

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2016 to June 30, 2017

July 1, 2017 to June 30, 2018

Venango County Children and Youth Agency

January 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 Venango County
1174 Elk Street
Franklin, PA 16323

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

Preparation of the submitted fiscal reports, and compliance with children, youth, and families regulations, are the responsibility of agency management. Our engagement procedures included a review of selected agency records, and other procedures we deemed necessary, to enable us to ascertain and certify the actual Commonwealth expenditures incurred on behalf of children residing within the County and to determine the County's compliance with certain provisions of 55 Pa. Code, Part V. Children, Youth, and Families Manual, Subpart C, Chapters 3140 and 3170 (55 Pa. Code §§ 3140.1 *et seq.* and 3170.1 *et seq.*), but was not required to be and was not conducted 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 Venango County.

We certify that the enclosed amended fiscal reports fairly present, in all material respects, the total Commonwealth expenditures paid on behalf of children residing within the county for the 2016-2017 and 2017-2018 fiscal years based on the accrual basis of accounting.¹

¹ The accrual basis of accounting is required by DHS.

Independent Auditor's Report (Continued)

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

- For the **2016-2017 fiscal year**, our engagement resulted in one adjustment being made to the agency's submitted fiscal reports. The adjustment in total impacted the agency's Final Net State Share by increasing revenue by \$1,171. Based on the application of the state participation rates, the adjustment resulted in an amount due to the state totaling \$925. This adjustment is detailed in our amended fiscal reports for fiscal year 2016-2017, as included in Section 1 of this report.
- For the **2017-2018 fiscal year**, our engagement resulted in two adjustments being made to the agency's submitted fiscal reports. The adjustments in total impacted the agency's Final Net State Share by increasing expenditures by \$1,517 and increasing revenue by \$20,117. Based on the application of the state participation rates, the adjustments resulted in an amount due to the state totaling \$13,963. Both adjustments are detailed in our amended fiscal reports for fiscal year 2017-2018, as included in Section 2 of this report.

In addition, we found that the agency complied with the finding included in our prior engagement report, as detailed in Section 3 of this report.

Furthermore, we updated our Child Protective Services Law Observation to include DHS management's current and planned corrective actions in response to our concerns, as listed below and detailed in Section 4 of this report.

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

The results of our engagement procedures, as presented in this report, were discussed with agency management at an exit conference held on January 14, 2020.

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

Independent Auditor's Report (Continued)

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

Sincerely,

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

Eugene A. DePasquale
Auditor General

January 14, 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 Venango County Children and Youth Agency provided in-home and placement services to 1,342 children residing within the County during the 2017-2018 fiscal year. The Children and Youth Social Services Program is County-Administered and State-Supervised by DHS and thus, they are jointly responsible for achieving the Commonwealth’s goal.

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

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

SECTION 1

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2016 to JUNE 30, 2017

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

Approved State Allocation ¹		\$	3,626,393
Supplemental Act 148			<u>478,346</u>
Total State Allocation			4,104,739
State Share (CY348) ²	\$		4,103,814
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	4,103,814
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	4,103,814
Actual Act 148 Revenues Received ⁴			<u>4,104,739</u>
Net Amount Due County/(State) ⁵		\$	<u><u>(925)</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.

VENANGO COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
 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	22,286	0	467	0	0	0	2,922	0	18,897	18,897	0
02. 90% REIMBURSEMENT	159,737	0	743	0	0	0	28,067	0	130,927	117,834	13,093
03. 80% REIMBURSEMENT	6,117,801	129,676	369,058	188,159	60,055	153,669	591,739	0	4,625,445	3,700,356	925,089
04. 60% REIMBURSEMENT	457,623	6,162	5,300	0	0	0	38,360	3,589	404,212	242,528	161,684
05. 50% REIMBURSEMENT	48,667	0	31	0	0	0	239	0	48,397	24,199	24,198
06. TOTAL NET CHILD WELFARE EXPEND.	6,806,114	135,838	375,599	188,159	60,055	153,669	661,327	3,589	5,227,878	4,103,814	1,124,064

