual Act 148 Revenues Received ⁴			<u>4,823,874</u>
Net Amount Due County/(State) ⁵		\$	<u><u>1,328</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.

**MERCER COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
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	14,378	0	1,714	0	0	0	0	0	12,664	12,664	0
02. 90% REIMBURSEMENT	379,170	0	20,185	0	0	0	0	0	358,985	323,087	35,898
03. 80% REIMBURSEMENT	5,923,048	132,545	705,063	202,831	93,351	8,791	0	0	4,780,467	3,824,374	956,093
04. 60% REIMBURSEMENT	1,248,856	41,254	83,774	0	0	26,370	0	2,099	1,095,359	657,215	438,144
05. 50% REIMBURSEMENT	15,978	0	256	0	0	0	0	0	15,722	7,862	7,860
06. TOTAL NET CHILD WELFARE EXPEND.	7,581,430	173,799	810,992	202,831	93,351	35,161	0	2,099	6,263,197	4,825,202	1,437,995

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	531,432	8,861							522,571	313,543	209,028

08. NON-REIMBURSABLE EXPENDITURES	32,436	0							32,436		32,436
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09. TOTAL EXPENDITURES	8,145,298	182,660	810,992	202,831	93,351	35,161	0	2,099	6,818,204	5,138,745	1,679,459
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10. TOTAL TITLE IV-D COLLECTIONS 64,450

11. TITLE IV-D Collections for IV-E Children 3,534

12. STATE ACT 148 - line 6 4,825,202

13. STATE ACT 148 ALLOCATION 5,221,902

14. ADJUSTED STATE SHARE (lower of 12 or 13) 4,825,202

INVOICE											
AMENDED STATE SHARE (ACT 148)	4,825,202										
ACT 148 AMOUNT RECEIVED	4,823,874										
ADJUSTMENT TO STATE SHARE	1,328										

MERCER COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
 AMENDED CY370A
 REVENUE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS		REVENUE SOURCES											
		1	2	3	4	5	6	7	8	9	10	11	12
IN-HOME		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
I-A	ADOPTION SERVICE	14,378	0		1,714	0		0	0	0	12,664	12,664	0
I-B	ADOPTION ASSISTANCE	273,865	0	94,871	0			0	0	0	178,994	143,195	35,799
I-C	SUBSIDIZED PERMANENT LEGAL CUSTODIANS	397,799	0	134,126	0			0	0	0	263,673	210,938	52,735
I-D	COUNSELING - DEPENDENT	474,389	0		786	179,700	93,351	0	0	0	200,552	160,442	40,110
I-E	COUNSELING - DELINQUENT	513,472	0		0	2,635	0	0	0	0	510,837	408,670	102,167
I-F	DAY CARE	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
I-H	DAY TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
I-I	HOMEMAKER SERVICE	49,586	0		396	20,496	0	0	0	0	28,694	22,955	5,739
I-J	INTAKE & REFERRAL	197,434	0		23,533	0	0	0	0	0	173,901	139,121	34,780
I-K	LIFE SKILLS - DEPENDENT	35,433	0		2,166	0	0	0	0	0	33,267	26,614	6,653
I-L	LIFE SKILLS - DELINQUENT	83,124	0		0	0	0	0	0	0	83,124	66,499	16,625
I-M	PROTECTIVE SERVICE - CHILD ABUSE	195,328	0		22,547	0	0	0	0	0	172,781	138,225	34,556
I-N	PROTECTIVE SERVICE - GENERAL	935,350	0		110,589	0	0	0	0	0	824,761	659,809	164,952
I-O	SERVICE PLANNING	449,941	0		53,762	0	0	0	0	0	396,179	316,943	79,236
I-P	JUVENILE ACT PROCEEDINGS - DEPENDENT	15,461	0		256	0		0	0	0	15,205	7,603	7,602
I-Q	JUVENILE ACT PROCEEDINGS - DELINQUENT	267	0		0	0		0	0	0	267	134	133
I-R	SUBTOTAL IN-HOME	3,635,827	0	228,997	215,749	202,831	93,351	0	0	0	2,894,899	2,313,812	581,087
COMMUNITY BASED PLACEMENT		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	170,605	4,176	36,835	3,484			8,791	0	0	117,319	93,855	23,464
2-D	COMMUNITY RESIDENTIAL - DELINQUENT	906,901	42,764	36,913	0			0	0	0	861,779	661,779	165,445
2-E	EMERGENCY SHELTER - DEPENDENT	69,256	0	9,431	3,313	0	0	0	0	0	56,512	50,861	5,651
2-F	EMERGENCY SHELTER - DELINQUENT	309,914	0	7,441	0	0	0	0	0	0	302,473	272,226	30,247
2-G	FOSTER FAMILY - DEPENDENT	1,174,900	78,680	82,305	102,750			0	0	0	911,165	728,932	182,233
2-H	FOSTER FAMILY - DELINQUENT	64,921	6,925	0	0			0	0	0	57,996	46,397	11,599
2-I	SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0			0	0	0	0	0	0
2-J	SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0			0	0	0	0	0	0
2-K	SUBTOTAL CBP	2,696,497	132,545	172,925	109,547	0	0	8,791	0	0	2,272,689	1,854,050	418,639
INSTITUTIONAL PLACEMENT		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	250	0								250	125	125
3-B	RESIDENTIAL SERVICE - DEPENDENT	45,811	0		0			0	0	0	45,811	27,487	18,324
3-C	RES. SERVICE - DELINQUENT (NON YDC/YFC)	152,476	8,472	0	0			26,370	0	0	117,634	70,580	47,054
3-D	SECURE RES. SERVICE (EXCEPT YDC)	336,623	15,259								321,364	192,818	128,546
3-E	YDC SECURE	531,432	8,861								522,571	313,543	209,028
3-F	SUBTOTAL INSTITUTIONAL	1,066,592	32,592	0	0	0	0	26,370	0	0	1,007,630	604,553	403,077
4	ADMINISTRATION	713,946	17,523		83,774		0	0	0	2,099	610,550	366,330	244,220
5	TOTAL REVENUES	8,112,862	182,660	401,922	409,070	202,831	93,351	35,161	0	2,099	6,785,768	5,138,745	1,647,023

