

AMENDED FISCAL REPORTS
For Fiscal Years:

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

Pike County
Children and Youth Agency

January 2021



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 Pike County
Pike County Administration Building
506 Broad Street
Milford, PA 18337

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 Pike County Children and Youth Agency (agency), legally known as Pike County Children and Youth Services, for the purpose of ascertaining and certifying the actual Commonwealth expenditures incurred on behalf of children residing within the County for the fiscal years July 1, 2017 to June 30, 2018, and July 1, 2018 to June 30, 2019. The scope of our engagement was limited to the fiscal reports submitted to the Department of Human Services (DHS) as part of the Act 148 Invoice Packages for the fiscal years ended June 30, 2018, and June 30, 2019.

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

We certify that the enclosed amended fiscal reports fairly present, in all material respects, the total Commonwealth expenditures paid on behalf of children residing within the county for the 2017-2018 and 2018-2019 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 **2017-2018 fiscal year**, our engagement resulted in four adjustments being made to the agency's submitted fiscal reports. These adjustments in total impacted the agency's Final Net State Share by increasing agency expenditures by \$89,739, and decreasing non-reimbursable expenditures by \$8,314. Based on the application of the state participation rates, the four adjustments resulted in an amount due to the county totaling \$60,082. All four adjustments are detailed in our amended fiscal reports for fiscal year 2017-2018, as included in Section 1 of this report.
- For the **2018-2019 fiscal year**, our engagement resulted in two adjustments being made to the agency's submitted fiscal reports. While these adjustments in total impacted the agency's Final Net State Share by increasing agency expenditures by \$90,766, and decreasing non-reimbursable expenditures by \$12,650, the agency cannot receive state reimbursement in excess of the Total State Act 148 Allocation. Thus, there is no impact on the Final Net State Share Payable, and no amount is due to the county or state because the agency's expenditures exceeded the total State Act 148 allocation by \$62,050. Both adjustments are detailed in our amended fiscal reports for fiscal year 2018-2019, as included in Section 2 of this report.

In addition, we found that the agency complied with the recommendations for the two findings included in our prior engagement report. Regarding Finding No. 1 included in our prior engagement report, we found that the agency complied with our recommendations after July 1, 2018. However, the agency's risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service Providers continued to exist from July 1, 2017 through June 30, 2018, as detailed in Section 3 of this report. Therefore, we included the following repeat finding, which is detailed in Section 4 of this report.

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

Furthermore, we updated our Child Protective Services Law Observation to include DHS corrective actions taken and our current position, as listed below and detailed in Section 4 of this report.

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

The results of our engagement procedures, as presented in this report, were discussed with agency management at an exit conference held on January 7, 2021.

Independent Auditor's Report (Continued)

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

We appreciate the cooperation, assistance, and courtesy granted our representatives by your officials and the staff of the Pike County Children and Youth Agency. If you have any questions, please feel free to contact Tracie Fountain, CPA, Director, Bureau of Children and Youth Services Audits at 717-787-1159.

Sincerely,



Eugene A. DePasquale
Auditor General

January 12, 2021

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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 Pike County Children and Youth Agency provided in-home and placement services to 588 children residing within the County during the 2017-2018 fiscal year. The Children and Youth Social Services Program is County-Administered and State-Supervised by DHS and thus, they are jointly responsible for achieving the Commonwealth’s goal.

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

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

SECTION 1

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2017 to JUNE 30, 2018

**PIKE 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		\$ 2,332,294
Supplemental Act 148		<u>0</u>
Total State Allocation		2,332,294
State Share (CY348) ²	\$ 1,645,051	
Less: Major Service Category Adjustment		<u>0</u>
Net State Share		\$ 1,645,051
Less: Expenditures in Excess of the Approved State Allocation		<u>0</u>
Final Net State Share Payable ³		\$ 1,645,051
Actual Act 148 Revenues Received ⁴		<u>1,584,969</u>
Net Amount Due County/(State) ⁵		<u><u>\$ 60,082</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.