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	0	0							0	0	0
08. NON-REIMBURSABLE EXPENDITURES	40,981	0							40,981		40,981

09. TOTAL EXPENDITURES	6,847,095	135,838	375,599	188,159	60,055	153,669	661,327	3,589	5,268,859	4,103,814	1,165,045
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10. TOTAL TITLE IV-D COLLECTIONS 52,564

11. TITLE IV-D Collections for IV-E Children 23,914

12. STATE ACT 148 - line 6 4,103,814

13. STATE ACT 148 ALLOCATION 3,626,393

14. ADJUSTED STATE SHARE (lower of 12 or 13) 3,626,393

INVOICE											
AMENDED STATE SHARE (ACT 148)	4,103,814										
ACT 148 AMOUNT RECEIVED	4,104,739										
ADJUSTMENT TO STATE SHARE	(925)										

VENANGO COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
 AMENDED CY370A
 REVENUE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
	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	22,286	0		467	0			2,922	0	18,897	18,897	0
1-B ADOPTION ASSISTANCE	470,763	0	194,468	575				0	0	275,720	220,576	55,144
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	219,566	0	69,727	0				0	0	149,839	119,871	29,968
1-D COUNSELING - DEPENDENT	1,017,648	0		4,576	30,444	60,055	126,669	73,544	0	722,560	577,888	144,472
1-E COUNSELING - DELINQUENT	11,269	0		7	0			60	0	11,202	8,962	2,240
1-F DAY CARE	0	0		0	0			0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	0			0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	0			0	0	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0			0	0	0	0	0
1-J INTAKE & REFERRAL	557,326	0		12,018	0			73,405	0	471,903	377,522	94,381
1-K LIFE SKILLS - DEPENDENT	389,729	0		584	157,715	0	0	3,260	0	228,170	182,536	45,634
1-L LIFE SKILLS - DELINQUENT	87,484	0		0	0			0	0	87,484	69,987	17,497
1-M PROTECTIVE SERVICE - CHILD ABUSE	574,242	0		12,351	0			75,420	0	486,471	389,177	97,294
1-N PROTECTIVE SERVICE - GENERAL	495,687	0		10,532	0			65,561	0	419,594	335,675	83,919
1-O SERVICE PLANNING	691,973	0		12,268	0		27,000	88,043	0	564,662	451,730	112,932
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	48,667	0		31	0			239	0	48,397	24,199	24,198
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0			0	0	0	0	0
1-R SUBTOTAL IN-HOME	4,586,640	0	264,195	53,409	188,159	60,055	153,669	382,454	0	3,484,699	2,777,020	707,679
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
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0		0				0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	402,132	26,350	0	846				90,274	0	284,662	227,730	56,932
2-D COMMUNITY RESIDENTIAL - DELINQUENT	392,510	18,902	39,950	0				8,658	0	325,000	260,000	65,000
2-E EMERGENCY SHELTER - DEPENDENT	92,805	0	0	743	0			21,852	0	70,210	63,189	7,021
2-F EMERGENCY SHELTER - DELINQUENT	66,932	0	0	0	0			6,215	0	60,717	54,645	6,072
2-G FOSTER FAMILY - DEPENDENT	806,932	84,424	4,801	6,355				113,234	0	598,118	478,494	119,624
2-H FOSTER FAMILY - DELINQUENT	540	0	0	0				280	0	260	208	52
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0				0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0				0	0	0	0	0
2-K SUBTOTAL CBP	1,761,851	129,676	44,751	7,944	0	0	0	240,513	0	1,338,967	1,084,266	254,701
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
3-B RESIDENTIAL SERVICE - DEPENDENT	46,454	655	0	109				2,045	0	43,645	26,187	17,458
3-C RES. SERVICE - DELINQUENT (NON YDC/WFC)	172,892	101	0	0				0	0	172,791	103,675	69,116
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0							0	0	0	0
3-E YDC SECURE	0	0										
3-F SUBTOTAL INSTITUTIONAL	219,346	756	0	109	0	0	0	2,045	0	216,436	129,862	86,574
4 ADMINISTRATION	238,277	5,406		5,191		0	0	36,315	3,589	187,776	112,666	75,110
5 TOTAL REVENUES	6,806,114	135,838	308,946	66,653	188,159	60,055	153,669	661,327	3,589	5,227,878	4,103,814	1,124,064