MERCER COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
 AMENDED CY370
 EXPENDITURE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reimbursable Non PS/Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
IN-HOME												
1-A ADOPTION SERVICE	8,524	3,626		2,095	0	147	14,392	7	0	14	0	0
1-B ADOPTION ASSISTANCE	0	0	273,865	0	0	0	273,865	0	34	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	397,799	0	0	0	397,799	0	56	0	0	0
1-D COUNSELING - DEPENDENT	4,353	1,851		333	467,785	75	474,397	0	132	8	0	0
1-E COUNSELING - DELINQUENT	0	0		325	513,147	0	513,472	0	157	0	0	0
1-F DAY CARE	0	0		0	0	0	0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-I HOMEMAKER SERVICE	2,177	933		183	46,259	38	49,590	0	28	4	0	0
1-J INTAKE & REFERRAL	130,043	55,319		10,049	0	2,249	197,660	2,835	0	226	0	0
1-K LIFE SKILLS - DEPENDENT	11,971	5,094		927	17,256	207	35,455	0	23	22	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	83,124	0	83,124	0	103	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	109,185	46,449		31,147	6,850	1,888	195,519	918	6	191	0	0
1-N PROTECTIVE SERVICE - GENERAL	570,226	242,585		133,174	8,550	9,858	964,393	2,345	5	29,043	0	0
1-O SERVICE PLANNING	283,843	120,756		40,928	0	4,908	450,435	3,263	0	494	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				2,286	13,175		15,461	0	95	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				267	0		267	0	0	0	0	0
1-R SUBTOTAL IN-HOME	1,120,322	476,613	671,664	221,714	1,156,146	19,370	3,665,829			30,002	0	0
	Number of Children receiving only NON-PURCHASED IN-Home Services 2,607											
COMMUNITY BASED PLACEMENT												
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	19,227	8,186	0	2,797	140,094	333	170,637	881	10	32	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	3,553	903,348	0	906,901	5,017	50	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	726	304	0	3,770	64,443	13	69,256	1,266	50	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	0	309,914	0	309,914	1,782	72	0	0	0
2-G FOSTER FAMILY - DEPENDENT	474,165	210,428	0	78,627	407,246	5,738	1,176,204	9,240	73	926	378	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	255	64,666	0	64,921	936	3	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	494,118	218,918	0	89,002	1,889,711	6,084	2,697,833	19,122	258	958	378	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	250	0	250	1	1	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	0	45,811	0	45,811	150	1	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	292	152,184	0	152,476	781	12	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	373	336,250	0	336,623	1,023	7	0	0	0
3-E YDC SECURE	0	0	0	0	531,432	0	531,432	968	11	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	665	1,065,927	0	1,066,592	2,923	32	0	0	0
4 ADMINISTRATION	341,519	145,287	0	222,335	0	5,903	715,044			1,098	0	0
5 TOTAL EXPENDITURES	1,955,959	840,818	671,664	533,716	4,111,784	31,357	8,145,298			32,058	378	0
	County Indirect Costs = \$ 169,412											