**PIKE 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	12,762	0	1,741	0	0	0	0	0	11,021	11,021	0
02. 90% REIMBURSEMENT	29,619	0	3,067	2,760	0	0	0	0	23,792	21,413	2,379
03. 80% REIMBURSEMENT	2,045,849	41,546	359,570	82,901	11,620	0	0	0	1,550,212	1,240,169	310,043
04. 60% REIMBURSEMENT	760,629	7,104	54,266	0	0	173,299	0	1,825	524,135	314,481	209,654
05. 50% REIMBURSEMENT	117,398	0	1,466	0	0	0	0	0	115,932	57,967	57,965
06. TOTAL NET CHILD WELFARE EXPEND.	2,966,257	48,650	420,110	85,661	11,620	173,299	0	1,825	2,225,092	1,645,051	580,041
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	591,425	0							591,425	354,855	236,570
08. NON-REIMBURSABLE EXPENDITURES	22,171	0							22,171		22,171
09. TOTAL EXPENDITURES	3,579,853	48,650	420,110	85,661	11,620	173,299	0	1,825	2,838,688	1,999,906	838,782
10. TOTAL TITLE IV-D COLLECTIONS	23,614										
11. TITLE IV-D Collections for IV-E Children	8,490										
12. STATE ACT 148 - line 6	1,645,051										
13. STATE ACT 148 ALLOCATION	2,332,294										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	1,645,051										
INVOICE											
AMENDED STATE SHARE (ACT 148)	1,645,051										
ACT 148 AMOUNT RECEIVED	1,584,969										
ADJUSTMENT TO STATE SHARE	60,082										

PIKE COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
 AMENDED CY370A
 REVENUE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
IN-HOME	TOTAL 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	12,762	0		1,741	0		0	0	0	11,021	11,021	0
1-B ADOPTION ASSISTANCE	214,195	0	78,218	1,500						134,477	107,582	26,895
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANS	27,355	1,062	14,171	0						12,122	9,697	2,425
1-D COUNSELING - DEPENDENT	94,571	0		1,819	63,712	0	0	0	0	29,040	23,232	5,808
1-E COUNSELING - DELINQUENT	85,939	0		6	18,172	0	0	0	0	67,761	54,209	13,552
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	30,871	0		4,222	0	0	0	0	0	26,649	21,319	5,330
1-J INTAKE & REFERRAL	67,202	0		9,217	0	0	0	0	0	57,985	46,388	11,597
1-K LIFE SKILLS - DEPENDENT	17,440	0		2,381	0	0	0	0	0	15,059	12,047	3,012
1-L LIFE SKILLS - DELINQUENT	7,677	0		0	1,017	0	0	0	0	6,660	5,328	1,332
1-M PROTECTIVE SERVICE - CHILD ABUSE	171,597	0		23,086	0	0	0	0	0	148,511	118,809	29,702
1-N PROTECTIVE SERVICE - GENERAL	380,404	300		51,061	0	0	0	0	0	329,043	263,234	65,809
1-O SERVICE PLANNING	34,331	6,805		1,767	0	0	0	0	0	25,759	20,607	5,152
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	29,419	0		0	0	0	0	0	0	29,419	14,710	14,709
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	11,459	0		1,466	0	0	0	0	0	9,993	4,997	4,996
1-R SUBTOTAL IN-HOME	1,185,222	8,167	92,389	98,266	82,901	0	0	0	0	903,499	713,180	190,319

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	187,423	0	16,357	9,961					161,105	128,884	32,221	
2-D COMMUNITY RESIDENTIAL - DELINQUENT	233,769	(386)	31,003	53					203,099	162,479	40,620	
2-E EMERGENCY SHELTER - DEPENDENT	29,619	0	1,801	1,266	2,760	0	0	0	23,792	21,413	2,379	
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
2-G FOSTER FAMILY - DEPENDENT	493,075	33,765	51,587	61,928		11,620	0	0	334,175	267,340	66,835	
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	1,233	0					(1,233)	(986)	(247)	
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0					0	0	0	
2-K SUBTOTAL CBP	943,886	33,379	101,981	73,208	2,760	11,620	0	0	720,938	579,130	141,808	

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	76,520	0							76,520	38,260	38,260	
3-B RESIDENTIAL SERVICE - DEPENDENT	111,227	0	0	15,029		52,650	0	0	43,548	26,129	17,419	
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	432,624	7,104	28,416	0		120,649	0	0	276,455	165,873	110,582	
3-D SECURE RES. SERVICE (EXCEPT YDC)	38,185	0							38,185	22,911	15,274	
3-E YDC SECURE	591,425	0							591,425	354,855	236,570	
3-F SUBTOTAL INSTITUTIONAL	1,249,981	7,104	28,416	15,029	0	173,299	0	0	1,026,133	608,028	418,105	

4 ADMINISTRATION	178,593	0		10,821		0	0	0	1,825	165,947	99,568	66,379
5 TOTAL REVENUES	3,557,682	48,650	222,786	197,324	85,661	11,620	173,299	0	1,825	2,816,517	1,999,906	816,611