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

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	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	7,381	2,335		12,562	0	8	22,286	7	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	476,744	0	0	0	476,744	0	75	0	5,981	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	219,566	0	0	0	219,566	0	27	0	0	0
1-D COUNSELING - DEPENDENT	109,679	40,580		50,168	817,124	97	1,017,648	70	81	0	0	0
1-E COUNSELING - DELINQUENT	0	0		450	10,819	0	11,269	0	25	0	0	0
1-F DAY CARE	0	0		0	0	0	0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	397,271	115,407		44,610	0	38	557,326	403	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	15,480	4,926		4,997	364,318	8	389,729	58	626	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		87	87,397	0	87,484	0	17	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	404,487	127,387		41,896	0	472	574,242	64	0	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	257,910	78,052		158,949	0	776	495,687	339	0	0	0	0
1-O SERVICE PLANNING	319,468	104,568		136,188	131,457	292	691,973	373	42	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				1,917	46,750		48,667	0	60	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	1,511,676	473,255	696,310	451,824	1,457,865	1,691	4,592,621			0	5,981	0
Number of Children receiving only NON-PURCHASED IN-Home Services 1,203												
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	26,242	6,342		5,903	363,599	46	410,132	1,904	15	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		816	391,694	0	392,510	2,424	22	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	21,012	5,049		9,342	57,402	0	92,805	1,123	53	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0		0	66,932	0	66,932	442	24	0	0	0
2-G FOSTER FAMILY - DEPENDENT	140,211	46,106		150,572	469,959	84	806,932	11,442	101	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0		0	540	0	540	20	1	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	187,465	57,497	0	166,633	1,350,126	130	1,761,851	17,355	216	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	2,820	933		1,049	41,652	0	46,454	360	2	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0		73	172,819	0	172,892	1,010	8	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0	0	0	0	0	0	0	0	0
3-E YDC SECURE	0	0		0	0	0	0	0	0	0	0	0
3-F SUBTOTAL INSTITUTIONAL	2,820	933	0	1,122	214,471	0	219,346	1,370	10	0	0	0
4 ADMINISTRATION	97,475	26,584	0	146,878	0	2,340	273,277			35,000	0	0
5 TOTAL EXPENDITURES	1,799,436	558,269	696,310	766,457	3,022,462	4,161	6,847,095			35,000	5,981	0
				County Indirect Costs = \$								

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

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 22,286	\$ 0	\$ 22,286
Adoption Assistance	476,744	0	476,744
Subsidized Permanent Legal Custodianship	219,566	0	219,566
Counseling	1,028,917	0	1,028,917
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	0	0	0
Intake and Referral	557,326	0	557,326
Life Skills	477,213	0	477,213
Protective Service - Child Abuse	574,242	0	574,242
Protective Service - General	495,687	0	495,687
Service Planning	691,973	0	691,973
Juvenile Act Proceedings	48,667	0	48,667
Alternative Treatment	0	0	0
Community Residential	794,642	0	794,642
Emergency Shelter	159,737	0	159,737
Foster Family	807,472	0	807,472
Supervised Independent Living	0	0	0
Juvenile Detention Service	0	0	0
Residential Service	219,346	0	219,346
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	<u>273,277</u>	<u>0</u>	<u>273,277</u>
Combined Total Expense	6,847,095	0	6,847,095
Less Non-reimbursables	<u>40,981</u>	<u>0</u>	<u>40,981</u>
Total Net Expense	<u>\$ 6,806,114</u>	<u>\$ 0</u>	<u>\$ 6,806,114</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,799,436	\$ 0	\$ 1,799,436
Employee Benefits	558,269	0	558,269
Subsidies	696,310	0	696,310
Operating	766,457	0	766,457
Purchased Services	3,022,462	0	3,022,462
Fixed Assets	<u>4,161</u>	<u>0</u>	<u>4,161</u>
Combined Total Expense	6,847,095	0	6,847,095
Less Non-reimbursables	<u>40,981</u>	<u>0</u>	<u>40,981</u>
Total Net Expense	<u>\$ 6,806,114</u>	<u>\$ 0</u>	<u>\$ 6,806,114</u>