**MERCER COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019**

AMENDED

SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 14,392	\$ 0	\$ 14,392
Adoption Assistance	273,865	0	273,865
Subsidized Permanent Legal Custodianship	397,799	0	397,799
Counseling	987,869	0	987,869
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	49,590	0	49,590
Intake and Referral	197,660	0	197,660
Life Skills	118,579	0	118,579
Protective Service - Child Abuse	195,519	0	195,519
Protective Service - General	964,393	0	964,393
Service Planning	450,435	0	450,435
Juvenile Act Proceedings	15,728	0	15,728
Alternative Treatment	0	0	0
Community Residential	1,077,538	0	1,077,538
Emergency Shelter	377,695	1,475	379,170
Foster Family	1,241,125	0	1,241,125
Supervised Independent Living	0	0	0
Juvenile Detention Service	250	0	250
Residential Service	198,287	0	198,287
Secure Residential Service (Except YDC)	336,623	0	336,623
YDC Secure	531,432	0	531,432
Administration	715,044	0	715,044
Combined Total Expense	<u>8,143,823</u>	<u>1,475</u>	<u>8,145,298</u>
Less Non-reimbursables	<u>32,436</u>	<u>0</u>	<u>32,436</u>
Total Net Expense	<u>\$ 8,111,387</u>	<u>\$ 1,475</u>	<u>\$ 8,112,862</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,955,959	\$ 0	\$ 1,955,959
Employee Benefits	840,818	0	840,818
Subsidies	671,664	0	671,664
Operating	533,716	0	533,716
Purchased Services	4,110,309	1,475	4,111,784
Fixed Assets	31,357	0	31,357
Combined Total Expense	<u>8,143,823</u>	<u>1,475</u>	<u>8,145,298</u>
Less Non-reimbursables	<u>32,436</u>	<u>0</u>	<u>32,436</u>
Total Net Expense	<u>\$ 8,111,387</u>	<u>\$ 1,475</u>	<u>\$ 8,112,862</u>

MERCER COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
 ADJUSTMENT SCHEDULE

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENTS	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370	2-E	5	1	<p style="text-align: center;">CY-370 Adjustments</p> <p>Emergency Shelter (Dependent) - Purchased Services</p> <p>To increase expenditures by \$1,475 to include a January 2019 invoice which was not included on the Act 148 Invoice submitted to Commonwealth Department of Human Services.</p> <p>Title 55 PA Code, Chapter 3170.95(a)(b)</p>	\$ 62,968	\$ 1,475	\$ 64,443

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

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

Finding – The Mercer County Children and Youth Agency Should Improve Its Control Procedures to Further Reduce the Risk of Paying Overbillings or Fraudulent Billings Submitted by Contracted In-Home Purchased Service Providers (Unresolved)

In our prior engagement report, covering the July 1, 2014 to June 30, 2017 fiscal years, we cited the Mercer County Children and Youth Agency (agency) for a lack of 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.

