

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2016 to June 30, 2017

July 1, 2017 to June 30, 2018

Montour County Children and Youth Agency

April 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 Montour County
Montour County Court House
253 Mill Street
Danville, Pennsylvania, 17821

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 Montour County Children and Youth Agency (agency), legally known as Montour County Children and Youth Services, for the purpose of ascertaining and certifying the actual Commonwealth expenditures incurred on behalf of children residing within the County for the fiscal years July 1, 2016 to June 30, 2017 and July 1, 2017 to June 30, 2018. The scope of our engagement was limited to the fiscal reports submitted to the Department of Human Services (DHS) as part of the Act 148 Invoice Packages for the fiscal years ended June 30, 2017 and June 30, 2018.

Preparation of the submitted fiscal reports, and compliance with children, youth, and families regulations, are the responsibility of agency management. Our engagement procedures included a review of selected agency records, and other procedures we deemed necessary, to enable us to ascertain and certify the actual Commonwealth expenditures incurred on behalf of children residing within the County and to determine the County's compliance with certain provisions of 55 Pa. Code, Part V. Children, Youth, and Families Manual, Subpart C, Chapters 3140 and 3170 (55 Pa. Code §§ 3140.1 *et seq.* and 3170.1 *et seq.*), but was not conducted, nor was it required to be, in accordance with professional auditing or attestation standards. We believe that our engagement procedures provided us a reasonable basis to ascertain and certify the actual Commonwealth expenditures incurred on behalf of children residing within Montour County.

We certify that the enclosed amended fiscal reports fairly present, in all material respects, the total Commonwealth expenditures paid on behalf of children residing within the county for the 2016-2017 and 2017-2018 fiscal years based on the accrual basis of accounting.

Independent Auditor's Report (Continued)

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

- For the **2016-2017 fiscal year**, our engagement resulted in no adjustments being made to the agency's submitted fiscal reports. The fiscal report for the 2016-2017 fiscal year is included in Section 1 of this report.
- 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 Final Net State Share by increasing revenue by \$5,837. Based on the application of the state participation rates, this one adjustment resulted in an amount due to the state totaling \$4,668. This adjustment is detailed in our amended fiscal reports for fiscal year 2017-2018, as included in Section 2 of this report.

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

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

Furthermore, we updated our Child Protective Services Law Observation to include DHS management's current and planned corrective actions in response to our concerns, as listed below and detailed in Section 5 of this report.

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

The results of our engagement procedures, as presented in this report, were discussed with County representatives and agency management at an exit conference held on April 17, 2020.

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

Independent Auditor's Report (Continued)

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

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

April 17, 2020

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BACKGROUND

The Department of the Auditor General is responsible for reviewing the fiscal reports, known as the submitted CY-370 Expenditure Report, the CY-370A Revenue Report, and the CY-348 Fiscal Summary of the 67 County Children and Youth Agencies to determine proper reporting and utilization of funds according to program regulations and guidelines under the Human Services Code 62 P.S. § 704.1(a)(4). The annual state Act 148 allocations are used by the Counties to administer social services for the children and youth that reside within the Commonwealth of Pennsylvania, whose stated goal is “to ensure, for each child in this Commonwealth, a permanent, legally assured family which protects the child from abuse and neglect.” According to information provided by the Department of Human Services (DHS), Office of Children, Youth and Families (OCYF), the Montour County Children and Youth Agency provided in-home and placement services to 444 children residing within the County during the 2017-2018 fiscal year. The Children and Youth Social Services Program is County-Administered and State-Supervised by DHS and thus, they are jointly responsible for achieving the Commonwealth’s goal.

