

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

Union County Children and Youth Agency

November 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Commissioners of Union County
Union County Government Center
155 North 15th Street
Lewisburg, PA 17837

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 Union County Children and Youth Agency (agency), legally known as Union 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 Union 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 one adjustment being made to the agency's submitted fiscal reports. This adjustment impacted the agency's Final Net State Share by increasing non-reimbursable expenditures by \$21,278. Based on the application of the state participation rates, this adjustment resulted in an amount due to the state totaling \$12,766. This adjustment is 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 three 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 \$714, increasing non-reimbursable expenditures by \$36,155, and increasing revenue by \$270. Based on the application of the state participation rates, these adjustments resulted in an amount due to the state totaling \$21,569. These 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 did not comply with the finding included in our prior engagement report until the second year of our two-year engagement period, as detailed in Section 3 of this report. This resulted in our issuance of a repeat finding in the current section of our engagement report for the first year of our engagement period, as listed below and detailed in Section 4 of this report.

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

Furthermore, we updated our Child Protective Services Law Observation to include DHS corrective actions taken and our current position, as listed below and detailed in Section 5 of this report.

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

The results of our engagement procedures, as presented in this report, were discussed with agency management at an exit conference held on October 16, 2020.

This report is being forwarded to the DHS Bureau of Financial Operations, and the Office of Children, Youth, and Families for review and settlement of the recommended adjustments included in our amended fiscal reports. You will be notified by DHS of the decisions made regarding the approval and finalization of the adjustment amounts during the DHS settlement

Independent Auditor's Report (Continued)

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

Sincerely,

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

Eugene A. DePasquale
Auditor General

November 10, 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 Union County Children and Youth Agency provided in-home and placement services to 974 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

**UNION 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	\$	1,180,603
Supplemental Act 148		<u>274,827</u>
Total State Allocation		1,455,430
State Share (CY348) ²	\$	1,442,664
Less: Major Service Category Adjustment		<u>0</u>
Net State Share	\$	1,442,664
Less: Expenditures in Excess of the Approved State Allocation		<u>0</u>
Final Net State Share Payable ³	\$	1,442,664
Actual Act 148 Revenues Received ⁴		<u>1,455,430</u>
Net Amount Due County/(State) ⁵	\$	<u><u>(12,766)</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.

UNION 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	2,114	0	137	0	0	0	0	0	1,977	1,977	0
02. 90% REIMBURSEMENT	51,314	0	3,095	0	0	0	0	0	48,219	43,397	4,822
03. 80% REIMBURSEMENT	1,819,053	33,977	202,821	31,778	0	15,616	0	0	1,534,861	1,227,888	306,973
04. 60% REIMBURSEMENT	354,240	37,227	16,363	0	21,582	46,846	0	2,226	229,996	137,998	91,998
05. 50% REIMBURSEMENT	63,015	0	207	0	0	0	0	0	62,808	31,404	31,404
06. TOTAL NET CHILD WELFARE EXPEND.	2,289,736	71,204	222,623	31,778	21,582	62,462	0	2,226	1,877,861	1,442,664	435,197
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	0	0							0	0	0
08. NON-REIMBURSABLE EXPENDITURES	62,714	0							62,714		62,714
09. TOTAL EXPENDITURES	2,352,450	71,204	222,623	31,778	21,582	62,462	0	2,226	1,940,575	1,442,664	497,911
10. TOTAL TITLE IV-D COLLECTIONS	48,093										
11. TITLE IV-D Collections for IV-E Children	7,942										
12. STATE ACT 148 - line 6	1,442,664										
13. STATE ACT 148 ALLOCATION	1,455,430										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	1,442,664										
INVOICE											
AMENDED STATE SHARE (ACT 148)	1,442,664										
ACT 148 AMOUNT RECEIVED	1,455,430										
ADJUSTMENT TO STATE SHARE	(12,766)										

