

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

Armstrong County Children and Youth Agency

February 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov**

**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

Independent Auditor's Report

The Commissioners of Armstrong County
450 East Market Street, Suite 200
Kittanning, PA 16201

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 Armstrong County Children and Youth Agency (agency), legally known as Armstrong 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, 2017 to June 30, 2018, and July 1, 2018 to June 30, 2019. 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, 2018, and June 30, 2019.

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 Armstrong 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 and 2018-2019 fiscal years based on the accrual basis of accounting.

Independent Auditor's Report (Continued)

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

- For the **2017-2018 fiscal year**, our engagement resulted in one adjustment being made to the agency's submitted fiscal reports. While the adjustment in total impacted the agency's Final Net State Share by decreasing Program Income by \$1,172, the agency cannot receive state reimbursement in excess of the Total State Act 148 Allocation. Thus, there is no impact on the Final Net State Share Payable, and no amount is due to the county because the agency's expenditures exceeded the Total State Act 148 Allocation by \$938. This adjustment is detailed in our amended fiscal reports for fiscal year 2017-2018, as included in Section 1 of this report.
- For the **2018-2019 fiscal year**, our engagement resulted in no adjustments being made to the agency's submitted fiscal reports, which are presented in Section 2 of this report.

In addition, we found that the agency did not comply with the recommendations in the finding included in our prior engagement report, as detailed in Section 3 of this report. This resulted in the issuance of the following repeat finding, which is detailed in Section 4 of this report.

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

Furthermore, we updated our Child Protective Services Law Observation to include DHS corrective actions taken and our current position, as listed below and detailed in Section five of this report.

Observation – Pennsylvania Department of Human Services is Making Strides in Increasing the Protection of At-Risk Children in the Care of Contracted In-Home Preventative Service Providers; Risk that has been Further Exacerbated by the Current COVID-19 Crisis.

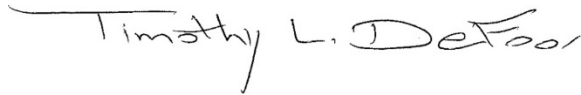
The results of our engagement procedures, as presented in this report, were discussed with agency management at an exit conference held on February 11, 2021.

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 our amended fiscal reports. You will be notified by DHS of the decisions made regarding the approval and finalization of the adjustment amount during the DHS settlement process and the impact, if any, on a future Act 148 payment. At that time, in accordance with the Commonwealth's General Rules of Administrative Practice and Procedure, 1 Pa. Code § 31.1 *et seq.*, you will be afforded the opportunity by Commonwealth DHS to appeal its settlement process decision.

Independent Auditor's Report (Continued)

We appreciate the cooperation, assistance, and courtesy granted our representatives by your officials and the staff of the Armstrong County Children and Youth Agency. If you have any questions, please feel free to contact Tracie Fountain, CPA, Director, Bureau of Children and Youth Services Audits at 717-787-1159.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Timothy L. DeFoor
Auditor General

February 19, 2021

CONTENTS

	Page
<u>Background</u>	1
<u>Section 1 – Amended Fiscal Reports for the Fiscal Year July 1, 2017 to June 30, 2018</u>	
Amended Computation of Final Net State Share	3
Amended CY-348 - Fiscal Summary	4
Amended CY-370A - Revenue Report	5
Amended CY-370 - Expenditure Report.....	6
Amended Summary of Expense and Expense Adjustments	7
Adjustment Schedule	8
<u>Section 2 – Amended Fiscal Reports for the Fiscal Year July 1, 2018 to June 30, 2019</u>	
Amended Computation of Final Net State Share.....	10
Amended CY-348 - Fiscal Summary	11
Amended CY-370A - Revenue Report	12
Amended CY-370 - Expenditure Report.....	13
Amended Summary of Expense and Expense Adjustments	14
<u>Section 3 – Status of Prior Engagement Finding and Recommendation</u>	16
<u>Section 4 – Current Engagement Finding and Recommendation</u>	18
<u>Section 5 – Current Engagement Observation</u>	24
<u>Report Distribution List</u>	28

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 Armstrong County Children and Youth Agency provided in-home and placement services to 1,512 children residing within the County during the 2018-2019 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

**ARMSTRONG COUNTY C&Y 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	\$	2,160,069
Supplemental Act 148		<u>64,877</u>
Total State Allocation		2,224,946
State Share (CY348) ²	\$	2,225,884
Less: Major Service Category Adjustment		<u>0</u>
Net State Share	\$	2,225,884
Less: Expenditures in Excess of the Approved State Allocation		<u>938</u>
Final Net State Share Payable ³	\$	2,224,946
Actual Act 148 Revenues Received ⁴		<u>2,224,946</u>
Net Amount Due County/(State) ⁵	\$	<u>0</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 No amount is due to the County or State because the Children and Youth Agency's expenditures exceeded the Total State Act 148 Allocation by \$938, as detailed on this page. While our adjustments resulted in a decrease of \$1,172 in revenue, as detailed on page 8 of this report, the result is an increase in the agency expenditures for said fiscal year, and the agency cannot receive state reimbursement in excess of the Total Act 148 Allocation. Thus, there is no impact on the the Final Net State Share of Expenditures.

