

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

Montgomery County Children and Youth Agency

January 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Commissioners of Montgomery County
Montgomery County Courthouse
P.O. Box 311
Norristown, PA 19404-0311

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 Montgomery County Office of Children and Youth (agency). The purpose of this engagement is to ascertain and certify 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 Pennsylvania 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.

Agency management is responsible for the preparation of the submitted fiscal reports, and compliance with children, youth, and families regulations. 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. We also performed procedures 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.*). The engagement 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 Montgomery County.

We certify 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.¹

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 one adjustment being made to the agency's submitted fiscal reports. This adjustment in total impacted the agency's Net State Share by increasing agency expenditures by \$27,888. Based on the application of the state participation rates, the adjustment resulted in an amount due to the state totaling \$48,082.
- 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 affected the agency's Net State Share by increasing agency expenditures by \$16,184. Based on the application of the state participation rates, the adjustment resulted in an amount due to the county totaling \$11,074.

This report includes the following findings and observation:

Finding No. 1 – 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 (Repeat Finding)

Finding No. 2 – Failure to Report Expenditures on an Accrual Basis

Observation – Despite the Pennsylvania Department of Human Services Apparent Strides in Increasing the Protection of At-Risk Children in the Care of Contracted In-Home Preventative Service Providers, DHS Failed to Review the Adequacy of the C&Y Agencies Procedures and Results for Ensuring these Providers Comply with CPSL Requirements

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 December 15, 2022.

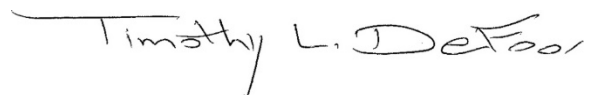
This report is being forwarded to the DHS Bureau of Financial Operations and the Office of Children, Youth, and Families for review and settlement of any recommended adjustments included in our amended fiscal reports. You will be notified by DHS of the decisions made regarding the approval and finalization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

¹ In accordance with DHS regulations, the expenditures reported in the enclosed fiscal reports are limited to expenditures funded by allocations made pursuant to Act 148 of 1976, as amended, (62 P.S. § 704.1) and do not include any expenditures made from other appropriations or grant funds.

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 to our representatives by your officials and agency staff. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor
Auditor General
January 9, 2023

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BACKGROUND

The Department of the Auditor General (department) 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. The department determines 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.” The Children and Youth Social Services Program is county-administered and state-supervised by DHS, with shared responsibility 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, which includes the fiscal reports. 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.

We reviewed the final, cumulative 4th quarter fiscal reports submitted to DHS, the agency’s related financial records, and other supporting documentation. This was done to determine whether the agency’s actual, cumulative expenditures and revenues were properly reported to DHS for the respective fiscal years. The amended fiscal reports below include any adjustments we considered necessary to reflect the agency’s actual related revenue, expenditures, and net state share for each fiscal year in our engagement period.

SECTION 1

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2017 to JUNE 30, 2018

**MONTGOMERY 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		\$	23,989,750
Supplemental Act 148			<u>0</u>
Total State Allocation			23,989,750
State Share (CY348) ²	\$		23,542,152
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	23,542,152
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	23,542,152
Actual Act 148 Revenues Received ⁴			<u>23,590,234</u>
Net Amount Due County/(State) ⁵		\$	<u>(48,082)</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 auditor's adjustments are considered.

³ Final Net Share Payable is the net amount of reimbursable expenditures from Act 148 funds after auditor's 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.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
 AMENDED CY3-8
 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	970,444	0	160,241	0	0	0	0	0	810,203	810,203	0
02. 90% REIMBURSEMENT	1,138,767	32,220	146,869	0	0	0	0	0	959,678	863,710	95,968
03. 80% REIMBURSEMENT	26,846,007	487,395	4,421,918	1,273,533	0	0	0	0	20,663,161	16,530,529	4,132,632
04. 60% REIMBURSEMENT	7,195,476	402,117	686,958	0	483,979	236,098	0	19,368	5,366,956	3,220,173	2,146,783
05. 50% REIMBURSEMENT	4,235,074	0	0	0	0	0	0	0	4,235,074	2,117,537	2,117,537
06. TOTAL NET CHILD WELFARE EXPEND.	40,385,768	921,732	5,415,986	1,273,533	483,979	236,098	0	19,368	32,035,072	23,542,152	8,492,920
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	3,371,411	80,825							3,290,586	1,974,352	1,316,234
08. NON-REIMBURSABLE EXPENDITURES	0	0							0	0	0
09. TOTAL EXPENDITURES	43,757,179	1,002,557	5,415,986	1,273,533	483,979	236,098	0	19,368	35,325,658	25,516,504	9,809,154
10. TOTAL TITLE IV-D COLLECTIONS	788,201										
11. TITLE IV-D Collections for IV-E Children	66,695										
12. STATE ACT 148 - line 6	23,542,152										
13. STATE ACT 148 ALLOCATION	23,989,750										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	23,542,152										
INVOICE											
AMENDED STATE SHARE (ACT 148)	23,542,152										
ACT 148 AMOUNT RECEIVED	23,590,234										
ADJUSTMENT TO STATE SHARE	(48,082)										