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

MAJOR SERVICE CATEGORIES & COST CENTERS	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
IN-HOME												
1-A ADOPTION SERVICE	2,114	0		137	0		0	0	0	1,977	1,977	0
1-B ADOPTION ASSISTANCE	157,615	0	67,596	0			0	0	0	90,019	72,015	18,004
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	41,778	0	0	0			0	0	0	41,778	33,422	8,356
1-D COUNSELING - DEPENDENT	67,908	0		3,536	6,510	0	0	0	0	57,862	46,290	11,572
1-E COUNSELING - DELINQUENT	19,614	0	0	0	0	0	0	0	0	19,614	15,691	3,923
1-F DAY CARE	1,141	0		0	86	0	0	0	0	1,055	844	211
1-G DAY TREATMENT - DEPENDENT	120,894	0		0	25,182	0	0	0	0	95,712	76,570	19,142
1-H DAY TREATMENT - DELINQUENT	2,637	0		0	0	0	0	0	0	2,637	2,110	527
1-I HOMEMAKER SERVICE	86,024	0		6,685	0	0	0	0	0	79,339	63,471	15,868
1-J INTAKE & REFERRAL	276,287	0		22,763	0	0	0	0	0	253,524	202,819	50,705
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	120,461	0		9,162	0	0	0	0	0	111,299	89,039	22,260
1-N PROTECTIVE SERVICE - GENERAL	332,951	0		26,338	0	0	0	0	0	306,613	245,290	61,323
1-O SERVICE PLANNING	125,018	0		10,212	0	0	0	0	0	114,806	91,845	22,961
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	63,015	0		207	0		0	0	0	62,808	31,404	31,404
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0		0	0	0	0	0	0
SUBTOTAL IN-HOME	1,417,457	0	67,596	79,040	31,778	0	0	0	0	1,239,043	972,787	266,256
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0		0			0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0		0			0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	0		0			0	0	0	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		0			0	0	0	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	51,314	0		3,095	0	0	0	0	0	48,219	43,397	4,822
2-F EMERGENCY SHELTER - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	466,725	33,977	26,445	30,084			15,616	0	0	360,603	288,482	72,121
2-H FOSTER FAMILY - DELINQUENT	0	0		0			0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0			0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0			0	0	0	0	0	0
SUBTOTAL CBP	518,039	33,977	26,445	33,179	0	0	15,616	0	0	408,822	331,879	76,943
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0										
3-B RESIDENTIAL SERVICE - DEPENDENT	116,901	32,494	0	957		14,790	33,890	0	0	34,770	20,862	13,908
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	71,148	4,733	0	32		6,792	12,956	0	0	46,635	27,981	18,654
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0								0	0	0
3-E YDC SECURE	0	0								0	0	0
SUBTOTAL INSTITUTIONAL	188,049	37,227	0	989	0	21,582	46,846	0	0	81,405	48,843	32,562
ADMINISTRATION	166,191	0		15,374		0	0	0	2,226	148,591	89,155	59,436
TOTAL REVENUES	2,289,736	71,204	94,041	128,582	31,778	21,582	62,462	0	2,226	1,877,861	1,442,664	435,197

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

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reimbursable Non PS/Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
IN-HOME	12	5		1,946	148	3	2,114	4	1	0	0	0
1-A ADOPTION SERVICE	0	0	157,615	0	0	0	157,615	0	21	0	0	0
1-B ADOPTION ASSISTANCE	0	0	41,778	0	0	0	41,778	0	6	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	30,082	9,188		2,880	24,795	963	67,908	33	17	0	0	0
1-D COUNSELING - DEPENDENT	0	0			19,614	0	19,614	0	3	0	0	0
1-E COUNSELING - DELINQUENT	0	0			1,141	0	1,141	0	1	0	0	0
1-F DAY CARE	0	0			120,894	0	120,894	0	16	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0			2,637	0	2,637	0	1	0	0	0
1-H DAY TREATMENT - DELINQUENT	50,468	28,522		5,270	0	1,764	86,024	32	0	0	0	0
1-I HOMEMAKER SERVICE	181,282	69,904		18,807	0	6,294	276,287	170	0	0	0	0
1-J INTAKE & REFERRAL	0	0			0	0	0	0	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	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
1-M PROTECTIVE SERVICE - CHLD ABUSE	76,808	26,008		7,113	8,506	2,026	120,461	62	24	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	197,379	81,100		39,221	8,405	6,846	332,951	141	21	0	0	0
1-O SERVICE PLANNING	82,916	32,555		6,602	0	2,945	125,018	32	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				2,196	60,819		63,015	0	25	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT					0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	618,947	247,282	199,393	84,035	246,959	20,841	1,417,457					
	Number of Children receiving only NON-PURCHASED IN-Home Services 974											
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	0	0	0	0	0	0	0	0	0	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	23,041	11,563	0	3,168	12,706	836	51,314	261	7	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	159,662	61,262	0	44,184	195,812	5,805	466,725	3,362	18	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	182,703	72,825	0	47,352	208,518	6,641	518,039	3,623	25	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	6,470	2,954	0	2,740	104,470	267	116,901	685	5	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	984	70,164	0	71,148	292	5	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	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	0
3-F SUBTOTAL INSTITUTIONAL	6,470	2,954	0	3,724	174,634	267	188,049	977	10	0	0	0
4 ADMINISTRATION	72,435	28,217	0	126,698	0	1,555	228,905			62,714	0	0
5 TOTAL EXPENDITURES	880,555	351,278	199,393	261,809	630,111	29,504	2,352,450			62,714	0	0
	County Indirect Costs = \$ 117,568											

