

UNCERTIFIED FISCAL REPORTS

For Fiscal Years:

July 1, 2019 to June 30, 2020

July 1, 2020 to June 30, 2021

Susquehanna County Children and Youth Agency

April 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Commissioners of Susquehanna County
Susquehanna County Courthouse
31 Lake Avenue (P.O. Box 218)
Montrose, PA 18801

Dear Commissioners:

We attempted to fulfill 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 Susquehanna County Children and Youth Services (agency) 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, 2019 to June 30, 2020, and July 1, 2020 to June 30, 2021 (herein referred to as the 2019-2020 fiscal year and 2020-2021 fiscal year). The scope of our engagement was limited to the 2019-2020 and 2020-2021 fiscal reports submitted to the Pennsylvania Department of Human Services (DHS) as part of the Act 148 Invoice Packages.

Agency management is responsible for the preparation of the submitted fiscal reports, and compliance with children, youth, and families regulations. Our engagement procedures included a review of selected agency records and other procedures we deemed necessary to enable us to attempt to ascertain and certify the actual commonwealth expenditures incurred on behalf of children residing within the county. We also performed procedures 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.*). The engagement was not conducted, nor was it required to be, in accordance with professional auditing or attestation standards. However, because of the matters discussed below, we were not able to ascertain and certify the actual Commonwealth expenditures incurred on behalf of children residing within Susquehanna County.

The agency could not provide documentation to support the total amount of expenditures reported by the agency for the fiscal years 2019-2020 and 2020-2021. As a result, we could not determine which transactions comprised the reported expenditure amounts, and we therefore could not perform procedures to conclude on the accuracy of the expenditures reported on the agency's fiscal

reports. We also found that the agency did not account for or report certain program income received as described in the adjustments described below. DHS regulations specify that the actual expenditures incurred on behalf of children resident within the county be reported net of related program income, and therefore any errors in the reporting of program income affects the net expenditures reported. Finally, because the reported expenditure amounts affect the Act 148 state share amount reported on the agency's CY-348 fiscal summary, we also could not determine the accuracy of the reported Act 148 state share amount. Additional details regarding this matter are included in the finding included in this report.

Because of the significance of the matters described in the preceding paragraph, we could not achieve our objective of ascertaining and certifying the actual Commonwealth expenditures incurred on behalf of children resident within the county for the fiscal years 2019-2020 and 2020-2021.

Despite the matters described above, we did perform procedures using the documentation available to us related to program income, and the results of those procedures are described in the bulleted items below.¹ The results described below, however, are limited to program income and we reiterate that we were not able to and do not certify the enclosed, uncertified fiscal reports.

- For the **2019-2020 fiscal year**, our engagement resulted in one adjustment being made to the agency's submitted fiscal reports. This adjustment in total impacted the agency's Net State Share by increasing program income by \$7,823. Based on the application of the state participation rates, this adjustment resulted in an amount due to the state totaling \$6,258.
- For the **2020-2021 fiscal year**, our engagement resulted in one adjustment being made to the agency's submitted fiscal reports. This adjustment in total impacted the agency's Net State Share by increasing program income by \$3,193. Based on the application of the state participation rates, this adjustment resulted in an amount due to the state totaling \$2,526.

This report includes the following finding:

Finding – (Repeat Finding) Susquehanna County Children and Youth Failed to Provide Complete Financial Records and Supporting Documentation to Substantiate Reported Expenditures and Failed to Report Expenditures on the Accrual Basis of Accounting

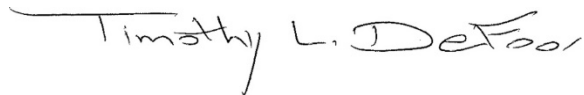
¹ We obtained documentation from the county that provided evidence of program income that the agency received from the county but did not include in the fiscal reports submitted to DHS. Because our testing of program income was not affected by the agency's inability to provide documentation to support the expenditures reported in the fiscal reports, we included the adjustments related to program income in the enclosed, uncertified fiscal reports.

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 March 5, 2024.

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 any recommended adjustments included in the uncertified fiscal reports. You will be notified by DHS of the decisions made regarding the approval and finalization of any recommended adjustment amounts and the final reconciliation of federal revenues not included in the scope of our engagement 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 to our representatives by your officials and agency staff. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor
Auditor General
March 7, 2024

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BACKGROUND

The Department of the Auditor General (department) 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. The department determines 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.” The Children and Youth Social Services Program is county-administered and state-supervised by DHS, with shared responsibility 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, which includes the fiscal reports. 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.

