

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2016 to June 30, 2017

July 1, 2017 to June 30, 2018

Sullivan 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 Sullivan County
Sullivan County Courthouse
245 Muncy Street, P.O. Box 157
Laporte, PA 18626

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 Sullivan County Children and Youth Agency (agency), legally known as Sullivan 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 Sullivan 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)

The procedures we performed during this engagement resulted in no adjustments to the agency's submitted fiscal reports for the fiscal years included in our engagement scope period. The fiscal reports are included in the following sections of this report:

- Section 1 for the 2016-2017 fiscal year
- Section 2 for the 2017-2018 fiscal year

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 3 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 4 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 5 of this report:

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

The results of our engagement procedures, as presented in this report, were discussed with agency management at an exit conference held on December 10, 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 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 Sullivan 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

December 11, 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 Sullivan County Children and Youth Agency provided in-home and placement services to 177 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

**SULLIVAN 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	\$	429,903
Supplemental Act 148		<u>0</u>
Total State Allocation		429,903
State Share (CY348) ²	\$	376,224
Less: Major Service Category Adjustment		<u>0</u>
Net State Share	\$	376,224
Less: Expenditures in Excess of the Approved State Allocation		<u>0</u>
Final Net State Share Payable ³	\$	376,224
Actual Act 148 Revenues Received ⁴		<u>376,224</u>
Net Amount Due County/(State) ⁵	\$	<u><u>0</u></u>

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

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

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

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

⁵ 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.

SULLIVAN 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	783	7	0	0	0	0	0	776	776	0
02. 90% REIMBURSEMENT	0	0	0	0	0	0	0	0	0	0
03. 80% REIMBURSEMENT	360,557	214	3,296	4,989	6,577	0	0	338,714	270,972	67,742
04. 60% REIMBURSEMENT	156,234	13,232	702	0	0	0	472	141,828	85,097	56,731
05. 50% REIMBURSEMENT	38,756	0	0	0	0	0	0	38,756	19,379	19,377
06. TOTAL NET CHILD WELFARE EXPEND	556,330	7,476	3,296	4,989	6,577	0	472	520,074	376,224	143,850

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

09. TOTAL EXPENDITURES	556,330	13,446	7,476	4,989	6,577	0	472	520,074	376,224	143,850
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10. TOTAL TITLE IV-D COLLECTIONS	9,876
11. TITLE IV-D Collections for IV-E Children	0
12. STATE ACT 148 - line 6	376,224
13. STATE ACT 148 ALLOCATION	429,903
14. ADJUSTED STATE SHARE (lower of 12 or 13)	376,224
INVOICE	
AMENDED STATE SHARE (ACT 148)	376,224
ACT 148 AMOUNT RECEIVED	376,224
ADJUSTMENT TO STATE SHARE	0