**UNION 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	\$ 2,114	\$ 0	\$ 2,114
Adoption Assistance	157,615	0	157,615
Subsidized Permanent Legal Custodianship	41,778	0	41,778
Counseling	87,522	0	87,522
Day Care	1,141	0	1,141
Day Treatment	123,531	0	123,531
Homemaker Service	86,024	0	86,024
Intake and Referral	276,287	0	276,287
Life Skills	0	0	0
Protective Service - Child Abuse	120,461	0	120,461
Protective Service - General	332,951	0	332,951
Service Planning	125,018	0	125,018
Juvenile Act Proceedings	63,015	0	63,015
Alternative Treatment	0	0	0
Community Residential	0	0	0
Emergency Shelter	51,314	0	51,314
Foster Family	466,725	0	466,725
Supervised Independent Living	0	0	0
Juvenile Detention Service	0	0	0
Residential Service	188,049	0	188,049
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	228,905	0	228,905
Combined Total Expense	<u>2,352,450</u>	<u>0</u>	<u>2,352,450</u>
Less Non-reimbursables	<u>41,436</u>	<u>21,278</u>	<u>62,714</u>
Total Net Expense	<u>\$ 2,311,014</u>	<u>\$ (21,278)</u>	<u>\$ 2,289,736</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 880,555	\$ 0	\$ 880,555
Employee Benefits	351,278	0	351,278
Subsidies	199,393	0	199,393
Operating	261,809	0	261,809
Purchased Services	630,111	0	630,111
Fixed Assets	29,304	0	29,304
Combined Total Expense	<u>2,352,450</u>	<u>0</u>	<u>2,352,450</u>
Less Non-reimbursables	<u>41,436</u>	<u>21,278</u>	<u>62,714</u>
Total Net Expense	<u>\$ 2,311,014</u>	<u>\$ (21,278)</u>	<u>\$ 2,289,736</u>

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

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENT	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370	4	10	1	<p style="text-align: center;">CY-370 Adjustment</p> <p>Administration - Non-Reimbursable Non PS/Sub.</p> <p>To increase Non-Reimbursable Non Purchased Services/Subsidies by \$21,278 to properly report indirect costs which exceed the two percent cost limitation.</p> <p>Title 55 PA Code, Chapter 3170.60 OCYF Bulletin 00-95-12</p>	\$ 41,436	\$ 21,278	\$ 62,714

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2018 to JUNE 30, 2019

**UNION 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		\$	1,414,348
Supplemental Act 148			<u>4,961</u>
Total State Allocation			1,419,309
State Share (CY348) ²	\$		1,397,740
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	1,397,740
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	1,397,740
Actual Act 148 Revenues Received ⁴			<u>1,419,309</u>
Net Amount Due County/(State) ⁵		\$	<u><u>(21,569)</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.