ARMSTRONG COUNTY C&Y 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	PROGRAM	TITLE	TANF	TITLE	TITLE	Child Welfare Demonstration Project Title IV-E	MEDICAL	NET	STATE	LOCAL
	TOTAL	INCOME	IV-E		XX	IV-B		ASSISTANCE	TOTAL	ACT 148	SHARE
NET CHILD WELFARE EXPENDITURES											
01. 100% REIMBURSEMENT	34,831	0	5,019	0	0	0	0	0	29,812	29,812	0
02. 90% REIMBURSEMENT	113,190	0	15,776	0	0	0	0	0	97,414	87,672	9,742
03. 80% REIMBURSEMENT	3,502,314	95,614	590,653	227,935	60,853	178,151	0	0	2,349,108	1,879,286	469,822
04. 60% REIMBURSEMENT	415,337	9,505	50,015	0	0	0	0	3,173	352,644	211,586	141,058
05. 50% REIMBURSEMENT	35,054	0	0	0	0	0	0	0	35,054	17,528	17,526
06. TOTAL NET CHILD WELFARE EXPEND.	4,100,726	105,119	661,463	227,935	60,853	178,151	0	3,173	2,864,032	2,225,884	638,148
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	120,593	3,403							117,190	70,314	46,876
08. NON-REIMBURSABLE EXPENDITURES	56,193	1,172							55,021		
09. TOTAL EXPENDITURES	4,277,512	109,694	661,463	227,935	60,853	178,151	0	3,173	3,036,243	2,296,198	740,045
10. TOTAL TITLE IV-D COLLECTIONS	28,821										
11. TITLE IV-D Collections for IV-E Children	6,522										
12. STATE ACT 148 - line 6	2,225,884										
13. STATE ACT 148 ALLOCATION	2,224,946										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	2,224,946										
INVOICE											
AMENDED STATE SHARE (ACT 148)	2,225,884										
ACT 148 AMOUNT RECEIVED	2,224,946										
ADJUSTMENT TO STATE SHARE	938										

**ARMSTRONG COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
AMENDED CY370A
REVENUE REPORT**

MAJOR SERVICE CATEGORIES & COST CENTERS	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
IN-HOME												
I-A ADOPTION SERVICE	34,831	0	0	5,019	0	0	0	0	0	29,812	29,812	0
I-B ADOPTION ASSISTANCE	285,983	4,812	142,145	2,531	0	0	0	0	0	136,495	109,196	27,299
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	49,773	9,495	10,469	0	0	0	0	0	0	29,809	23,847	5,962
I-D COUNSELING - DEPENDENT	153,688	0	0	0	22,344	0	0	0	0	131,344	105,075	26,269
I-E COUNSELING - DELINQUENT	76,334	0	0	0	31,007	0	0	0	0	45,327	36,262	9,065
I-F DAY CARE	381	0	0	0	0	0	0	0	0	381	305	76
I-G DAY TREATMENT - DEPENDENT	147,052	0	0	6,000	86,240	0	0	0	0	54,812	43,850	10,962
I-H DAY TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
I-I HOMEMAKER SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
I-J INTAKE & REFERRAL	390,987	0	0	56,399	0	0	0	0	0	334,588	267,670	66,918
I-K LIFE SKILLS - DEPENDENT	61,172	0	0	3,951	0	0	0	0	0	57,221	45,777	11,444
I-L LIFE SKILLS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	268,225	0	0	36,218	9,718	0	0	0	0	222,289	177,831	44,458
I-N PROTECTIVE SERVICE - GENERAL	617,412	7,982	0	57,507	78,626	60,853	0	0	0	412,444	329,955	82,489
I-O SERVICE PLANNING	234,321	0	0	33,781	0	0	0	0	0	200,540	160,432	40,108
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT	32,429	0	0	0	0	0	0	0	0	32,429	16,215	16,214
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
I-R SUBTOTAL IN-HOME	2,352,588	22,289	152,614	201,406	227,935	60,853	0	0	0	1,687,491	1,346,227	341,264

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	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	303,308	8,129	41,959	13,891	0	0	0	0	0	239,329	191,463	47,866
2-D COMMUNITY RESIDENTIAL - DELINQUENT	334,315	15,257	60,653	0	0	0	0	0	0	258,405	206,724	51,681
2-E EMERGENCY SHELTER - DEPENDENT	84,493	0	8,679	7,097	0	0	0	0	0	68,717	61,845	6,872
2-F EMERGENCY SHELTER - DELINQUENT	28,697	0	0	0	0	0	0	0	0	28,697	25,827	2,870
2-G FOSTER FAMILY - DEPENDENT	569,861	49,939	79,195	44,411	0	0	178,151	0	0	218,165	174,532	43,633
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	9,502	0	1,543	0	0	0	0	0	0	7,959	6,367	1,592
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	1,330,176	73,325	192,029	65,399	0	0	178,151	0	0	821,272	666,758	154,514