We reviewed the final, cumulative 4th quarter fiscal reports submitted to DHS, the agency’s related financial records, and other supporting documentation. This was done to attempt to determine whether the agency’s actual, cumulative expenditures and revenues were properly reported to DHS for the respective fiscal years.

We did not evaluate the agency’s provision of services or compliance with requirements in the Child Protective Services Law (CPSL). The Commonwealth of Pennsylvania Department of Human Services monitors each county’s provision of children and youth services and requires auditors who conduct the [Single Audit](#) of a county to evaluate the county’s monitoring of contracted providers of prevention, reunification, and aftercare services (services coded as in-home) for compliance with CPSL background check requirements.

SECTION 1

UNCERTIFIED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2019 to JUNE 30, 2020

**SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020
UNCERTIFIED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	2,333,189
Supplemental Act 148			<u>0</u>
Total State Allocation			2,333,189
State Share (CY348) ²	\$		1,872,825
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	1,872,825
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	1,872,825
Actual Act 148 Revenues Received ⁴			<u>1,879,083</u>
Net Amount Due County/(State) ⁵		\$	<u><u>(6,258)</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 auditor's adjustments are considered.

³ Final Net Share Payable is the net amount of reimbursable expenditures from Act 148 funds after auditor's 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.

SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020
 UNCERTIFIED 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	311,675	55,977	0	0	0	0	0	255,698	255,698	0
02. 90% REIMBURSEMENT	0	0	0	0	0	0	0	0	0	0
03. 80% REIMBURSEMENT	2,347,134	534,823	32,911	0	0	0	0	1,728,118	1,382,494	345,624
04. 60% REIMBURSEMENT	446,785	24,057	0	35,625	27,403	0	1,020	358,680	215,208	143,472
05. 50% REIMBURSEMENT	38,849	0	0	0	0	0	0	38,849	19,425	19,424
06. TOTAL NET CHILD WELFARE EXPEND.	3,144,443	614,857	32,911	35,625	27,403	0	1,020	2,381,345	1,872,825	508,520

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

08. NON-REIMBURSABLE EXPENDITURES	0	0						0	0	0
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09. TOTAL EXPENDITURES	3,144,443	51,282	614,857	32,911	35,625	27,403	0	1,020	2,381,345	1,872,825	508,520
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10. TOTAL TITLE IV-D COLLECTIONS	43,459									
11. TITLE IV-D Collections for IV-E Children	24,047									
12. STATE ACT 148 - line 6	1,872,825									
13. STATE ACT 148 ALLOCATION	2,333,186									
14. ADJUSTED STATE SHARE (lower of 12 or 13)	1,872,825									

INVOICE										
AMENDED STATE SHARE (ACT 148)	1,872,825									
ACT 148 AMOUNT RECEIVED	1,879,083									
ADJUSTMENT TO STATE SHARE	(6,258)									

SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020
UNCERTIFIED 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	311,675	0		55,977	0		0	0	255,698	255,698	0	
1-B	ADOPTION ASSISTANCE	407,910	0	222,680	0			0	0	185,230	148,184	37,046	
1-C	SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	238,691	16,134	0	0			0	0	242,557	194,046	48,511	
1-D	COUNSELING - DEPENDENT	223,033	0		0	0		0	0	223,033	178,426	44,607	
1-E	COUNSELING - DELINQUENT	450	0		0	0		0	0	450	360	90	
1-F	DAY CARE	0	0		0	0		0	0	0	0	0	
1-G	DAY TREATMENT - DEPENDENT	0	0		0	0		0	0	0	0	0	
1-H	DAY TREATMENT - DELINQUENT	0	0		0	0		0	0	0	0	0	
1-I	HOMEMAKER SERVICE	29,807	0		5,347	0		0	0	24,460	19,568	4,892	
1-J	INTAKE & REFERRAL	312,930	0		56,134	2,314		0	0	254,482	203,586	50,896	
1-K	LIFE SKILLS - DEPENDENT	0	0		0	0		0	0	0	0	0	
1-L	LIFE SKILLS - DELINQUENT	0	0		0	0		0	0	0	0	0	
1-M	PROTECTIVE SERVICE - CHILD ABUSE	119,212	0		21,384	0		0	0	97,828	78,262	19,566	
1-N	PROTECTIVE SERVICE - GENERAL	283,128	0		50,788	30,597		0	0	201,743	161,394	40,349	
1-O	SERVICE PLANNING	59,608	0		10,692	0		0	0	48,916	39,133	9,783	
1-P	JUVENILE ACT PROCEEDINGS - DEPENDENT	2,396	0		0	0		0	0	2,396	1,198	1,198	
1-Q	JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0		0	0	0	0	0	
1-R	SUBTOTAL IN-HOME	2,008,840	16,134	222,680	200,322	32,911	0	0	0	1,536,793	1,279,855	256,938	
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	79,364	0	3,999	2,673			0	0	72,692	58,154	14,538	
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	367,720	35,148	96,955	43,999			0	0	191,618	153,294	38,324	
2-H	FOSTER FAMILY - DELINQUENT	0	0		0	0		0	0	0	0	0	
2-I	KINSHIP CARE - DEPENDENT	205,281	0	12,281	7,891			0	0	185,109	148,087	37,022	
2-J	KINSHIP CARE - DELINQUENT	0	0		0	0		0	0	0	0	0	
2-K	SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0	0		0	0	0	0	0	
2-L	SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0	0		0	0	0	0	0	
2-M	SUBTOTAL CBP	652,365	35,148	113,235	54,563	0	0	0	0	449,419	359,535	89,884	
INSTITUTIONAL PLACEMENT													
3-A	JUVENILE DETENTION SERVICE	36,453	0							36,453	18,227	18,226	
3-B	RESIDENTIAL SERVICE - DEPENDENT	315,180	0		8,019	35,625		0	0	271,536	162,922	108,614	
3-C	RES. SERVICE - DELINQUENT (NON YDC/YFC)	42,200	0		0	0		0	0	42,200	25,320	16,880	
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	393,833	0	0	8,019	35,625	0	0	0	350,189	206,469	143,720	
4	ADMINISTRATION	89,405	0		16,038		27,403	0	1,020	44,944	26,966	17,978	
5	TOTAL REVENUES	3,144,443	51,282	335,915	278,942	32,911	35,625	27,403	1,020	2,381,345	1,872,825	508,520	

SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020
 UNCERTIFIED 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 P.S.Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
IN-HOME												
I-A ADOPTION SERVICE	212,894	73,442		15,335	0	10,004	311,675	37	0	0	0	0
I-B ADOPTION ASSISTANCE	0	0	407,556	0	354	0	407,910	0	212	0	0	0
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	258,691	0	0	0	258,691	0	95	0	0	0
I-D COUNSELING - DEPENDENT	0	0		0	223,033	0	223,033	0	98	0	0	0
I-E COUNSELING - DELINQUENT	0	0		0	450	0	450	0	1	0	0	0
I-F DAY CARE	0	0		0	0	0	0	0	0	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	0	0	0	0	0	0	0	0
I-I HOMEMAKER SERVICE	20,276	6,994		1,584	0	953	29,807	88	0	0	0	0
I-J INTAKE & REFERRAL	212,894	73,442		16,590	0	10,004	312,930	1,397	0	0	0	0
I-K LIFE SKILLS - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
I-L LIFE SKILLS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	81,103	27,978		6,320	0	3,811	119,212	229	0	0	0	0
I-N PROTECTIVE SERVICE - GENERAL	192,619	66,448		15,010	0	9,051	283,128	1,028	0	0	0	0
I-O SERVICE PLANNING	40,552	13,990		3,160	0	1,906	59,608	573	0	0	0	0
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT					2,396		2,396		16			
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT					0		0		0			
I-R SUBTOTAL IN-HOME	760,338	262,294	666,247	57,999	226,233	35,729	2,008,840					
Number of Children receiving only NON-PURCHASED IN-Home Services 1,739												
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	10,139	3,498		790	64,461	476	79,364	230	5	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	116,340	38,420		9,826	199,323	3,811	367,720	4,677	72	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-I KINSHIP CARE - DEPENDENT	35,728	14,039		2,024	150,155	3,335	205,281	6,189	76	0	0	0
2-J KINSHIP CARE - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-L SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-M SUBTOTAL CBP	162,207	55,957	0	12,640	413,939	7,622	652,365	11,096	153	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	36,453	0	36,453	128	5	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	30,414	10,490	0	2,369	270,478	1,429	315,180	1,143	19	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	42,200	0	42,200	206	4	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	30,414	10,490	0	2,369	349,131	1,429	393,833	1,477	28	0	0	0
ADMINISTRATION	60,826	20,983	0	4,738	0	2,858	89,405					
TOTAL EXPENDITURES	1,101,375	349,724	666,247	77,746	989,303	47,638	3,144,443					
County Indirect Costs = \$ 0												

**SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020
UNCERTIFIED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 311,675	\$ 0	\$ 311,675
Adoption Assistance	407,910	0	407,910
Subsidized Permanent Legal Custodianship	258,691	0	258,691
Counseling	223,483	0	223,483
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	29,807	0	29,807
Intake and Referral	312,930	0	312,930
Life Skills	0	0	0
Protective Service - Child Abuse	119,212	0	119,212
Protective Service - General	283,128	0	283,128
Service Planning	59,608	0	59,608
Juvenile Act Proceedings	2,396	0	2,396
Alternative Treatment	0	0	0
Community Residential	79,364	0	79,364
Emergency Shelter	0	0	0
Foster Family	367,720	0	367,720
Kinship Care	205,281	0	205,281
Supervised Independent Living	0	0	0
Juvenile Detention Service	36,453	0	36,453
Residential Service	357,380	0	357,380
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	89,405	0	89,405
Combined Total Expense	<u>3,144,443</u>	<u>0</u>	<u>3,144,443</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 3,144,443</u>	<u>\$ 0</u>	<u>\$ 3,144,443</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,013,785	\$ 0	\$ 1,013,785
Employee Benefits	349,724	0	349,724
Subsidies	666,247	0	666,247
Operating	77,746	0	77,746
Purchased Services	989,303	0	989,303
Fixed Assets	47,638	0	47,638
Combined Total Expense	<u>3,144,443</u>	<u>0</u>	<u>3,144,443</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 3,144,443</u>	<u>\$ 0</u>	<u>\$ 3,144,443</u>

**SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2019 TO JUNE 30, 2020
ADJUSTMENT SCHEDULE**

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENTS	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370A	1-C	2	1	CY-370A Adjustment			
	2-G	2		Subsidized Perm. Legal Custodianship - Program Income	\$ 13,673	\$ 2,461	\$ 16,134
				Foster Family (Dependent) - Program Income	\$ 29,786	\$ 5,362	\$ 35,148
			Total Adjustment Amount		\$ 7,823		
				To increase Program Income by \$7,823 to properly report the total amount of income received and reconcile to the agency's program income ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 2

UNCERTIFIED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2020 to JUNE 30, 2021

**SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021
UNCERTIFIED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	2,138,797
Supplemental Act 148			<u>0</u>
Total State Allocation			2,138,797
State Share (CY348) ²	\$		1,833,921
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	1,833,921
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	1,833,921
Actual Act 148 Revenues Received ⁴			<u>1,836,447</u>
Net Amount Due County/(State) ⁵		\$	<u><u>(2,526)</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 auditor's adjustments are considered.

³ Final Net Share Payable is the net amount of reimbursable expenditures from Act 148 funds after auditor's 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.

SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021
 UNCERTIFIED 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	FAMILY FIRST TRANSITION ACT	MEDICAL ASSISTANCE	NET TOTAL	STATE ACT 148	LOCAL SHARE
NET CHILD WELFARE EXPENDITURES											
01. 100% REIMBURSEMENT	50,903	0	7,475	0	0	0	0	0	43,428	43,428	0
02. 90% REIMBURSEMENT	0	0	0	0	0	0	0	0	0	0	0
03. 80% REIMBURSEMENT	2,744,791	52,134	562,294	32,911	26,719	6,851	0	0	2,063,882	1,651,104	412,778
04. 60% REIMBURSEMENT	294,231	2,498	40,031	0	8,906	20,552	0	1,398	220,846	132,508	88,338
05. 50% REIMBURSEMENT	13,760	0	0	0	0	0	0	0	13,760	6,881	6,879
06. TOTAL NET CHILD WELFARE EXPEND.	3,103,685	54,632	609,800	32,911	35,625	27,403	0	1,398	2,341,916	1,833,921	507,995

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	304,604	0							304,604	182,762	121,842

08. NON-REIMBURSABLE EXPENDITURES	10,338	0							10,338		10,338
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09. TOTAL EXPENDITURES	3,418,627	54,632	609,800	32,911	35,625	27,403	0	1,398	2,656,858	2,016,683	640,175
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10. TOTAL TITLE IV-D COLLECTIONS 51,439

11. TITLE IV-D Collections for IV-E Children 32,951

12. STATE ACT 148 - line 6 1,833,921

13. STATE ACT 148 ALLOCATION 2,138,797

14. ADJUSTED STATE SHARE (lower of 12 or 13) 1,833,921

INVOICE											
AMENDED STATE SHARE (ACT 148)	1,833,921										
ACT 148 AMOUNT RECEIVED	1,836,447										
ADJUSTMENT TO STATE SHARE	(2,526)										

SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021
UNCERTIFIED 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	Family First Transition Act	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
IN-HOME												
1-A ADOPTION SERVICE	50,903	0		7,475	0		0	0	0	43,428	43,428	0
1-B ADOPTION ASSISTANCE	432,226	0	247,358	0			0	0	0	184,868	147,894	36,974
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	290,396	0	0	0			0	0	0	290,396	232,317	58,079
1-D COUNSELING - DEPENDENT	322,771	0		0	1,208	0	0	0	0	321,563	257,250	64,313
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	313,944	1,927		46,899	0	26,719	0	0	0	238,399	190,719	47,680
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	87,389	642		12,940	17,790	0	0	0	0	56,017	44,814	11,203
1-N PROTECTIVE SERVICE - GENERAL	289,173	2,034		42,926	13,913	0	0	0	0	230,300	184,240	46,060
1-O SERVICE PLANNING	64,504	535		9,483	0	0	0	0	0	54,486	43,589	10,897
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	5,455	0		0	0	0	0	0	0	5,455	2,728	2,727
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
SUBTOTAL IN-HOME	1,856,761	5,138	247,358	119,723	32,911	26,719	0	0	0	1,424,912	1,146,979	277,933

COMMUNITY BASED PLACEMENT	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0		0			0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0		0			0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	54,857	71		9,447		6,851	0	0	38,488	30,790	7,698	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	17,213	0		0		0	0	0	17,213	13,770	3,443	0
2-E EMERGENCY SHELTER - DEPENDENT	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
2-G FOSTER FAMILY - DEPENDENT	633,757	41,850		54,048		0	0	0	440,324	352,259	88,065	0
2-H FOSTER FAMILY - DELINQUENT	0	0		0		0	0	0	0	0	0	0
2-I KINSHIP CARE - DEPENDENT	216,551	5,075		13,355		0	0	0	169,818	135,854	33,964	0
2-J KINSHIP CARE - DELINQUENT	0	0		0		0	0	0	0	0	0	0
2-K SUP. INDEPENDENT LIVING - DEPENDENT	22,010	0		0		0	0	0	22,010	17,608	4,402	0
2-L SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0		0	0	0	0	0	0	0
SUBTOTAL CBP	944,388	46,996	125,838	76,850	0	6,851	0	0	687,853	550,281	137,572	0

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	8,305	0		0					8,305	4,153	4,152	0
3-B RESIDENTIAL SERVICE - DEPENDENT	7,416	0		0		6,851	0	0	565	339	226	0
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	16,739	0		0		8,906	0	0	7,833	4,700	3,133	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0					0	0	0	0
3-E YDC SECURE	304,604	0		0					304,604	182,762	121,842	0
SUBTOTAL INSTITUTIONAL	357,064	0	0	0	0	8,906	6,851	0	321,307	191,954	129,353	0

4 ADMINISTRATION	270,076	2,498		40,031		0	13,701	0	1,398	212,448	127,469	84,979
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5 TOTAL REVENUES	3,408,289	54,632	373,196	236,604	32,911	35,625	27,403	0	1,398	2,646,520	2,016,683	629,837
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SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021
UNCERTIFIED 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												
1-A ADOPTION SERVICE	29,429	12,366		9,108	0	0	50,903	32	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	432,226	0	0	0	432,226	0	216	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	290,396	0	0	0	290,396	0	85	0	0	0
1-D COUNSELING - DEPENDENT	0	0		322,771	0	0	322,771	0	103	0	0	0
1-E COUNSELING - DELINQUENT	0	0			0	0		0	0	0	0	0
1-F DAY CARE	0	0			0	0		0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0			0	0		0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0			0	0		0	0	0	0	0
1-I HOMEMAKER SERVICE	0	0			0	0		0	0	0	0	0
1-J INTAKE & REFERRAL	200,719	72,237	40,988	0	0	0	313,944	1,864	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	0	0			0	0		0	0	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0			0	0		0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	50,143	23,572		13,674	0	0	87,389	256	0	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	176,000	69,909		43,264	0	0	289,173	728	0	0	0	0
1-O SERVICE PLANNING	39,840	16,958		7,706	0	0	64,504	337	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT					0	5,455	5,455	0	12	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT					0			0	0	0	0	0
1-R SUBTOTAL IN-HOME	496,131	195,042	722,622	114,740	328,226	0	1,856,761			0	0	0
	LRCNP = Legal Representation for Children in Placement = \$ 0										0	
	LRCNP = Legal Representation for Children Non-Placement = \$ 0										0	
	Number of Children receiving only NON-PURCHASED III Services										0	
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	7,357	3,092	0	1,542	42,866	0	54,857	208	5	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	17,213	0	17,213	52	1	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	244,287	88,042	0	38,533	262,895	0	633,757	8,779	129	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-I KINSHIP CARE - DEPENDENT	67,342	15,695	0	4,624	128,890	0	216,551	4,650	59	0	0	0
2-J KINSHIP CARE - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	22,010	0	22,010	126	2	0	0	0
2-L SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-M SUBTOTAL CBP	318,986	106,829	0	44,699	473,874	0	944,388	13,815	196	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	8,305	0	8,305	26	3	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	0	7,416	0	7,416	39	1	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	16,739	0	16,739	87	4	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	304,604	0	304,604	577	3	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	0	337,064	0	337,064	729	11	0	0	0
4 ADMINISTRATION	185,052	65,642	0	29,284	436	0	280,414			10,338	0	0
TOTAL EXPENDITURES	1,000,169	367,513	722,622	188,723	1,139,600	0	3,418,627			10,338	0	0
	County Indirect Costs = \$ 0										0	

**SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021
UNCERTIFIED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 50,903	\$ 0	\$ 50,903
Adoption Assistance	432,226	0	432,226
Subsidized Permanent Legal Custodianship	290,396	0	290,396
Counseling	322,771	0	322,771
Day Care	0	0	0
Day Treatment	0	0	0
Homemaker Service	0	0	0
Intake and Referral	313,944	0	313,944
Life Skills	0	0	0
Protective Service - Child Abuse	87,389	0	87,389
Protective Service - General	289,173	0	289,173
Service Planning	64,504	0	64,504
Juvenile Act Proceedings	5,455	0	5,455
Alternative Treatment	0	0	0
Community Residential	72,070	0	72,070
Emergency Shelter	0	0	0
Foster Family	633,757	0	633,757
Kinship Care	216,551	0	216,551
Supervised Independent Living	22,010	0	22,010
Juvenile Detention Service	8,305	0	8,305
Residential Service	24,155	0	24,155
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	304,604	0	304,604
Administration	280,414	0	280,414
Combined Total Expense	<u>3,418,627</u>	<u>0</u>	<u>3,418,627</u>
Less Non-reimbursables	<u>10,338</u>	<u>0</u>	<u>10,338</u>
Total Net Expense	<u>\$ 3,408,289</u>	<u>\$ 0</u>	<u>\$ 3,408,289</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,000,169	\$ 0	\$ 1,000,169
Employee Benefits	367,513	0	367,513
Subsidies	722,622	0	722,622
Operating	188,723	0	188,723
Purchased Services	1,139,600	0	1,139,600
Fixed Assets	0	0	0
Combined Total Expense	<u>3,418,627</u>	<u>0</u>	<u>3,418,627</u>
Less Non-reimbursables	<u>10,338</u>	<u>0</u>	<u>10,338</u>
Total Net Expense	<u>\$ 3,408,289</u>	<u>\$ 0</u>	<u>\$ 3,408,289</u>

**SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2020 TO JUNE 30, 2021
ADJUSTMENT SCHEDULE**

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENTS	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
				CY-370A Adjustment			
CY-370A	1-J	2	1	Intake & Referral - Program Income	\$ 1,814	\$ 113	\$ 1,927
	1-M	2		Protective Service Child Abuse - Program Income	\$ 605	\$ 37	\$ 642
	1-N	2		Protective Service General - Program Income	\$ 1,915	\$ 119	\$ 2,034
	1-O	2		Service Planning - Program Income	\$ 504	\$ 31	\$ 535
	2-C	2		Community Residential (Dependent) - Program Income	\$ 67	\$ 4	\$ 71
	2-G	2		Foster Family (Dependent) - Program Income	\$ 39,404	\$ 2,446	\$ 41,850
	2-I	2		Kinship Care (Dependent) - Program Income	\$ 4,778	\$ 297	\$ 5,075
	4	2		Administration - Program Income	\$ 2,352	\$ 146	\$ 2,498
				Total Adjustment Amount		\$ 3,193	
				To increase Program Income by \$3,193 to properly report the total amount of income received and reconcile to the agency's program income ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDINGS AND RECOMMENDATIONS

SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
STATUS OF PRIOR ENGAGEMENT FINDINGS AND RECOMMENDATIONS

The prior report included the following findings:

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

In our prior engagement report, covering the July 1, 2017 to June 30, 2019 fiscal years, we cited the agency for failing to develop and implement internal control policies and procedures to require adequate supporting documentation evidencing that services related to fees invoiced by In-Home Purchased Service providers, and paid by the agency, were actually provided, and if provided, provided in adherence to the requirements of the respective provider contract terms. During the conduct of our current engagement, we obtained evidence substantiating that, as of March 1, 2018, the agency developed and implemented fiscal-related monitoring policy and procedures designed to reduce the agency's risk of paying invoices that contain over-billings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