UNION 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	4,594	0	194	0	0	0	0	0	4,400	4,400	0
02. 90% REIMBURSEMENT	14,837	0	1	460	0	0	0	0	14,376	12,938	1,438
03. 80% REIMBURSEMENT	1,825,505	33,446	151,985	31,318	10,790	42,846	0	0	1,555,120	1,244,094	311,026
04. 60% REIMBURSEMENT	237,613	8,683	9,615	0	10,792	19,616	0	1,024	187,883	112,730	75,153
05. 50% REIMBURSEMENT	47,156	0	0	0	0	0	0	0	47,156	23,578	23,578
06. TOTAL NET CHILD WELFARE EXPEND.	2,129,705	42,129	161,795	31,778	21,582	62,462	0	1,024	1,808,934	1,397,740	411,194

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	0	0	0						0	0	0
08. NON-REIMBURSABLE EXPENDITURES	85,383	0							85,383		85,383

09. TOTAL EXPENDITURES	2,215,088	42,129	161,795	31,778	21,582	62,462	0	1,024	1,894,317	1,397,740	496,577
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10. TOTAL TITLE IV-D COLLECTIONS 11,499

11. TITLE IV-D Collections for IV-E Children 4,702

12. STATE ACT 148 - line 6 1,397,740

13. STATE ACT 148 ALLOCATION 1,419,309

14. ADJUSTED STATE SHARE (lower of 12 or 13) 1,397,740

INVOICE	
AMENDED STATE SHARE (ACT 148)	1,397,740
ACT 148 AMOUNT RECEIVED	1,419,309
ADJUSTMENT TO STATE SHARE	(21,569)

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

MAJOR SERVICE CATEGORIES & COST CENTERS	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
IN-HOME	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
I-A ADOPTION SERVICE	4,594	0		194	0		0	0	0	4,400	4,400	0
I-B ADOPTION ASSISTANCE	179,708	0	77,749	0			0	0	0	101,959	81,567	20,392
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	33,828	0	0	0			0	0	0	33,828	27,062	6,766
I-D COUNSELING - DEPENDENT	83,489	0		2,370	380	0	0	0	0	80,739	64,591	16,148
I-E COUNSELING - DELINQUENT	11,530	0		0	0	0	0	0	0	11,530	9,224	2,306
I-F DAY CARE	0	0		0	0	0	0	0	0	0	0	0
I-G DAY TREATMENT - DEPENDENT	90,108	0		80	23,180	0	0	0	0	66,848	53,478	13,370
I-H DAY TREATMENT - DELINQUENT	21,768	0		202	7,758	0	0	0	0	13,808	11,046	2,762
I-I HOMEMAKER SERVICE	111,521	0		4,698	0	0	0	0	0	106,823	85,458	21,365
I-J INTAKE & REFERRAL	271,712	0		11,449	0	0	0	0	0	260,263	208,210	52,053
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	105,852	0		4,171	0	0	0	0	0	101,681	81,345	20,336
I-N PROTECTIVE SERVICE - GENERAL	286,939	0		11,655	0	0	0	0	0	275,284	220,227	55,057
I-O SERVICE PLANNING	127,300	0		5,360	0	0	0	0	0	121,940	97,552	24,388
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT	47,156	0		0	0	0	0	0	0	47,156	23,578	23,578
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
I-R SUBTOTAL IN-HOME	1,375,305	0	77,749	40,179	31,318	0	0	0	0	1,226,259	967,738	258,521
COMMUNITY BASED PLACEMENT	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0			0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0			0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	17,375	0	0	323	0	0	0	0	0	17,052	13,642	3,410
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0			0	0	0	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	14,837	0	0	1	460	0	0	0	0	14,376	12,938	1,438
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	484,375	33,446	13,685	20,243		10,790	42,846	0	0	363,365	290,692	72,673
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	516,587	33,446	13,685	20,567	460	10,790	42,846	0	0	394,793	317,272	77,521
INSTITUTIONAL PLACEMENT	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
3-A JUVENILE DETENTION SERVICE	0	0	0	0			0	0	0	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	46,668	7,133	0	95		10,792	19,616	0	0	9,032	5,419	3,613
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	2,104	1,550	0	46		0	0	0	0	508	305	203
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	48,772	8,683	0	141	0	10,792	19,616	0	0	9,540	5,724	3,816
4 ADMINISTRATION	188,841	0		9,474		0	0	0	1,024	178,343	107,006	71,337
5 TOTAL REVENUES	2,129,705	42,129	91,434	70,361	31,778	21,582	62,462	0	1,024	1,808,934	1,397,740	411,194