MONTGOMERY 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													
1-A ADOPTION SERVICE	970,444	0	1,471,168	160,241	0			0	0	810,203	810,203	405,091	
1-B ADOPTION ASSISTANCE	3,510,243	0	732,178	13,618	0			0	0	2,025,457	1,620,366	405,091	
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	732,178	0	268,463	0	0			0	0	463,715	370,972	92,743	
1-D COUNSELING - DEPENDENT	932,914	0	0	76,428	62,350	0	0	0	0	794,136	635,309	158,827	
1-E COUNSELING - DELINQUENT	319,550	0	0	31,967	0	0	0	0	0	287,583	230,066	57,517	
1-F DAY CARE	89,073	0	0	43,346	0	0	0	0	0	45,727	36,582	9,145	
1-G DAY TREATMENT - DEPENDENT	65,313	0	0	0	0	0	0	0	0	65,313	52,250	13,063	
1-H DAY TREATMENT - DELINQUENT	165,470	0	0	0	7,588	0	0	0	0	157,882	126,306	31,576	
1-I HOMEMAKER SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	
1-J INTAKE & REFERRAL	1,182,767	0	195,364	0	0	0	0	0	0	987,403	789,922	197,481	
1-K LIFE SKILLS - DEPENDENT	2,324,887	0	78,243	494,469	0	0	0	0	0	1,752,175	1,401,740	350,435	
1-L LIFE SKILLS - DELINQUENT	3,539,885	0	0	597,213	0	0	0	0	0	2,942,672	2,354,138	588,534	
1-M PROTECTIVE SERVICE - CHILD ABUSE	1,444,304	0	209,240	36,600	0	0	0	0	0	1,198,464	958,771	239,693	
1-N PROTECTIVE SERVICE - GENERAL	1,858,352	0	300,330	0	0	0	0	0	0	1,558,022	1,246,418	311,604	
1-O SERVICE PLANNING	335,192	0	55,285	0	0	0	0	0	0	279,907	223,926	55,981	
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	335,588	0	0	0	0	0	0	0	0	335,588	167,794	167,794	
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	8,939	0	0	0	0	0	0	0	0	8,939	4,470	4,469	
1-R SUBTOTAL IN-HOME	17,815,099	0	1,739,631	1,088,749	1,273,533	0	0	0	0	13,713,186	11,029,233	2,683,953	

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	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	2,652,361	43,364	462,586	66,905	0	0	0	0	0	0	2,079,506	1,663,605	415,901
2-D COMMUNITY RESIDENTIAL - DELINQUENT	1,040,395	21,242	465	0	0	0	0	0	0	1,018,688	814,950	203,738	
2-E EMERGENCY SHELTER - DEPENDENT	1,048,861	32,220	100,507	43,143	0	0	0	0	0	872,991	785,692	87,299	
2-F EMERGENCY SHELTER - DELINQUENT	89,906	0	3,219	0	0	0	0	0	0	86,687	78,018	8,669	
2-G FOSTER FAMILY - DEPENDENT	5,640,074	365,414	603,464	573,282	0	0	0	0	0	4,097,914	3,278,331	819,583	
2-H FOSTER FAMILY - DELINQUENT	436,674	30,561	520	800	0	0	0	0	0	404,793	323,834	80,959	
2-I SUP. INDEPENDENT LIVING - DEPENDENT	491,282	6,511	45,757	0	0	0	0	0	0	439,014	351,211	87,803	
2-J SUP. INDEPENDENT LIVING - DELINQUENT	85,093	20,303	0	0	0	0	0	0	0	64,790	51,832	12,958	
2-K SUBTOTAL CBP	11,484,646	519,615	1,216,518	684,130	0	0	0	0	0	9,064,383	7,347,473	1,716,910	

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	3,890,347	0	161,602	1,361	0	0	0	0	0	0	3,890,347	1,945,274	1,945,274
3-B RESIDENTIAL SERVICE - DEPENDENT	1,113,907	69,358	1,133	0	241,991	118,051	0	0	0	0	521,544	312,926	208,618
3-C RES. SERVICE - DELINQUENT (NON YDC/FC)	2,632,707	332,739	0	0	241,988	118,047	0	0	0	0	1,938,800	1,163,280	775,520
3-D SECURE RES. SERVICE (EXCEPT YDC)	285,560	0	0	0	0	0	0	0	0	0	285,560	171,336	114,224
3-E YDC SECURE	3,371,411	80,825	0	0	0	0	0	0	0	0	3,290,586	1,974,352	1,316,234
3-F SUBTOTAL INSTITUTIONAL	11,294,132	482,922	162,735	1,361	0	483,979	236,098	0	0	0	9,927,037	5,567,167	4,359,870

4 ADMINISTRATION	3,163,302	20	0	522,862	0	0	0	0	0	19,368	2,621,052	1,572,631	1,048,421
5 TOTAL REVENUES	43,757,179	1,002,537	3,118,884	2,297,102	1,273,533	483,979	236,098	0	0	19,368	35,325,658	25,516,504	9,809,154