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	2,625	0	0	0	0	0	0	0	0	2,625	1,313	1,312
3-B RESIDENTIAL SERVICE - DEPENDENT	13,575	753	0	1,958	0	0	0	0	0	10,864	6,518	4,346
3-C RES. SERVICE - DELINQUENT (NON YDC/WFC)	67,225	0	0	0	0	0	0	0	0	67,225	40,335	26,890
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	0	0	0	0	0	0	0	0
3-E YDC SECURE	120,593	3,403	0	0	0	0	0	0	0	117,190	70,314	46,876
3-F SUBTOTAL INSTITUTIONAL	204,018	4,156	0	1,958	0	0	0	0	0	197,904	118,480	79,424
4 ADMINISTRATION	334,537	8,752	0	48,057	0	0	0	0	3,173	274,555	164,733	109,822
5 TOTAL REVENUES	4,221,319	108,522	344,643	316,820	227,935	60,853	178,151	0	3,173	2,981,222	2,296,198	685,024

ARMSTRONG COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
 AMENDED CY370
 EXPENDITURE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reimbursable Non PS,Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
IN-HOME												
1-A ADOPTION SERVICE	16,961	12,237		5,147	0	486	34,831	27	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	285,983	0	0	0	285,983	0	39	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	49,773	0	0	0	49,773	0	10	0	0	0
1-D COUNSELING - DEPENDENT	0	0		0	153,688	0	153,688	0	61	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	76,334	0	76,334	0	16	0	0	0
1-F DAY CARE	0	0		0	381	0	381	0	2	0	0	0
1-G DAY TREATMENT - DEPENDENT	21,845	13,321		5,942	105,458	486	147,052	16	16	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	206,318	148,442		30,878	0	5,349	390,987	1,302	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	16,651	8,558		1,955	33,765	243	61,172	26	26	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	144,344	74,729		29,405	17,078	2,675	268,231	260	16	6	0	0
1-N PROTECTIVE SERVICE - GENERAL	202,264	131,898		60,448	218,245	5,106	617,961	1,333	128	549	0	0
1-O SERVICE PLANNING	131,757	77,397		22,006	0	3,161	234,321	279	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	32,429		32,429	0	139	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	740,140	466,582	335,756	155,781	637,378	17,506	2,353,143			555	0	0
Number of Children receiving only NON-PURCHASED IN-Home Services 1,245												
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	45,201	32,600	0	18,907	205,608	1,216	303,532	1,335	15	224	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	334,315	0	334,315	1,752	11	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	15,064	9,514	0	13,586	45,843	486	84,493	927	39	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	0	28,697	0	28,697	169	8	0	0	0
2-G FOSTER FAMILY - DEPENDENT	97,242	56,793	0	51,540	362,538	2,189	570,302	10,288	61	141	300	1,172
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	9,502	0	9,502	48	1	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	157,507	98,907	0	84,033	986,503	3,891	1,350,841	14,519	135	365	300	1,172
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	2,625	0	2,625	15	1	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	6,417	4,845	0	2,070	0	243	13,575	0	0	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	67,225	0	67,225	209	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	120,593	0	120,593	209	1	0	0	0
3-F SUBTOTAL INSTITUTIONAL	6,417	4,845	0	2,070	190,443	243	204,018	433	4	0	0	0
4. ADMINISTRATION	113,461	85,504	0	187,870	0	2,675	389,510			54,973	0	0
5. TOTAL EXPENDITURES	1,017,525	655,838	335,756	429,754	1,814,324	24,315	4,277,512			55,893	300	1,172
County Indirect Costs = \$ 149,124												

**ARMSTRONG COUNTY C&Y 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	\$ 34,831	\$ 0	\$ 34,831
Adoption Assistance	285,983	0	285,983
Subsidized Permanent Legal Custodianship	49,773	0	49,773
Counseling	230,022	0	230,022
Day Care	381	0	381
Day Treatment	147,052	0	147,052
Homemaker Service	0	0	0
Intake and Referral	390,987	0	390,987
Life Skills	61,172	0	61,172
Protective Service - Child Abuse	268,231	0	268,231
Protective Service - General	617,961	0	617,961
Service Planning	234,321	0	234,321
Juvenile Act Proceedings	32,429	0	32,429
Alternative Treatment	0	0	0
Community Residential	637,847	0	637,847
Emergency Shelter	113,190	0	113,190
Foster Family	570,302	0	570,302
Supervised Independent Living	9,502	0	9,502
Juvenile Detention Service	2,625	0	2,625
Residential Service	80,800	0	80,800
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	120,593	0	120,593
Administration	389,510	0	389,510
Combined Total Expense	<u>4,277,512</u>	<u>0</u>	<u>4,277,512</u>
Less Non-reimbursables	<u>56,193</u>	<u>0</u>	<u>56,193</u>
Total Net Expense	<u>\$ 4,221,319</u>	<u>\$ 0</u>	<u>\$ 4,221,319</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,017,525	\$ 0	\$ 1,017,525
Employee Benefits	655,838	0	655,838
Subsidies	335,756	0	335,756
Operating	429,754	0	429,754
Purchased Services	1,814,324	0	1,814,324
Fixed Assets	24,315	0	24,315
Combined Total Expense	<u>4,277,512</u>	<u>0</u>	<u>4,277,512</u>
Less Non-reimbursables	<u>56,193</u>	<u>0</u>	<u>56,193</u>
Total Net Expense	<u>\$ 4,221,319</u>	<u>\$ 0</u>	<u>\$ 4,221,319</u>

