

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2014 to June 30, 2015

July 1, 2015 to June 30, 2016

July 1, 2016 to June 30, 2017

Northampton County Children and Youth Agency

September 2019



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 Honorable Lamont G. McClure
County Executive
Northampton County Government Center
669 Washington Street
Easton, PA 18042

Dear County Executive McClure:

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 Northampton County Children and Youth Agency (agency), legally known as Northampton County Children, Youth and Families, 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, 2014 to June 30, 2015, July 1, 2015 to June 30, 2016, and July 1, 2016 to June 30, 2017. 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, 2015, June 30, 2016, and June 30, 2017.

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 Northampton County.

Independent Auditor's Report (Continued)

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 2014-2015, 2015-2016, and 2016-2017 fiscal years based on the accrual basis of accounting.¹

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

- For the **2014-2015 fiscal year**, our engagement resulted in two adjustments being made to the agency's submitted fiscal reports. These adjustments in total impacted the agency's Final Net State Share by decreasing non-reimbursable expenditures by \$1,672 and decreasing revenue by \$10,063. Based on the application of the state participation rates, the two adjustments resulted in an amount due to the county totaling \$9,116. Both adjustments are detailed in our amended fiscal reports for fiscal year 2014-2015, as included in Section 1 of this report.
- For the **2015-2016 fiscal year**, our engagement resulted in two 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 \$1,980 and increasing non-reimbursable expenditures by \$8,104. Based on the application of the state participation rates, the two adjustments resulted in an amount due to the state totaling \$3,280. Both adjustments are detailed in our amended fiscal reports for fiscal year 2015-2016, as included in Section 2 of this report.
- For the **2016-2017 fiscal year**, our engagement resulted in two 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 \$1,144, and increasing revenue by \$2,107. Based on the application of the state participation rates, the two adjustments resulted in an amount due to the state totaling \$770. Both adjustments are detailed in our amended fiscal reports for fiscal year 2016-2017, as included in Section 3 of this report.

In addition, due to the timing of the conduct of our prior engagement, the agency was not able to implement corrective action to comply with the recommendations in the finding included in our prior released engagement report, as detailed in Section 4 of this report. As a result, we concluded that this finding should be reissued as a repeat finding in the current section of our engagement report, as listed below and detailed Section 5 of this report.

Finding – Unresolved Prior Audit Recommendations – Lack of Internal Control Policies and Procedures to Reduce the Agency's 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 management's current and planned corrective actions in response to our concerns, as listed below and detailed in Section 6 of this report.

¹ The accrual basis of accounting is required by DHS.

Independent Auditor's Report (Continued)

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

The results of our engagement procedures, as presented in this report, were discussed with County representatives and agency management at an exit conference held on September 20, 2019.

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

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

Sincerely,



Eugene A. DePasquale
Auditor General

September 24, 2019

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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 Northampton County Children and Youth Agency provided in-home and placement services to 3,474 children residing within the County during the 2016-2017 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, 2014 to JUNE 30, 2015

**NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	17,701,136
Supplemental Act 148			<u>0</u>
Total State Allocation			17,701,136
State Share (CY348) ²	\$		17,590,468
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	17,590,468
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	17,590,468
Actual Act 148 Revenues Received ⁴			<u>17,581,352</u>
Net Amount Due County/(State) ⁵		\$	<u><u>9,116</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.

NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
 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	869,403	0	126,488	0	0	0	0	0	742,915	742,915	0
02. 90% REIMBURSEMENT	432,262	2,184	72,837	0	0	0	0	0	357,241	321,517	35,724
03. 80% REIMBURSEMENT	23,473,342	552,782	3,856,892	893,488	270,641	107,512	0	51,102	17,740,925	14,192,740	3,548,185
04. 60% REIMBURSEMENT	3,356,191	155,453	411,202	0	0	0	0	13,510	2,776,026	1,665,617	1,110,409
05. 50% REIMBURSEMENT	1,335,424	0	66	0	0	0	0	0	1,335,358	667,679	667,679
06. TOTAL NET CHILD WELFARE EXPEND.	29,466,622	710,419	4,467,485	893,488	270,641	107,512	0	64,612	22,952,465	17,590,468	5,361,997
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	727,944	20,947							706,997	424,198	282,799
08. NON-REIMBURSABLE EXPENDITURES	96,006	0							96,006		96,006
09. TOTAL EXPENDITURES	30,290,572	731,366	4,467,485	893,488	270,641	107,512	0	64,612	23,755,468	18,014,666	5,740,802
10. TOTAL TITLE IV-D COLLECTIONS	556,532										
11. TITLE IV-D Collections for IV-E Children	82,628										
12. STATE ACT 148 - line 6	17,590,468										
13. STATE ACT 148 ALLOCATION	17,701,136										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	17,590,468										
INVOICE											
AMENDED STATE SHARE (ACT 148)	17,590,468										
ACT 148 AMOUNT RECEIVED	17,581,352										
ADJUSTMENT TO STATE SHARE	9,116										

**NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
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	869,403	0		126,488	0		0	0	0	742,915	0	0
1-B. ADOPTION ASSISTANCE	2,077,142	0	930,594	14,579			0	0	0	1,131,969	903,575	226,394
1-C. SUBSIDIZED PERMANENT LEGAL CUSTODIANS	386,021	0	97,655	0			0	0	0	288,366	230,693	57,673
1-D. COUNSELING - DEPENDENT	4,252,239	17,250		161,224	765,518		0	0	0	3,308,247	2,646,598	661,649
1-E. COUNSELING - DELINQUENT	304,496	0		0	68,091		0	0	0	236,405	189,124	47,281
1-F. DAY CARE	249,675	0		0	29,944		0	0	0	219,731	175,785	43,946
1-G. DAY TREATMENT - DEPENDENT	0	0		0	0		0	0	0	0	0	0
1-H. DAY TREATMENT - DELINQUENT	67,939	0		0	21,092		0	0	0	46,847	37,478	9,369
1-I. HOMEMAKER SERVICE	0	0		0	0		0	0	0	0	0	0
1-J. INTAKE & REFERRAL	66,451	0		9,657	0		0	0	0	56,794	45,435	11,359
1-K. LIFE SKILLS - DEPENDENT	107,727	0		12,907	6,971		0	0	0	87,849	70,279	17,570
1-L. LIFE SKILLS - DELINQUENT	0	0		0	0		0	0	0	0	0	0
1-M. PROTECTIVE SERVICE - CHILD ABUSE	1,827,834	52		266,429	0		0	0	0	1,561,353	1,249,082	312,271
1-N. PROTECTIVE SERVICE - GENERAL	2,861,717	4,790		411,691	1,872		0	0	0	2,443,364	1,954,691	488,673
1-O. SERVICE PLANNING	1,176,175	0		171,350	0		0	0	0	1,004,825	803,860	200,965
1-P. JUVENILE ACT PROCEEDINGS - DEPENDENT	85,782	0		66	0		0	0	0	85,716	42,858	42,858
1-Q. JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0		0	0	0	0	0	0
1-R. SUBTOTAL IN-HOME	14,332,601	22,092	1,028,249	1,174,391	893,488	0	0	0	0	11,214,381	9,094,373	2,120,008
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	1,378,941	41,197		10,080			0	0	0	1,189,785	951,828	237,957
2-D. COMMUNITY RESIDENTIAL - DELINQUENT	2,824,982	98,903		303,573			0	0	0	2,422,506	1,938,005	484,501
2-E. EMERGENCY SHELTER - DEPENDENT	432,262	2,184		37,625			0	0	0	357,241	321,517	35,724
2-F. EMERGENCY SHELTER - DELINQUENT	0	0		0	0		0	0	0	0	0	0
2-G. FOSTER FAMILY - DEPENDENT	5,388,607	369,746		570,288			270,641	0	51,102	3,319,848	2,653,878	663,970
2-H. FOSTER FAMILY - DELINQUENT	133,257	8,728		5,509			0	0	0	113,070	90,456	22,614
2-I. SUP. INDEPENDENT LIVING - DEPENDENT	345,143	12,116		48,053			0	0	0	284,970	227,976	56,994
2-J. SUP. INDEPENDENT LIVING - DELINQUENT	24,996	0		0			0	0	0	24,996	19,997	4,999
2-K. SUBTOTAL CBP	10,528,188	532,874	1,103,368	750,275	0	270,641	107,512	0	51,102	7,712,416	6,203,657	1,506,759
INSTITUTIONAL PLACEMENT												
3-A. JUVENILE DETENTION SERVICE	1,249,642	0							0	1,249,642	624,821	624,821
3-B. RESIDENTIAL SERVICE - DEPENDENT	896,367	71,545		121,212			0	0	0	703,446	422,068	281,378
3-C. RES. SERVICE - DELINQUENT (NON YDC/YFC)	1,359,417	83,789		132,807			0	0	0	1,142,821	683,693	457,128
3-D. SECURE RES. SERVICE (EXCEPT YDC)	24,375	119							0	24,256	14,554	9,702
3-E. YDC SECURE	727,944	20,947								706,997	424,198	282,799
3-F. SUBTOTAL INSTITUTIONAL	4,257,745	176,400	254,019	164	0	0	0	0	0	3,827,162	2,171,334	1,655,828
ADMINISTRATION	1,076,032	0		157,019			0	0	13,510	905,503	543,302	362,201
TOTAL REVENUES	30,194,566	731,566	2,385,636	2,081,849	893,488	270,641	107,512	0	64,612	23,659,462	18,014,666	5,644,796

NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
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	499,489	236,665		131,999	1,250	0	869,403	159	1	0	0	0
1-B ADOPTION ASSISTANCE	0	0	2,077,142	0	0	0	2,077,142	0	323	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	386,021	0	0	0	386,021	0	59	0	0	0
1-D COUNSELING - DEPENDENT	666,565	293,445		148,742	3,143,487	0	4,252,239	0	732	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	304,496	0	304,496	0	80	0	0	0
1-F DAY CARE	0	0		0	249,675	0	249,675	0	77	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	67,939	0	67,939	0	14	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	0	0		66,451	0	0	66,451	4,511	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	51,253	24,714		12,461	19,299	0	107,727	0	7	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	1,016,040	483,428		328,366	0	0	1,827,834	1,491	0	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	1,524,334	704,871		631,284	0	1,228	2,861,717	3,523	0	0	0	0
1-O SERVICE PLANNING	629,748	324,386		222,041	0	0	1,176,175	4,428	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				451	85,331		85,782	0	389	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R	4,387,429	2,067,509	2,463,163	1,541,795	3,871,477	1,228	14,332,601					
	Number of Children receiving only NON-PURCHASED IN-Home Services											
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	34,789	21,390		13,964	1,308,798	0	1,378,941	7,635	98	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	2,824,982	0	2,824,982	7,730	49	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	56,769	25,117		26,006	32,437.0	0	432,262	3,873	157	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	610,999	320,129		286,148	4,171,331	0	5,388,607	79,642	383	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	133,257	0	133,257	963	6	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	1,202	343,941	0	345,143	1,875	11	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	24,996	0	24,996	134	1	0	0	0
2-K	702,557	366,636	0	327,320	9,131,675	0	10,528,188	101,852	705	0	0	0
	SUBTOTAL CBP											
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	1,249,642	0	1,249,642	4,226	141	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	3,829	892,538	0	896,367	5,524	40	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	1,359,417	0	1,359,417	5,131	27	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	24,375	0	24,375	78	1	0	0	0
3-E YDC/ SECURE	0	0	0	0	727,944	0	727,944	1,470	7	0	0	0
	SUBTOTAL INSTITUTIONAL											
4	342,730	208,680	0	620,628	0	0	1,172,038			96,006	0	0
	ADMINISTRATION											
5	5,432,716	2,642,825	2,463,163	2,493,572	17,257,068	1,228	30,290,572			96,006	0	0
	TOTAL EXPENDITURES											
	County Indirect Costs = \$ 550,204											

**NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
AMENDED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 869,403	\$ 0	\$ 869,403
Adoption Assistance	2,077,142	0	2,077,142
Subsidized Permanent Legal Custodianship	386,021	0	386,021
Counseling	4,556,735	0	4,556,735
Day Care	249,675	0	249,675
Day Treatment	67,939	0	67,939
Homemaker Service	0	0	0
Intake and Referral	66,451	0	66,451
Life Skills	107,727	0	107,727
Protective Service - Child Abuse	1,827,834	0	1,827,834
Protective Service - General	2,861,717	0	2,861,717
Service Planning	1,176,175	0	1,176,175
Juvenile Act Proceedings	85,782	0	85,782
Alternative Treatment	0	0	0
Community Residential	4,203,923	0	4,203,923
Emergency Shelter	432,262	0	432,262
Foster Family	5,521,864	0	5,521,864
Supervised Independent Living	370,139	0	370,139
Juvenile Detention Service	1,249,642	0	1,249,642
Residential Service	2,255,784	0	2,255,784
Secure Residential Service (Except YDC)	24,375	0	24,375
YDC Secure	727,944	0	727,944
Administration	1,172,038	0	1,172,038
Combined Total Expense	<u>30,290,572</u>	<u>0</u>	<u>30,290,572</u>
Less Non-reimbursables	<u>97,678</u>	<u>(1,672)</u>	<u>96,006</u>
Total Net Expense	<u>\$ 30,192,894</u>	<u>\$ 1,672</u>	<u>\$ 30,194,566</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 5,432,716	\$ 0	\$ 5,432,716
Employee Benefits	2,642,825	0	2,642,825
Subsidies	2,463,163	0	2,463,163
Operating	2,493,572	0	2,493,572
Purchased Services	17,257,068	0	17,257,068
Fixed Assets	1,228	0	1,228
Combined Total Expense	<u>30,290,572</u>	<u>0</u>	<u>30,290,572</u>
Less Non-reimbursables	<u>97,678</u>	<u>(1,672)</u>	<u>96,006</u>
Total Net Expense	<u>\$ 30,192,894</u>	<u>\$ 1,672</u>	<u>\$ 30,194,566</u>

**NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
ADJUSTMENT SCHEDULE**

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENTS	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370	1-D	10	1	CY-370 Adjustment			
				Counseling (Dep.) - Non-Reimbursable Non PS/Sub.	\$ 1,672	\$ (1,672)	\$ -
				To decrease Non-Reimbursable expenditures by \$1,672 to allow salaries and benefits for one agency employee because of a change to the state maximum rate.			
				Title 55 PA Code, Chapter 3170.42(a)(b)			
CY-370A	2-G 3-B	2 2	2	CY-370A Adjustment			
				Foster Family (Dependent) - Program Income	\$ 378,449	\$ (8,703)	\$ 369,746
				Residential Service (Dependent) - Program Income	\$ 72,905	\$ (1,360)	\$ 71,545
				Total Adjustment Amount		<u>\$ (10,063)</u>	
				To decrease Program Income by \$10,063 to properly report the total amount received and reconcile to the final revenue ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2015 to JUNE 30, 2016

**NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	18,943,100
Supplemental Act 148			<u>0</u>
Total State Allocation			18,943,100
State Share (CY348) ²	\$		18,129,342
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	18,129,342
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	18,129,342
Actual Act 148 Revenues Received ⁴			<u>18,132,622</u>
Net Amount Due County/(State) ⁵		\$	<u>(3,280)</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.

NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
 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	875,789	0	130,460	0	0	0	0	0	745,329	745,329	0
02. 90% REIMBURSEMENT	245,772	2,717	49,150	0	0	0	0	0	193,905	174,515	19,390
03. 80% REIMBURSEMENT	25,297,527	629,032	4,592,419	893,488	270,641	107,512	0	57,166	18,747,269	14,997,816	3,749,453
04. 60% REIMBURSEMENT	3,210,130	172,780	318,006	0	0	0	0	13,243	2,706,101	1,623,660	1,082,441
05. 50% REIMBURSEMENT	1,176,057	0	14	0	0	0	0	0	1,176,043	588,022	588,021
06. TOTAL NET CHILD WELFARE EXPEND.	30,805,275	804,529	5,090,049	893,488	270,641	107,512	0	70,409	23,568,647	18,129,342	5,439,305

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	359,060	4,731							354,329	212,597	141,732
08. NON-REIMBURSABLE EXPENDITURES	108,329	0							108,329		108,329

09. TOTAL EXPENDITURES	31,272,664	809,260	5,090,049	893,488	270,641	107,512	0	70,409	24,031,305	18,341,939	5,689,366
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10. TOTAL TITLE IV-D COLLECTIONS 544,696

11. TITLE IV-D Collections for IV-E Children 84,717

12. STATE ACT 148 - line 6 18,129,342

13. STATE ACT 148 ALLOCATION 18,943,100

14. ADJUSTED STATE SHARE (lower of 12 or 13) 18,129,342

INVOICE	
AMENDED STATE SHARE (ACT 148)	18,129,342
ACT 148 AMOUNT RECEIVED	18,132,622
ADJUSTMENT TO STATE SHARE	(3,280)

NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
AMENDED CY370A
REVENUE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS		REVENUE SOURCES											
		1 TOTAL REIMBURSABLE EXPENDITURES	2 PROGRAM INCOME	3 TITLE IV-E MAINTENANCE	4 TITLE IV-E ADMIN.	5 TANF	6 TITLE XX	7 TITLE IV-B	8 Child Welfare Demonstration Project Title IV-E	9 MEDICAL ASSISTANCE	10 NET REIMBURSABLE EXPENDITURES	11 STATE ACT 148	12 LOCAL SHARE
IN-HOME													
1-A	ADOPTION SERVICE	875,789	0	130,460	0	0	0	0	0	745,329	745,329	0	
1-B	ADOPTION ASSISTANCE	2,397,083	0	1,076,077	20,054	0	0	0	0	1,300,952	1,040,762	260,190	
1-C	SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	604,844	0	169,481	603	0	0	0	0	434,760	347,808	86,952	
1-D	COUNSELING - DEPENDENT	4,666,292	0	158,058	823,352	0	0	0	0	3,684,882	2,947,906	736,976	
1-E	COUNSELING - DELINQUENT	238,425	0	65,349	0	0	0	0	0	173,076	138,461	34,615	
1-F	DAY CARE	489,362	0	0	0	0	0	0	0	489,362	391,490	97,872	
1-G	DAY TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	
1-H	DAY TREATMENT - DELINQUENT	25,831	0	0	0	0	0	0	0	21,044	16,835	4,209	
1-I	HOMEMAKER SERVICE	0	0	0	0	0	0	0	0	0	0	0	
1-J	INTAKE & REFERRAL	44,083	0	6,565	0	0	0	0	0	37,518	30,014	7,504	
1-K	LIFE SKILLS - DEPENDENT	92,535	0	13,567	0	0	0	0	0	78,968	63,174	15,794	
1-L	LIFE SKILLS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
1-M	PROTECTIVE SERVICE - CHILD ABUSE	1,853,399	0	276,496	0	0	0	0	0	1,576,903	1,261,522	315,381	
1-N	PROTECTIVE SERVICE - GENERAL	2,921,309	6,954	427,582	0	0	0	0	0	2,486,773	1,989,418	497,355	
1-O	SERVICE PLANNING	1,107,373	0	165,306	0	0	0	0	0	942,067	753,654	188,413	
1-P	JUVENILE ACT PROCEEDINGS - DEPENDENT	88,154	0	14	0	0	0	0	0	88,140	44,070	44,070	
1-Q	JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
1-R	SUBTOTAL IN-HOME	15,404,479	6,954	1,245,538	1,198,705	893,488	0	0	0	12,059,774	9,770,443	2,289,331	
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	1,866,094	50,826	516,613	11,168	0	0	0	0	1,287,487	1,029,990	257,497	
2-D	COMMUNITY RESIDENTIAL - DELINQUENT	2,742,426	86,838	303,249	0	0	0	0	0	2,352,339	1,881,871	470,468	
2-E	EMERGENCY SHELTER - DEPENDENT	245,772	2,717	22,116	27,034	0	0	0	0	193,905	174,515	19,390	
2-F	EMERGENCY SHELTER - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
2-G	FOSTER FAMILY - DEPENDENT	5,950,580	473,265	653,646	765,682	0	0	0	0	3,622,668	2,898,134	724,534	
2-H	FOSTER FAMILY - DELINQUENT	132,197	8,459	2,552	3,724	0	0	0	0	117,462	93,970	23,492	
2-I	SUP. INDEPENDENT LIVING - DEPENDENT	105,458	2,690	21,996	0	0	0	0	0	80,772	64,618	16,154	
2-J	SUP. INDEPENDENT LIVING - DELINQUENT	60,236	0	0	0	0	0	0	0	60,236	48,189	12,047	
2-K	SUBTOTAL CBP	11,102,763	624,795	1,520,172	807,608	0	270,641	0	57,166	7,714,869	6,191,287	1,523,582	
INSTITUTIONAL PLACEMENT													
3-A	JUVENILE DETENTION SERVICE	1,087,903	0	0	0	0	0	0	0	1,087,903	543,952	543,951	
3-B	RESIDENTIAL SERVICE - DEPENDENT	1,025,254	88,179	110,633	0	0	0	0	0	826,442	495,865	330,577	
3-C	RES. SERVICE - DELINQUENT (NON YDC/YFC)	1,077,302	83,483	51,831	0	0	0	0	0	941,988	565,193	376,795	
3-D	SECURE RES. SERVICE (EXCEPT YDC)	65,000	1,118	0	0	0	0	0	0	63,882	38,329	25,553	
3-E	YDC SECURE	359,060	4,731	0	0	0	0	0	0	354,329	212,597	141,732	
3-F	SUBTOTAL INSTITUTIONAL	3,614,519	177,511	162,464	0	0	0	0	0	3,274,544	1,855,936	1,418,608	
4	ADMINISTRATION	1,042,574	0	155,542	0	0	0	0	13,243	873,789	524,273	349,516	
5	TOTAL REVENUES	31,164,335	809,260	2,928,194	2,161,855	893,488	270,641	1,075,512	70,409	23,922,976	18,341,939	5,581,037	

NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
AMENDED CY370
EXPENDITURE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE										Program Income related to all Non-Reimbursable	
	1	2	3	4	5	6	7	8	9	10		11
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reimbursable Non PS/Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
IN-HOME												
I-A ADOPTION SERVICE	514,062	229,488		130,989	1,250	0	875,789	239	1	0	0	0
I-B ADOPTION ASSISTANCE	0	0	2,402,509	0	0	0	2,402,509	0	350	0	5,426	0
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	604,844	0	0	0	604,844	0	78	0	0	0
I-D COUNSELING - DEPENDENT	648,348	268,557		146,970	3,606,492	0	4,670,367	39	573	4,075	0	0
I-E COUNSELING - DELINQUENT	0	0		0	238,425	0	238,425	0	72	0	0	0
I-F DAY CARE	0	0		0	489,362	0	489,362	0	93	0	0	0
I-G DAY TREATMENT - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
I-H DAY TREATMENT - DELINQUENT	0	0		0	25,831	0	25,831	0	5	0	0	0
I-I HOMEMAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
I-J INTAKE & REFERRAL	0	0		44,083	0	0	44,083	3,245	0	0	0	0
I-K LIFE SKILLS - DEPENDENT	54,770	23,083		13,063	1,619	0	92,535	68	1	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	1,056,836	487,282		309,281	0	0	1,853,399	1,700	0	0	0	0
I-N PROTECTIVE SERVICE - GENERAL	1,597,956	669,641		653,712	0	0	2,921,309	2,903	0	0	0	0
I-O SERVICE PLANNING	616,389	280,507		210,477	0	0	1,107,373	4,085	0	0	0	0
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT				91	88,063		88,154	0	385	0	0	0
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
I-R SUBTOTAL IN-HOME	4,488,361	1,958,558	3,007,353	1,508,666	4,451,042	0	15,413,980			4,075	5,426	0
	Number of Children receiving only NON-PURCHASED IN-Home Services											
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	40,962	21,805	0	12,639	1,790,688	0	1,866,094	8,118	118	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	2,742,426	0	2,742,426	8,210	55	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	35,727	18,105	0	28,326	163,614	0	245,772	2,327	95	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	671,261	318,977	0	328,185	4,632,157	0	5,950,580	79,738	391	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	132,197	0	132,197	975	6	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	1,000	104,458	0	105,458	470	6	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	60,236	0	60,236	404	2	0	0	0
2-K SUBTOTAL CBP	747,950	358,887	0	370,150	9,625,776	0	11,102,763	100,242	673	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	1,087,903	0	1,087,903	4,386	136	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	2,215	1,031,143	0	1,033,358	5,725	40	0	8,104	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	1,077,302	0	1,077,302	3,961	20	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	65,000	0	65,000	208	1	0	0	0
3-E YDC SECURE	0	0	0	0	359,060	0	359,060	745	4	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	2,215	3,620,408	0	3,622,623	15,025	201	0	8,104	0
ADMINISTRATION	312,081	196,988	0	624,229	0	0	1,133,298			90,724	0	0
TOTAL EXPENDITURES	5,548,392	2,514,433	3,007,353	2,505,260	17,697,226	0	31,272,664			94,799	13,530	0
	County Indirect Costs = \$ 553,400											

**NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
AMENDED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 875,789	\$ 0	\$ 875,789
Adoption Assistance	2,402,509	0	2,402,509
Subsidized Permanent Legal Custodianship	604,844	0	604,844
Counseling	4,908,792	0	4,908,792
Day Care	489,362	0	489,362
Day Treatment	25,831	0	25,831
Homemaker Service	0	0	0
Intake and Referral	44,083	0	44,083
Life Skills	92,535	0	92,535
Protective Service - Child Abuse	1,853,399	0	1,853,399
Protective Service - General	2,928,842	(7,533)	2,921,309
Service Planning	1,107,373	0	1,107,373
Juvenile Act Proceedings	88,154	0	88,154
Alternative Treatment	0	0	0
Community Residential	4,608,520	0	4,608,520
Emergency Shelter	245,772	0	245,772
Foster Family	6,073,264	9,513	6,082,777
Supervised Independent Living	165,694	0	165,694
Juvenile Detention Service	1,087,903	0	1,087,903
Residential Service	2,110,660	0	2,110,660
Secure Residential Service (Except YDC)	65,000	0	65,000
YDC Secure	359,060	0	359,060
Administration	<u>1,133,298</u>	<u>0</u>	<u>1,133,298</u>
Combined Total Expense	31,270,684	1,980	31,272,664
Less Non-reimbursables	<u>100,225</u>	<u>8,104</u>	<u>108,329</u>
Total Net Expense	<u>\$ 31,170,459</u>	<u>\$ (6,124)</u>	<u>\$ 31,164,335</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 5,548,392	\$ 0	\$ 5,548,392
Employee Benefits	2,514,433	0	2,514,433
Subsidies	3,007,353	0	3,007,353
Operating	2,504,556	704	2,505,260
Purchased Services	17,695,950	1,276	17,697,226
Fixed Assets	0	0	0
Combined Total Expense	31,270,684	1,980	31,272,664
Less Non-reimbursables	<u>100,225</u>	<u>8,104</u>	<u>108,329</u>
Total Net Expense	<u>\$ 31,170,459</u>	<u>\$ (6,124)</u>	<u>\$ 31,164,335</u>

**NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
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	CY-370 Adjustments			
	2-G	4		Protective Service General - Operating	\$ 661,245	\$ (7,533)	\$ 653,712
	2-G	5		Foster Family (Dependent) - Operating	\$ 319,948	\$ 8,237	\$ 328,185
				Foster Family (Dependent) - Purchased Services	\$ 4,630,881	\$ 1,276	\$ 4,632,157
			Total Adjustment Amount		\$ 1,980		
			To increase expenditures by \$1,980 to properly report expenditures and reconcile to the agency's final expenditure ledger.				
			Title 55 PA Code, Chapter 3170.95(a)(b)				
CY-370	3-B	11	2	Residential Service (Dependent) - Non-Reimbursable PS/Sub.	\$ -	\$ 8,104	\$ 8,104
			To increase Non-Reimbursable expenditures by \$8,104 to eliminate billed residential services which exceed the maximum allowable rate.				
			Title 55 PA Code, Chapter 3170.95(a)(b)				

SECTION 3

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2016 to JUNE 30, 2017

**NORTHAMPTON 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	\$	18,581,222
Supplemental Act 148		<u>0</u>
Total State Allocation		18,581,222
State Share (CY348) ²	\$	17,573,339
Less: Major Service Category Adjustment		<u>0</u>
Net State Share	\$	17,573,339
Less: Expenditures in Excess of the Approved State Allocation		<u>0</u>
Final Net State Share Payable ³	\$	17,573,339
Actual Act 148 Revenues Received ⁴		<u>17,574,109</u>
Net Amount Due County/(State) ⁵	\$	<u>(770)</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.

NORTHAMPTON 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	864,084	0	114,680	0	0	0	0	0	749,404	749,404	0
02. 90% REIMBURSEMENT	249,021	1,510	58,999	0	0	0	0	0	188,512	169,661	18,851
03. 80% REIMBURSEMENT	24,618,858	586,508	4,369,479	893,488	270,641	107,512	0	68,127	18,323,103	14,638,483	3,664,620
04. 60% REIMBURSEMENT	2,586,032	130,266	181,371	0	0	0	0	11,842	2,262,553	1,357,532	905,021
05. 50% REIMBURSEMENT	1,277,551	1,035	0	0	0	0	0	0	1,276,516	638,259	638,257
06. TOTAL NET CHILD WELFARE EXPEND.	29,595,546	719,319	4,724,529	893,488	270,641	107,512	0	79,969	22,800,088	17,573,339	5,226,749

YDCYFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	290,190	1,019							289,171	173,503	115,668