UNION 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	EMPLOYEE BENEFITS	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	1,822	785		1,986	0	1	4,594	3	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	179,708	0	0	0	179,708	0	21	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANS/SH	0	0	33,828	0	0	0	33,828	0	6	0	0	0
1-D COUNSELING - DEPENDENT	39,859	12,478		3,795	27,337	20	83,489	26	19	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	11,530	0	11,530	0	2	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		1,789	88,319	0	90,108	0	20	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		4,481	17,287	0	21,768	0	2	0	0	0
1-I HOMEMAKER SERVICE	60,529	45,452		5,502	0	38	111,521	24	0	0	0	0
1-J INTAKE & REFERRAL	184,709	73,127		13,780	0	96	271,712	186	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	61,962	29,219		7,643	6,996	32	105,852	57	45	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	166,549	70,526		42,584	7,182	98	286,939	124	25	0	0	0
1-O SERVICE PLANNING	85,707	34,838		6,717	0	38	127,300	26	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT					47,156		47,156	0	21	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT					0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	601,137	266,425	213,536	88,277	205,807	323	1,375,505			0	0	0
Number of Children receiving only NON-PURCHASED IN-Home Services 945												
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	4,634	2,178		847	9,714	2	17,375	68	1	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	0	0		2,279	12,558	0	14,837	284	12	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	194,807	89,509		49,001	150,952	106	484,375	2,498	15	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
2-K SUBTOTAL CBP	199,441	91,687	0	52,127	173,224	108	516,587	2,850	28	0	0	0
ADMINISTRATION	88,543	34,494	0	151,359	0	28	274,224			85,383	0	0
TOTAL EXPENDITURES	888,921	392,606	213,536	295,085	424,481	459	2,215,088			85,383	0	0
County Indirect Costs = \$ 140,916												

**UNION 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	\$ 4,594	\$ 0	\$ 4,594
Adoption Assistance	179,708	0	179,708
Subsidized Permanent Legal Custodianship	33,828	0	33,828
Counseling	93,863	1,156	95,019
Day Care	0	0	0
Day Treatment	111,876	0	111,876
Homemaker Service	111,521	0	111,521
Intake and Referral	271,712	0	271,712
Life Skills	0	0	0
Protective Service - Child Abuse	105,852	0	105,852
Protective Service - General	287,331	(392)	286,939
Service Planning	127,300	0	127,300
Juvenile Act Proceedings	47,156	0	47,156
Alternative Treatment	0	0	0
Community Residential	17,375	0	17,375
Emergency Shelter	14,837	0	14,837
Foster Family	484,425	(50)	484,375
Supervised Independent Living	0	0	0
Juvenile Detention Service	0	0	0
Residential Service	48,772	0	48,772
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	274,224	0	274,224
Combined Total Expense	<u>2,214,374</u>	<u>714</u>	<u>2,215,088</u>
Less Non-reimbursables	<u>49,228</u>	<u>36,155</u>	<u>85,383</u>
Total Net Expense	<u>\$ 2,165,146</u>	<u>\$ (35,441)</u>	<u>\$ 2,129,705</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 888,921	\$ 0	\$ 888,921
Employee Benefits	392,606	0	392,606
Subsidies	213,536	0	213,536
Operating	295,527	(442)	295,085
Purchased Services	423,325	1,156	424,481
Fixed Assets	459	0	459
Combined Total Expense	<u>2,214,374</u>	<u>714</u>	<u>2,215,088</u>
Less Non-reimbursables	<u>49,228</u>	<u>36,155</u>	<u>85,383</u>
Total Net Expense	<u>\$ 2,165,146</u>	<u>\$ (35,441)</u>	<u>\$ 2,129,705</u>