SULLIVAN 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	783	0		7	0		0	0	0	776	0	0
1-B	ADOPTION ASSISTANCE	8,280	0	3,852	0			0	0	0	4,428	3,542	886
1-C	SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	9,125	0	0	0			0	0	0	9,125	7,300	1,825
1-D	COUNSELING - DELINQUENT	3,296	0		0	3,296		0	0	0	0	0	0
1-E	COUNSELING - DELINQUENT	0	0		0	0		0	0	0	0	0	0
1-F	DAY CARE	0	0		0	0		0	0	0	0	0	0
1-G	DAY TREATMENT - DEPENDENT	0	0		0	0		0	0	0	0	0	0
1-H	DAY TREATMENT - DELINQUENT	0	0		0	0		0	0	0	0	0	0
1-I	HOMEMAKER SERVICE	0	0		0	0		0	0	0	0	0	0
1-J	INTAKE & REFERRAL	73,762	0		665	0		0	0	0	73,097	58,478	14,619
1-K	LIFE SKILLS - DEPENDENT	0	0		0	0		0	0	0	0	0	0
1-L	LIFE SKILLS - DELINQUENT	0	0		0	0		0	0	0	0	0	0
1-M	PROTECTIVE SERVICE - CHILD ABUSE	53,344	0		420	0	4,989	0	0	0	47,935	38,348	9,587
1-N	PROTECTIVE SERVICE - GENERAL	147,787	0		1,307	0	0	0	0	0	146,480	117,184	29,296
1-O	SERVICE PLANNING	56,410	0		446	0	0	6,577	0	0	49,387	39,510	9,877
1-P	JUVENILE ACT PROCEEDINGS - DEPENDENT	335	0		0	0		0	0	0	335	168	167
1-Q	JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0		0	0	0	0	0	0
1-R	SUBTOTAL IN-HOME	353,122	0	3,852	2,845	3,296	4,989	6,577	0	0	331,563	265,306	66,257
COMMUNITY BASED PLACEMENT													
2-A	ALTERNATIVE TREATMENT - DEPENDENT	0	0		0			0	0	0	0	0	0
2-B	ALTERNATIVE TREATMENT - DELINQUENT	0	0		0			0	0	0	0	0	0
2-C	COMMUNITY RESIDENTIAL - DEPENDENT	0	0		0			0	0	0	0	0	0
2-D	COMMUNITY RESIDENTIAL - DELINQUENT	0	0		0			0	0	0	0	0	0
2-E	EMERGENCY SHELTER - DEPENDENT	0	0		0			0	0	0	0	0	0
2-F	EMERGENCY SHELTER - DELINQUENT	0	0		0			0	0	0	0	0	0
2-G	FOSTER FAMILY - DEPENDENT	8,553	214		77			0	0	0	8,262	6,610	1,652
2-H	FOSTER FAMILY - DELINQUENT	0	0		0			0	0	0	0	0	0
2-I	SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0			0	0	0	0	0	0
2-J	SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0			0	0	0	0	0	0
2-K	SUBTOTAL CBP	8,553	214	0	77	0	0	0	0	0	8,262	6,610	1,652
INSTITUTIONAL PLACEMENT													
3-A	JUVENILE DETENTION SERVICE	38,421	0								38,421	19,211	19,210
3-B	RESIDENTIAL SERVICE - DEPENDENT	11,486	0		103			0	0	0	11,383	6,830	4,553
3-C	RES. SERVICE - DELINQUENT (NON YDC/YFC)	79,802	13,232		5			0	0	0	66,565	39,939	26,626
3-D	SECURE RES. SERVICE (EXCEPT YDC)	0	0								0	0	0
3-E	YDC - SECURE	0	0								0	0	0
3-F	SUBTOTAL INSTITUTIONAL	129,709	13,232	0	108	0	0	0	0	0	116,369	65,980	50,389
4	ADMINISTRATION	64,946	0		594			0	0	472	63,880	38,328	25,552
5	TOTAL REVENUES	556,330	13,446	3,852	3,624	3,296	4,989	6,577	0	472	520,074	376,224	143,850

SULLIVAN 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	EMPLOYEE BENEFITS	OPERATING SERVICES	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non- Reimbursable Non P'Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non- Reimbursable
IN-HOME												
1-A ADOPTION SERVICE	535	173		75	0	0	783	1	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	8,280	0	0	0	8,280	0	2	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	9,125	0	0	0	9,125	0	1	0	0	0
1-D COUNSELING - DEPENDENT	0	0		3,296	0	0	3,296	0	1	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	0	0	0	0	0	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	49,001	21,329		3,432	0	0	73,762	274	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	30,627	9,583		7,234	5,900	0	53,344	51	2,971	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	95,611	41,523		10,653	0	0	147,787	285	0	0	0	0
1-O SERVICE PLANNING	38,495	15,037		2,878	0	0	56,410	336	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	0	0	335	0	1	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0	0	0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	214,269	87,645	17,405	24,272	9,531	0	353,122					
	Number of Children receiving only NON-PURCHASED IN-Home Services 397											
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	0	0	0	0	0	0	0	0	0	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	3,364	1,233		3,956	0	0	8,553	0	0	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	3,364	1,233	0	3,956	0	0	8,553	0	0	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	38,421	0	38,421	145	2	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	7,388	3,705	0	393	0	0	11,486	0	0	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	565	79,237	0	79,802	376	2	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	0	0	0	0	0	0	0	0
3-E YDC SECURE	0	0	0	0	0	0	0	0	0	0	0	0
3-F SUBTOTAL INSTITUTIONAL	7,388	3,705	0	958	117,658	0	129,709	521	4	0	0	0
4 ADMINISTRATION	26,761	9,480	0	28,705	0	0	64,946					
5 TOTAL EXPENDITURES	251,782	102,063	17,405	57,891	127,189	0	556,330					
	County Indirect Costs = \$ 7,161											