The agency's fiscal-related monitoring policy is summarized as follows. The agency requires contracted In-Home Purchased service providers to provide copies of client contact sheets with invoices. The agency's fiscal assistant compares the client names on the invoices to the contact sheets. If a child's name was on an invoice and is in question, the agency's casework supervisor is contacted for verification and if necessary, the provider is contacted to resolve the issue. In addition, the agency's fiscal officer compares totals on the invoices, invoice summary sheet, and client contact sheets. One to three clients are randomly selected to review by totaling the number of minutes and hours for each service provided and travel time is added separately. The total minutes/hours on the client contact sheet are totaled and compared to the summary total sheet and the invoice that is separated by service rendered and travel time. If a discrepancy is found, the agency's fiscal assistant recalculates the amounts for the affected clients and, if there is agency agreement an error was made, the provider is contacted to revise the invoice and resubmit for payment.

To assess the sufficiency of these procedures, we requested six In-Home Purchased Services invoices and the related supporting documentation and verified the agency obtained sufficient documentation to verify the invoiced number of units.

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

SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
STATUS OF PRIOR ENGAGEMENT FINDINGS AND RECOMMENDATIONS

Failure to Provide Complete Financial Records and Supporting Documentation to Substantiate Reported Expenditures and Failed to Report Expenditures on the Accrual Basis of Accounting

In our prior engagement report, covering the July 1, 2017 to June 30, 2019 fiscal years, we cited the agency because we could not conclude on the accuracy of expenditure reported on the agency's submitted CY-370 Expenditures Reports and in the agency's respective general ledgers. We could not perform sufficient testing of the expenditures as reflected in the accounting records or the fiscal reports because we could not determine the total population of paid invoices in the Operating, Purchased Services, and Fixed Assets objects of expenditure on the submitted fiscal reports.

During the conduct of our current engagement, we determined the issuance of a repeat finding is warranted since these internal control deficiencies and corresponding risks continued to exist.

Failure to Reconcile Agency Expenditures and Revenues to County Records

In our prior engagement report, covering the July 1, 2017 to June 30, 2019 fiscal years, we cited the agency for failing to reconcile the agency's expenditures and revenues presented on the quarterly fiscal reports submitted to the Commonwealth Department of Human Services (DHS) with the related expenditures and revenues recorded in the County's general ledger, pursuant to the CY-376 Certification Statement attached to the quarterly fiscal reports submitted to DHS through the Act 148 Invoice Package.

During the conduct of our current engagement, we obtained evidence substantiating that, as of May 2021, the agency developed and implemented agency to county reconciliation policy and procedures to decrease the risk that errors in the expenditures and revenues were included in the agency's submitted Act 148 fiscal reports.

The agency's reconciliation policy is summarized as follows. A bi-weekly report is generated by the agency from the county's Tyler Munis system and compared to the entries/amounts on the agency's Check List, which is run by the agency's fiscal assistant. This report includes all invoices that were presented to the agency for payment during the two-week period. If entries/amounts do not match, the agency fiscal officer performs a line-by-line account review to find why there is a variance. If an error is found, it is identified by account, date and amount and a correction note is made. This information is forwarded to the Commissioner's office and if necessary, the clerk in charge of the general ledger adjusts the general ledger and emails a response to the agency's fiscal officer.

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To assess the sufficiency of these procedures, we reviewed the third quarter account detail history generated from the county's Tyler Munis system and verified the agency compared these reports with the agency's records on May 4, 2021.

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

SECTION 4

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

Susquehanna County Children and Youth Failed to Provide Complete Financial Records and Supporting Documentation to Substantiate Reported Expenditures and Failed to Report Expenditures on the Accrual Basis of Accounting

Condition: During our current engagement, for the 2019-2020 and 2020-2021 fiscal years, we could not conclude on the accuracy of expenditures reported on the agency's submitted CY-370 Expenditures Reports and in the agency's respective general ledgers. We could not perform sufficient testing of the expenditures as reflected in the accounting records or the fiscal reports because we could not determine the total population of invoices paid for costs accounted for in the Operating, Purchased Services, and Fixed Assets objects of expenditures.

