

AMENDED FISCAL REPORT
For Fiscal Year:

July 1, 2017 to June 30, 2018

Adams County
Children and Youth Agency

March 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 Adams County
Adams County Courthouse
117 Baltimore Street
Gettysburg, PA 17325

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 Adams County Children and Youth Agency (agency), legally known as Adams 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 year July 1, 2017 to June 30, 2018. The scope of our engagement was limited to the fiscal report submitted to the Department of Human Services (DHS) as part of the Act 148 Invoice Packages for the fiscal year ended 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 conducted, nor was it required to be, in accordance with professional auditing or attestation standards. We believe that our engagement procedures provided us a reasonable basis to ascertain and certify the actual Commonwealth expenditures incurred on behalf of children residing within Adams County.

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

Independent Auditor's Report (Continued)

The procedures we performed during this engagement resulted in no adjustments to the agency's submitted fiscal report for the fiscal year included in our engagement scope period. The fiscal reports for the 2017-2018 fiscal year are included in Section 1 of this report.

In addition, we found that the agency complied with the two findings included in our prior engagement report, as detailed in Section 2 of this report.

Finally, 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 3 of this report.

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

The results of our engagement procedures, as presented in this report, were discussed with County representatives and agency management at an exit conference call held on March 12, 2020.

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

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

Sincerely,



Eugene A. DePasquale
Auditor General

March 13, 2020

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BACKGROUND

The Department of the Auditor General is responsible for reviewing the fiscal reports, known as the submitted CY-370 Expenditure Report, the CY-370A Revenue Report, and the CY-348 Fiscal Summary of the 67 County Children and Youth Agencies to determine proper reporting and utilization of funds according to program regulations and guidelines under the Human Services Code 62 P.S. § 704.1(a)(4). The annual state Act 148 allocations are used by the Counties to administer social services for the children and youth that reside within the Commonwealth of Pennsylvania, whose stated goal is “to ensure, for each child in this Commonwealth, a permanent, legally assured family which protects the child from abuse and neglect.” According to information provided by the Department of Human Services (DHS), Office of Children, Youth and Families (OCYF), the Adams County Children and Youth Agency provided in-home and placement services to 1,632 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, 2017 to JUNE 30, 2018

**ADAMS 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		\$	4,451,573
Supplemental Act 148			<u>52,311</u>
Total State Allocation			4,503,884
State Share (CY348) ²	\$		4,503,884
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	4,503,884
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	4,503,884
Actual Act 148 Revenues Received ⁴			<u>4,503,884</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.

ADAMS 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	67,244	100	10,713	0	0	0	0	0	56,431	56,431	0
02. 90% REIMBURSEMENT	47,679	50	6,972	0	0	0	0	0	40,657	36,591	4,066
03. 80% REIMBURSEMENT	6,247,720	133,615	1,061,768	150,288	51,465	124,587	0	0	4,725,997	3,780,798	945,199
04. 60% REIMBURSEMENT	1,111,633	30,671	88,428	0	0	0	0	5,376	987,158	592,295	394,863
05. 50% REIMBURSEMENT	75,537	0	0	0	0	0	0	0	75,537	37,769	37,768
06. TOTAL NET CHILD WELFARE EXPEND.	7,549,813	164,436	1,167,881	150,288	51,465	124,587	0	5,376	5,885,780	4,503,884	1,381,896
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	70,971	3							70,968	42,581	28,387
08. NON-REIMBURSABLE EXPENDITURES	43,350	0							43,350		43,350
09. TOTAL EXPENDITURES	7,664,134	164,439	1,167,881	150,288	51,465	124,587	0	5,376	6,000,098	4,546,465	1,453,633
10. TOTAL TITLE IV-D COLLECTIONS	105,484										
11. TITLE IV-D Collections for IV-E Children	26,507										
12. STATE ACT 148 - line 6	4,503,884										
13. STATE ACT 148 ALLOCATION	4,503,884										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	4,503,884										
INVOICE											
AMENDED STATE SHARE (ACT 148)	4,503,884										
ACT 148 AMOUNT RECEIVED	4,503,884										
ADJUSTMENT TO STATE SHARE	0										