**ARMSTRONG COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018
ADJUSTMENT SCHEDULE**

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENTS	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370A	2-G	2	1	<p style="text-align: center;">CY-370A Adjustment</p> <p>Foster Family (Dependent) - Program Income</p> <p>To decrease program income by \$1,172 because the amount was erroneously reported twice on the fiscal reports submitted to Commonwealth DHS.</p> <p>Title 55 PA Code, Chapter 3170.95(a)(b)</p>	\$ 51,111	\$ (1,172)	\$ 49,939

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2018 to JUNE 30, 2019

**ARMSTRONG COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	2,330,013
Supplemental Act 148			<u>212,906</u>
Total State Allocation			2,542,919
State Share (CY348) ²	\$		2,542,919
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	2,542,919
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	2,542,919
Actual Act 148 Revenues Received ⁴			<u>2,542,919</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.

ARMSTRONG COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
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	48,392	0	7,768	0	0	0	0	0	40,624	40,624	0
02. 90% REIMBURSEMENT	106,326	0	22,748	0	0	0	0	0	83,578	75,220	8,358
03. 80% REIMBURSEMENT	3,885,501	141,737	724,801	227,936	60,853	133,613	0	0	2,596,561	2,077,249	519,312
04. 60% REIMBURSEMENT	678,443	20,742	55,760	0	0	44,538	0	1,473	555,930	333,559	222,371
05. 50% REIMBURSEMENT	32,533	0	0	0	0	0	0	0	32,533	16,267	16,266
06. TOTAL NET CHILD WELFARE EXPEND.	4,751,195	162,479	811,077	227,936	60,853	178,151	0	1,473	3,309,226	2,542,919	766,307

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

08. NON-REIMBURSABLE EXPENDITURES	68,583	0							68,583		68,583
-----------------------------------	--------	---	--	--	--	--	--	--	--------	--	--------

09. TOTAL EXPENDITURES	4,819,778	162,479	811,077	227,936	60,853	178,151	0	1,473	3,377,809	2,542,919	834,890
------------------------	-----------	---------	---------	---------	--------	---------	---	-------	-----------	-----------	---------

10. TOTAL TITLE IV-D COLLECTIONS 40,391

11. TITLE IV-D Collections for IV-E Children 12,252

12. STATE ACT 148 - line 6 2,542,919

13. STATE ACT 148 ALLOCATION 2,542,919

14. ADJUSTED STATE SHARE (lower of 12 or 13) 2,542,919

INVOICE											
AMENDED STATE SHARE (ACT 148)	2,542,919										
ACT 148 AMOUNT RECEIVED	2,542,919										
ADJUSTMENT TO STATE SHARE	0										

**ARMSTRONG COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
AMENDED CY370A
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 Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
1-A ADOPTION SERVICE	48,392	0		7,768	0			0	0	40,624	40,624	0
1-B ADOPTION ASSISTANCE	329,752	9,379	166,016	2,406				0	0	151,951	121,561	30,390
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	44,137	561	10,467	0				0	0	33,109	26,487	6,622
1-D COUNSELING - DEPENDENT	30,309	0		0	0	0	0	0	0	30,309	24,247	6,062
1-E COUNSELING - DELINQUENT	88,290	0		0	24,254	0	0	0	0	64,036	51,229	12,807
1-F DAY CARE	0	0		0	0	0	0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	173,201	0		6,919	71,470	0	0	0	0	94,812	75,850	18,962
1-H DAY TREATMENT - DELINQUENT	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
1-J INTAKE & REFERRAL	122,169	0		19,568	0	0	0	0	0	102,601	82,081	20,520
1-K LIFE SKILLS - DEPENDENT	462,553	1,241		4,242	131,930	0	0	0	0	325,140	260,112	65,028
1-L LIFE SKILLS - DELINQUENT	10,706	0		0	282	0	0	0	0	10,424	8,339	2,085
1-M PROTECTIVE SERVICE - CHILD ABUSE	438,330	0		69,475	0	0	0	0	0	368,855	295,084	73,771
1-N PROTECTIVE SERVICE - GENERAL	644,122	250		101,867	0	60,853	0	0	0	481,152	384,922	96,230
1-O SERVICE PLANNING	231,814	0		37,243	0	0	0	0	0	194,571	155,657	38,914
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	32,533	0		0	0	0	0	0	0	32,533	16,267	16,266
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	2,656,308	11,431	176,483	249,488	227,936	60,853	0	0	0	1,930,117	1,542,460	387,657