We asked the agency to provide us with the 2019-2020 and 2020-2021 expenditure ledgers to confirm total expenditures as reported on the agency's submitted CY-370 Expenditure reports. We received an expenditure summary referred to as the "FI Master" that was based on bi-weekly lists of invoices referred to as the "Check List". The FI Master cost center totals and grand total did not reconcile to the CY-370 Expenditure Report totals submitted to the Commonwealth Department of Human Services (DHS). According to agency management, there were variances because of formula errors when the Check List amounts were transferred to the FI Master. As an alternative, we referred to the bi-weekly Check Lists, which showed payments to providers and the corresponding object of expenditure and type of expenditure. When we compared the totals for the Subsidies, Operating, Purchased Services, and Fixed Assets objects of expenditures to the agency submitted CY-370 Expenditure Report totals, there were significant variances that the agency could not sufficiently explain. For the 2019-2020 fiscal year, the total agency submitted CY-370 Expenditure Report expenditures were \$74,081 less than the total amount of expenditures shown on the agency's Check Lists. For the 2020-2021 fiscal year, the total agency submitted CY-370 Expenditure Report expenditures were \$1,898 less than the total amount of expenditures shown on the agency's Check List.

In addition, agency management informed us expenditures were not reported on the accrual basis of accounting from July 1, 2019 to April 2021, as required by DHS guidance for complying with Act 148 regulations; rather, agency transactions were incorrectly recorded by the date posted instead of by the date of service per the accrual basis of accounting.

Criteria:

The following sections of Title 55, Pa. Code § 3170. Allowable Costs and Procedures for County Children and Youth:

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- *Section 3170.91. County Responsibility. 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 3170.92(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 3170.95(a). Accounting.* Agency directors shall follow standard accounting principles and procedures for recording financial activity and maintain ledgers in sufficient detail for necessary fiscal management and adhere to the policies prescribed in § 3170.92(b) and (c) (relating to accountability for expenditures for clients).
- *Section 3170.95(b). Accounting.* Transactions entered in the records shall be identified in such a way as to permit them to be traced back to their source. Coding of these transactions shall be accomplished in a manner which shall enable county children and youth agencies to translate their financial accounts into the account structure prescribed by the Department for purposes of auditing and fiscal reporting.

DHS Children Youth & Families Bulletins 3140-20-02 and 3140-21-01 “Fiscal year 2019-2020 and 2020-2021 Act 148 Invoicing & Medicaid Invoicing Procedures for County Child Welfare Services”, which states, in part:

- “Report expenditures on an accrual basis in the appropriate cost centers and intermediate objects of expenditure in accordance with the Department’s regulations.”
- “Report revenues on an accrual basis in cost centers where the related expenditures are reported in accordance with the Department’s regulations.”

Cause: The agency failed to implement proper review and approval procedures to ensure that financial records are complete, all paid invoices are appropriately accounted for, and that expenditure amounts reported on the agency’s submitted CY-370 Expenditure Reports are accurate and reconciled to supporting paid invoices and ledgers prior to submitting these reports to the Commonwealth DHS. In addition, we were informed by agency management that the current Fiscal Officer was not trained in the use of the F1 Master and was self-taught. This

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individual attempted to use the form, but many formulas were changed, and no conclusions could be made from the numbers. This individual proceeded to file the Act 148 fiscal reports using only the Check Lists and expenditures were not reported in the proper fiscal year because the invoice posting date was used instead of the date of service. It was also noted that the period under review was during the COVID-19 pandemic and daily operations were disrupted by staffing issues, illness, and adaptations to facilitate the continued operations of the agency.

Effect: Our inability to determine whether the amounts reported on the agency's submitted CY-370 Expenditure Report and the agency's general ledger are accurate and based on the accrual basis of accounting, in addition to being unable to identify the entire population of expenditure invoices in order to perform invoice testing, increased the likelihood that errors and/or misappropriation of agency assets could have taken place and not have been detected, which could have led to inappropriate state reimbursement and/or loss of state/federal funding.

Recommendations: We again recommend that the agency establish and implement effective internal control procedures over the financial record-keeping and maintenance of supporting documentation to ensure all amounts reported on the agency's submitted CY-370 Expenditure Reports represent actual expenditures incurred on the accrual basis of accounting for the respective fiscal year and can be sufficiently substantiated to justify payment by the Commonwealth DHS. This could be achieved by the agency implementing independent review procedures to ensure the financial records and submitted fiscal reports are reviewed for completeness and accuracy and to verify whether supporting documentation exists for all expenditures included on the submitted fiscal reports prior to submission to Commonwealth DHS.

Agency Response: The agency declined to provide a written response to the finding.

Auditor's Conclusion: During our next engagement, we will determine whether sufficient review procedures were implemented to ensure supporting documentation exists and expenditures were properly reported on the CY-370 Expenditure Report submitted to the Commonwealth DHS.

SUSQUEHANNA COUNTY CHILDREN AND YOUTH AGENCY
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This report was originally distributed to the following:

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