MONTGOMERY 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	EMPLOYEE BENEFITS	OPERATING SUBSIDIES	OPERATING SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by Category)	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	593,417	257,550		119,477	0	0	970,444	56	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	3,510,243	0	0	0	3,510,243	0	515	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	732,178	0	0	0	732,178	0	123	0	0	0
1-D COUNSELING - DEPENDENT	286,157	124,468		51,630	470,659	0	932,914	808	153	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	319,550	0	319,550	0	94	0	0	0
1-F DAY CARE	0	0		0	89,073	0	89,073	0	49	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	65,313	0	65,313	0	7	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	165,470	0	165,470	0	23	0	0	0
1-I HOME/MAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	732,606	318,218		131,943	0	0	1,182,767	0	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	292,935	127,415		52,879	1,851,658	0	2,324,887	863	337	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	3,539,885	0	3,539,885	0	501	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	784,452	340,844		145,008	174,000	0	1,444,304	3,759	222	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	1,133,520	492,693		195,534	36,605	0	1,888,352	8,421	22	0	0	0
1-O SERVICE PLANNING	207,910	90,090		37,192	0	0	335,192	181	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				430	335,158		335,588	0	277	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				8,939	0		8,939	0	0	0	0	0
1-R SUBTOTAL IN-HOME	4,030,997	1,751,278	4,242,421	743,032	7,047,371	20,185	17,815,099					
	Number of Children receiving only NON-PURCHASED IN-Home Services											
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	235,164	102,251		86,600	2,228,346	0	2,652,361	10,343	58	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	67,367	973,028	0	1,040,395	4,888	44	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	151,826	65,862		53,125	778,048	0	1,048,861	3,196	170	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	829	89,077	0	89,906	272	33	0	0	0
2-G FOSTER FAMILY - DEPENDENT	1,178,959	511,607		356,798	3,592,710	0	5,640,074	86,604	438	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	7,579	429,095	0	436,674	3,459	23	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	491,282	0	491,282	3,264	16	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	85,093	0	85,093	516	7	0	0	0
2-K SUBTOTAL CBP	1,565,949	679,720	0	572,298	8,666,679	0	11,484,646	112,542	789	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	3,890,547	0	3,890,547	10,226	416	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	12,850	1,101,057	0	1,113,907	4,908	37	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	92,644	2,540,063	0	2,632,707	14,768	129	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	285,560	0	285,560	1,287	0	0	0	0
3-E YDC SECURE	0	0	0	0	3,371,411	0	3,371,411	5,843	42	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	105,494	11,188,638	0	11,294,132	37,032	624	0	0	0
4 ADMINISTRATION	1,325,820	588,547	0	1,248,935	0	0	3,163,302					
5 TOTAL EXPENDITURES	6,922,766	3,019,545	4,242,421	2,669,759	26,902,688	0	43,757,179					
	County Indirect Costs = \$ 557,380											

**MONTGOMERY 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	\$ 970,444	\$ 0	\$ 970,444
Adoption Assistance	3,510,243	0	3,510,243
Subsidized Permanent Legal Custodianship	732,178	0	732,178
Counseling	1,252,464	0	1,252,464
Day Care	89,073	0	89,073
Day Treatment	269,294	(38,511)	230,783
Homemaker Service	0	0	0
Intake and Referral	1,182,767	0	1,182,767
Life Skills	5,864,772	0	5,864,772
Protective Service - Child Abuse	1,444,304	0	1,444,304
Protective Service - General	1,858,352	0	1,858,352
Service Planning	335,192	0	335,192
Juvenile Act Proceedings	344,527	0	344,527
Alternative Treatment	0	0	0
Community Residential	3,692,756	0	3,692,756
Emergency Shelter	1,138,767	0	1,138,767
Foster Family	6,076,748	0	6,076,748
Supervised Independent Living	861,934	(285,559)	576,375
Juvenile Detention Service	3,890,547	0	3,890,547
Residential Service	3,680,216	66,398	3,746,614
Secure Residential Service (Except YDC)	0	285,560	285,560
YDC Secure	3,371,411	0	3,371,411
Administration	<u>3,163,302</u>	<u>0</u>	<u>3,163,302</u>
Combined Total Expense	43,729,291	27,888	43,757,179
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	\$ <u>43,729,291</u>	\$ <u>27,888</u>	\$ <u>43,757,179</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 6,922,766	\$ 0	\$ 6,922,766
Employee Benefits	3,019,545	0	3,019,545
Subsidies	4,242,421	0	4,242,421
Operating	2,669,759	0	2,669,759
Purchased Services	26,874,800	27,888	26,902,688
Fixed Assets	<u>0</u>	<u>0</u>	<u>0</u>
Combined Total Expense	43,729,291	27,888	43,757,179
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	\$ <u>43,729,291</u>	\$ <u>27,888</u>	\$ <u>43,757,179</u>