08. NON-REIMBURSABLE EXPENDITURES	95,809	0							95,809		95,809
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09. TOTAL EXPENDITURES	29,981,545	720,338	4,724,529	893,488	270,641	107,512	0	79,969	23,185,068	17,746,842	5,438,226
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10. TOTAL TITLE IV-D COLLECTIONS 469,814

11. TITLE IV-D Collections for IV-E Children 73,609

12. STATE ACT 148 - line 6 17,573,339

13. STATE ACT 148 ALLOCATION 18,581,222

14. ADJUSTED STATE SHARE (lower of 12 or 13) 17,573,339

INVOICE											
AMENDED STATE SHARE (ACT 148)	17,573,339										
ACT 148 AMOUNT RECEIVED	17,574,109										
ADJUSTMENT TO STATE SHARE	(770)										

NORTHAMPTON 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	864,084	0		114,680	0			0	0	749,404	749,404	0
1-B SUBSIDIZED ASSISTANCE	2,540,281	0	1,139,227	21,269				0	0	1,379,785	1,103,828	275,957
1-C ADOPTED PERMANENT LEGAL CUSTODIANSHIP	721,212	0	183,402					0	0	537,810	430,248	107,562
1-D COUNSELING - DEPENDENT	4,214,778	0		136,283	809,691			0	0	3,268,804	2,615,043	653,761
1-E COUNSELING - DELINQUENT	276,008	0			83,143			0	0	192,865	154,292	38,573
1-F DAY CARE	399,372	0						0	0	399,372	319,498	79,874
1-G DAY TREATMENT - DEPENDENT	0	0						0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	9,181	0			654			0	0	8,527	6,822	1,705
1-I HOME/MAKER SERVICE	0	0						0	0	0	0	0
1-J INTAKE & REFERRAL	46,551	0		6,176				0	0	40,375	32,300	8,075
1-K LIFE SKILLS - DEPENDENT	88,403	0		11,735				0	0	76,668	61,334	15,334
1-L LIFE SKILLS - DELINQUENT	0	0						0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	1,934,727	0		256,655				0	0	1,678,072	1,342,458	335,614
1-N PROTECTIVE SERVICE - GENERAL	2,846,003	7,500		371,043				0	0	2,467,460	1,973,968	493,492
1-O SERVICE PLANNING	1,094,578	0		145,627				0	0	948,951	759,161	189,790
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	80,563	0						0	0	80,563	40,282	40,281
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0						0	0	0	0	0
1-R SUBTOTAL IN-HOME	15,115,741	7,500	1,322,629	1,063,468	893,488	0	0	0	0	11,828,656	9,588,638	2,240,018

COMMUNITY BASED PLACEMENT	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0						0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0						0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	2,057,152	46,046	479,454	7,960				0	0	1,533,692	1,218,954	304,738
2-D COMMUNITY RESIDENTIAL - DELINQUENT	3,039,522	12,147	433,737					0	0	2,484,328	1,987,462	496,866
2-E EMERGENCY SHELTER - DEPENDENT	249,021	1,510	24,694	34,305				0	0	188,512	169,661	18,851
2-F EMERGENCY SHELTER - DELINQUENT	0	0						0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	5,213,945	387,962	542,859	629,648		270,641	107,512		68,127	3,207,196	2,565,757	641,439
2-H FOSTER FAMILY - DELINQUENT	16,183	9,765						0	0	6,418	5,134	1,284
2-I SUP. INDEPENDENT LIVING - DEPENDENT	100,063	13,778	4,404					0	0	81,881	65,505	16,376
2-J SUP. INDEPENDENT LIVING - DELINQUENT	20,899	0						0	0	20,899	16,719	4,180
2-K SUBTOTAL CBP	10,696,785	580,518	1,485,148	671,913	0	270,641	107,512	0	68,127	7,512,926	6,029,192	1,483,734

INSTITUTIONAL PLACEMENT	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
3-A JUVENILE DETENTION SERVICE	1,196,988	1,035						0	0	1,195,953	597,977	597,976
3-B RESIDENTIAL SERVICE - DEPENDENT	438,314	67,204	34,114					0	0	336,996	202,198	134,798
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	1,080,546	63,062	5,861					0	0	1,011,623	606,974	404,649
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0						0	0	0	0	0
3-E YDC SECURE	290,190	1,019						0	0	289,171	173,503	115,668
3-F SUBTOTAL INSTITUTIONAL	3,006,038	132,320	39,975	0	0	0	0	0	0	2,833,743	1,580,652	1,253,091

4 ADMINISTRATION	1,067,172	0		141,396		0	0	0	11,842	913,934	548,360	365,574
5 TOTAL REVENUES	29,885,736	720,338	2,847,752	1,876,777	893,488	270,641	107,512	0	79,969	23,089,259	17,746,842	5,342,417

NORTHAMPTON 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	492,932	233,072		138,080	0	0	864,084	283	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	2,534,431	0	0	0	2,534,431	0	362	0	14,150	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANS/SH	0	0	721,212	0	0	0	721,212	0	86	0	0	0
1-D COUNSELING - DEPENDENT	604,400	277,664		146,198	3,188,112	0	4,216,374	26	678	1,596	0	0
1-E COUNSELING - DELINQUENT	0	0		276,008	0	0	276,008	0	76	0	0	0
1-F DAY CARE	0	0		399,372	0	0	399,372	0	103	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	3	0	0	0
1-I HOMEMAKER SERVICE	0	0		9,181	0	0	9,181	0	0	0	0	0
1-J INTAKE & REFERRAL	0	0		46,551	0	0	46,551	3,303	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	51,984	24,609		11,810	0	0	88,403	55	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	1,066,682	552,414		315,631	0	0	1,934,727	1,041	0	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	1,544,015	681,597		620,391	0	0	2,846,003	2,358	0	0	0	0
1-O SERVICE PLANNING	600,986	282,067		211,525	0	0	1,094,578	2,973	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	80,563		80,563	0	388	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	4,360,999	2,051,423	3,275,643	1,490,186	3,953,236	0	15,131,487			1,596	14,150	0
Number of Children receiving only NON-PURCHASED IN-Home Services: 2,699												
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	31,358	17,359	0	17,014	1,991,421	0	2,037,152	8,891	110	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	3,039,522	0	3,039,522	8,677	54	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	40,103	23,611	0	21,490	163,817	0	249,021	2,521	99	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	692,579	346,026	0	286,185	3,889,155	0	5,213,945	71,972	341	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	16,183	0	16,183	109	4	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	171	99,892	0	100,063	660	7	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	20,899	0	20,899	182	1	0	0	0
2-K SUBTOTAL CBP	764,040	386,996	0	324,860	9,220,889	0	10,696,785	93,012	616	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	1,196,988	0	1,196,988	5,342	168	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	4,087	434,227	0	438,314	2,806	22	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	1,080,546	0	1,080,546	3,811	28	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	290,190	0	290,190	569	3	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	4,087	3,001,951	0	3,006,038	12,528	221	0	0	0
ADMINISTRATION	323,856	195,584	0	627,795	0	0	1,147,235			80,063	0	0
TOTAL EXPENDITURES	5,448,895	2,634,003	3,275,643	2,446,928	16,176,076	0	29,981,545			81,659	14,150	0
County Indirect Costs = \$ 561,950												