**VENANGO COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
ADJUSTMENT SCHEDULE**

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENTS	AS REPORTED	INCREASE/ (DECREASE)	ADJUSTED
SCHEDULE	LINE	COLUMN			OR ADJUSTED	TOTAL	
CY-370A	2-C	2	1	CY370A Adjustment			
	2-D	2		Community Residential (Dependent) - Program Income	\$ 26,123	\$ 227	\$ 26,350
	2-G	2		Community Residential (Delinquent) - Program Income	\$ 18,739	\$ 163	\$ 18,902
	3-B	2		Foster Family (Dependent) - Program Income	\$ 83,696	\$ 728	\$ 84,424
	3-C	2		Residential Service (Dependent) - Program Income	\$ 650	\$ 5	\$ 655
	4	2		Res. Service (Delinquent) (Non YDC/YFC) - Program Income	\$ 100	\$ 1	\$ 101
				Administration - Program Income	\$ 5,359	\$ 47	\$ 5,406
				Total Adjustment Amount		<u>\$ 1,171</u>	
			To increase Program Income by \$1,171 to include revenue not reported on the CY-370A Revenue Report submitted to the Department of Human Services and reconcile to the agency's final revenue ledger.				
			Title 55 PA Code, Chapter 3170.95(a)(b)				

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2017 to JUNE 30, 2018

**VENANGO 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		\$	3,921,383
Supplemental Act 148			<u>382,939</u>
Total State Allocation			4,304,322
State Share (CY348) ²	\$		4,290,359
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	4,290,359
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	4,290,359
Actual Act 148 Revenues Received ⁴			<u>4,304,322</u>
Net Amount Due County/(State) ⁵		\$	<u><u>(13,963)</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.

VENANGO 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	18,467	0	293	0	0	0	2,166	0	16,008	16,008	0
02. 90% REIMBURSEMENT	175,049	3,374	782	68,506	0	0	4,148	0	98,239	88,415	9,824
03. 80% REIMBURSEMENT	6,344,676	100,083	336,478	119,653	60,055	153,669	513,309	0	5,061,429	4,049,144	1,012,285
04. 60% REIMBURSEMENT	288,115	2,776	3,747	0	0	0	81,188	4,992	195,412	117,247	78,165
05. 50% REIMBURSEMENT	39,147	0	12	0	0	0	45	0	39,090	19,545	19,545
06. TOTAL NET CHILD WELFARE EXPEND.	6,865,454	106,233	341,312	188,159	60,055	153,669	600,856	4,992	5,410,178	4,290,359	1,119,819

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

08. NON-REIMBURSABLE EXPENDITURES	29,100	0							29,100		29,100
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09. TOTAL EXPENDITURES	6,894,554	106,233	341,312	188,159	60,055	153,669	600,856	4,992	5,439,278	4,290,359	1,148,919
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- 10. TOTAL TITLE IV-D COLLECTIONS 86,476
- 11. TITLE IV-D Collections for IV-E Children 32,156
- 12. STATE ACT 148 - line 6 4,290,359
- 13. STATE ACT 148 ALLOCATION 4,304,322
- 14. ADJUSTED STATE SHARE (lower of 12 or 13) 4,290,359

INVOICE	
AMENDED STATE SHARE (ACT 148)	4,290,359
ACT 148 AMOUNT RECEIVED	4,304,322
ADJUSTMENT TO STATE SHARE	(13,963)