ADAMS COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
 AMENDED C3370A
 REVENUE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
IN-HOME	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Denomination Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
I-A	67,244	100		10,713						56,431	56,431	0
I-B	826,003	0	384,049	5,000						436,954	349,563	87,391
I-C	136,620	0	29,750							106,870	85,496	21,374
I-D	352,557	0		12	150,288					202,257	161,806	40,451
I-E	248,540	0		70						248,470	198,776	49,694
I-F	2,412	0								2,412	1,930	482
I-G	12,184	0								12,184	9,747	2,437
I-H	35,937	0								35,937	28,750	7,187
I-I		0								0	0	0
I-J	299,563	350		47,917						251,296	201,037	50,259
I-K	24,208	50		3,856						20,302	16,242	4,060
I-L		0								0	0	0
I-M	682,811	650		70,966						611,195	488,956	122,239
I-N	1,846,360	2,750		284,739						1,558,871	1,247,097	311,774
I-O		0								0	0	0
I-P	49,740	0								49,740	24,870	24,870
I-Q		0								0	0	0
I-R	4,584,179	3,900	413,799	423,273	150,288					3,592,919	2,870,701	722,218
SUBTOTAL IN-HOME												
COMMUNITY BASED PLACEMENT												
2-A	0	0								0	0	0
2-B	0	0								0	0	0
2-C	159,502	4,248	30,704							124,550	99,640	24,910
2-D	363,996	15,766	4,877							343,353	274,682	68,671
2-E	47,679	50	1,990	4,982						40,657	36,591	4,066
2-F		0								0	0	0
2-G	1,202,778	109,207	97,587	102,241		51,465	124,587			717,691	574,153	143,538
2-H	12,182	284								11,898	9,518	2,380
2-I	4,144	0								4,144	3,315	829
2-J	37,923	310								37,613	30,090	7,523
2-K	1,828,204	129,865	135,158	107,223		51,465	124,587			1,279,906	1,027,989	251,917
SUBTOTAL CBP												
INSTITUTIONAL PLACEMENT												
3-A	25,797	0								25,797	12,899	12,898
3-B	0	0								0	0	0
3-C	265,869	3,981	26,855							235,033	141,020	94,013
3-D	427,087	25,050								402,037	241,222	160,815
3-E	70,971	3								70,968	42,581	28,387
3-F	789,724	29,034	26,855							733,835	437,722	296,113
SUBTOTAL INSTITUTIONAL												
ADMINISTRATION	418,677	1,640		61,573					5,376	350,088	210,053	140,035
TOTAL REVENUES	7,620,784	164,439	575,812	592,069	150,288	51,465	124,587	0	5,376	5,956,748	4,546,465	1,410,283

ADAMS COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
 AMENDED CY17/0
 EXPENDITURE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reimbursable Non PS/Sub.	Non-Reim. Purchased Serv./Subsidies	Program Income related to all Non-Reimbursable
IN-HOME												
1-A ADOPTION SERVICE	39,856	17,612		7,059	0	2,717	67,244	26	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	869,353	0	0	0	869,353	0	96	0	43,350	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	136,620	0	0	0	136,620	0	14	0	0	0
1-D COUNSELING - DEPENDENT	0	0		70	352,487	0	352,557	0	140	0	0	0
1-E COUNSELING - DELINQUENT	0	0		804	247,736	0	248,540	0	127	0	0	0
1-F DAY CARE	0	0		0	2,412	0	2,412	0	6	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	12,184	0	12,184	0	2	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	35,937	0	35,937	0	5	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	168,294	97,123		24,638	0	9,508	299,563	967	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	13,058	6,501		3,291	0	1,358	24,208	48	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	248,512	121,570		59,021	236,050	17,658	682,811	903	509	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	1,006,088	488,734		229,883	46,948	74,707	1,846,360	1,415	53	0	0	0
1-O SERVICE PLANNING	0	0		0	0	0	0	0	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	49,740		49,740	0	174	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	1,475,808	731,540	1,005,973	324,766	983,494	105,948	4,627,529			0	43,350	0
Number of Children receiving only NON-PURCHASED IN-Home Services 156												
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	159,502	0	159,502	905	7	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	187	363,809	0	363,996	1,574	21	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	17,523	8,585	0	3,682	16,531	1,358	47,679	68	3	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	249,907	119,208	0	125,963	687,325	20,375	1,202,778	13,217	83	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	12,182	0	12,182	156	2	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	1,122	0	3,022	0	4,144	151	1	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	37,923	0	37,923	194	1	0	0	0
2-K SUBTOTAL CBP	267,430	127,793	1,122	129,832	1,280,294	21,733	1,828,204	16,265	118	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	25,797	0	25,797	89	4	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	265,869	0	265,869	1,164	18	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	196	426,891	0	427,087	1,435	7	0	0	0
3-E YDC SECURE	0	0	0	0	70,971	0	70,971	123	1	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	196	789,528	0	789,724	2,811	30	0	0	0
4 ADMINISTRATION	137,665	58,343	0	214,519	0	8,150	418,677			0	0	0
5 TOTAL EXPENDITURES	1,880,903	917,676	1,007,095	669,313	3,053,316	135,831	7,664,134			0	43,350	0
County Indirect Costs = \$ 192,632												