**SULLIVAN 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	\$ 783	\$ 0	\$ 783
Adoption Assistance	8,280	0	8,280
Subsidized Permanent Legal Custodianship	9,125	0	9,125
Counseling	3,296	0	3,296
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	0	0	0
Intake and Referral	73,762	0	73,762
Life Skills	0	0	0
Protective Service - Child Abuse	53,344	0	53,344
Protective Service - General	147,787	0	147,787
Service Planning	56,410	0	56,410
Juvenile Act Proceedings	335	0	335
Alternative Treatment	0	0	0
Community Residential	0	0	0
Emergency Shelter	0	0	0
Foster Family	8,553	0	8,553
Supervised Independent Living	0	0	0
Juvenile Detention Service	38,421	0	38,421
Residential Service	91,288	0	91,288
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	64,946	0	64,946
Combined Total Expense	<u>556,330</u>	<u>0</u>	<u>556,330</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 556,330</u>	<u>\$ 0</u>	<u>\$ 556,330</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 251,782	\$ 0	\$ 251,782
Employee Benefits	102,063	0	102,063
Subsidies	17,405	0	17,405
Operating	57,891	0	57,891
Purchased Services	127,189	0	127,189
Fixed Assets	0	0	0
Combined Total Expense	<u>556,330</u>	<u>0</u>	<u>556,330</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 556,330</u>	<u>\$ 0</u>	<u>\$ 556,330</u>

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2017 to JUNE 30, 2018

**SULLIVAN 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	\$	544,951
Supplemental Act 148		<u>0</u>
Total State Allocation		544,951
State Share (CY348) ²	\$	357,491
Less: Major Service Category Adjustment		<u>0</u>
Net State Share	\$	357,491
Less: Expenditures in Excess of the Approved State Allocation		<u>0</u>
Final Net State Share Payable ³	\$	357,491
Actual Act 148 Revenues Received ⁴		<u>357,491</u>
Net Amount Due County/(State) ⁵	\$	<u><u>0</u></u>

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

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

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

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

⁵ 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.

SULLIVAN COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
 AMENDED CY348
 FISCAL SUMMARY

	A	B	C	D	E	F	G	H	I	J	K
	GRAND TOTAL	PROGRAM INCOME	TITLE IV-E	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET TOTAL	STATE ACT 148	LOCAL SHARE
NET CHILD WELFARE EXPENDITURES											
01. 100% REIMBURSEMENT	2,354	0	26	0	0	0	0	0	2,328	2,328	0
02. 90% REIMBURSEMENT	0	0	0	0	0	0	0	0	0	0	0
03. 80% REIMBURSEMENT	403,260	224	7,838	1,650	4,989	6,577	0	0	381,982	305,585	76,397
04. 60% REIMBURSEMENT	89,273	6,201	735	0	0	0	0	656	81,681	49,009	32,672
05. 50% REIMBURSEMENT	1,137	0	0	0	0	0	0	0	1,137	569	568
06. TOTAL NET CHILD WELFARE EXPEND.	496,024	6,425	8,599	1,650	4,989	6,577	0	656	467,128	357,491	109,637

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

08. NON-REIMBURSABLE EXPENDITURES	0	0							0		0
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09. TOTAL EXPENDITURES	496,024	6,425	8,599	1,650	4,989	6,577	0	656	467,128	357,491	109,637
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10. TOTAL TITLE IV-D COLLECTIONS 5,831