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

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

SECTION 1

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2016 to JUNE 30, 2017

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

Approved State Allocation ¹	\$	622,353
Supplemental Act 148		<u>0</u>
Total State Allocation		622,353
State Share (CY348) ²	\$	568,924
Less: Major Service Category Adjustment		<u>0</u>
Net State Share	\$	568,924
Less: Expenditures in Excess of the Approved State Allocation		<u>0</u>
Final Net State Share Payable ³	\$	568,924
Actual Act 148 Revenues Received ⁴		<u>568,924</u>
Net Amount Due County/(State) ⁵	\$	<u>0</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.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
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
1-A	ADOPTION SERVICE	7,623	0	0	1,899	0	0	0	0	0	5,724	5,724	0
1-B	ADOPTION ASSISTANCE	157,234	0	39,807	37	0	0	0	0	0	117,390	93,912	23,478
1-C	SUBSIDIZED PERMANENT LEGAL CUSTODIANS	38,336	98	11,451	47	0	0	0	0	0	26,740	21,392	5,348
1-D	COUNSELING - DEPENDENT	26,639	101	948	0	0	0	0	0	0	25,590	20,472	5,118
1-E	COUNSELING - DELINQUENT	16,842	0	130	7,068	0	0	0	0	0	9,644	7,715	1,929
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	0	0	0	0	0	0	0	0	0	0	0	0
1-J	INTAKE & REFERRAL	21,888	0	5,449	0	0	0	0	0	0	16,439	13,151	3,288
1-K	LIFE SKILLS - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
1-L	LIFE SKILLS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
1-M	PROTECTIVE SERVICE - CHILD ABUSE	70,435	46	17,113	0	0	0	0	0	0	53,276	42,621	10,655
1-N	PROTECTIVE SERVICE - GENERAL	182,415	0	38,690	0	0	0	0	0	0	143,725	114,980	28,745
1-O	SERVICE PLANNING	4,231	0	1,054	0	0	0	0	0	0	3,177	2,542	635
1-P	JUVENILE ACT PROCEEDINGS - DEPENDENT	4,133	0	0	0	0	0	0	0	0	4,133	2,067	2,066
1-Q	JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
1-R	SUBTOTAL IN-HOME	529,776	245	51,258	65,367	7,068	0	0	0	0	405,838	324,576	81,262

COMMUNITY BASED PLACEMENT		REVENUE SOURCES											
		1	2	3	4	5	6	7	8	9	10	11	12
TOTAL REIMBURSABLE EXPENDITURES		PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE	
2-A	ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	
2-B	ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
2-C	COMMUNITY RESIDENTIAL - DEPENDENT	128,815	3,368	15,000	291	0	0	0	0	110,156	88,125	22,031	
2-D	COMMUNITY RESIDENTIAL - DELINQUENT	100,365	7,740	0	0	0	14,303	0	0	78,322	62,658	15,664	
2-E	EMERGENCY SHELTER - DEPENDENT	17,670	0	0	82	0	0	0	0	17,588	15,829	1,759	
2-F	EMERGENCY SHELTER - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
2-G	FOSTER FAMILY - DEPENDENT	121,673	2,157	20,906	33,792	8,995	0	0	0	55,823	44,658	11,165	
2-H	FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
2-I	SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	
2-J	SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
2-K	SUBTOTAL CBP	368,523	13,265	35,906	34,165	8,995	14,303	0	0	261,889	211,270	50,619	

INSTITUTIONAL PLACEMENT		REVENUE SOURCES											
		1	2	3	4	5	6	7	8	9	10	11	12
TOTAL REIMBURSABLE EXPENDITURES		PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE	
3-A	JUVENILE DETENTION SERVICE	9,880	1,097	0	0	0	0	0	0	8,783	4,392	4,391	
3-B	RESIDENTIAL SERVICE - DEPENDENT	1,651	3,347	0	27	0	0	0	0	(1,723)	(1,034)	(689)	
3-C	RES. SERVICE - DELINQUENT (NON YDC/YFC)	51,171	7,539	0	0	0	0	0	0	43,632	26,179	17,453	
3-D	SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	0	0	0	0	0	0	0	
3-E	YDC SECURE	0	0	0	0	0	0	0	0	0	0	0	
3-F	SUBTOTAL INSTITUTIONAL	62,702	11,983	0	27	0	0	0	0	50,692	29,537	21,155	
4	ADMINISTRATION	8,343	0	2,081	0	0	0	0	0	360	3,541	2,361	
5	TOTAL REVENUES	969,344	25,493	87,164	101,640	7,068	14,303	0	360	724,321	568,924	155,397	