VENANGO 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	18,467	0		293	0		2,166	0	16,008	16,008	0	
1-B	ADOPTION ASSISTANCE	467,743	0	193,508	560			0	0	273,675	218,940	54,735	
1-C	SUBSIDIZED PERMANENT LEGAL CUSTODIANSH	241,655	0	68,949	0			0	0	172,706	138,165	34,541	
1-D	COUNSELING - DEPENDENT	931,734	0		3,035	18,317	52,462	16,752	0	728,350	582,680	145,670	
1-E	COUNSELING - DELINQUENT	14,923	0		0	0	0	0	0	14,923	11,938	2,985	
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	0	0		0	0	0	0	0	0	0	0	
1-J	INTAKE & REFERRAL	519,687	0		8,305	0	0	62,665	0	448,717	358,974	89,743	
1-K	LIFE SKILLS - DEPENDENT	465,080	0		1,164	101,162	15,417	5,980	0	341,357	273,086	68,271	
1-L	LIFE SKILLS - DELINQUENT	88,047	0		2	0	0	28	0	88,017	70,414	17,603	
1-M	PROTECTIVE SERVICE - CHILD ABUSE	535,154	0		8,541	0	0	49,654	0	476,959	381,567	95,392	
1-N	PROTECTIVE SERVICE - GENERAL	412,618	0		6,493	0	0	32,820	0	373,305	298,644	74,661	
1-O	SERVICE PLANNING	822,800	0		11,044	174	7,593	83,450	0	695,105	556,084	139,021	
1-P	JUVENILE ACT PROCEEDINGS - DEPENDENT	39,147	0		12	0		45	0	39,090	19,545	19,545	
1-Q	JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0		0	0	0	0	0	
1-R	SUBTOTAL IN-HOME	4,557,055	0	262,457	39,449	119,653	60,055	253,560	0	3,668,212	2,926,045	742,167	

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	
COMMUNITY BASED PLACEMENT													
2-A	ALTERNATIVE TREATMENT - DEPENDENT	0	0		0			0	0	0	0	0	
2-B	ALTERNATIVE TREATMENT - DELINQUENT	0	0		0			0	0	0	0	0	
2-C	COMMUNITY RESIDENTIAL - DEPENDENT	514,596	7,872		883			95,142	0	410,699	328,559	82,140	
2-D	COMMUNITY RESIDENTIAL - DELINQUENT	386,557	15,902	10,031				4,397	0	356,227	284,982	71,245	
2-E	EMERGENCY SHELTER - DEPENDENT	108,495	3,374		782	51,974		4,148	0	48,217	43,395	4,822	
2-F	EMERGENCY SHELTER - DELINQUENT	66,554	0		0	16,532		0	0	50,022	45,020	5,002	
2-G	FOSTER FAMILY - DEPENDENT	944,082	76,309	18,068	5,895			162,421	0	681,389	545,111	136,278	
2-H	FOSTER FAMILY - DELINQUENT	0	0		0			0	0	0	0	0	
2-I	SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0			0	0	0	0	0	
2-J	SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0			0	0	0	0	0	
2-K	SUBTOTAL CBP	2,020,284	103,457	28,099	7,560	68,506	0	266,108	0	1,546,554	1,247,067	299,487	

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	
INSTITUTIONAL PLACEMENT													
3-A	JUVENILE DETENTION SERVICE	0	0						0	0	0	0	
3-B	RESIDENTIAL SERVICE - DEPENDENT	23,045	1,158		206			1,106	0	20,575	12,345	8,230	
3-C	RES. SERVICE - DELINQUENT (NON YDC/VFC)	43,825	1,618		0			5,635	0	36,572	21,943	14,629	
3-D	SECURE RES. SERVICE (EXCEPT YDC)	0	0						0	0	0	0	
3-E	YDC SECURE	0	0						0	0	0	0	
3-F	SUBTOTAL INSTITUTIONAL	66,870	2,776	0	206	0	0	6,741	0	57,147	34,288	22,859	
4	ADMINISTRATION	221,245	0		3,541			74,447	4,992	138,265	82,959	55,306	
5	TOTAL REVENUES	6,865,454	106,233	290,556	50,756	188,159	60,055	600,856	4,992	5,410,178	4,290,359	1,119,819	