11. TITLE IV-D Collections for IV-E Children 0

12. STATE ACT 148 - line 6 357,491

13. STATE ACT 148 ALLOCATION 544,951

14. ADJUSTED STATE SHARE (lower of 12 or 13) 357,491

INVOICE	
AMENDED STATE SHARE (ACT 148)	357,491
ACT 148 AMOUNT RECEIVED	357,491
ADJUSTMENT TO STATE SHARE	0

SULLIVAN 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 Denominator Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
IN-HOME												
1-A ADOPTION SERVICE	2,354	0		26	0		0	0	0	2,328	2,328	0
1-B ADOPTION ASSISTANCE	7,690	0	3,855	2			0	0	0	3,833	3,066	767
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	9,125	0	0	0			0	0	0	9,125	7,300	1,825
1-D COUNSELING - DEPENDENT	150	0		0	150		0	0	0	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	0		0	0	0	0	0	0
1-F DAY CARE	0	0		0	0		0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	0		0	0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	0		0	0	0	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0		0	0	0	0	0	0
1-J INTAKE & REFERRAL	84,547	0		912	0		0	0	0	83,635	66,908	16,727
1-K LIFE SKILLS - DEPENDENT	0	0		0	0		0	0	0	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	0		0	0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	60,902	0		604	0	4,989	0	0	0	55,309	44,247	11,062
1-N PROTECTIVE SERVICE - GENERAL	188,850	0		2,018	1,500	0	0	0	0	185,332	148,266	37,066
1-O SERVICE PLANNING	33,422	0		292	0	0	6,577	0	0	26,553	21,242	5,311
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	957	0		0	0		0	0	0	957	479	478
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	180	0		0	0		0	0	0	180	90	90
1-R SUBTOTAL IN-HOME	388,177	0	3,855	3,854	1,650	4,989	6,577	0	0	367,252	293,926	73,326
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0		0	0		0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0		0	0		0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	0		0	0		0	0	0	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		0	0		0	0	0	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	0	0		0	0		0	0	0	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0		0	0		0	0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	18,574	224		155	0		0	0	0	18,195	14,556	3,639
2-H FOSTER FAMILY - DELINQUENT	0	0		0	0		0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0	0		0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0	0		0	0	0	0	0	0
2-K SUBTOTAL CBP	18,574	224	0	155	0	0	0	0	0	18,195	14,556	3,639
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0		0	0		0	0	0	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	23,179	508		95	0		0	0	0	22,576	13,546	9,030
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	6,830	5,693		0	0		0	0	0	1,137	682	455
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0	0		0	0	0	0	0	0
3-E YDC SECURE	0	0		0	0		0	0	0	0	0	0
3-F SUBTOTAL INSTITUTIONAL	30,009	6,201	0	95	0	0	0	0	0	23,713	14,228	9,485
4 ADMINISTRATION	59,264	0		640	0		0	0	656	57,968	34,781	23,187
TOTAL REVENUES	496,024	6,425	3,855	4,744	1,650	4,989	6,577	0	656	467,128	357,491	109,637

SULLIVAN 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
IN-HOME	WAGES AND SALARIES	EMPLOYEE BENEFITS	EMPLOYEE BENEFITS	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reimbursable Non PS/ Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
1-A ADOPTION SERVICE	1,646	575	127	0	0	6	2,354	1	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	7,440	250	0	0	7,690	0	1	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	9,125	0	0	0	9,125	0	1	0	0	0
1-D COUNSELING - DEPENDENT	0	0	0	0	150	0	150	0	0	0	0	0
1-E COUNSELING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
1-F DAY CARE	0	0	0	0	0	0	0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
1-I HOME/MAKER SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	49,791	28,207	0	2,350	0	4,199	84,547	300	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	34,679	12,726	0	7,040	5,000	1,457	60,902	57	2,883	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	108,435	56,404	0	11,687	1,500	10,824	188,850	293	3	0	0	0
1-O SERVICE PLANNING	20,150	9,233	0	2,196	0	1,843	33,422	350	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	0	0	0	0	957	0	957	0	3	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0	0	0	180	0	180	0	1	0	0	0
1-R SUBTOTAL IN-HOME	214,701	107,145	16,565	23,650	7,787	18,329	388,177	177	0	0	0	0
Number of Children receiving only NON-PURCHASED IN-Home Services												
COMMUNITY BASED PLACEMENT	WAGES AND SALARIES	EMPLOYEE BENEFITS	EMPLOYEE BENEFITS	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	DAYS OF CARE	Children Served (Purchased)	Non-Reimbursable Non PS/ Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	0	0	0	0	0	0	0	0	0	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	5,615	2,447	0	4,051	3,148	3,313	18,574	24	1	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	5,615	2,447	0	4,051	3,148	3,313	18,574	24	1	0	0	0
INSTITUTIONAL PLACEMENT	WAGES AND SALARIES	EMPLOYEE BENEFITS	EMPLOYEE BENEFITS	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	DAYS OF CARE	Children Served (Purchased)	Non-Reimbursable Non PS/ Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
3-A JUVENILE DETENTION SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	4,333	1,846	0	2,992	14,420	188	23,179	103	1	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	20	6,810	0	6,830	47	2	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	0	0	0	0	0	0	0	0
3-E YDC SECURE	0	0	0	0	0	0	0	0	0	0	0	0
3-F SUBTOTAL INSTITUTIONAL	4,333	1,846	0	2,412	21,230	188	30,009	150	3	0	0	0
4 ADMINISTRATION	24,795	8,813	0	24,566	0	1,090	59,264	0	0	0	0	0
5 TOTAL EXPENDITURES	249,444	120,251	16,565	54,679	32,165	22,920	496,024	0	0	0	0	0
County Indirect Costs = \$ 8,082												