**MONTEUR COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
AMENDED CY370
EXPENDITURE REPORT**

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING SERVICES	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	4,421	2,547		562	0	93	7,623	5	0	0	0	0
I-B ADOPTION ASSISTANCE	0	157,084	139	12	0	11	157,234	0	79	0	0	0
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	176	0	38,148	12	0	0	38,336	1	19	0	0	0
I-D COUNSELING - DEPENDENT	2,485	945		318	22,837	54	26,639	5	9	0	0	0
I-E COUNSELING - DELINQUENT	376	121		28	16,317	0	16,842	4	9	0	0	0
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	0	0		0	0	0	0	0	0	0	0	0
I-J INTAKE & REFERRAL	13,016	7,084		1,545	0	243	21,888	0	0	0	0	0
I-K LIFE SKILLS - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
I-L LIFE SKILLS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	48,445	15,184		4,494	1,700	612	70,435	109	12	0	0	0
I-N PROTECTIVE SERVICE - GENERAL	92,943	47,773		12,987	27,009	1,703	182,415	240	152	0	0	0
I-O SERVICE PLANNING	2,630	984		535	0	82	4,231	22	0	0	0	0
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT				133	4,000		4,133	0	27	0	0	0
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
I-R SUBTOTAL IN-HOME	164,492	74,638	195,232	20,753	71,863	2,798	529,776			0	0	0
	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	691	329		133	127,646	16	128,815	671	5	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		0	100,365	0	100,365	391	3	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	223	36		62	17,339	10	17,670	92	1	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0		0	0	0	0	378	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	27,444	15,863		7,975	69,870	525	121,677	868	7	4	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	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
2-K SUBTOTAL CBP	28,358	16,228	0	8,170	315,220	551	368,527	2,400	16	4	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	9,880	0	9,880	38	3	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	62	13		30	1,543	3	1,651	10	1	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0		0	51,171	0	51,171	253	2	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0	0	0	0	0	0	0	0	0
3-E YDC SECURE	0	0		0	0	0	0	0	0	0	0	0
3-F SUBTOTAL INSTITUTIONAL	62	13	0	30	62,594	3	62,702	301	6	0	0	0
4 ADMINISTRATION	5,288	1,264	0	1,610	0	181	8,343			0	0	0
5 TOTAL EXPENDITURES	198,200	92,143	195,232	30,563	449,677	3,533	969,348		4	0	0	0
	County Indirect Costs = \$ 0											

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

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 7,623	\$ 0	\$ 7,623
Adoption Assistance	157,234	0	157,234
Subsidized Permanent Legal Custodianship	38,336	0	38,336
Counseling	43,481	0	43,481
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	0	0	0
Intake and Referral	21,888	0	21,888
Life Skills	0	0	0
Protective Service - Child Abuse	70,435	0	70,435
Protective Service - General	182,415	0	182,415
Service Planning	4,231	0	4,231
Juvenile Act Proceedings	4,133	0	4,133
Alternative Treatment	0	0	0
Community Residential	229,180	0	229,180
Emergency Shelter	17,670	0	17,670
Foster Family	121,677	0	121,677
Supervised Independent Living	0	0	0
Juvenile Detention Service	9,880	0	9,880
Residential Service	52,822	0	52,822
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	8,343	0	8,343
Combined Total Expense	<u>969,348</u>	<u>0</u>	<u>969,348</u>
Less Non-reimbursables	<u>4</u>	<u>0</u>	<u>4</u>
Total Net Expense	<u>\$ 969,344</u>	<u>\$ 0</u>	<u>\$ 969,344</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 198,200	\$ 0	\$ 198,200
Employee Benefits	92,143	0	92,143
Subsidies	195,232	0	195,232
Operating	30,563	0	30,563
Purchased Services	449,677	0	449,677
Fixed Assets	3,533	0	3,533
Combined Total Expense	<u>969,348</u>	<u>0</u>	<u>969,348</u>
Less Non-reimbursables	<u>4</u>	<u>0</u>	<u>4</u>
Total Net Expense	<u>\$ 969,344</u>	<u>\$ 0</u>	<u>\$ 969,344</u>