VENANGO 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												
1-A ADOPTION SERVICE	7,776	2,723		5,982	0	1,989	18,470	13	0	3	0	0
1-B ADOPTION ASSISTANCE	0	0	470,227	0	0	0	470,227	0	69	0	2,484	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	241,655	0	0	0	241,655	0	27	0	0	0
1-D COUNSELING - DEPENDENT	92,948	34,360		48,735	744,166	11,557	931,766	137	138	32	0	0
1-E COUNSELING - DELINQUENT	0	0		630	14,293	0	14,923	0	22	0	0	0
1-F DAY CARE	0	0		0	0	0	0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	359,777	109,144		44,470	0	6,438	519,849	961	0	162	0	0
1-K LIFE SKILLS - DEPENDENT	42,129	14,909		13,662	391,001	3,399	465,100	10	396	20	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		637	87,410	0	88,047	0	19	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	363,375	121,424		44,819	0	5,713	535,331	199	0	177	0	0
1-N PROTECTIVE SERVICE - GENERAL	165,633	67,938		148,498	0	30,628	412,697	792	0	79	0	0
1-O SERVICE PLANNING	344,633	123,106		185,845	126,786	42,575	822,945	776	47	145	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				1,397	37,750		39,147	0	148	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	1,376,271	473,604	711,882	494,675	1,401,406	102,319	4,560,157			618	2,484	0
	Number of Children receiving only NON-PURCHASED IN-Home Services											
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	34,844	8,767		10,857	457,578	2,556	514,602	1,868	23	6	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		1,135	385,422	0	386,557	1,622	24	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	28,342	7,883		10,251	58,907	3,122	108,505	1,444	64	10	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0		328	66,226	0	66,554	286	21	0	0	0
2-G FOSTER FAMILY - DEPENDENT	169,651	56,202		167,461	522,656	28,258	944,228	14,643	91	146	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	232,837	72,852	0	190,032	1,490,789	33,936	2,020,446	19,863	223	162	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0		0	0	0	0	0	0	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	7,723	2,743		2,028	9,987	567	23,048	92	1	3	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0		0	43,825	0	43,825	405	7	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0	0	0	0	0	0	0	0	0
3-E YDC SECURE	0	0		0	0	0	0	0	0	0	0	0
3-F SUBTOTAL INSTITUTIONAL	7,723	2,743	0	2,028	53,812	567	66,873	497	8	3	0	0
4 ADMINISTRATION	94,785	26,133	0	126,160	0	0	247,078			25,833	0	0
5 TOTAL EXPENDITURES	1,711,616	575,332	711,882	812,895	2,946,007	136,822	6,894,554			26,616	2,484	0
	County Indirect Costs = \$ 95,124											

**VENANGO 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	\$ 18,465	\$ 5	\$ 18,470
Adoption Assistance	470,227	0	470,227
Subsidized Permanent Legal Custodianship	241,655	0	241,655
Counseling	946,014	675	946,689
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	0	0	0
Intake and Referral	519,845	4	519,849
Life Skills	553,120	27	553,147
Protective Service - Child Abuse	535,326	5	535,331
Protective Service - General	412,608	89	412,697
Service Planning	822,744	201	822,945
Juvenile Act Proceedings	38,676	471	39,147
Alternative Treatment	0	0	0
Community Residential	896,077	5,082	901,159
Emergency Shelter	175,046	13	175,059
Foster Family	944,214	14	944,228
Supervised Independent Living	0	0	0
Juvenile Detention Service	0	0	0
Residential Service	71,942	(5,069)	66,873
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	<u>247,078</u>	<u>0</u>	<u>247,078</u>
Combined Total Expense	<u>6,893,037</u>	<u>1,517</u>	<u>6,894,554</u>
Less Non-reimbursables	<u>29,100</u>	<u>0</u>	<u>29,100</u>
Total Net Expense	<u>\$ 6,863,937</u>	<u>\$ 1,517</u>	<u>\$ 6,865,454</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,711,616	\$ 0	\$ 1,711,616
Employee Benefits	575,332	0	575,332
Subsidies	711,882	0	711,882
Operating	811,378	1,517	812,895
Purchased Services	2,946,007	0	2,946,007
Fixed Assets	<u>136,822</u>	<u>0</u>	<u>136,822</u>
Combined Total Expense	<u>6,893,037</u>	<u>1,517</u>	<u>6,894,554</u>
Less Non-reimbursables	<u>29,100</u>	<u>0</u>	<u>29,100</u>
Total Net Expense	<u>\$ 6,863,937</u>	<u>\$ 1,517</u>	<u>\$ 6,865,454</u>