**ADAMS 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	\$ 67,244	\$ 0	\$ 67,244
Adoption Assistance	869,353	0	869,353
Subsidized Permanent Legal Custodianship	136,620	0	136,620
Counseling	601,097	0	601,097
Day Care	2,412	0	2,412
Day Treatment	48,121	0	48,121
Homemaker Service	0	0	0
Intake and Referral	299,563	0	299,563
Life Skills	24,208	0	24,208
Protective Service - Child Abuse	682,811	0	682,811
Protective Service - General	1,846,360	0	1,846,360
Service Planning	0	0	0
Juvenile Act Proceedings	49,740	0	49,740
Alternative Treatment	0	0	0
Community Residential	523,498	0	523,498
Emergency Shelter	47,679	0	47,679
Foster Family	1,214,960	0	1,214,960
Supervised Independent Living	42,067	0	42,067
Juvenile Detention Service	25,797	0	25,797
Residential Service	265,869	0	265,869
Secure Residential Service (Except YDC)	427,087	0	427,087
YDC Secure	70,971	0	70,971
Administration	418,677	0	418,677
Combined Total Expense	<u>7,664,134</u>	<u>0</u>	<u>7,664,134</u>
Less Non-reimbursables	<u>43,350</u>	<u>0</u>	<u>43,350</u>
Total Net Expense	<u>\$ 7,620,784</u>	<u>\$ 0</u>	<u>\$ 7,620,784</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,880,903	\$ 0	\$ 1,880,903
Employee Benefits	917,676	0	917,676
Subsidies	1,007,095	0	1,007,095
Operating	669,313	0	669,313
Purchased Services	3,053,316	0	3,053,316
Fixed Assets	135,831	0	135,831
Combined Total Expense	<u>7,664,134</u>	<u>0</u>	<u>7,664,134</u>
Less Non-reimbursables	<u>43,350</u>	<u>0</u>	<u>43,350</u>
Total Net Expense	<u>\$ 7,620,784</u>	<u>\$ 0</u>	<u>\$ 7,620,784</u>

SECTION 2

STATUS OF PRIOR ENGAGEMENT FINDINGS AND RECOMMENDATIONS

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

Finding No. 1 – Noncompliance: Failure to Perform Annual Physical Inventories of Fixed Assets (Resolved)

In our prior engagement report, for the fiscal years July 1, 2014 to June 30, 2017, we issued a repeat finding citing the Adams County Children and Youth Agency (agency) for its continued failure to perform annual physical inventories of fixed assets. During our current engagement for the 2017-2018 fiscal year, we determined that the agency adhered to our recommendations by implementing and documenting in writing a fixed asset inventory review policy and related procedures and provided evidence that a physical inventory of the agency's fixed assets was conducted annually. Therefore, we concluded that the agency implemented appropriate corrective action to address this prior engagement finding and thus, the finding is resolved.

Finding No. 2 – The Adams County Children and Youth Agency Should Develop and Implement Internal Control Policies and Procedures in Order to Reduce the Risk of Paying Overbillings or Fraudulent Billings by Contracted In-Home Purchased Service Providers (Resolved)

In our prior engagement report, for the fiscal years July 1, 2014 to June 30, 2017, 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's contract terms. Agency management thought their invoice review and approval procedures were sufficient to reduce the risk of paying overbillings or fraudulent billings included on invoices submitted by these providers, but we concluded that the agency's policies and procedures were not strong enough to reduce this risk. In addition, the agency could not provide us evidence substantiating that fiscal staff performed the internal control procedures described in its written policy. We concluded that the agency did not have sufficient controls in place to reduce the agency's risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

Our current engagement scope period included the 2017-2018 fiscal year. During the conduct of our current engagement, we obtained evidence substantiating that, as of June 20, 2018, the agency implemented sufficient fiscal-related monitoring policy and procedures designed to reduce the agency's risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers and to obtain reasonable assurance that services related to costs invoiced by these providers were actually provided and provided in adherence to executed contract terms.