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2017 to JUNE 30, 2018

**MONTOUR 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		\$	651,915
Supplemental Act 148			<u>0</u>
Total State Allocation			651,915
State Share (CY348) ²	\$	627,786	
Less: Major Service Category Adjustment		<u>0</u>	
Net State Share	\$	627,786	
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³	\$	627,786	
Actual Act 148 Revenues Received ⁴			<u>632,454</u>
Net Amount Due County/(State) ⁵	\$		<u><u>(4,668)</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.

**MONTOUR 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	19,451	0	3,599	0	0	0	0	0	15,852	15,852	0
02. 90% REIMBURSEMENT	606	0	3	0	0	0	0	0	603	543	60
03. 80% REIMBURSEMENT	874,646	20,023	137,330	0	8,995	14,303	0	0	693,995	555,196	138,799
04. 60% REIMBURSEMENT	104,739	0	13,783	0	0	0	0	631	90,325	54,195	36,130
05. 50% REIMBURSEMENT	4,000	0	0	0	0	0	0	0	4,000	2,000	2,000
06. TOTAL NET CHILD WELFARE EXPEND.	1,003,442	20,023	154,715	0	8,995	14,303	0	631	804,775	627,786	176,989

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	0	0							0	0	0

08. NON-REIMBURSABLE EXPENDITURES	0	0							0	0	0
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09. TOTAL EXPENDITURES	1,003,442	20,023	154,715	0	8,995	14,303	0	631	804,775	627,786	176,989
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10. TOTAL TITLE IV-D COLLECTIONS 12,584

11. TITLE IV-D Collections for IV-E Children 4,607

12. STATE ACT 148 - line 6 627,786

13. STATE ACT 148 ALLOCATION 651,915

14. ADJUSTED STATE SHARE (lower of 12 or 13) 627,786

INVOICE											
AMENDED STATE SHARE (ACT 148)	627,786										
ACT 148 AMOUNT RECEIVED	632,454										
ADJUSTMENT TO STATE SHARE	(4,668)										