PIKE COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
 AMENDED CY370
 EXPENDITURE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING 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												
1-A ADOPTION SERVICE	2,067	877		9,818	0	0	12,762	7	0	0	0	
1-B ADOPTION ASSISTANCE	0	0	214,195	0	0	214,195	0	30	0	0	0	
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	27,355	0	0	27,355	0	4	0	0	0	
1-D COUNSELING - DEPENDENT	8,810	3,700		767	81,294	0	94,571	13	37	0	0	
1-E COUNSELING - DELINQUENT	0	0		37	85,902	0	85,939	14	14	0	0	
1-F DAY CARE	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	
1-H DAY TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	
1-I HOMEMAKER SERVICE	9,596	4,068		17,207	0	0	30,871	13	0	0	0	
1-J INTAKE & REFERRAL	42,718	17,970		6,514	0	0	67,202	944	0	0	0	
1-K LIFE SKILLS - DEPENDENT	11,284	4,705		1,451	0	0	17,440	13	0	0	0	
1-L LIFE SKILLS - DELINQUENT	0	0		0	7,677	0	7,677	0	28	0	0	
1-M PROTECTIVE SERVICE - CHILD ABUSE	89,264	37,574		41,459	3,300	0	171,597	200	21	0	0	
1-N PROTECTIVE SERVICE - GENERAL	227,602	95,269		50,353	28,584	0	401,808	744	101	0	21,404	
1-O SERVICE PLANNING	8,547	3,554		870	22,127	0	35,098	4	4	0	767	
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	29,419		29,419	0	35	0	0	
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				10,509	950		11,459	14	2	0	0	
1-R SUBTOTAL IN-HOME	399,888	167,717	241,550	138,985	259,253	0	1,207,393		0	22,171	0	
Number of Children receiving only NON-PURCHASED IN-Home Services 671												
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	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	
2-C COMMUNITY RESIDENTIAL - DEPENDENT	47,149	19,713		6,202	114,359	0	187,423	818	4	0	0	
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		375	233,394	0	233,769	1,172	4	0	0	
2-E EMERGENCY SHELTER - DEPENDENT	5,426	2,279		4,634	17,280	0	29,619	310	12	0	0	
2-F EMERGENCY SHELTER - DELINQUENT	0	0		0	0	0	0	0	0	0	0	
2-G FOSTER FAMILY - DEPENDENT	140,995	59,056		61,410	231,614	0	493,075	5,989	32	0	0	
2-H FOSTER FAMILY - DELINQUENT	0	0		0	0	0	0	0	0	0	0	
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0	0	0	0	22	1	0	0	
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0	0	0	0	0	0	0	0	
2-K SUBTOTAL CBP	193,570	81,048	0	72,621	596,647	0	943,886	8,311	53	0	0	
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0		0	76,520	0	76,520	305	13	0	0	
3-B RESIDENTIAL SERVICE - DEPENDENT	69,365	28,965		12,777	120	0	111,227	6	1	0	0	
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0		0	432,624	0	432,624	1,767	12	0	0	
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0	38,185	0	38,185	107	2	0	0	
3-E YDC SECURE	69,365	28,965		0	591,425	0	591,425	1,025	5	0	0	
3-F SUBTOTAL INSTITUTIONAL	69,365	28,965	0	12,777	1,138,874	0	1,249,981	3,210	33	0	0	
4 ADMINISTRATION	57,611	24,426	0	96,556	0	0	178,593		0	0	0	
5 TOTAL EXPENDITURES	720,434	302,156	241,550	320,939	1,994,774	0	3,579,853		0	22,171	0	
County Indirect Costs = \$ 92,119												

**PIKE 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	\$ 12,762	\$ 0	\$ 12,762
Adoption Assistance	214,195	0	214,195
Subsidized Permanent Legal Custodianship	27,355	0	27,355
Counseling	180,510	0	180,510
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	30,871	0	30,871
Intake and Referral	67,202	0	67,202
Life Skills	25,117	0	25,117
Protective Service - Child Abuse	171,597	0	171,597
Protective Service - General	401,808	0	401,808
Service Planning	35,098	0	35,098
Juvenile Act Proceedings	40,878	0	40,878
Alternative Treatment	0	0	0
Community Residential	412,560	8,632	421,192
Emergency Shelter	29,619	0	29,619
Foster Family	493,075	0	493,075
Supervised Independent Living	2,380	(2,380)	0
Juvenile Detention Service	76,520	0	76,520
Residential Service	552,243	(8,392)	543,851
Secure Residential Service (Except YDC)	38,425	(240)	38,185
YDC Secure	591,425	0	591,425
Administration	86,474	92,119	178,593
Combined Total Expense	3,490,114	89,739	3,579,853
Less Non-reimbursables	30,485	(8,314)	22,171
Total Net Expense	\$ 3,459,629	\$ 98,053	\$ 3,557,682

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 720,434	\$ 0	\$ 720,434
Employee Benefits	302,156	0	302,156
Subsidies	241,550	0	241,550
Operating	228,820	92,119	320,939
Purchased Services	1,997,154	(2,380)	1,994,774
Fixed Assets	0	0	0
Combined Total Expense	3,490,114	89,739	3,579,853
Less Non-reimbursables	30,485	(8,314)	22,171
Total Net Expense	\$ 3,459,629	\$ 98,053	\$ 3,557,682