**VENANGO 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					
				CY370 Adjustment			
CY-370	1-A	4	1	Adoption Service - Operating	\$ 5,977	\$ 5	\$ 5,982
CY-370	1-D	4		Counseling (Dependent) - Operating	\$ 48,690	\$ 45	\$ 48,735
CY-370	1-E	4		Counseling (Delinquent) - Operating	\$ -	\$ 630	\$ 630
CY-370	1-J	4		Intake & Referral - Operating	\$ 44,466	\$ 4	\$ 44,470
CY-370	1-K	4		Life Skills (Dependent) - Operating	\$ 13,635	\$ 27	\$ 13,662
CY-370	1-M	4		Protective Service Child Abuse - Operating	\$ 44,814	\$ 5	\$ 44,819
CY-370	1-N	4		Protective Service General - Operating	\$ 148,409	\$ 89	\$ 148,498
CY-370	1-O	4		Service Planning - Operating	\$ 185,644	\$ 201	\$ 185,845
CY-370	1-P	4		Juvenile Act Proceedings (Dependent) - Operating	\$ 926	\$ 471	\$ 1,397
CY-370	2-C	4		Community Residential (Dependent) - Operating	\$ 10,844	\$ 13	\$ 10,857
CY-370	2-E	4		Emergency Shelter (Dependent) - Operating	\$ 10,238	\$ 13	\$ 10,251
CY-370	2-G	4		Foster Family (Dependent) - Operating	\$ 167,447	\$ 14	\$ 167,461
CY-370	2-C	5		Community Residential (Dependent) - Purchased Services	\$ 452,509	\$ 5,069	\$ 457,578
CY-370	3-B	5		Residential Service (Dependent) - Purchased Services	\$ 15,056	\$ (5,069)	\$ 9,987
				Total Adjustment Amount		\$ 1,517	
				To increase expenditures by \$1,517 to include expenditures not reported on the CY-370 Expenditure Report submitted to the Department of Human Services and reconcile to the agency's final expenditure ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			
				CY370A Adjustment			
CY-370A	2-C	2	2	Community Residential (Dependent) - Program Income	\$ 6,381	\$ 1,491	\$ 7,872
	2-D	2		Community Residential (Delinquent) - Program Income	\$ 12,891	\$ 3,011	\$ 15,902
	2-E	2		Emergency Shelter (Dependent) - Program Income	\$ 2,735	\$ 639	\$ 3,374
	2-G	2		Foster Family (Dependent) - Program Income	\$ 61,859	\$ 14,450	\$ 76,309
	3-B	2		Residential Service (Dependent) - Program Income	\$ 939	\$ 219	\$ 1,158
	3-C	2		Res. Service (Delinquent) (Non YDC/YFC) - Program Income	\$ 1,311	\$ 307	\$ 1,618
				Total Adjustment Amount		\$ 20,117	
				To increase Program Income by \$20,117 to include revenue not reported on the CY-370A Revenue Report submitted to the Department of Human Services and reconcile to the agency's final revenue ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

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

Finding – Noncompliance – Failure to Perform Annual Physical Inventories of Fixed Assets (RESOLVED)

In our prior engagement report, we cited the agency for failure to provide evidence of the performance of annual physical inventories of fixed assets for the fiscal years 2012-2013, 2013-2014, and 2014-2015. Furthermore, the agency failed to provide evidence of formal written policies and procedures for the maintenance of a fixed asset listing and the performance and documentation of annual physical inventories of fixed assets. However, the agency did provide documentation evidencing a physical inventory of fixed assets was performed for the 2015-2016 fiscal year.

During the conduct of our current engagement, the agency provided evidence that physical inventories of fixed assets for the 2016-2017 and 2017-2018 fiscal years were performed and also provided written policies and procedures for the conduct of physical inventories.