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												
I-A ADOPTION SERVICE	19,451	0		3,599	0				0	15,852	15,852	0
I-B ADOPTION ASSISTANCE	141,981	0	33,661	2					0	108,318	86,654	21,664
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	32,120	69	8,521						0	23,730	18,984	4,746
I-D COUNSELING - DEPENDENT	12,010	0		14	0	0	0	0	0	11,996	9,597	2,399
I-E COUNSELING - DELINQUENT	17,858	0		0	0	0	0	0	0	17,858	14,286	3,572
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 HOME/MAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
I-J INTAKE & REFERRAL	89,442	0		16,492	0	0	0	0	0	72,950	58,360	14,590
I-K LIFE SKILLS - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
I-L LIFE SKILLS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	65,246	0		11,831	0	0	0	0	0	53,415	42,732	10,683
I-N PROTECTIVE SERVICE - GENERAL	113,585	325		16,819	0	0	0	0	0	96,441	77,153	19,288
I-O SERVICE PLANNING	31,767	0		5,949	0	0	0	0	0	25,818	20,654	5,164
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT	4,000	0		0	0	0	0	0	0	4,000	2,000	2,000
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
I-R SUBTOTAL IN-HOME	527,460	394	41,982	54,706	0	0	0	0	0	430,378	346,272	84,106
COMMUNITY BASED PLACEMENT												
TOTAL REIMBURSABLE EXPENDITURES												
2-A ALTERNATIVE TREATMENT - DEPENDENT	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
2-C COMMUNITY RESIDENTIAL - DEPENDENT	77,189	7,949		4	0	0	0	0	0	69,236	55,389	13,847
2-D COMMUNITY RESIDENTIAL - DELINQUENT	147,930	8,583		3	0	14,303	0	0	0	125,041	100,033	25,008
2-E EMERGENCY SHELTER - DEPENDENT	606	0		3	0	0	0	0	0	603	543	60
2-F EMERGENCY SHELTER - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	145,518	3,097		32,194	0	8,995	0	0	0	89,192	71,354	17,838
2-H FOSTER FAMILY - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	371,243	19,629	12,040	32,204	0	8,995	14,303	0	0	284,072	227,319	56,753
INSTITUTIONAL PLACEMENT												
TOTAL REIMBURSABLE EXPENDITURES												
3-A JUVENILE DETENTION SERVICE	0	0		0	0	0	0	0	0	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	17,236	0		3	0	0	0	0	0	17,233	10,340	6,893
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	13,035	0		0	0	0	0	0	0	13,035	7,821	5,214
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0	0	0	0	0	0	0	0	0
3-E YDC SECURE	0	0		0	0	0	0	0	0	0	0	0
3-F SUBTOTAL INSTITUTIONAL	30,271	0	0	3	0	0	0	0	0	30,268	18,161	12,107
ADMINISTRATION												
TOTAL REVENUES	74,468	0		13,780	0	0	0	0	631	60,057	36,034	24,023
TOTAL REVENUES	1,003,442	20,023	54,022	100,693	0	8,995	14,303	0	631	804,775	627,786	176,989

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
AMENDED CV370
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	9,811	8,237		1,169	0	234	19,451	16	0	0	0	0
1-A ADOPTION ASSISTANCE	0	0	141,970	11	0	0	141,981	0	72	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	32,120	0	0	0	32,120	0	14	0	0	0
1-D COUNSELING - DEPENDENT	0	0		16	11,930	64	12,010	0	9	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	17,858	0	17,858	0	5	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	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	50,998	32,981		4,691	0	772	89,442	759	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	42,755	16,911		3,148	1,400	1,032	65,246	128	7	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	47,646	33,705		7,030	22,545	2,659	113,585	356	105	0	0	0
1-O SERVICE PLANNING	16,054	13,585		1,840	0	288	31,767	4	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	4,000		4,000	0	24	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
SUBTOTAL IN-HOME	167,264	105,419	174,090	17,905	57,733	5,049	527,460			0	0	0
Number of Children receiving only NON-PURCHASED IN-Home Services: 0												
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	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
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	0		5	77,164	20	77,189	461	6	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		16	147,914	0	147,930	584	8	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	0	0		7	588	11	606	8	2	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	18,703	11,393		11,822	102,722	878	145,518	1,475	18	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	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
SUBTOTAL CBP	18,703	11,393	0	11,850	328,388	909	371,243	2,528	34	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0		0	0	0	0	0	0	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0		15	17,218	3	17,236	84	2	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0		0	13,035	0	13,035	50	3	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0	0	0	0	0	0	0	0	0
3-E YDC SECURE	0	0		0	0	0	0	0	0	0	0	0
SUBTOTAL INSTITUTIONAL	0	0	0	15	30,253	3	30,271	134	5	0	0	0
ADMINISTRATION	48,264	21,299	0	4,249	0	656	74,468			0	0	0
TOTAL EXPENDITURES	234,231	138,111	174,090	34,019	416,374	6,617	1,003,442			0	0	0
County Indirect Costs = \$ 0												