**PIKE 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 Adjustments			
CY-370	4	4	1	Administration - Operating To increase Indirect Costs by \$92,119 because the amount was not reported on the CY-370 Expenditure Report submitted to Commonwealth DHS. Title 55 PA Code, Chapter 3170.60 OCYF Bulletin 00-95-12	\$ 4,437	\$ 92,119	\$ 96,556
CY-370	4	10	2	Administration - Non-Reimbursable Non-PS/Sub. To decrease Non-Reimbursable Expenditures by \$8,314 to properly report indirect costs which exceed the two percent cost limitation. Title 55 PA Code, Chapter 3170.60 OCYF Bulletin 00-95-12	\$ 8,314	\$ (8,314)	\$ -
CY-370	2-I	5	3	Supervised Independent Living (Dependent) - Purchased Services To decrease expenditures by \$2,380 to remove an amount which was applied to the Independent Grant. Commonwealth DHS administered special grant expenditures are to be excluded from the Act 148 Invoice. Title 55 PA Code, Chapter 3170.95(a)(b)	\$ 2,380	\$ (2,380)	\$ -
CY-370	2-D	5	4	Community Residential (Delinquent) - Purchased Services	\$ 224,762	\$ 8,632	\$ 233,394
CY-370	3-C	5		Residential Service (Delinquent) - Purchased Services	\$ 441,016	\$ (8,392)	\$ 432,624
CY-370	3-D	5		Secure Residential Service - Purchased Services	\$ 38,425	\$ (240)	\$ 38,185
				Total Adjustment Amount		\$ -	
				To reclassify \$8,632 to the proper cost centers on the CY-370 Expenditure Report and reconcile to the agency's final expenditure ledger. 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

**PIKE 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	\$	2,135,122
Supplemental Act 148		<u>163,846</u>
Total State Allocation		2,298,968
State Share (CY348) ²	\$	2,361,018
Less: Major Service Category Adjustment		<u>0</u>
Net State Share	\$	2,361,018
Less: Expenditures in Excess of the Approved State Allocation		<u>62,050</u>
Final Net State Share Payable ³	\$	2,298,968
Actual Act 148 Revenues Received ⁴		<u>2,298,968</u>
Net Amount Due County/(State) ⁵	\$	<u><u>0</u></u>

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

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

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

⁴ Actual Act 148 Revenues Received is the amount of Act 148 funds the County received.

⁵ No amount is due to the County or State because the Children and Youth Agency's expenditures exceeded the Total State Act 148 Allocation by \$62,050, as detailed on this page. While our adjustments resulted in a net increase of \$103,416 in expenditures for the agency for said fiscal year, as detailed on page 14 of this report, the agency cannot receive state reimbursement in excess of the Total State Act 148 Allocation. Thus, there is no impact on the the Final Net State Share of Expenditures.

**PIKE COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
AMENDED CY348
FISCAL SUMMARY**

	A	B	C	D	E	F	G	H	I	J	K
	GRAND TOTAL	PROGRAM INCOME	TITLE IV-E	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET TOTAL	STATE ACT 148	LOCAL SHARE
NET CHILD WELFARE EXPENDITURES											
01. 100% REIMBURSEMENT	14,759	0	1,652	0	0	0	0	0	13,107	13,107	0
02. 90% REIMBURSEMENT	24,778	0	1,890	1,369	0	0	0	0	21,519	19,367	2,152
03. 80% REIMBURSEMENT	2,733,522	24,237	359,482	84,292	11,620	0	0	0	2,253,891	1,803,115	450,776
04. 60% REIMBURSEMENT	993,606	11,034	17,116	0	0	173,299	0	917	791,240	474,744	316,496
05. 50% REIMBURSEMENT	102,637	0	1,268	0	0	0	0	0	101,369	50,685	50,684
06. TOTAL NET CHILD WELFARE EXPEND.	3,869,302	35,271	381,408	85,661	11,620	173,299	0	917	3,181,126	2,361,018	820,108
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	263,520	0							263,520	158,112	105,408
08. NON-REIMBURSABLE EXPENDITURES	639	0							639		639
09. TOTAL EXPENDITURES	4,133,461	35,271	381,408	85,661	11,620	173,299	0	917	3,445,285	2,519,130	926,155
10. TOTAL TITLE IV-D COLLECTIONS	31,768										
11. TITLE IV-D Collections for IV-E Children	5,475										
12. STATE ACT 148 - line 6	2,361,018										
13. STATE ACT 148 ALLOCATION	2,135,122										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	2,135,122										
INVOICE											
AMENDED STATE SHARE (ACT 148)	2,361,018										
ACT 148 AMOUNT RECEIVED	2,298,968										
ADJUSTMENT TO STATE SHARE	62,050										