**NORTHAMPTON 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	\$ 864,084	\$ 0	\$ 864,084
Adoption Assistance	2,554,431	0	2,554,431
Subsidized Permanent Legal Custodianship	721,212	0	721,212
Counseling	4,492,382	0	4,492,382
Day Care	399,372	0	399,372
Day Treatment	9,181	0	9,181
Homemaker Service	0	0	0
Intake and Referral	46,551	0	46,551
Life Skills	88,403	0	88,403
Protective Service - Child Abuse	1,934,727	0	1,934,727
Protective Service - General	2,846,003	0	2,846,003
Service Planning	1,094,578	0	1,094,578
Juvenile Act Proceedings	80,563	0	80,563
Alternative Treatment	0	0	0
Community Residential	5,096,674	0	5,096,674
Emergency Shelter	249,021	0	249,021
Foster Family	5,228,984	1,144	5,230,128
Supervised Independent Living	120,962	0	120,962
Juvenile Detention Service	1,196,988	0	1,196,988
Residential Service	1,518,860	0	1,518,860
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	290,190	0	290,190
Administration	1,147,235	0	1,147,235
Combined Total Expense	<u>29,980,401</u>	<u>1,144</u>	<u>29,981,545</u>
Less Non-reimbursables	<u>95,809</u>	<u>0</u>	<u>95,809</u>
Total Net Expense	<u>\$ 29,884,592</u>	<u>\$ 1,144</u>	<u>\$ 29,885,736</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 5,448,895	\$ 0	\$ 5,448,895
Employee Benefits	2,634,003	0	2,634,003
Subsidies	3,275,643	0	3,275,643
Operating	2,446,915	13	2,446,928
Purchased Services	16,174,945	1,131	16,176,076
Fixed Assets	0	0	0
Combined Total Expense	<u>29,980,401</u>	<u>1,144</u>	<u>29,981,545</u>
Less Non-reimbursables	<u>95,809</u>	<u>0</u>	<u>95,809</u>
Total Net Expense	<u>\$ 29,884,592</u>	<u>\$ 1,144</u>	<u>\$ 29,885,736</u>

**NORTHAMPTON 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 OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370	2-G	4	1	CY-370 Adjustment			
		5		Foster Family (Dependent) - Operating	\$ 286,172	\$ 13	\$ 286,185
		Foster Family (Dependent) - Purchased Services		\$ 3,888,024	\$ 1,131	\$ 3,889,155	
		Total Adjustment			\$ 1,144		
				To increase expenditures by \$1,144 to properly report expenditures and reconcile to the agency's final expenditure ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			
CY-370A	2-G	9	2	CY-370A Adjustment			
				Foster Family (Dependent) - Medical Assistance	\$ 66,020	\$ 2,107	\$ 68,127
				To increase revenue by \$2,107 to properly report Medical Assistance and reconcile to the agency's final revenue ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 4

STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

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

Finding– Northampton County Children and Youth Services Agency Paid Contractors for In-Home Purchased Services but Failed to Obtain Reasonable Assurance That These Services Were Actually Provided (Unresolved)

In our prior engagement report, for the fiscal years July 1, 2010 to June 30, 2014, we cited the Northampton County Children and Youth Agency (agency) for failure to obtain reasonable assurance that In-Home Purchased Service providers, responsible for providing In-Home services directly to at-risk children and their families, actually performed the services for which the agency was invoiced, and subsequently paid, and that if provided, were provided in adherence to executed contract terms between the agency and the respective provider. Agency management informed us that, during the fiscal years included in our prior engagement scope period, agency fiscal staff verified that all children listed on the Fee-for-Service providers' submitted invoices were authorized to receive the invoiced services, and the invoiced rates were compared to contracts. However, no fiscal-related monitoring procedures were performed to obtain reasonable assurance that the contracted services related to In-Home Purchased Service fees invoiced by Fee-for-Service In-Home providers were actually provided on the dates, and for the number of units, for each individual listed on the providers' submitted invoices or that contracted services related to contracted costs invoiced by Program-Funded Purchased Services providers were actually provided.

Our current engagement scope period included the 2014-2015, 2015-2016, and 2016-2017 fiscal years. Due to the timing of the conduct of our prior audit engagement, we did not make the agency aware of these internal control deficiencies until March 2018, well after the June 30, 2017, end of our current engagement period. Therefore, these control deficiencies and corresponding risks continued to exist for the three fiscal years included in our current engagement scope period. As such, we concluded that the issuance of a repeat finding is warranted. This repeat finding is included in the Current Engagement Finding and Recommendations section (Section 5) of this report.

SECTION 5

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

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

Condition: As detailed in our Status of Prior Engagement Finding and Recommendations section (Section 4) of this report, the Northampton 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 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 these providers' submitted invoices. For contracted In-Home Program-Funded providers, the agency failed to provide supporting documentation evidencing that services related contracted costs invoiced by these providers, and paid by the agency, were actually provided, and if provided, provided in adherence to the requirements of the respective provider's contract terms.