**MONTOUR 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	\$ 19,451	\$ 0	\$ 19,451
Adoption Assistance	141,981	0	141,981
Subsidized Permanent Legal Custodianship	32,120	0	32,120
Counseling	29,868	0	29,868
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	0	0	0
Intake and Referral	89,442	0	89,442
Life Skills	0	0	0
Protective Service - Child Abuse	65,246	0	65,246
Protective Service - General	113,585	0	113,585
Service Planning	31,767	0	31,767
Juvenile Act Proceedings	4,000	0	4,000
Alternative Treatment	0	0	0
Community Residential	225,119	0	225,119
Emergency Shelter	606	0	606
Foster Family	145,518	0	145,518
Supervised Independent Living	0	0	0
Juvenile Detention Service	0	0	0
Residential Service	30,271	0	30,271
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	74,468	0	74,468
Combined Total Expense	<u>1,003,442</u>	<u>0</u>	<u>1,003,442</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 1,003,442</u>	<u>\$ 0</u>	<u>\$ 1,003,442</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 234,231	\$ 0	\$ 234,231
Employee Benefits	138,111	0	138,111
Subsidies	174,090	0	174,090
Operating	34,019	0	34,019
Purchased Services	416,374	0	416,374
Fixed Assets	6,617	0	6,617
Combined Total Expense	<u>1,003,442</u>	<u>0</u>	<u>1,003,442</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 1,003,442</u>	<u>\$ 0</u>	<u>\$ 1,003,442</u>

**MONTOUR 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					
				CY370A Adjustment			
CY-370A	1-C	2	1	Subsidized Permanent Legal Custodianship - Program Income	\$ 49	\$ 20	\$ 69
	1-N	2		Protective Service General - Program Income	\$ 230	\$ 95	\$ 325
	2-C	2		Community Residential (Dependent) - Program Income	\$ 5,632	\$ 2,317	\$ 7,949
	2-D	2		Community Residential (Delinquent) - Program Income	\$ 6,081	\$ 2,502	\$ 8,583
	2-G	2		Foster Family (Dependent) - Program Income	\$ 2,194	\$ 903	\$ 3,097
				Total Adjustment Amount		<u>\$ 5,837</u>	
				To increase Program Income by \$5,837 to include revenue not reported on the CY-370A Revenue Report submitted to the Department of Human Services and reconcile to the agency's final revenue ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDINGS AND RECOMMENDATIONS

MONTOUR COUNTY CHILDREN AND YOUTH AGENCY
STATUS OF PRIOR ENGAGEMENT FINDINGS AND RECOMMENDATIONS

Finding No. 1- Failure to Perform Annual Physical Inventories of Fixed Assets (Resolved)

In our prior engagement report, for the fiscal years July 1, 2012 to June 30, 2016, we cited the agency for failure to provide evidence of the performance of annual physical inventories of fixed assets for the fiscal years 2012-2013, 2013-2014, and 2014-2015. During the 2015-2016 fiscal year, the agency conducted a physical inventory of the agency's fixed assets and developed and implemented corresponding policy and procedures requiring the performance of annual physical inventories of fixed assets. We repeated the finding because the cited issue applied to three of the four fiscal years included in our engagement period.

During the conduct of our current engagement, the agency provided evidence that physical inventories of fixed assets were conducted for the 2016-2017 and 2017-2018 fiscal years. As such, we concluded that the issuance of a repeat finding is not warranted.

Finding No. 2 – The Montour County Children and Youth Agency Should Implement and Document Internal Control Policies and Procedures in Order to Reduce the Risk of Paying Overbillings or Fraudulent Billings by Contracted In-Home Purchased Service Providers (Unresolved)

In our prior engagement report, for the fiscal years July 1, 2012 to June 30, 2016, we cited the Montour County Children and Youth Agency (agency) for failure to obtain reasonable assurance that contracted In-Home Purchased Service providers actually provided the services for which the agency was invoiced, and subsequently paid, and that if provided, provided in adherence to the requirements of the respective provider's contract terms. Agency management informed us that, during the fiscal years included in our prior engagement scope period, agency fiscal staff verified that all children listed on the Fee-for-Service providers' submitted invoices were authorized to receive the invoiced services, and the invoiced rates were compared to contracts. However, sufficient fiscal-related monitoring procedures were not performed to obtain reasonable assurance that the contracted services related to In-Home Purchased Service fees invoiced by Fee-for-Service In-Home providers were actually provided on the dates, and for the number of units, for each individual listed on the providers' submitted invoices.