**UNION 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	1-N	4	1	<p style="text-align: center;">CY-370 Adjustments</p> Protective Service (General) - Operating Foster Family (Dependent) - Operating Counseling (Delinquent) - Purchased Services Total Adjustment Amount	\$ 42,976	\$ (392)	\$ 42,584
	2-G	4			\$ 49,051	\$ (50)	\$ 49,001
	1-E	5			\$ 10,374	\$ 1,156	\$ 11,530
						\$ 714	
				To increase expenditures by \$714 to include expenditures not reported on the CY-370 Expenditure Report submitted to Commonwealth Department of Human Services and reconcile to the agency's final expenditure ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			
CY-370	4	10	2	Administration - Non-Reimbursable Non PS/Sub. To increase Non-Reimbursable Non Purchased Services/Subsidies by \$36,155 to properly report indirect costs which exceed the two percent cost limitation. Title 55 PA Code, Chapter 3170.60 OCYF Bulletin 00-95-12	\$ 49,228	\$ 36,155	\$ 85,383
CY-370A	2-G 3-B	2 2	3	<p style="text-align: center;">CY-370A Adjustment</p> Foster Family (Dependent) - Program Income Residential Service (Dependent) - Program Income Total Adjustment Amount	\$ 32,018	\$ 1,428	\$ 33,446
					\$ 8,291	\$ (1,158)	\$ 7,133
						\$ 270	
				To increase Program Income by \$270 to include revenue not reported on the CY-370A Revenue Report submitted to Commonwealth 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 FINDING AND RECOMMENDATIONS

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

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

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

During the conduct of our current engagement, we determined the cited internal control deficiencies and corresponding risks continued to exist from July 2017 until June 2018. However, as of July 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 from July 2017 until June 2018. Our repeat finding is included in the Current Engagement Finding and Recommendations section (Section 4) of this report.

SECTION 4

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

UNION 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 Finding and Recommendations section (Section 3) of this report, we cited the Union 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 on invoices submitted by these providers.

During the conduct of our current engagement, while we determined that the internal control deficiencies and corresponding risks identified during the conduct of our prior engagement continued to exist during the first year of our current two year engagement period (i.e., from July 2017 until June 2018), we found that, in response to the recommendations included in our prior engagement report, agency management developed and implemented in July 2018 sufficient written fiscal-related monitoring policy and corresponding procedures. These fiscal-related monitoring procedures require a quarterly review of one randomly selected monthly invoice each from two randomly selected In-Home providers. The selected providers are contacted and must provide support documentation for their respective selected invoices (e.g. signed encounter forms) within ten business days. Fiscal staff compare the supporting documentation to the corresponding invoice, discrepancies are discussed with the respective providers, and a resolution for each selected provider is determined. We obtained five quarterly reviews conducted between July 2018 and June 2019 and determined that the procedures were performed as designed.

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*

UNION 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: The internal control deficiencies and corresponding risks continued to exist during our current engagement period, from July 2017 until June 2018. Agency management implementation of fiscal-related monitoring policies and procedures to reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers did not occur until July 2018.

UNION COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

Effect: The agency's lack of internal control procedures from July 2017 until June 2018 during our current engagement 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 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 listed for each individual listed on Fee-For-Service providers' submitted invoices and that operating costs invoiced by 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 Management Response: The agency management agreed with the finding and provided no written response.

Auditor's Conclusion: We commend the agency's management on acknowledging the deficiencies that existed in the agency's invoice review and approval process for contracted In-Home Purchased Services providers during the 2017-2018 fiscal year included in our current engagement period and their efforts to develop and implement formal, written fiscal-related monitoring policy and procedures for these contracted In-Home Purchased Services providers beginning during the 2018-

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2019 fiscal year. During our next audit of the agency, we will determine if the agency continued to perform the implemented monitoring procedures to reduce the agency's risk of overbillings and fraudulent billings submitted by contracted In-Home Purchased Services providers going undetected.

SECTION 5

CURRENT ENGAGEMENT OBSERVATION

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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.¹ The Child Protective Services Law (CPSL) requires the conduct of Criminal Background Checks and Child Abuse History Clearances (Certifications) for all Contracted Providers’ (and their respective subcontractors’) employees and direct volunteers.²

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

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

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

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

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

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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.⁴

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

⁴ Various article point to children in 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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