PIKE 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													
1-A	ADOPTION SERVICE	14,759	0		1,652	0			0	0	13,107	13,107	0
1-B	ADOPTION ASSISTANCE	221,905	160	84,189	0				0	0	137,556	110,045	27,511
1-C	SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	11,990	16	6,243	0				0	0	5,731	4,585	1,146
1-D	COUNSELING - DEPENDENT	175,802	0		66,506	0			0	0	109,296	87,437	21,859
1-E	COUNSELING - DELINQUENT	71,632	0		19	17,431	0		0	0	54,182	43,346	10,836
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	8,475	0		853	0	0	0	0	0	7,622	6,098	1,524
1-J	INTAKE & REFERRAL	175,167	0		19,915	0	0	0	0	0	155,252	124,202	31,050
1-K	LIFE SKILLS - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-L	LIFE SKILLS - DELINQUENT	6,870	0		0	355	0	0	0	0	6,515	5,212	1,303
1-M	PROTECTIVE SERVICE - CHILD ABUSE	289,066	0		31,881	0	0	0	0	0	257,185	205,748	51,437
1-N	PROTECTIVE SERVICE - GENERAL	373,531	450		40,859	0	0	0	0	0	332,222	265,778	66,444
1-O	SERVICE PLANNING	26,612	4,664		2,541	0	0	0	0	0	19,407	15,526	3,881
1-P	JUVENILE ACT PROCEEDINGS - DEPENDENT	44,986	0		0	0	0	0	0	0	44,986	22,493	22,493
1-Q	JUVENILE ACT PROCEEDINGS - DELINQUENT	15,656	0		1,268	0			0	0	14,388	7,194	7,194
1-R	SUBTOTAL IN-HOME	1,436,451	5,290	90,432	98,988	84,292	0	0	0	0	1,157,449	910,771	246,678
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	172,343	698		7,371	0	0	0	0	0	164,274	131,419	32,855
2-D	COMMUNITY RESIDENTIAL - DELINQUENT	667,181	10,022	51,351	0		0	0	0	0	605,808	484,646	121,162
2-E	EMERGENCY SHELTER - DEPENDENT	24,778	0	1,567	323	1,369	0	0	0	0	21,519	19,367	2,152
2-F	EMERGENCY SHELTER - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-G	FOSTER FAMILY - DEPENDENT	532,948	8,227	42,675	71,585		11,620	0	0	0	398,841	319,073	79,768
2-H	FOSTER FAMILY - DELINQUENT	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
2-J	SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0		0	0	0	0	0	0	0
2-K	SUBTOTAL CBP	1,397,250	18,947	95,593	79,279	1,369	11,620	0	0	0	1,190,442	954,505	235,937
INSTITUTIONAL PLACEMENT													
3-A	JUVENILE DETENTION SERVICE	41,995	0								41,995	20,998	20,997
3-B	RESIDENTIAL SERVICE - DEPENDENT	199,770	4,545	0	7,972		0	53,299	0	0	133,954	80,372	53,582
3-C	RES. SERVICE - DELINQUENT (NON YDC/YFC)	456,679	6,001	(25)	0		0	120,000	0	0	330,703	198,422	132,281
3-D	SECURE RES. SERVICE (EXCEPT YDC)	150,241	488								149,753	89,852	59,901
3-E	YDC SECURE	263,520	0								263,520	158,112	105,408
3-F	SUBTOTAL INSTITUTIONAL	1,112,205	11,034	(25)	7,972	0	0	173,299	0	0	919,925	547,756	372,169
4	ADMINISTRATION	186,916	0		9,169		0	0	0	917	176,830	106,098	70,732
5	TOTAL REVENUES	4,132,822	35,271	186,000	195,408	85,661	11,620	173,299	0	917	3,444,646	2,519,130	925,516