**SULLIVAN COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
AMENDED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 2,354	\$ 0	\$ 2,354
Adoption Assistance	7,690	0	7,690
Subsidized Permanent Legal Custodianship	9,125	0	9,125
Counseling	150	0	150
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	0	0	0
Intake and Referral	84,547	0	84,547
Life Skills	0	0	0
Protective Service - Child Abuse	60,902	0	60,902
Protective Service - General	188,850	0	188,850
Service Planning	33,422	0	33,422
Juvenile Act Proceedings	1,137	0	1,137
Alternative Treatment	0	0	0
Community Residential	0	0	0
Emergency Shelter	0	0	0
Foster Family	18,574	0	18,574
Supervised Independent Living	0	0	0
Juvenile Detention Service	0	0	0
Residential Service	30,009	0	30,009
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	59,264	0	59,264
Combined Total Expense	496,024	0	496,024
Less Non-reimbursables	0	0	0
Total Net Expense	\$ 496,024	\$ 0	\$ 496,024

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 249,444	\$ 0	\$ 249,444
Employee Benefits	120,251	0	120,251
Subsidies	16,565	0	16,565
Operating	54,679	0	54,679
Purchased Services	32,165	0	32,165
Fixed Assets	22,920	0	22,920
Combined Total Expense	496,024	0	496,024
Less Non-reimbursables	0	0	0
Total Net Expense	\$ 496,024	\$ 0	\$ 496,024

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

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

Finding – Sullivan County Children and Youth 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, 2012 to June 30, 2016, we cited the Sullivan County Children and Youth Agency (agency) for failure to formally adopt written policies governing its internal control procedures over payments to In-Home Purchase Service providers and for failure to maintain evidence of the performance of its procedures related to reducing the risk of paying overbillings or fraudulent billings submitted by these contracted providers.

During our prior engagement, we evaluated the agency’s internal control procedures over its invoice review and approval process related to billings submitted by In-Home Purchased Service providers. We found that a Program-Funded provider which accounted for a majority of the agency’s total reported In-Home Purchased Services expenditures executed a contract with the agency which called for the provider to invoice the agency for up to \$1,250 each quarter for providing Community Child Abuse Prevention Education seminars. The annual executed contract with this provider lacked information required by Act 148 regulations for Program-Funded providers’ executed contracts. During the 2012-2013 through 2015-2016 fiscal years, all four quarterly invoices totaled the \$1,250 maximum amount. While the provider’s submitted invoices included details, the provider did not provide any evidence substantiating the number of listed attendees’ actual attendance (such as participants’ sign-in sheets). Furthermore, the contract did not require the performance of a minimum number of presentations in a quarter or require a minimum number of children to be in attendance at each seminar. In addition, while the monthly invoices submitted by Fee-for-Service providers included names of individuals who received services, these invoices included no evidence that the validity of the number of units invoiced for each individual was substantiated. We concluded that the agency did not have sufficient controls in place to obtain reasonable assurance that contracted services invoiced by In-Home Purchased Service providers were actually provided and, if provided, provided in adherence to key executed contract terms.