COMMUNITY BASED PLACEMENT	REVENUE SOURCES											
	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	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	358,137	20,178	102,708	11,126				0	0	224,125	179,300	44,825
2-D COMMUNITY RESIDENTIAL - DELINQUENT	178,596	20,988		0				0	0	157,608	126,086	31,522
2-E EMERGENCY SHELTER - DEPENDENT	88,625	0		18,393	4,355	0	0	0	0	65,877	59,289	6,588
2-F EMERGENCY SHELTER - DELINQUENT	17,701	0		0	0	0	0	0	0	17,701	15,931	1,770
2-G FOSTER FAMILY - DEPENDENT	710,332	89,140	115,366	49,778				0	0	322,435	257,948	64,487
2-H FOSTER FAMILY - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	63,053	0		26,125	1,495	0	0	0	0	35,433	28,346	7,087
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	1,416,444	130,306	262,592	66,754	0	0	133,613	0	0	823,179	666,900	156,279

INSTITUTIONAL PLACEMENT	REVENUE SOURCES											
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
3-A JUVENILE DETENTION SERVICE	0	0		0	0	0	0	0	0	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	7,482	0		1,199	0	0	0	0	0	6,283	3,770	2,513
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	328,720	11,246		0				0	0	272,936	163,762	109,174
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0	0	0	0	0	0	0	0	0
3-E YDC SECURE	0	0		0	0	0	0	0	0	0	0	0
3-F SUBTOTAL INSTITUTIONAL	336,202	11,246	0	1,199	0	0	44,538	0	0	279,219	167,532	111,687

4 ADMINISTRATION	342,241	9,496		54,561			0	0	0	1,473	166,027	110,684
5 TOTAL REVENUES	4,751,195	162,479	439,075	372,002	227,936	60,853	178,151	0	1,473	3,309,226	2,542,919	766,307

ARMSTRONG COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
 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	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
1-A ADOPTION SERVICE	22,900	13,814		11,650	0	28	48,392	37	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	329,752	0	0	0	329,752	0	49	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	44,137	0	0	0	44,137	0	5	0	0	0
1-D COUNSELING - DEPENDENT	0	0		0	30,309	0	30,309	0	12	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	88,290	0	88,290	0	20	0	0	0
1-F DAY CARE	0	0		0	0	0	0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	22,400	11,983		8,412	130,387	19	173,201	18	18	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	58,038	48,816		15,221	0	94	122,169	1,384	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	17,279	7,465		1,605	436,195	9	462,553	12	195	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	10,706	0	10,706	0	3	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	245,325	148,087		39,018	0	141	438,331	278	99	1	0	0
1-N PROTECTIVE SERVICE - GENERAL	350,108	218,157		67,332	8,897	206	644,700	1,345	14	578	0	0
1-O SERVICE PLANNING	137,659	74,774		19,268	0	113	231,814	297	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	32,533		32,533	0	146	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	853,709	523,096	373,889	162,506	743,077	610	2,656,887			579	0	0
Number of Children receiving only NON-PURCHASED IN-Home Services 1,309												
COMMUNITY BASED PLACEMENT	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	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	32,844	26,444	0	17,950	281,332	38	358,608	1,470	16	471	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	178,596	0	178,596	1,042	11	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	11,186	6,872	0	8,982	61,576	9	88,625	1,018	42	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	0	17,701	0	17,701	114	6	0	0	0
2-G FOSTER FAMILY - DEPENDENT	109,412	59,876	0	62,646	478,514	85	710,533	14,003	69	201	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	3,911	3,163	0	2,597	53,438	9	63,118	460	2	65	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	157,353	96,355	0	92,175	1,071,157	141	1,417,181	18,107	146	737	0	0
INSTITUTIONAL PLACEMENT	WAGES AND SALARIES	EMPLOYEE BENEFITS	SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	DAYS OF CARE	Children Served (Purchased)	Non-Reimbursable Non PS/Sub.	Non-Reim. Purchased Serv/ Subsidies	Non-Reim. Program Income
3-A JUVENILE DETENTION SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	2,985	2,856	0	1,632	0	9	7,482	0	0	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	248	328,472	0	328,720	1,114	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	2,985	2,856	0	1,880	328,472	9	336,202	1,114	4	0	0	0
4 ADMINISTRATION	120,403	91,011	0	197,916	0	178	409,508			67,267	0	0
5 TOTAL EXPENDITURES	1,134,450	713,318	373,889	454,477	2,142,706	938	4,819,778			68,583	0	0
County Indirect Costs = \$ 163,501												