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
ADJUSTMENT SCHEDULE**

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENTS	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370				CY-370 Adjustment			
	1-G	5	1	Day Treatment (Dependent) - Purchased Services	\$ 103,824	\$ (38,511)	\$ 65,313
	2-J	5		Supervised Independent Living (Delinquent) - Purchased Services	\$ 370,652	\$ (285,559)	\$ 85,093
	3-B	5		Residential Service (Dependent) - Purchased Services	\$ 1,034,659	\$ 66,398	\$ 1,101,057
	3-D	5		Secure Residential Service - Purchased Services	\$ -	\$ 285,560	\$ 285,560
				Total Adjustment Amount		\$ 27,888	
				<p>To increase expenditures by \$27,888 to include revisions made to the agency's expenditures ledger subsequent to the submission of the 4th quarter Act 148 Invoice Package to the Commonwealth Department of Human Services.</p> <p><i>Note: This adjustment includes a \$285,559 reclassification of costs from Supervised Independent Living Delinquent, state reimbursed at 80%, to Secure Residential Service state reimbursed at 60%.</i></p>			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2018 to JUNE 30, 2019

**MONTGOMERY 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		\$	25,037,090
Supplemental Act 148			<u>0</u>
Total State Allocation			25,037,090
State Share (CY348) ²	\$		23,587,518
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	23,587,518
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	23,587,518
Actual Act 148 Revenues Received ⁴			<u>23,576,444</u>
Net Amount Due County/(State) ⁵		\$	<u>11,074</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 auditor's adjustments are considered.

³ Final Net Share Payable is the net amount of reimbursable expenditures from Act 148 funds after auditor's 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.

MONTGOMERY 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	890,729	0	143,851	0	0	0	0	746,878	746,878	0												
02. 90% REIMBURSEMENT	1,262,902	7,015	158,681	0	0	0	0	1,097,206	987,485	109,721												
03. 80% REIMBURSEMENT	26,986,452	503,066	4,902,545	1,273,533	0	0	0	20,307,308	16,245,846	4,061,462												
04. 60% REIMBURSEMENT	7,103,275	240,100	900,075	0	483,979	236,098	0	8,410	5,234,613	3,140,767												
05. 50% REIMBURSEMENT	4,933,083	0	0	0	0	0	0	4,933,083	2,466,542	2,466,541												
06. TOTAL NET CHILD WELFARE EXPEND.	41,176,441	750,181	6,105,152	1,273,533	483,979	236,098	0	8,410	32,319,088	23,587,518												
YDC/YFC PLACEMENT COSTS																						
07. 60% DHS PARTICIPATION	2,773,548	56,337							2,717,211	1,630,327												
08. NON-REIMBURSABLE EXPENDITURES	0	0							0	0												
09. TOTAL EXPENDITURES	43,949,989	806,518	6,105,152	1,273,533	483,979	236,098	0	8,410	35,036,299	25,217,845												
10. TOTAL TITLE IV-D COLLECTIONS	619,686																					
11. TITLE IV-D Collections for IV-E Children	49,052																					
12. STATE ACT 148 - line 6	23,587,518																					
13. STATE ACT 148 ALLOCATION	25,037,090																					
14. ADJUSTED STATE SHARE (lower of 12 or 13)	23,587,518																					
INVOICE																						
AMENDED STATE SHARE (ACT 148)	23,587,518																					
ACT 148 AMOUNT RECEIVED	23,576,444																					
ADJUSTMENT TO STATE SHARE	11,074																					