Our current engagement scope period includes the 2016-2017 and 2017-2018 fiscal years. Due to the timing of the conduct of our prior audit engagement, we did not make the agency aware of these internal control deficiencies until May 30, 2018, one month prior to the end of our current engagement period (June 30, 2018). Therefore, these control deficiencies and corresponding risks continued to exist for the two fiscal years included in our current engagement scope period. As such, we concluded that the issuance of a repeat finding is

MONTOUR COUNTY CHILDREN AND YOUTH AGENCY
STATUS OF PRIOR ENGAGEMENT FINDINGS AND RECOMMENDATIONS

warranted. This repeat finding is included in the Current Engagement Finding and Recommendations section (Section 4) of this report.

SECTION 4

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

MONTOUR 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 by Contracted In-Home Purchased Service Providers

Condition: As detailed in our Status of Prior Engagement Finding and Recommendations section (Section 3) of this report, the Montour County Children and Youth Agency (agency) lacked 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 invoices submitted by these providers.

During the conduct of our current engagement, in response to the recommendations included in our prior engagement report, agency management stated fiscal-related monitoring policy and corresponding procedures were developed, but have not been fully implemented. Because agency management did not implement policies and procedures as of June 30, 2018, we did not assess the sufficiency of these newly created monitoring policies and procedures during the conduct of our current engagement. We will review and evaluate the implemented policies and procedures during the conduct of our next regularly scheduled engagement of this agency and determine whether they are sufficient in providing agency management reasonable assurance that invoiced contracted In-Home Services were actually provided, and that the number of units invoiced by contracted Fee-for-Service In-Home providers are properly substantiated, thus reducing the agency’s risk of paying overbillings or fraudulent billings submitted by In-Home Purchased Service providers.

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

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

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

MONTOUR COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

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

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

- *Section 3170.2. Definitions.* Program funded agency – An agency whose total eligible expenditures are funded in a manner which is predetermined by the appropriate county authorities.
- *Section 3170.23(a). Purchase of Service.* Purchase of service funding may be by unit of service funding or by program funding.
- *Section 3170.85. Responsibility of the County.* “...the county executive officers shall be responsible for the effective execution of each purchase of service agreement...”
- *Section 3170.91. County Responsibility.* “The county is responsible for the general fiscal management of the county agency. This includes maintaining fiscal records of expenditures and revenues of the program, providing data for budgeting and expenditure reporting to the Department, monitoring the financial activities of the program, and other activities related to the fiscal operations of the program.”
- *Section 3170.92(b). Accountability for Expenditures for Clients. Records Maintenance.* “County agencies shall maintain sufficient and appropriate records and data to justify payment for expenses by the Department. The local authorities or contractors shall maintain books, records, documents and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for funds supported by the Department and for which reimbursement is claimed...”

Cause: Due to the timing of the conduct of our prior engagement, agency management was not notified of these internal control deficiencies until May 30, 2018, one month prior to the June 30, 2018 end of our current engagement period. Agency management informed us that it developed, but had not formally implemented, a fiscal-related monitoring policy. Therefore, these control deficiencies and corresponding risks continued to exist for both fiscal years included in our current engagement scope period.