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

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reimbursable Non PS/Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
IN-HOME												
1-A ADOPTION SERVICE	3,458	1,291		10,010	0	0	14,759	4	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	221,905	0	0	0	221,905	0	28	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	11,990	0	0	0	11,990	0	3	0	0	0
1-D COUNSELING - DEPENDENT	0	0		0	175,802	0	175,802	0	69	0	0	0
1-E COUNSELING - DELINQUENT	0	0		166	71,466	0	71,632	0	14	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		8,475	0	0	8,475	0	0	0	0	0
1-J INTAKE & REFERRAL	118,794	44,223		12,150	0	0	175,167	1,477	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	6,870	0	6,870	0	28	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	173,527	64,523		42,014	9,002	0	289,066	291	26	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	226,505	84,366		49,964	12,696	0	373,531	1,186	211	0	0	0
1-O SERVICE PLANNING	14,781	5,531		2,340	3,960	0	26,612	3	3	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT					44,986	0	44,986	0	26	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT					3,995	0	3,995	0	10	0	0	0
1-R SUBTOTAL IN-HOME	537,065	199,934	233,895	136,780	328,777	0	1,436,451					
Number of Children receiving only NON-PURCHASED IN-Home Services 62												
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	44,277	16,548		4,331	107,187	0	172,343	619	4	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		274	666,907	0	667,181	2,227	11	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	1,529	567		2,449	20,233	0	24,778	450	21	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	179,409	67,019		62,030	224,994	135	533,587	5,061	26	0	639	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	225,215	84,134	0	69,084	1,019,321	135	1,397,889	8,357	62	0	639	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	41,995	0	41,995	161	9	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	46,123	17,228		7,942	128,477	0	199,770	670	6	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	456,679	0	456,679	2,244	12	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	150,241	0	150,241	431	2	0	0	0
3-E YDC SECURE	0	0	0	0	263,520	0	263,520	480	2	0	0	0
3-F SUBTOTAL INSTITUTIONAL	46,123	17,228	0	7,942	1,040,912	0	1,112,205	3,986	31	0	0	0
4 ADMINISTRATION	66,979	25,209	0	94,728	0	0	186,916					
5 TOTAL EXPENDITURES	875,382	326,505	233,895	308,534	2,389,010	135	4,133,461				639	0
County Indirect Costs = \$ 90,766												

PIKE COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
AMENDED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 14,759	\$ 0	\$ 14,759
Adoption Assistance	221,905	0	221,905
Subsidized Permanent Legal Custodianship	11,990	0	11,990
Counseling	247,434	0	247,434
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	8,475	0	8,475
Intake and Referral	175,167	0	175,167
Life Skills	6,870	0	6,870
Protective Service - Child Abuse	289,066	0	289,066
Protective Service - General	373,531	0	373,531
Service Planning	26,612	0	26,612
Juvenile Act Proceedings	60,642	0	60,642
Alternative Treatment	0	0	0
Community Residential	839,524	0	839,524
Emergency Shelter	24,778	0	24,778
Foster Family	533,587	0	533,587
Supervised Independent Living	0	0	0
Juvenile Detention Service	41,995	0	41,995
Residential Service	656,449	0	656,449
Secure Residential Service (Except YDC)	150,241	0	150,241
YDC Secure	263,520	0	263,520
Administration	96,150	90,766	186,916
Combined Total Expense	<u>4,042,695</u>	<u>90,766</u>	<u>4,133,461</u>
Less Non-reimbursables	<u>13,289</u>	<u>(12,650)</u>	<u>639</u>
Total Net Expense	<u>\$ 4,029,406</u>	<u>\$ 103,416</u>	<u>\$ 4,132,822</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 875,382	\$ 0	\$ 875,382
Employee Benefits	326,505	0	326,505
Subsidies	233,895	0	233,895
Operating	217,768	90,766	308,534
Purchased Services	2,389,010	0	2,389,010
Fixed Assets	135	0	135
Combined Total Expense	<u>4,042,695</u>	<u>90,766</u>	<u>4,133,461</u>
Less Non-reimbursables	<u>13,289</u>	<u>(12,650)</u>	<u>639</u>
Total Net Expense	<u>\$ 4,029,406</u>	<u>\$ 103,416</u>	<u>\$ 4,132,822</u>

**PIKE 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	4	4	1	CY-370 Adjustments			
				Administration - Operating	\$ 3,962	\$ 90,766	\$ 94,728
				To increase Indirect Costs by \$90,766 because the amount was not reported on the CY-370 Expenditure Report submitted to Commonwealth DHS.			
				Title 55 PA Code, Chapter 3170.60 OCYF Bulletin 00-95-12			
CY-370	4	10	2	Administration - Non-Reim. Non-PS/Sub.	\$ 12,650	\$ (12,650)	\$ -
				To decrease Non-Reimbursable Expenditures by \$12,650 to properly report indirect costs which exceed the two percent cost limitation.			
				Title 55 PA Code, Chapter 3170.60 OCYF Bulletin 00-95-12			

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDINGS AND RECOMMENDATIONS

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

Finding No. 1 – Lack of Internal Control Policies and Procedures to Reduce the Risk of Paying Overbillings or Fraudulent Billings by Contracted In-Home Purchased Service Providers (Unresolved)

In our prior engagement report, covering the July 1, 2014 to June 30, 2017 fiscal years, we cited the Pike County Children and Youth Agency (agency) for a lack of internal control policies and procedures designed to sufficiently reduce the agency’s risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

During the conduct of our current engagement, we determined the cited internal control deficiencies and corresponding risks continued to exist during the 2017-18 fiscal year. However, after July 1, 2018, we determined agency management developed and implemented sufficient policies and procedures to substantiate the number of units listed on Fee-For-Service invoices to reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

Based on the results of procedures performed during the conduct of our current engagement, we concluded the issuance of a repeat finding is warranted since these control deficiencies, and corresponding risks, continued to exist during the 2017-18 fiscal year. Our repeat finding is included in the Current Engagement Finding and Recommendations section (Section 4) of this report.