MONTGOMERY 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
	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	890,729	0	0	143,851	0	0	0	0	0	746,878	746,878	0
I-B ADOPTION ASSISTANCE	3,446,924	0	1,463,647	24,719	0	0	0	0	0	1,958,558	1,566,846	391,712
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	832,658	0	325,510	0	0	0	0	0	0	507,148	405,718	101,430
I-D COUNSELING - DEPENDENT	1,021,444	0	95,621	73,173	0	0	0	0	0	852,650	682,120	170,530
I-E COUNSELING - DELINQUENT	327,205	0	41,333	0	0	0	0	0	0	285,872	228,698	57,174
I-F DAY CARE	55,851	0	0	25,559	0	0	0	0	0	30,292	24,234	6,058
I-G DAY TREATMENT - DEPENDENT	47,398	0	0	0	0	0	0	0	0	47,398	37,918	9,480
I-H DAY TREATMENT - DELINQUENT	82,029	0	0	2,647	0	0	0	0	0	79,382	63,506	15,876
I-I HOMEMAKER SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
I-J INTAKE & REFERRAL	1,242,329	0	0	200,385	0	0	0	0	0	1,041,944	833,555	208,389
I-K LIFE SKILLS - DEPENDENT	2,089,135	0	0	97,590	497,846	0	0	0	0	1,493,699	1,194,959	298,740
I-L LIFE SKILLS - DELINQUENT	3,074,355	0	0	592,775	0	0	0	0	0	2,481,580	1,985,264	496,316
I-M PROTECTIVE SERVICE - CHILD ABUSE	1,624,246	0	0	231,329	40,200	0	0	0	0	1,352,717	1,082,174	270,543
I-N PROTECTIVE SERVICE - GENERAL	2,201,901	0	0	349,225	0	0	0	0	0	1,852,676	1,482,141	370,535
I-O SERVICE PLANNING	358,252	0	0	57,804	0	0	0	0	0	300,448	240,358	60,090
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT	416,692	0	0	0	0	0	0	0	0	416,692	208,346	208,346
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	133,967	0	0	0	0	0	0	0	0	133,967	66,984	66,983
I-R SUBTOTAL IN-HOME	17,845,115	0	1,789,157	1,200,524	1,273,533	0	0	0	0	13,581,901	10,849,699	2,732,202
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	2,905,546	38,208	463,823	84,855	0	0	0	0	0	2,318,660	1,854,928	463,732
2-D COMMUNITY RESIDENTIAL - DELINQUENT	1,207,570	71,005	13,644	0	0	0	0	0	0	1,122,921	898,337	224,584
2-E EMERGENCY SHELTER - DEPENDENT	1,078,402	7,015	109,245	45,052	0	0	0	0	0	917,090	825,381	91,709
2-F EMERGENCY SHELTER - DELINQUENT	184,500	0	4,384	0	0	0	0	0	0	180,116	162,104	18,012
2-G FOSTER FAMILY - DEPENDENT	5,496,153	322,571	763,752	649,010	0	0	0	0	0	3,760,820	3,008,656	752,164
2-H FOSTER FAMILY - DELINQUENT	307,082	31,518	0	0	0	0	0	0	0	275,564	220,451	55,113
2-I SUP. INDEPENDENT LIVING - DEPENDENT	630,516	39,180	81,631	0	0	0	0	0	0	509,705	407,764	101,941
2-J SUP. INDEPENDENT LIVING - DELINQUENT	35,858	584	0	0	0	0	0	0	0	35,274	28,219	7,055
2-K SUBTOTAL CBP	11,845,627	510,081	1,436,479	778,917	0	0	0	0	0	9,120,150	7,405,840	1,714,310
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	4,382,424	0	0	0	0	0	0	0	0	4,382,424	2,191,212	2,191,212
3-B JUVENILE DETENTION SERVICE	1,349,201	52,941	318,606	1,204	0	241,991	118,050	0	0	616,409	369,845	246,564
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	2,340,168	187,150	34,123	0	0	241,988	118,048	0	0	1,758,859	1,055,315	703,544
3-D SECURE RES. SERVICE (EXCEPT YDC)	28,280	0	0	0	0	0	0	0	0	28,280	16,968	11,312
3-E YDC SECURE	2,773,548	56,337	0	0	0	0	0	0	0	2,717,211	1,630,327	1,086,884
3-F SUBTOTAL INSTITUTIONAL	10,873,621	296,428	352,729	1,204	0	483,979	236,098	0	0	9,503,183	5,263,667	4,239,516
4 ADMINISTRATION	3,385,626	9	0	546,142	0	0	0	0	0	2,831,065	1,698,639	1,132,426
5 TOTAL REVENUES	43,949,989	806,518	3,578,365	2,526,787	1,273,533	483,979	236,098	0	8,410	35,036,299	25,217,845	9,818,454

MONTGOMERY 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												
I-A ADOPTION SERVICE	543,116	227,448		120,165	0	0	890,729	69	0	0	0	0
I-B ADOPTION ASSISTANCE	0	0	3,446,924	0	0	0	3,446,924	0	507	0	0	0
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	832,658	0	0	0	832,658	0	135	0	0	0
I-D COUNSELING - DEPENDENT	365,698	153,436		73,583	428,727	0	1,021,444	1,022	191	0	0	0
I-E COUNSELING - DELINQUENT	0	0			327,205	0	327,205	0	97	0	0	0
I-F DAY CARE	0	0			55,851	0	55,851	0	34	0	0	0
I-G DAY TREATMENT - DEPENDENT	0	0			47,398	0	47,398	0	3	0	0	0
I-H DAY TREATMENT - DELINQUENT	0	0			82,029	0	82,029	0	11	0	0	0
I-I HOMEMAKER SERVICE	0	0			0	0	0	0	0	0	0	0
I-J INTAKE & REFERRAL	766,481	321,611		154,237	0	0	1,242,329	7,236	0	0	0	0
I-K LIFE SKILLS - DEPENDENT	373,258	156,607		75,054	1,484,216	0	2,089,135	1,314	285	0	0	0
I-L LIFE SKILLS - DELINQUENT	0	0			3,074,355	0	3,074,355	0	498	0	0	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	882,240	370,137		181,669	190,200	0	1,624,246	8,225	317	0	0	0
I-N PROTECTIVE SERVICE - GENERAL	1,343,444	563,648		257,709	37,100	0	2,201,901	12,995	242	0	0	0
I-O SERVICE PLANNING	221,601	92,795		43,856	0	0	358,252	189	0	0	0	0
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT					416,692	0	416,692	0	348	0	0	0
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT					133,967	0	133,967	0	0	0	0	0
I-R SUBTOTAL IN-HOME	4,495,838	1,885,682	4,279,582	1,040,240	6,143,773	0	17,845,115					
Number of Children receiving only NON-PURCHASED IN-Home Services 29,076												
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	312,243	131,029	0	103,038	2,359,216	0	2,905,546	10,773	87	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	19,896	1,187,674	0	1,207,570	6,039	32	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	165,089	69,253	0	56,059	788,001	0	1,078,402	3,120	151	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	610	183,890	0	184,500	492	24	0	0	0
2-G FOSTER FAMILY - DEPENDENT	999,953	419,815	0	339,338	3,737,047	0	5,496,153	96,590	437	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	1,752	305,330	0	307,082	2,533	16	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	630,516	0	630,516	3,991	18	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	35,858	0	35,858	213	2	0	0	0
2-K SUBTOTAL CBP	1,477,285	620,097	0	520,713	9,227,532	0	11,845,627	123,751	767	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	4,382,424	0	4,382,424	9,153	366	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	11,164	1,338,037	0	1,349,201	5,102	28	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	27,483	2,312,685	0	2,340,168	12,134	100	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	28,280	0	28,280	122	1	0	0	0
3-E YDC SECURE	0	0	0	0	2,773,548	0	2,773,548	5,052	33	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	38,647	10,834,974	0	10,873,621	31,563	528	0	0	0
ADMINISTRATION	1,356,189	603,223	0	1,426,214	0	0	3,385,626					
TOTAL EXPENDITURES	7,329,312	3,109,002	4,279,582	3,025,814	26,206,279	0	43,949,989					
County Indirect Costs = \$ 642,629												