**ARMSTRONG COUNTY C&Y COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019**

AMENDED

SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 48,392	\$ 0	\$ 48,392
Adoption Assistance	329,752	0	329,752
Subsidized Permanent Legal Custodianship	44,137	0	44,137
Counseling	118,599	0	118,599
Day Care	0	0	0
Day Treatment	173,201	0	173,201
Homemaker Service	0	0	0
Intake and Referral	122,169	0	122,169
Life Skills	473,259	0	473,259
Protective Service - Child Abuse	438,331	0	438,331
Protective Service - General	644,700	0	644,700
Service Planning	231,814	0	231,814
Juvenile Act Proceedings	32,533	0	32,533
Alternative Treatment	0	0	0
Community Residential	537,204	0	537,204
Emergency Shelter	106,326	0	106,326
Foster Family	710,533	0	710,533
Supervised Independent Living	63,118	0	63,118
Juvenile Detention Service	0	0	0
Residential Service	336,202	0	336,202
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	409,508	0	409,508
Combined Total Expense	<u>4,819,778</u>	<u>0</u>	<u>4,819,778</u>
Less Non-reimbursables	<u>68,583</u>	<u>0</u>	<u>68,583</u>
Total Net Expense	<u>\$ 4,751,195</u>	<u>\$ 0</u>	<u>\$ 4,751,195</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 1,134,450	\$ 0	\$ 1,134,450
Employee Benefits	713,318	0	713,318
Subsidies	373,889	0	373,889
Operating	454,477	0	454,477
Purchased Services	2,142,706	0	2,142,706
Fixed Assets	938	0	938
Combined Total Expense	<u>4,819,778</u>	<u>0</u>	<u>4,819,778</u>
Less Non-reimbursables	<u>68,583</u>	<u>0</u>	<u>68,583</u>
Total Net Expense	<u>\$ 4,751,195</u>	<u>\$ 0</u>	<u>\$ 4,751,195</u>

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

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

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

In our prior engagement report, covering the July 1, 2014 to June 30, 2017 fiscal years, we cited the Armstrong County Children and Youth Agency (agency) for a lack of internal control policies and procedures designed to sufficiently reduce the agency’s risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

During the conduct of our current engagement, we determined the cited internal control deficiencies and corresponding risks continued to exist during our current engagement period, from July 1, 2017 until September 26, 2018. However, to reduce the agency’s, risk of paying overbillings and/or fraudulent billings submitted by contracted In-Home Purchased Service providers, we determined that, on September 27, 2018, agency management implemented sufficient policies and procedures to substantiate the number of units listed on submitted Fee-For-Service invoices.

Based on the results of procedures performed during the conduct of our current engagement, we concluded the issuance of a repeat finding is warranted since these control deficiencies, and corresponding risks, continued to exist during our current engagement period, from July 1, 2017 until September 26, 2018. Our repeat finding is included in the Current Engagement Finding and Recommendations section (Section 4) of this report.

SECTION 4

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATION

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

Condition: As detailed in our Status of Prior Engagement Findings and Recommendations section (Section 3) of this report, the Armstrong County Children and Youth Agency (agency) lacked internal control procedures designed to sufficiently reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers. For contracted In-Home Fee-For-Service Purchased Service providers, as cited in the finding included in our prior engagement report, the agency could not provide evidence that substantiated the validity of the number of units invoiced for each individual listed on invoices submitted by these providers.

During the conduct of our current engagement, we determined that the internal control deficiencies and corresponding risks identified during the conduct of our prior engagement continued to exist during the first year and three months of our current two year engagement period, (i.e., from July 1, 2017 until September 26, 2018). As of July 1, 2017, the agency compared invoices for one Independent Living group session provider to monthly reports submitted by the same provider. Client verification forms, which are signed by each child to verify attendance, were only requested from the provider when there was a discrepancy found between the invoices and the monthly reports. Our opinion is sufficient monitoring requires the agency to periodically compare submitted invoices to corresponding independent third party source documentation obtained from treated clients, as opposed to entirely relying upon documentation such as monthly reports developed by the provider. In addition, fiscal-related monitoring procedures were not performed for other In-Home Purchased Services providers until the first on-site visit on September 27, 2018.

We found that, in response to the recommendations included in our prior engagement report, while agency management developed sufficient written fiscal-related monitoring policy and corresponding procedures on January 1, 2018, actual implementation of this policy and corresponding procedures did not occur until September 27, 2018, which is the date that the first In-Home Purchased Service provider on-site visit was conducted. These fiscal-related monitoring policies, and corresponding procedures, require In-Home Purchased Service providers to be reviewed at least annually. The agency selects the invoices and cases for review and compares this information to provider supporting documentation, which includes billing sheets/encounter forms that are signed by the child or parent/guardian as evidence that the invoiced services were actually provided. An agency prepared monitoring report, detailing the

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATION

results of the on-site visit, is discussed with the contracted provider. For any billing discrepancies found, a resolution is determined. We verified that these procedures were in operation on September 27, 2018.

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 Code (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:

The following section 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

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATION

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...”