Finding No. 2- Pike County Children and Youth Agency Improperly Reported the Entire Amount of Major Renovation Costs on its Expenditure Report Submitted to DHS (Resolved)

In our prior engagement report, covering the July 1, 2014 to June 30, 2017 fiscal years, we cited the Pike County Children and Youth Agency (agency) for improperly reporting major renovation costs on the 2014-2015 fiscal year CY-370 Expenditure Report submitted to Commonwealth DHS. Renovation costs which exceeded \$2,000 were entirely reported on the 2014-2015 fiscal year CY-370 Expenditure Report instead of amortizing the amount over a minimum three year period, in accordance with DHS regulations. We made audit adjustments to the 2014-2015, 2015-2016, and 2016-2017 fiscal years to properly report major renovation costs over a three year period.

During the conduct of our current engagement, we reviewed the agency’s expenditure ledgers and determined the agency did not pay for major renovation costs during the 2017-2018 and 2018-2019 fiscal years. In addition, the agency developed and implemented a written policy, on November 23, 2019, requiring the reporting of major renovations which exceed \$2,000 be

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

amortized over a minimum of three fiscal years, pursuant to DHS regulations, and communicated this policy to all appropriate agency staff.

Based on the results of procedures performed during the conduct of our current engagement, we concluded the issuance of a repeat finding is not warranted.

SECTION 4

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

PIKE COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

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

Condition: As detailed in our Status of Prior Engagement Findings and Recommendations section (Section 3) of this report, we cited the Pike County Children and Youth Agency (agency) for a lack of internal control procedures designed to sufficiently reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers. For contracted In-Home Fee-For-Service Purchased Service providers, as cited in the finding included in our prior engagement report, the agency could not provide evidence that substantiated the validity of the number of units invoiced for each individual listed on invoices submitted by these providers.

During the conduct of our current engagement, while we determined that the internal control deficiencies and corresponding risks identified during the conduct of our prior engagement continued to exist during the 2017-18 fiscal year, we found that, in response to the recommendations included in our prior engagement report, agency management developed and implemented after July 1, 2018 sufficient written fiscal-related monitoring policy and corresponding procedures. These fiscal-related monitoring procedures require In-Home Purchased Service providers to include supporting documentation (e.g. client sign-in sheets) with submitted Fee-For-Service invoices. Agency fiscal staff compare the supporting documentation to the corresponding submitted invoice, discrepancies are discussed with the provider, and a resolution is determined. We verified that these procedures were in operation after July 1, 2018.

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.*

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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: The internal control deficiencies, and corresponding risks, continued to exist during our current engagement period, from July 1, 2017 until June 30, 2018. Agency management’s implementation of fiscal-related monitoring policies and procedures to reduce the risk of paying overbillings and/or fraudulent billings submitted by contracted In-Home Purchased Service providers did not occur until July 1, 2018 due to the timing of our prior audit and the time the agency needed to implement corrective action.

Effect: The agency’s lack of implemented fiscal-related monitoring policies and procedures from July 1, 2017 until June 30, 2018, designed to reduce the risk of paying overbillings or

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

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

Recommendation: We recommend that agency management continue to perform the recently implemented monitoring procedures in order to reduce the agency's risk of paying overbillings and fraudulent billings submitted by contracted In-Home Purchased Service providers, including ensuring that the agency obtain reasonable assurance that contracted In-Home Purchased Services were actually provided for the number of units detailed for each individual listed on invoices submitted by Fee-For-Service providers' and that operating costs invoiced by contracted Program-Funded providers are substantiated.

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

- Notify agency staff responsible for reviewing and approving submitted In-Home Purchased Service providers' invoices for payment are made aware of the results of fiscal-related monitoring reviews of these providers and, for any such providers for which significant documentation deficiencies have been identified, the impact on the agency's review and approval process for these providers.
- Maintain sufficient evidence substantiating the results of all fiscal-related monitoring procedures performed to determine whether the services for which In-Home Purchased Service providers were paid were actually provided, and provided in adherence to DHS regulations and executed contract terms, and to reduce the risk of overbillings and fraudulent billings by contracted In-Home Purchased Service Providers going undetected.