During the conduct of our current engagement, we determined the cited internal control deficiencies and corresponding risks continued to exist from July 2017 until December 2018. However, as of January 2019, we determined agency management developed and implemented sufficient policies and procedures to substantiate the number of units listed on Fee-For-Service invoices and to substantiate operating costs submitted by Program Funded providers to reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

Based on the results of procedures performed during the conduct of our current engagement, we concluded the issuance of a repeat finding is warranted since these control deficiencies, and corresponding risks, continued to exist from July 2017 until December 2018. Our repeat finding is included in the Current Engagement Finding and Recommendations section (Section 4) of this report.

SECTION 4

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

MERCER 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, we cited the Mercer County Children and Youth Agency (agency) for a lack of internal control procedures designed to sufficiently reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers. For contracted In-Home Fee-For-Service Purchased Service providers, as cited in the finding included in our prior engagement report, the agency could not provide evidence that substantiated the validity of the number of units invoiced for each individual listed on invoices submitted by these providers.

During the conduct of our current engagement, while we determined that the internal control deficiencies and corresponding risks identified during the conduct of our prior engagement continued to exist during the first year-and-a-half of our current two year engagement period (i.e., from July 2017 until December 2018), we found that, in response to the recommendations included in our prior engagement report, agency management developed and implemented in January 2019 sufficient written fiscal-related monitoring policy and corresponding procedures. These fiscal-related monitoring procedures require In-Home Purchased Service providers to include support documentation (e.g. signed encounter forms) with submitted Fee-For-Service invoices and copies of receipts, ledgers, and payroll registers with submitted Program Funded invoices. Fiscal staff compare the supporting documentation to the corresponding submitted invoice, discrepancies are discussed with the provider, and a resolution is determined. We verified that these procedures were in operation after January 2019.

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 Code (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).”

MERCER COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

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

- *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 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: The internal control deficiencies, and corresponding risks, continued to exist during our current engagement period, from July 2017 until December 2018. Agency management’s implementation of fiscal-related monitoring policies and procedures to reduce the risk of paying

MERCER COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

overbillings and/or fraudulent billings submitted by contracted In-Home Purchased Service providers did not occur until January 2019.

Effect: The agency's lack of implemented fiscal-related monitoring policies and procedures from July 2017 until December 2018, designed to reduce the risk of paying overbillings or fraudulent billings submitted 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 recommend that agency management continue to perform the recently implemented monitoring procedures in order to reduce the agency's risk of paying overbillings and fraudulent billings submitted by contracted In-Home Purchased Service providers, including ensuring that the agency obtain reasonable assurance that contracted In-Home Purchased Services were actually provided for the number of units detailed for each individual listed on invoices submitted by Fee-For-Service providers' and that operating costs invoiced by contracted Program-Funded providers are substantiated.

We further recommend that agency management ensure that it continues to:

- Notify agency staff responsible for reviewing and approving submitted In-Home Purchased Service 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 documentation deficiencies have been identified, the impact on the agency's review and approval process for these providers.
- Maintain 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 Response: Agency management agreed with the finding and provided no written response.

Auditor's Conclusion: We commend the agency management on acknowledging the deficiencies that existed in the agency's invoice review and approval process for contracted In-Home Purchased

MERCER COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

Services providers during our current engagement period; specifically, during the 2017-2018 fiscal year and between July 2018 and December 2018 of the 2018-2019 fiscal year. We further commend agency management's efforts to develop and implement formal, written fiscal-related monitoring policy and procedures for these contracted In-Home Purchased Services providers beginning in January 2019 of the 2018-2019 fiscal year. During our next audit of the agency, we will determine whether the agency continued to perform the implemented monitoring procedures to reduce the agency's risk of overbillings and fraudulent billings submitted by contracted In-Home Purchased Services providers going undetected.

Section 5

CURRENT ENGAGEMENT OBSERVATION

MERCER COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

Observation – Pennsylvania Department of Human Services is Making Strides in Increasing the Protection of At-Risk Children in the Care of Contracted In-Home Preventative Service Providers; Risk that has been Further Exacerbated by the Current COVID-19 Crisis.