Cause: The internal control deficiencies, and corresponding risks, continued to exist during our current engagement period, from July 1, 2017 through September 26, 2018. Due to the timing of the conduct of our prior engagement and the time needed to develop a policy and corresponding procedures, agency management did not complete the written policy and procedures until January 1, 2018; however, the corresponding fiscal-related monitoring procedures designed to reduce the risk of paying overbillings and/or fraudulent billings submitted by contracted In-Home Purchased Service providers were not actually performed until September 27, 2018. Agency management explained that scheduling conflicts caused the implementation delay.

Effect: The agency’s lack of implemented fiscal-related monitoring policies and procedures from July 1, 2017 until September 26, 2018, 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 during this time period of:

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

Recommendation: We recommend that agency management continue to perform the recently implemented fiscal-related monitoring procedures in order to reduce the agency’s risk of paying overbillings and fraudulent billings submitted by contracted In-Home Purchased Service providers, including ensuring that the agency obtain reasonable assurance that contracted In-Home Purchased Services were actually provided for the number of units detailed for each individual listed on invoices submitted by Fee-For-Service providers.

We further recommend that agency management ensure that it continues to:

- Notify agency staff responsible for reviewing and approving submitted In-Home Purchased Service providers’ invoices for payment are made aware of the results of

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATION

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.

- Maintain sufficient evidence substantiating the results of all fiscal-related monitoring procedures performed to determine whether the services for which In-Home Purchased Service providers were paid were actually provided, and provided in adherence to DHS regulations and executed contract terms, and to reduce the risk of overbillings and fraudulent billings by contracted In-Home Purchased Service Providers going undetected.

Agency Response: The cited finding was reported in prior audits. The scope of this audit for the above fiscal years resulted in the same finding as the prior audit years. Implementation of monitoring in-home providers occurred during fiscal year 2017-2018. The following is a response to this current audit:

Armstrong County CYF implemented monitoring methods to validate and document services provided by in-home service providers to determine if services were actually provided by the contracted service providers beginning with FY 17/18 (July 1, 2017). Invoices of our main contracted provider of services were reviewed monthly and continue to be reviewed monthly. Since inception of this contract monitoring, there were many discrepancies discovered. The agency held up paying the invoice until the discrepancies were corrected. This included the provider making corrections and submitting Client Verification Forms (CVF). These client verification forms are signed by the child/family for all direct services. Since July 1, 2017, this main provider implemented having youth sign the client verification forms and a sign-in sheet for their attendance at an independent living group session. Once corrections are made on the invoicing and the back-up information is provided, the invoice is submitted for payment. Since implementation, CYF contracted with another provider. Services have increased over the past several years for this new provider. The same procedure is followed above when their monthly invoice is received. Even though the agency did not begin yearly audits until September 2018, monthly audits were being conducted since July 1, 2017.

The agency developed a written "Monitoring Procedure for In-Home Providers" that outlines monthly monitoring and ongoing monitoring (yearly audits) as well as the process for approving invoices and requiring documentation to support the services. These procedures include a yearly audit were [sic] written and effective on January 1, 2018. While the agency was conducting monthly audits of invoices, these procedures were written to include all aspects of monitoring contracted in-home providers.

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATION

The agency delayed conducting a yearly audit until September 2018 for Fiscal Year 17/18. Fiscal Officer [sic] plays a large role in the audits by providing the service hours invoiced, family name, and services provided which is gathered from submitted invoices. CYF's Fiscal Officer was on maternity leave from May 2018 to August 2018. Other fiscal staff and the Administrator did not have access to this information to perform a yearly audit. Upon Fiscal Officers [sic] return, the audit was scheduled without delay.

The yearly audits are being conducted every year for the agency's two main providers for in-home services. CYF recently hired a Program Specialist (August 2020) who is responsible for facilitating the yearly audits. The monitoring procedures were revised to include random audits on monthly invoices for all in-home contracted providers. CYF randomly selects a month, family, and service to audit. The in-home provider submits client verification forms for the direct service hours/units invoiced. These random audits will be conducted on most of the contracted in-home providers. A listing of these contracted providers was developed and will be revised as new contracts are entered into and/or when CYF no longer contracts with the provider. The yearly audits had found no billing discrepancies due to the agency's monitoring monthly. All client verification forms were produced for the yearly audits.

Auditor's Conclusion: We commend the Armstrong County Children and Youth Services Agency management on its initiative to develop and implement formal, written policies and procedures to monitor the agency contracted In-Home Purchased Service providers to ensure that the services invoiced by these providers, and paid for by the agency, were actually rendered in accordance with executed contracted terms. With respect to the agency's response that fiscal-related monitoring was implemented on July 1, 2017, we determined this monitoring was insufficient to reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers, as explained in the Condition section of this finding.¹

During our next audit of the agency, we will determine whether the agency revised their monthly invoice review policy and procedures to include a review of third party independent documentation in addition to reviewing provider monthly reports and continued to perform the implemented provider on-site monitoring procedures to reduce the agency's risk of overbillings and fraudulent billings submitted by contracted In-Home Purchased Services providers going undetected. Therefore, our finding will stand as presented.