Agency Response: While the agency agrees with the audit finding for 2017, as noted in your 2018 report, the agency developed and implemented stronger policies and procedures effective on July 1, 2018. These fiscal-related monitoring procedures require In-Home Purchased Service Providers to include support documentation with purchased service invoices. The fiscal staff then compare that documentation, as well as casework notes, to the invoice. Any discrepancies are discussed with the provider, and a resolution is determined. The agency will continue these practices, strengthening them when possible. Also, as noted above, the agency will develop and

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implement contract monitoring procedures regarding substantiating the billed services provided by SAM, Inc. to reduce the risk of overbilling by the provider.¹

Auditor's Conclusion: We commend the agency management on acknowledging the deficiencies that existed in the agency's invoice review and approval process for contracted In-Home Purchased Services providers during our current engagement period. We further commend agency management's efforts to develop and implement formal, written fiscal-related monitoring policy and procedures for these contracted In-Home Purchased Services providers beginning in July 1, 2018. During our next audit of the agency, we will again determine whether the agency continued to perform the implemented monitoring procedures to reduce the agency's risk of overbillings and fraudulent billings submitted by contracted In-Home Purchased Services providers going undetected.

¹ The agency didn't contract with SAM, Inc. until after the close of the current engagement period.

SECTION 5

CURRENT ENGAGEMENT OBSERVATION

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

The vast majority of Pennsylvania’s County Children and Youth (C&Y) Agencies contract with non-government In-Home Preventative Service Providers (Contracted Providers) to deliver services to children outside of an institutional or community-based setting, and those services are referred to as In-Home Purchased Services.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 as it relates to obtaining assurance as to the sufficiency of each C&Y Agency’s procedures for reviewing the Certifications of Contracted Providers’ employees and volunteers and their respective subcontractors, whose duties require them to come into direct contact with children and taking appropriate corrective action when disqualifying incidents are identified. Furthermore, these Contracted Providers are not subject to licensure nor annual inspections under the Human Services Code (Code).⁴ Our concerns have been, and continue to be, communicated through the inclusion of a standardized observation in our C&Y Program engagement reports and through correspondence with DHS.

In February 2018, DHS senior management staff affirmed that DHS is responsible for communicating contract monitoring expectations to the C&Y Agencies and for implementing a method to ensure that the certification monitoring is being performed adequately. DHS staff also stated that DHS had communicated these expectations to the C&Y Agencies on numerous occasions since 2016.

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 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.

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Our 2018 Position Statement Letter

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

DHS Corrective Actions Taken

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

C&Y Agencies are required to:

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

Single Auditors are required to:

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

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corrective action plans, and the adequacy and accuracy of the monitoring documentation.

Our Current Position

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

We believe that the requirements that DHS included in its Supplement are great first steps in obtaining assurance of the C&Y Agencies' compliance with the CPSL certification requirements **if the requirements are actually being followed consistently and routinely by each county C&Y Agency**. Therefore, as the oversight agency, we believe that it is imperative that DHS implement its own monitoring process to obtain assurance that each C&Y Agency is following the CPSL certification requirements by ensuring that appropriate corrective actions are taken if it is found by the Single Auditors that C&Y Agencies are not adequately protecting the safety of these already at-risk children. This specifically relates to obtaining assurance as to the sufficiency of each C&Y Agency's procedures for reviewing the Certifications of the Contracted Providers' employees and volunteers (whose duties require them to come into direct contact with children) and their respective subcontractors and taking appropriate corrective action when disqualifying incidents are identified.¹ Furthermore, we continue to believe that these children remain particularly vulnerable since the in-home services are sometimes provided outside the presence and view of others, which has been further aggravated by the current COVID-19 crisis.⁵

Conclusion

As previously stated, as the oversight agency, DHS must implement its own monitoring process that will provide DHS management with the assurance that every C&Y Agency and their

⁵ Various articles point to children in the Commonwealth experiencing more abuse. See May 11, 2020, <https://www.ydr.com/story/news/2020/05/11/coronavirus-pa-hospitals-seeing-more-severe-child-abuse-injuries/3103045001/>; June 20, 2020, <https://www.buckscountycouriertimes.com/news/20200620/state-more-child-abuse-calls-coming-in-than-at-start-of-pandemic-but-still-being-underreported/>; and July 17, 2020, <https://www.goerie.com/news/20200717/child-abuse-in-pandemic-as-hospitals-see-more-severe-injuries-the-worst-is-yet-to-come> (accessed July 29, 2020).

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

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

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. However, it is important to note that these children under the care of the Contracted Providers remain particularly vulnerable since the in-home services are sometimes provided outside the presence and view of others, which has been further aggravated by the current COVID-19 crisis.

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This report was originally distributed to the following:

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