MONTOUR COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

Effect: The agency's lack of internal control procedures during the fiscal years included in our current engagement scope period, 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 ensure that the agency's newly created/implemented monitoring procedures are sufficient in reducing the agency's risk of paying overbillings and fraudulent billings submitted by contracted In-Home Purchased Service providers. We further recommend that agency management ensure that such policies and procedures are sufficient in providing agency management reasonable assurance that services related to the fees invoiced by contracted In-Home Purchased Service providers were actually provided, and provided in adherence to executed contract terms.

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

- Performing on-site fiscal-related monitoring visits of In-Home Purchased Services providers, as deemed necessary by agency management, to determine whether appropriate supporting documentation exists substantiating invoiced costs, including assessing the validity the number of units invoiced by Fee-for-Service providers, and if applicable, operating costs invoiced by Program-Funded providers, and that related services were actually provided according to executed contract terms.¹
- Requiring In-Home Purchased Services providers, as deemed necessary by agency management, to submit substantiation evidencing that services related to invoiced In-Home Purchased Service costs were actually provided.

We, further recommend that agency management ensure that:

¹ Should the agency contract with any Program-Funded providers, fiscal-related monitoring should include substantiation of these providers' operating costs invoiced to the agency.

MONTOUR COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

- 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.

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

Agency Representative Response: Montour County Children and Youth Services agrees with the finding and is in the process of implementing corrective action to include the development of contract monitoring policies and procedures for In-Home service provider contracts. The policies and procedures will incorporate the above recommendations.

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

SECTION 5

CURRENT ENGAGEMENT OBSERVATION

MONTOUR COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

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

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

Foster Care

As a part of its annual licensing inspection process of county C&Y agencies, the Commonwealth DHS’ Office of Children, Youth and Families (OCYF) performs reviews of agency employees and agency foster parents’ adherence to the requirements of the CPSL. The OCYF also performs CPSL adherence reviews of employees of contracted foster family agencies through its annual licensing inspection of these providers. However, because the OCYF is behind in its completion of these annual inspections and does not have adequate procedures in place to determine whether C&Y agencies are monitoring their respective providers’ and sub-recipients’ adherence to the CPSL,³ the safety of children receiving services from these agencies and their contractors and subcontractors may be at **risk**. According to information provided by DHS OCYF, the Montour County Children and Youth Agency provided in-home and placement services to 444 children residing within the County during the 2017-2018 fiscal year.

Day Treatment Centers and Child Residential Facilities

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

² 23 Pa.C.S. §§ 6344 and 6344.2.

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

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

Contracted In-Home Preventative Service Providers

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

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

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

⁴ This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2019, via Finding 2019-009).

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

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

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

DHS Senior Management Follow-Up Response

DHS senior management provided an official response to our concerns detailed in this Observation in a February 28, 2018 letter that affirmed their assertion that, because DHS has no contractual relationship with *contracted In-Home Preventative Service providers*, the ability and responsibility to monitor private providers⁸ to ensure that their *certifications* adhere to the CPSL falls to the C&Y agencies, as does the responsibility to take appropriate action when they do not comply.

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

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

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

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

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

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

Greater Scrutiny of Arrest and Conviction Records

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

Auditor General Senior Management's Follow-up Conclusion Statement

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

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

¹¹ 23 Pa.C.S. § 6344.4.

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

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

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

Finally, we requested that DHS reach out to, and work with, the chairs of the legislative committees of the Pennsylvania Senate and House of Representatives who help to protect the wellbeing of Pennsylvania children and youth to amend the Human Services Code to include provisions requiring the licensure and annual inspections of contracted In-Home Preventative Service providers and their subcontractors (sub-recipients).¹⁴

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

¹⁴ The agency stated that it conducts monitoring of CPSL compliance by its In-Home Service providers and sub-recipients and provided the following additional information: "Montour County Children and Youth have taken a proactive step towards actively monitoring our respective providers' and sub-recipients' adherence to CPSL by routinely reviewing their employees' and volunteers' certifications for disqualifying convictions..." We did not perform procedures to evaluate the agency's performance of those procedures.

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This report was originally distributed to the following:

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