**MONTGOMERY 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	\$ 890,739	\$ (10)	\$ 890,729
Adoption Assistance	3,446,924	0	3,446,924
Subsidized Permanent Legal Custodianship	832,658	0	832,658
Counseling	1,348,339	310	1,348,649
Day Care	50,191	5,660	55,851
Day Treatment	129,427	0	129,427
Homemaker Service	0	0	0
Intake and Referral	1,242,342	(13)	1,242,329
Life Skills	5,163,496	(6)	5,163,490
Protective Service - Child Abuse	1,624,261	(15)	1,624,246
Protective Service - General	2,201,922	(21)	2,201,901
Service Planning	358,256	(4)	358,252
Juvenile Act Proceedings	550,670	(11)	550,659
Alternative Treatment	0	0	0
Community Residential	4,111,745	1,371	4,113,116
Emergency Shelter	1,262,907	(5)	1,262,902
Foster Family	5,803,668	(433)	5,803,235
Supervised Independent Living	666,374	0	666,374
Juvenile Detention Service	4,382,424	0	4,382,424
Residential Service	3,679,891	9,478	3,689,369
Secure Residential Service (Except YDC)	28,280	0	28,280
YDC Secure	2,773,548	0	2,773,548
Administration	3,385,743	(117)	3,385,626
Combined Total Expense	<u>43,933,805</u>	<u>16,184</u>	<u>43,949,989</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 43,933,805</u>	<u>\$ 16,184</u>	<u>\$ 43,949,989</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 7,329,312	\$ 0	\$ 7,329,312
Employee Benefits	3,109,002	0	3,109,002
Subsidies	4,279,582	0	4,279,582
Operating	3,026,062	(248)	3,025,814
Purchased Services	26,189,847	16,432	26,206,279
Fixed Assets	0	0	0
Combined Total Expense	<u>43,933,805</u>	<u>16,184</u>	<u>43,949,989</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 43,933,805</u>	<u>\$ 16,184</u>	<u>\$ 43,949,989</u>

**MONTGOMERY 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 Adjustment							
CY-370	1-A	4	1	Adoption Service - Operating	\$ 120,175	\$ (10)	\$ 120,165
	1-D	4		Counseling (Dependent) - Operating	\$ 73,589	\$ (6)	\$ 73,583
	1-J	4		Intake & Referral - Operating	\$ 154,250	\$ (13)	\$ 154,237
	1-K	4		Life Skills (Dependent) - Operating	\$ 75,060	\$ (6)	\$ 75,054
	1-M	4		Protective Service Child Abuse - Operating	\$ 181,684	\$ (15)	\$ 181,669
	1-N	4		Protective Service General - Operating	\$ 257,730	\$ (21)	\$ 257,709
	1-O	4		Service Planning - Operating	\$ 43,860	\$ (4)	\$ 43,856
	1-Q	4		Juvenile Act Proceedings (Delinquent) - Operating	\$ 133,978	\$ (11)	\$ 133,967
	2-C	4		Community Residential (Dependent) - Operating	\$ 103,066	\$ (8)	\$ 103,058
	2-D	4		Community Residential (Delinquent) - Operating	\$ 19,898	\$ (2)	\$ 19,896
	2-E	4		Emergency Shelter (Dependent) - Operating	\$ 56,064	\$ (5)	\$ 56,059
	2-G	4		Foster Family (Dependent) - Operating	\$ 339,366	\$ (28)	\$ 339,338
	3-C	4		Residential Service (Delinquent) - Operating	\$ 27,485	\$ (2)	\$ 27,483
	4	4		Administration - Operating	\$ 1,426,331	\$ (117)	\$ 1,426,214
	1-D	5		Counseling (Dependent) - Purchased Services	\$ 428,411	\$ 316	\$ 428,727
	1-F	5		Day Care - Purchased Services	\$ 50,191	\$ 5,660	\$ 55,851
	2-C	5		Community Residential (Dependent) - Purchased Services	\$ 2,357,835	\$ 1,381	\$ 2,359,216
	2-G	5		Foster Family (Dependent) - Purchased Services	\$ 3,737,452	\$ (405)	\$ 3,737,047
	3-B	5		Residential Service (Dependent) - Purchased Services	\$ 1,328,557	\$ 9,480	\$ 1,338,037
				Total Adjustment Amount		\$ 16,184	
				To increase expenditures by \$16,184 to include revisions made to the agency's expenditures ledger subsequent to the submission of the 4th quarter Act 148 Invoice Package to the Commonwealth Department of Human Services.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