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

The agency's fiscal-related monitoring policy for In-Home Purchased Service providers states the agency will annually perform on-site fiscal-related monitoring of all contracted In-Home Purchased Service providers and compare submitted invoices to the respective provider's records substantiating the number of units invoiced by Fee-for-Service providers and operating costs invoiced by Program-Funded providers. Furthermore, the procedures specified that when supporting documentation is not available, or if the supporting documentation does not fully substantiate the invoiced number of units or operating costs, the provider is contacted to resolve the issue. The procedures further specified that a corrective action plan is to be developed and the provider will submit a revised invoice or a future invoice will be reduced by the amount in question.

To assess the sufficiency of these procedures, we reviewed several on-site monitoring reports for monitoring performed during the 2018-2019 and 2019-2020 fiscal years and all included an explanation of what specific supporting documentation was compared to the invoices selected for testing to substantiate the invoiced number of units or provider operating costs, along with the results of the review and a conclusion.

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

SECTION 3

CURRENT ENGAGEMENT OBSERVATION

ADAMS COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

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

The Child Protective Services Law (CPSL) requires the conduct of criminal background checks and child abuse history clearances (certifications) for all employees and direct volunteers of county children and youth (C&Y) agencies as well as the volunteers/employees of these agencies’ contractors (providers) and subcontractors (sub-recipients).¹ 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,² 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 Adams County Children and Youth Agency provided in-home and placement services to 1,632 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

¹ 23 Pa.C.S. §§ 6344 and 6344.2.

² This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2019, via Finding 2019-009).

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timeliness of the completion and approval of these annual inspections and 2) whether the CPSL adherence of any potential sub-recipients used by these providers are being monitored.³

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.⁴ 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.⁵ 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

³ This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2019, via Finding 2019-009).

⁴ 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.

⁵ In our Department's opinion "direct monitoring" consists of C&Y agencies routinely performing procedures to obtain reasonable assurance that their *contracted In-Home Preventative Service providers* and their sub-recipients are properly vetting a representative sample of the background checks and child abuse history clearances of their employees and volunteers to identify, and properly address, any identified disqualifying convictions.

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volunteers, this Department will continue to raise concerns about the risks posed to the safety of these vulnerable children.⁶

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 providers⁷ 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.⁸ 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.

⁶ The *2017 Annual Child Protective Services Report* notes that the DHS' Office of Children, Youth and Families (OCYF) and its regional offices (in Philadelphia, Scranton, Harrisburg, and Pittsburgh) have responsibilities that include, among others: "Monitoring, licensing, and providing technical assistance to CCYA and private children and youth agencies and facilities." [Emphasis added.], p. 7; http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c_275378.pdf, accessed August 3, 2018.

⁷ This includes *contracted In-Home Preventative Service providers* and their sub-recipients.

⁸ As of the date of this report, DHS has not notified us that the Single Audit Supplement has been updated.

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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. Our Department again wishes to re-emphasize that any failure to perform such monitoring puts the safety of these vulnerable children at great risk.

Greater Scrutiny of Arrest and Conviction Records

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

Auditor General Senior Management's Follow-up Conclusion Statement

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

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

¹⁰ 23 Pa.C.S. § 6344.4.

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

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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 one to five years (i.e., 60 months) after being obtained, we believe that a greatly heightened awareness of these providers and sub-recipients' arrest and conviction records and child abuse adjudications is warranted.¹²

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

Finally, we requested that DHS reach out to, and work with, the chairs of the legislative committees of the Pennsylvania Senate and House of Representatives who help to protect the wellbeing of Pennsylvania children and youth to amend the Human Services Code to include provisions requiring the licensure and annual inspections of *contracted In-Home Preventative Service providers and their subcontractors (sub-recipients)*.¹³

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

¹³ 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: "The County would like it noted that we review all personnel records for CPSL compliance during our annual onsite contract monitoring for in-home providers." 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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