The vast majority of Pennsylvania’s County Children and Youth (C&Y) Agencies contract with non-government In-Home Preventative Service Providers (Contracted Providers) to deliver services to children outside of an institutional or community-based setting, and those services are referred to as In-Home Purchased Services.¹ The Child Protective Services Law (CPSL) requires the conduct of Criminal Background Checks and Child Abuse History Clearances (Certifications) for all Contracted Providers’ (and their respective subcontractors’) employees and direct volunteers.²

Since 2016, we have communicated concerns to the Pennsylvania Department of Human Services (DHS) that these Contracted Providers were not being monitored for compliance with the CPSL certification mandates, specifically as it relates to obtaining assurance as to the sufficiency of each C&Y Agency’s procedures for reviewing the Certifications of Contracted Providers’ employees and volunteers and their respective subcontractors, whose duties require them to come into direct contact with children and taking appropriate corrective action when disqualifying incidents are identified. Furthermore, these Contracted Providers are not subject to licensure nor annual inspections under the Human Services Code (Code).³ Our concerns have been, and continue to be, communicated through the inclusion of a standardized observation in our C&Y Program engagement reports and through correspondence with DHS.

In February 2018, DHS senior management staff affirmed that DHS is responsible for communicating contract monitoring expectations to the C&Y Agencies and for implementing a method to ensure that the certification monitoring is being performed adequately. DHS staff

¹ Institutional and community-based settings are those in which the child is outside of the home for the entire time (e.g., Juvenile Detention, Residential Services, Secure Residential, Youth Development Camps, Youth Forestry Camps, Foster Care, Emergency Shelter, Group Homes, etc.). In-Home supportive services are provided while the child is in their own home or supportive services provided to the child or child’s family while the child is in substitute care.

² 23 Pa.C.S. §§ 6344 and 6344.2. Please note that CPSL 23 Pa.C.S. § 6344.4 now requires recertification of the required state and federal background checks and the child abuse clearance every 60 months.

³ Based on a recent communication with DHS in early September 2020, the agency candidly indicated that it lacks sufficient budgetary resources, leading to inadequate staffing to provide for the licensure and inspection of these Contracted Providers, which includes a large population of not only these providers, but also their subcontractors. Further, the implication of these budgetary constraints is that it would not be reasonable to pursue or support related legislation to make these Contracted Providers and their subcontractors subject to licensure and inspection. Please see the Special Note in Endnote 1.

MERCER COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

also stated that DHS had communicated these expectations to the C&Y Agencies on numerous occasions since 2016.

Our 2018 Position Statement Letter

On March 18, 2018, we sent a Position Statement Letter to the then DHS Deputy Secretary for Children, Youth and Families, which was also simultaneously delivered to the Pennsylvania Senate and House of Representatives' children and youth committee chairs focused on protecting the health, safety, and wellbeing of the children and youth receiving contracted in-home services across the Commonwealth. The major purpose of our letter was to express our concerns, as detailed above.

DHS Corrective Actions Taken

In an effort to further address our concerns, DHS expanded its CPSL adherence requirements for C&Y Agencies through the issuance of its 2019 revision of its Single Audit Supplement (Supplement) for counties, effective for the fiscal years ended June 30, 2019. The Supplement included the following requirements for C&Y Agencies and auditors who conduct Single Audits of counties.

C&Y Agencies are required to:

- Monitor provider adherence to the CPSL background check requirements to assure the safety of children receiving prevention, reunification, and aftercare services (services coded as in-home).
- Document these efforts and report them to DHS on a supplemental schedule included in each counties' Single Audit package.
- Create a listing of providers that deliver in-home coded services.
- Monitor a sample of in-home service providers' compliance with the CPSL requirements, including checking for incidents since the date of the background clearances.
- Communicate any violations to providers and obtain a corrective action plan.
- Follow-up on implementation of the corrective action plan within six months.
- Document the results of the monitoring.

Single Auditors are required to:

- Obtain a listing of providers that deliver in-home coded services for the C&Y Agency.
- Test the listing of providers for completeness.

MERCER COUNTY CHILDREN AND YOUTH AGENCY CURRENT ENGAGEMENT OBSERVATION

- Analyze the C&Y Agency's documentation of monitoring activities for adequacy of monitoring, the C&Y Agency's obtaining of any necessary corrective action plans, the C&Y Agency's timely follow-up on corrective action plans, and the adequacy and accuracy of the monitoring documentation.