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

The prior report included the following 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

In our prior engagement report, for the fiscal years July 1, 2014 to June 30, 2017, we cited the agency for failing to develop and implement internal control policies and procedures to require adequate supporting documentation evidencing that services related to fees invoiced by In-Home Purchased Service providers, and paid by the agency, were actually provided, and if provided, provided in adherence to the requirements of the respective provider contract terms.

During the conduct of our current engagement, we determined the issuance of a repeat finding is warranted since these control deficiencies and corresponding risks continued to exist for invoices submitted by In-Home Purchased Service providers during the current engagement period.

SECTION 4

CURRENT ENGAGEMENT FINDINGS AND RECOMMENDATIONS

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Unresolved Prior Engagement 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 Montgomery County Children and Youth Agency lacked internal control policies, and corresponding procedures, designed to sufficiently reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers and failed to obtain reasonable assurance that services related to costs invoiced by these providers were actually provided and provided in adherence to executed contract terms. For contracted Fee-For-Service In-Home Purchased Service providers, the agency could not provide evidence substantiating the validity of the number of units invoiced for individuals listed on invoices submitted by these providers.

During the conduct of our current engagement, in response to the recommendations included in our two prior engagement reports, agency management stated fiscal-related monitoring policy and corresponding procedures were developed and implemented in July 2019, for dependent services providers. For delinquent services providers, the Montgomery County Juvenile Probation Office (JPO) began development of monitoring policy and procedures in December 2021 but had not implemented these policies and procedures. Because agency management did not develop and implement policies and procedures until after the close our current engagement period (June 30, 2019), we will review and evaluate the implemented policies and procedures during the conduct of our next regularly scheduled engagement of this agency.

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).”

- *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.*

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDINGS AND RECOMMENDATIONS

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:

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 current engagement, agency management was not notified of these internal control deficiencies until an exit conference for a previous engagement held on May 22, 2018, well after the start of the first fiscal year of our current engagement period. In addition, the agency did not implement policy and procedures, during our current engagement period, due to insufficient fiscal staffing.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDINGS AND RECOMMENDATIONS

Effect: The agency's lack of internal control procedures 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 ensure the recently developed and implemented fiscal-related monitoring policy, and corresponding procedures, are 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 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 for Fee-For-Service providers and, if applicable, that operating costs invoiced by contracted Program Funded providers are substantiated.

We further recommend agency management:

- Notify agency staff responsible for reviewing and approving submitted In-Home Purchased Service providers' invoices for payment 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.
- Maintains sufficient evidence substantiating the results of all fiscal-related monitoring procedures performed to obtain reasonable assurance that contracted In-Home Purchased Services performed by providers were provided in adherence to DHS regulations and executed contracted terms and to reduce the agency's risk of erroneous and/or fraudulent billings submitted by contracted In-Home Purchased Services providers going undetected.

Agency Response: The Office of Children and Youth did not implement In-Home policy and procedures until after the scope of the engagement. The Juvenile Probation Office was in the process of creating In-Home policy and procedures similar to those developed by the Office of Children and Youth but had not yet implemented the policy and procedures during the engagement period.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDINGS AND RECOMMENDATIONS

Auditor's Conclusion: We commend Montgomery County Children and Youth Agency management for acknowledging the deficiencies that existed in the agency's invoice review and approval process for In-Home Purchased Services providers during the fiscal years included in our engagement period and their efforts to develop and implement formal, written fiscal-related monitoring policy and procedures for these contracted In-Home Purchased Service providers. During the next engagement, we will review implemented policy and procedures for dependent and delinquent providers and determine whether they are sufficient to reduce the agency's risk of overbillings and fraudulent billings by contracted In-Home Purchased Services providers going undetected.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Failure to Report Expenditures on an Accrual Basis

Condition: During the conduct of our engagement, we found that the agency did not report expenditures on an accrual basis. Amounts included on the CY370 Expenditure Report, submitted to the Commonwealth DHS, were reported by the date recorded in the accounting system instead of the date services were provided. For the 2017-2018 fiscal year, 4 of the 25 expenditures tested were for services provided during the 2016-2017 fiscal year. For the 2018-2019 fiscal year, 2 of the 25 expenditures tested were for services provided during the 2017-2018 fiscal year.