SECTION 4

CURRENT ENGAGEMENT OBSERVATION

VENANGO COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

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

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

Foster Care

As a part of its annual licensing inspection process of county C&Y agencies, the Commonwealth DHS’ Office of Children, Youth and Families (OCYF) performs reviews of agency employees and agency foster parents’ adherence to the requirements of the CPSL. The OCYF also performs CPSL adherence reviews of employees of contracted foster family agencies through its annual licensing inspection of these providers. However, because the OCYF is behind in its completion of these annual inspections and does not have adequate procedures in place to determine whether C&Y agencies are monitoring their respective providers’ and sub-recipients’ adherence to the CPSL,³ the safety of children receiving services from these agencies and their contractors and subcontractors may be at **risk**. According to information provided by DHS OCYF, the Venango County Children and Youth Agency provided in-home and placement services to 1,342 children residing within the County during the 2017-2018 fiscal year.

Day Treatment Centers and Child Residential Facilities

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

² 23 Pa.C.S. §§ 6344 and 6344.2.

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

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

Contracted In-Home Preventative Service Providers

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

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

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

⁴ This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2018, via Finding 2018-010).

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

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

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

DHS Senior Management Follow-Up Response

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

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

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

We believe that DHS obtaining C&Y agencies' reporting of the CPSL status of these providers as a part of their Single Audit Supplement and the other above discussed DHS' methods taken

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

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

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

Greater Scrutiny of Arrest and Conviction Records

It is important to note that background checks and child abuse clearances have historically been valid for one year after being obtained.⁹ However, recent amendments to the CPSL extend this time frame from one year to five years.¹⁰ Therefore, there is a need for DHS and C&Y agencies across the commonwealth to have a *greatly heightened* awareness about the arrest and conviction records, as well as child abuse adjudications, of the employees/volunteers of C&Y agencies' *contracted In-Home Preventative Service providers* and their sub-recipients. This is to ensure that no new, disqualifying incidents have occurred from the date of the background clearances since certain disqualifying offenses could go undetected for years.

Auditor General Senior Management's Follow-up Conclusion Statement

We commend DHS management for acknowledging the seriousness of the risks to children's safety resulting from the significant control deficiencies we identified related to CPSL adherence as discussed in our March 18, 2018 Position Statement letter. Further, we recognize the challenges that DHS faces in monitoring the 67 C&Y agencies' direct monitoring of the numerous *contracted In-Home Preventative Service providers* and their sub-recipients. We believe that requiring C&Y agencies to submit a schedule that captures the details of the agency's monitoring efforts as described above will be a major improvement. However, we also recognize that risks to these vulnerable children continue to exist. One such risk results from the potential delay of 9 to 21 months (or possibly longer) between the date of possible noncompliance by a *contracted In-Home Preventative Service provider* and/or inadequate monitoring by a county C&Y agency and DHS becoming aware of those issues.¹¹

Furthermore, as previously stated, we have communicated to DHS that we believe that DHS should do more to assure that employees/volunteers of *contracted In-Home Preventative*

⁹ Please note that the previous one year validity of checks and clearances only applied to prospective employees, which is a requirement that was deleted by Act 153 of 2014.

¹⁰ 23 Pa.C.S. § 6344.4.

¹¹ The potential 9-21 month delay is based on the Single Audit being due nine months after the end of the fiscal year plus up to 12 months for possible noncompliance occurring at the beginning of the fiscal year. The period of delay would be higher when the Single Audit is not received within nine months from the end of the fiscal year.

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Service providers are properly vetted through reviews of background checks and child abuse history clearances and to ensure that employees/volunteers do not have any convictions or adjudications that are disqualifying under the CPSL. Further, because of more recent amendments to the CPSL that changed the validity timeframe for background checks and child abuse history clearances from one to five years (i.e., 60 months) after being obtained, we believe that a greatly heightened awareness of these providers and sub-recipients' arrest and conviction records and child abuse adjudications is warranted.¹²

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

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

¹² As noted in an earlier footnote, the now repealed one year validity of checks and clearances only applied to prospective employees.

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This report was originally distributed to the following:

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