Our Current Position

We are glad that the DHS' 2019 revision to its Supplement requires (1) C&Y Agencies to document their monitoring of Contracted Providers' compliance with the CPSL; (2) the Single Auditors to evaluate the adequacy of this documentation; and (3) the documentation be provided to DHS for its review. However, the Supplement is entirely silent with regards to actions DHS will take if Single Auditors find a C&Y Agency failed to identify disqualifying incidents and/or failed to take appropriate corrective actions when disqualifying convictions that would prohibit employees and volunteers from having direct contact with children receiving services were identified.

We believe that the requirements that DHS included in its Supplement are great first steps in obtaining assurance of the C&Y Agencies' compliance with the CPSL certification requirements **if the requirements are actually being followed consistently and routinely by each county C&Y Agency**. Therefore, as the oversight agency, we believe that it is imperative that DHS implement its own monitoring process to obtain assurance that each C&Y Agency is following the CPSL certification requirements by ensuring that appropriate corrective actions are taken if it is found by the Single Auditors that C&Y Agencies are not adequately protecting the safety of these already at-risk children.ⁱ This specifically relates to obtaining assurance as to the sufficiency of each C&Y Agency's procedures for reviewing the Certifications of the Contracted Providers' employees and volunteers (whose duties require them to come into direct contact with children) and their respective subcontractors and taking appropriate corrective action when disqualifying incidents are identified.ⁱ Furthermore, we continue to believe that these children remain particularly vulnerable since the in-home services are sometimes provided outside the presence and view of others, which has been further aggravated by the current COVID-19 crisis.⁴

⁴ Various articles point to children in the Commonwealth experiencing more abuse. See May 11, 2020, <https://www.ydr.com/story/news/2020/05/11/coronavirus-pa-hospitals-seeing-more-severe-child-abuse-injuries/3103045001/>; June 20, 2020, <https://www.buckscountycouriertimes.com/news/20200620/state-more-child-abuse-calls-coming-in-than-at-start-of-pandemic-but-still-being-underreported/>; and July 17, 2020, <https://www.goerie.com/news/20200717/child-abuse-in-pandemic-as-hospitals-see-more-severe-injuries-the-worst-is-yet-to-come> (accessed July 29, 2020).

MERCER COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

Conclusion

As previously stated, as the oversight agency, DHS must implement its own monitoring process that will provide DHS management with the assurance that every C&Y Agency and their respective Contracted Providers and their subcontractors are actually adhering to the CPSL certification requirements. This specifically relates to obtaining assurance as to the sufficiency of each C&Y Agency's procedures for reviewing the Certifications of their Contracted Providers' employees and volunteers and their subcontractors (whose duties require them to come into direct contact with children) and taking appropriate corrective action when disqualifying incidents are identified. On August 31, 2020, DHS informed us that they began receiving the supplemental schedules (monitoring documentation) for Single Audits conducted for the fiscal years ended June 30, 2019. DHS further stated that, beginning in October, 2020, they plan to review these supplement schedules and each county's Corrective Action Plan (CAP) for CPSL adherence as a part of its on-site reviews of counties.

Finally, we note that in addition to following up with DHS on these issues, our Department will also reach out to the newly appointed Child Advocate Nicole Yancy and the new Council on Reform, as well as the Pennsylvania Senate and House of Representatives committee chairs focused on the protection of children and youth to ensure they are aware of our concerns.

Special Note: In marked contrast to contracted foster care parents/providers and day treatment centers/child residential facilities, as well as 12 other types of facilities and programs, these C&Y Contracted Providers are not subject to annual licensure and an inspection process in accordance with the Human Services Code (Code). As noted in an earlier footnote, DHS recently made the candid statement that it lacks sufficient budgetary resources, leading to inadequate staffing, to provide for the licensure and inspection of these Contracted Providers.

Our Department understands and appreciates these budgetary difficulties and that it may not be practical, but it is definitely reasonable to have licensure and inspections under the Code for this very large population of these C&Y Agencies' Contracted Providers and their subcontractors. However, it is important to note that these children under the care of the Contracted Providers remain particularly vulnerable since the in-home services are sometimes provided outside the presence and view of others, which has been further aggravated by the current COVID-19 crisis.

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

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