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

- *Section 3170.95(a). Accounting.* Agency directors shall follow standard accounting principles and procedures for recording financial activity and maintain ledgers in sufficient detail for necessary fiscal management and adhere to the policies prescribed in § 3170.92(b) and (c) (relating to accountability for expenditures for clients).

DHS Children, Youth & Families Bulletin 3140-18-01 Appendix 2: Expenditure Report – Instructions, item 4, applicable for fiscal years ended 6/30/2017; 6/30/2018; and 6/30/2019 states, “*Report expenditures on an accrual basis in the appropriate cost centers and intermediate objects of expenditure in accordance with the Department’s regulations.*”

Cause: Agency management did not know why expenditures were not properly accrued for the fiscal years noted above because the fiscal officer who prepared the fiscal reports is no longer employed by the agency. Agency management also stated that they are confident that expenditures were reported in the proper fiscal year for the 2020-2021 fiscal year and thereafter. The accounting errors we noted indicate the agency failed to implement internal controls adequate to ensure expenditures were properly reported using the accrual basis of accounting for the fiscal years noted.

Effect: The reporting of expenditures for improper fiscal years led to inaccurate fiscal reporting of costs to DHS, which may have caused DHS to provide an improper amount of Act 148 funds.

Recommendation: We recommend that the agency ensure internal control procedures ensure amounts reported on the agency’s submitted CY-370 Expenditure Reports are based on the accrual basis.

Agency Response: Agency is aware that accounting is to be done on an accrual basis.

Auditor’s Conclusion: We will follow up on this issue during our next engagement.

SECTION 5

CURRENT ENGAGEMENT OBSERVATION

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

Observation – Despite the Pennsylvania Department of Human Services Apparent Strides in Increasing the Protection of At-Risk Children in the Care of Contracted In-Home Preventative Service Providers, DHS Failed to Review the Adequacy of the C&Y Agencies Procedures and Results for Ensuring these Providers Comply with CPSL Requirements

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.² 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.³

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, this needed monitoring 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 actions when disqualifying incidents are identified. Furthermore, these contracted providers are not subject to licensure nor annual inspections under the Human Services Code (Code).⁴ Our concerns 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

² 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.

³ 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.

⁴ Based on a recent communication with DHS in early September 2020, the state 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.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

method to ensure certification monitoring is being performed adequately. DHS staff also stated these expectations were communicated to C&Y agencies on numerous occasions since 2016.

Our 2018 Position Statement Letter

On March 18, 2018, we sent a Position Statement Letter to then DHS Deputy Secretary for Children, Youth and Families, which was also delivered to the Pennsylvania Senate and House of Representatives' children and youth committee chairs. 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 year ended June 30, 2019. The supplement included the following requirements for C&Y agencies and their auditors who conduct Single Audits of counties.

C&Y agencies are required to:

- Monitor contracted 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 contracted providers that deliver in-home coded services.
- Monitor a sample of contracted providers' compliance with the CPSL requirements, including checking for incidents since the date of the background clearances.
- Communicate any violations to contracted 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.

As part of the Single Audit, the auditors are required to perform agreed-upon procedures with regard to the supplemental schedule noted above, including the following:

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

MONTGOMERY 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 as represented on the supplemental schedule.
- Disclose any exceptions or findings within the Single Audit package for items not reflected on the supplemental schedule.

Our Current Position

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. Specifically, having independent auditors reviewing the adequacy of the C&Y agencies' monitoring of the CPSL background check requirements for contracted providers annually, and reporting the C&Y agencies' monitoring efforts in a supplemental schedule of the Single Audit package that is provided to DHS appears to be effective. As part of the CPSL certification monitoring process, it is incumbent upon DHS to review the supplemental schedule and any exceptions or findings within the Single Audit packages to ascertain whether the C&Y agencies are properly monitoring for CPSL certification requirements of its contracted providers. However, as of March 2021, DHS officials acknowledged that staff have not started reviewing the Single Audit packages for this purpose.⁵

This lack of review by DHS is especially concerning considering DHS as the oversight agency could remain unaware of improper monitoring being performed by a C&Y agency and/or non-compliance with the CPSL occurring despite receiving an audit report disclosing such information. Therefore, we believe that it is imperative that DHS review the Single Audit packages for CPSL compliance by the C&Y agencies in a timely manner.

Alternatively, DHS could implement its own monitoring process whereby it reviews the adequacy of each C&Y agency's monitoring to ensure the agency's contracted providers and their subcontractors complied with CPSL certification requirements. The process would include reviewing the corrective actions plans when disqualifying incidents were identified and verifying that the corrective action plans were implemented.¹

⁵ DHS informed us that they merely verbally inquire about the status of C&Y agencies' respective corrective action plans during their monitoring process.

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CURRENT ENGAGEMENT OBSERVATION

Conclusion

As the oversight agency, it is our opinion that DHS should ensure that every C&Y agency and its respective contracted providers are actually adhering to the CPSL certification requirements. This specifically relates to obtaining assurance as to the adequacy 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. We continue to believe that these children remain particularly vulnerable because contracted in-home services are often times provided outside the presence and view of others.

ⁱ **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.

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

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