During the conduct of our current engagement, in response to the recommendations included in our prior engagement report, agency management provided documentation describing the formal, written fiscal-related monitoring policy, and corresponding procedures, that they indicated the agency began performing in June 2017, with complete formal implementation occurring in February 2018, to obtain reasonable assurance that contracted In-Home services were actually provided and to reduce the agency's risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers. Because agency management did not fully implement these updated policies and procedures until after the close of our current engagement scope period (June 30, 2017), we did not assess the sufficiency of these newly created monitoring policies and procedures during the conduct of our current engagement. During the conduct of our next regularly scheduled engagement of this agency, we will review and evaluate the agency's implemented monitoring policies and procedures and determine whether they are sufficient in providing agency management reasonable assurance that invoiced contracted In-Home Services were actually provided and that the number of units invoiced by contracted Fee-for-Service providers and contacted costs invoiced by contracted Program-Funded providers are properly substantiated, thus, reducing the agency's risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

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 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

NORTHAMPTON COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

payment for expenses by the Department. The local authorities or contractors shall maintain books, records, documents and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for funds supported by the Department and for which reimbursement is claimed...”

Cause: Due to the timing of our prior engagement, the agency was not notified of these internal control deficiencies until March 8, 2018, well after the June 30, 2017, end of our current engagement scope period. Agency management informed us that it began implementation of internal control procedures over payments to In-Home providers in June 2017, and full implementation occurred in February 2018. Therefore, these control deficiencies and corresponding risks continued to exist for all three fiscal years included in our current engagement scope period.

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

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

- Performance of on-site fiscal-related monitoring visits of In-Home Purchased Services providers, as deemed necessary by agency management, to determine whether appropriate supporting documentation exists substantiating invoiced costs, including

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assessing the validity the number of units invoiced by Fee-for-Service providers and of costs invoiced by Program-Funded providers, and that related services were actually provided according to executed contract terms.²

- Requiring In-Home Purchased Services providers, as deemed necessary by agency management, to submit substantiation evidencing that services related to invoiced In-Home Purchased Service costs were actually provided.

We further recommend that agency management ensure that:

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

Agency Representative Response: In fiscal year 16-17 we started requesting our in-home providers submit their appointment logs. In FY 17-18 it is now mandatory per the contract that all in-home providers submit appointment logs or attendance records to show that the service has been completed.

In fiscal year 16-17 Northampton County Department of Human Services put together a Risk Assessment Policy. This policy addresses Sub recipient v Contractor, Contract Requirements, Risk Assessment Review, Program and Fiscal Site Monitoring, and Audit Reviews. During FY 2016-17 we were able to complete six On Site Visits. 26 were completed for Fiscal Year FY 2017-18. 23 reviews have been completed for FY2018-19 and 4 are pending and we expect to complete another 12 before the calendar year is over.

Prior to the On Site Review, invoices are pulled and a list of children receiving services from this provider is generated from our CAPS system. When reviewing the invoices we are looking for any glaring errors or inconsistent information that need to be addressed with the provider.

² For any Program-Funded providers, fiscal-related monitoring should include substantiation of these providers' operating costs invoiced to the agency.

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A random selection of 10 children or 10% of the children whichever is greater, is selected for review at the site. An e-mail is sent to the Supervisors and Program Directors to find out if they have any concerns that need to be addressed during this visit. This list is sent to the provider so that files are available on the date of review.

At the time of the On Site Review, we speak with the provider to present any questions, concerns and inform them of any upcoming changes. During the review of the client files, we are looking at: Did the child receive the services as listed in the program description? Was the child seen consistently and these services coincide with the invoices? Is there documentation for every service the child had? Did the child or guardian sign the grievance policy?

This information is documented on the review form and sent to the Fiscal Officer II and Program Specialist II in charge of contracts. Any errors or discrepancies are addressed with the provider.

Auditor's Conclusion: We commend Northampton County Children and Youth Agency management on their efforts to develop and implement formal, written fiscal-related monitoring policy and procedures for contracted In-Home Purchased Service providers. During our next engagement, we will review the agency's implemented policy and procedures and determine whether they are sufficient to reduce the agency's risk of paying overbillings and fraudulent billings submitted by contracted In-Home Purchased Service providers and such erroneous payments going undetected.

SECTION 6

CURRENT ENGAGEMENT OBSERVATION

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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).³ 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,⁴ 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 Northampton County Children and Youth Agency provided in-home and placement services to 3,474 children residing within the County during the 2016-2017 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

³ 23 Pa.C.S. §§ 6344 and 6344.2.

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).

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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.⁵

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.⁶ 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.⁷ 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

⁵ 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).

⁶ 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.

⁷ 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.⁸

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 providers⁹ 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

⁸ 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.

⁹ 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.¹⁰ However, recent amendments to the CPSL extend this time frame from one year to five years.¹¹ Therefore, there is a need for DHS and C&Y agencies across the commonwealth to have a *greatly heightened* awareness about the arrest and conviction records, as well as child abuse adjudications, of the employees/volunteers of C&Y agencies' *contracted In-Home Preventative Service providers* and their sub-recipients. This is to ensure that no new, disqualifying incidents have occurred from the date of the background clearances since certain disqualifying offenses could go undetected for years.

Auditor General Senior Management's Follow-up Conclusion Statement

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

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*

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

¹¹ 23 Pa.C.S. § 6344.4.

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

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

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

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

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

¹⁴ The agency stated that it conducts monitoring of CPSL compliance by its In-Home Service providers and sub-recipients and provided the following additional information: "As part of the On Site Review process, the reviewer looks for up-to-date FBI, Child Abuse, State Police Clearances and evidence of Mandated Reporter training on all employees of the provider who have direct child contact. Questions about the Drug Free Workplace policy are also being asked. This information is documented on the review form and sent to the Fiscal Officer II and Program Specialist II in charge of contracts. If any clearances are missing the provider is given the chance to correct this, however no new clients will be sent to this provider until this is rectified. If there are any discrepancies with this review the provider is now asked to submit a Corrective Action Plan (CAP) within one month of receiving the review form." We did not perform procedures to evaluate the agency's performance of those procedures.

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