Our current engagement scope period included the 2016-2017 and 2017-2018 fiscal years. Due to the timing of the conduct of our prior audit engagement, we did not make the agency aware of these internal control deficiencies until August 2018, two months after the June 30, 2018, end of our current engagement period. Therefore, these control deficiencies and corresponding risks continued to exist for the two fiscal years included in our current engagement scope period. As such, we concluded that the issuance of a repeat finding is warranted. This repeat finding is included in the Current Engagement Finding and Recommendations section (Section 4) of this report.

SECTION 4

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

SULLIVAN COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

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

Condition: As detailed in our Status of Prior Engagement Finding and Recommendations section (Section 3) of this report, the Sullivan 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. A Program-Funded provider, which accounted for a majority of the agency’s total reported In-Home Purchased Services expenditures, executed a contract with the C&Y agency which called for the provider to invoice the agency for up to \$1,250 each quarter for providing Community Child Abuse Prevention Education seminars. Furthermore, the annual executed contract with this provider lacked information required by Act 148 regulations for Program-Funded providers’ executed contracts, including a budget and fiscal statement detailing how invoiced fees or costs are to be determined. During the 2012-2013 through 2015-2016 fiscal years, all quarterly invoices totaled the \$1,250 maximum amount. While the provider’s submitted invoices detailed the presentation date for each invoiced seminar, length of time of each seminar, the number of children in attendance, participant description, seminar topic, and seminar presentation site, the provider did not provide any evidence substantiating the number of listed attendees’ actual attendance (such as participants’ sign-in sheets). Furthermore, the contract did not require the performance of a minimum number of presentations in a quarter or require a minimum number of children to be in attendance at each seminar. In addition, while the monthly invoices submitted by Fee-for-Service providers included names of individuals who received services, these invoices included no evidence that the validity of the number of units invoiced for each individual was substantiated. Therefore, we concluded that the agency did not have sufficient controls in place to obtain reasonable assurance that contracted services invoiced by In-Home Purchased Service providers were actually provided and if provided, provided in adherence to key executed contract terms.

During the conduct of our current engagement, in response to the recommendations included in our prior engagement report, agency management stated they developed and implemented a fiscal-related monitoring policy, and corresponding procedures, in September 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. In addition, the agency stated that additional terms were included in the 2018-2019 contract with the cited In-Home Purchased Services Program-Funded provider that required the provider to develop a budget and fiscal statement detailing how invoiced fees or costs were calculated. Because agency management did not fully implement these updated policies and procedures until after the close of our current engagement scope period (June 30, 2018), we did not assess the sufficiency of these newly created monitoring policies and procedures during the conduct of our current engagement. We will review and evaluate the implemented policies and procedures during the conduct of our next regularly scheduled engagement of this agency and

SULLIVAN COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

determine whether they are sufficient in providing agency management reasonable assurance that invoiced contracted In-Home Services were actually provided, and the contracted costs invoiced by contracted Program-Funded In-Home providers and the number of units invoiced by contracted Fee-for-Service In-Home providers are properly substantiated, thus reducing the agency's risk of paying overbillings or fraudulent billings submitted by In-Home Purchased Service providers.

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

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

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

SULLIVAN COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

reporting to the Department, monitoring the financial activities of the program, and other activities related to the fiscal operations of the program.”

- *Section 3170.92(b). Accountability for Expenditures for Clients. Records Maintenance.* “County agencies shall maintain sufficient and appropriate records and data to justify payment for expenses by the Department. The local authorities or contractors shall maintain books, records, documents and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for funds supported by the Department and for which reimbursement is claimed...”
- *Section 3170.93(e)(2). Service contracts or agreements.* “Contracts or agreements between the county and a program-funded provider shall contain the following additional components:
 - (i) Provisions for budget modification or amendment.
 - (ii) Property title rights for fixed assets purchased or materials, plans or procedures developed through the agreement.
 - (iii) A budget and fiscal statement of how fees or costs were determined.
 - (iv) Provision for the procurement of fixed assets.”

Cause: Due to the timing of the conduct of our prior engagement, agency management was not notified of these internal control deficiencies until August 2018, two months after the June 30, 2018, end of our current engagement scope period. Agency management informed us that it implemented internal control procedures over payments to In-Home providers in September 2018. Therefore, these control deficiencies and corresponding risks continued to exist for both fiscal years (2016-2017 and 2017-2018) included in our current engagement scope period.

Effect: The agency’s lack of internal control procedures, during the fiscal years included in our current engagement scope period, designed to reduce the risk of paying overbillings and/or fraudulent billings submitted by contracted In-Home Purchased Service providers, increased agency management’s risk of:

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

Recommendations: We again recommend that agency management ensure that any newly created and implemented monitoring policy, and corresponding procedures, are sufficient in reducing the agency’s risk of paying overbillings and fraudulent billings submitted by In-Home Purchased Service providers. We further recommend that agency management ensure that such policies and

SULLIVAN COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

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 invoiced contract costs of Program-Funded In-Home Purchased Service providers and the validity of the number of units invoiced by Fee-for-Service providers. Procedures typically performed to achieve these objectives are listed below for agency management's consideration and comparison to its newly created and implemented procedures:

- 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 assessing costs invoiced by any Program-Funded providers and the validity the number of units invoiced by Fee-for-Service providers, and that related services were actually provided according to executed contract terms.
- Require In-Home Purchased Service providers, as deemed necessary by agency management, to submit substantiation evidencing that contracted services related to invoiced In-Home Purchased Service costs were actually provided.

We again further recommend that agency management ensure that:

- Agency staff responsible for reviewing and approving submitted In-Home Purchased Services 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 and to obtain reasonable assurance that contracted In-Home Purchased Services were provided in adherence to DHS regulations and executed contract terms and to reduce the agency's risk of overbillings and/or fraudulent billings submitted by contracted In-Home Purchased Services providers going undetected.

Additionally, we recommend that agency management strengthen its internal control procedures by strengthening its executed contracts with the cited Program-Funded In-Home Purchased Services provider, and any future contracted Program-Funded In-Home Purchased Services providers, by ensuring contract terms adhere to Act 148 regulations requirements and avoiding

SULLIVAN COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

contract terms that allow billings up to a maximum amount without requiring corresponding performance thresholds.

Agency Management Response: Sullivan County continues to assert that the County management and fiscal staff have always ensured that all in-home purchased services are delivered and invoiced in accordance with contracted requirements and were actually provided. The specific in-home service that resulted in a finding in prior engagements was a community education provider. Management was well-aware of provision of these child abuse prevention education services provided within schools and community groups and believed that this was “reasonable assurance that these services were actually provided.” Since the prior engagement, Sullivan County has developed a written policy to require signature documentation from community education recipients to meet the auditor’s requirement of assurance.

Auditor’s Conclusion: While the agency director stated that she performs a review of submitted invoices to ensure that the seminars described on these invoices adhere to executed contract terms and speaks to provider employees and school personnel regarding the provision of these seminars, we believe that the conduct of additional procedures would provide greater assurance that the detailed seminars were provided for the number of children listed as being in attendance on the submitted invoices.

We commend Sullivan 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 application of its implemented policy and procedures and determine whether the agency sufficiently reduced 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 5

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).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 Sullivan County Children and Youth Agency provided in-home and placement services to 177 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 timeliness of the completion and approval

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

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.

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

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DHS Senior Management Follow-Up Response

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

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

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

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

youth agencies and facilities." [Emphasis added.], p. 7;

http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c_275378.pdf, accessed August 3, 2018.

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

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

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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 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

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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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: "Since DHS is unwilling to assume responsibility for ensuring all in-home providers have obtained clearances for all of their staff and volunteers, Sullivan County has required for over two years that all contracted in-home service providers to provide the County with copies of clearances for all staff or volunteers who work within Sullivan County or with Sullivan County children. This is completed annually at the time of new fiscal year contracts being executed and copies of these clearances are maintained with each annual contract." We did not perform procedures to evaluate the agency's performance of those procedures.

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This report was originally distributed to the following:

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