¹ The Condition section of the finding was updated to include explanation of this determination after receipt of the agency's response in order to provide clarity for readers of the report.

SECTION 5

CURRENT ENGAGEMENT OBSERVATION

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

Observation – Pennsylvania Department of Human Services is Making Strides in Increasing the Protection of At-Risk Children in the Care of Contracted In-Home Preventative Service Providers; Risk that has been Further Exacerbated by the Current COVID-19 Crisis.

The vast majority of Pennsylvania’s County Children and Youth (C&Y) Agencies contract with non-government In-Home Preventative Service Providers (Contracted Providers) to deliver services to children outside of an institutional or community-based setting, and those services are referred to as In-Home Purchased Services.² The Child Protective Services Law (CPSL) requires the conduct of Criminal Background Checks and Child Abuse History Clearances (Certifications) for all Contracted Providers’ (and their respective subcontractors’) employees and direct volunteers.³

Since 2016, we have communicated concerns to the Pennsylvania Department of Human Services (DHS) that these Contracted Providers were not being monitored for compliance with the CPSL certification mandates, specifically as it relates to obtaining assurance as to the sufficiency of each C&Y Agency’s procedures for reviewing the Certifications of Contracted Providers’ employees and volunteers and their respective subcontractors, whose duties require them to come into direct contact with children and taking appropriate corrective action when disqualifying incidents are identified. Furthermore, these Contracted Providers are not subject to licensure nor annual inspections under the Human Services Code (Code).⁴ Our concerns were communicated through the inclusion of a standardized observation in our C&Y Program engagement reports and through correspondence with DHS.

In February 2018, DHS senior management staff affirmed that DHS is responsible for communicating contract monitoring expectations to the C&Y Agencies and for implementing a method to ensure that the certification monitoring is being performed adequately. DHS staff also stated that DHS had communicated these expectations to the C&Y Agencies on numerous occasions since 2016.

² Institutional and community-based settings are those in which the child is outside of the home for the entire time (e.g., Juvenile Detention, Residential Services, Secure Residential, Youth Development Camps, Youth Forestry Camps, Foster Care, Emergency Shelter, Group Homes, etc.). In-Home supportive services are provided while the child is in their own home or supportive services provided to the child or child’s family while the child is in substitute care.

³ 23 Pa.C.S. §§ 6344 and 6344.2. Please note that CPSL 23 Pa.C.S. § 6344.4 now requires recertification of the required state and federal background checks and the child abuse clearance every 60 months.

⁴ Based on a recent communication with DHS in early September 2020, the agency candidly indicated that it lacks sufficient budgetary resources, leading to inadequate staffing to provide for the licensure and inspection of these Contracted Providers, which includes a large population of not only these providers, but also their subcontractors. Further, the implication of these budgetary constraints is that it would not be reasonable to pursue or support related legislation to make these Contracted Providers and their subcontractors subject to licensure and inspection. Please see the Special Note in Endnote 1.

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

Our 2018 Position Statement Letter

On March 18, 2018, we sent a Position Statement Letter to the then DHS Deputy Secretary for Children, Youth and Families, which was also simultaneously delivered to the Pennsylvania Senate and House of Representatives' children and youth committee chairs focused on protecting the health, safety, and wellbeing of the children and youth receiving contracted in-home services across the Commonwealth. The major purpose of our letter was to express our concerns, as detailed above.

DHS Corrective Actions Taken

In an effort to further address our concerns, DHS expanded its CPSL adherence requirements for C&Y Agencies through the issuance of its 2019 revision of its Single Audit Supplement (Supplement) for counties, effective for the fiscal years ended June 30, 2019. The Supplement included the following requirements for C&Y Agencies and auditors who conduct Single Audits of counties.

C&Y Agencies are required to:

- Monitor provider adherence to the CPSL background check requirements to assure the safety of children receiving prevention, reunification, and aftercare services (services coded as in-home).
- Document these efforts and report them to DHS on a supplemental schedule included in each counties' Single Audit package.
- Create a listing of providers that deliver in-home coded services.
- Monitor a sample of in-home service providers' compliance with the CPSL requirements, including checking for incidents since the date of the background clearances.
- Communicate any violations to providers and obtain a corrective action plan.
- Follow-up on implementation of the corrective action plan within six months.
- Document the results of the monitoring.

Single Auditors are required to:

- Obtain a listing of providers that deliver in-home coded services for the C&Y Agency.
- Test the listing of providers for completeness.
- Analyze the C&Y Agency's documentation of monitoring activities for adequacy of monitoring, the C&Y Agency's obtaining of any necessary corrective action plans, the C&Y Agency's timely follow-up on

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

corrective action plans, and the adequacy and accuracy of the monitoring documentation.

Our Current Position

We are glad that the DHS' 2019 revision to its Supplement requires (1) C&Y Agencies to document their monitoring of Contracted Providers' compliance with the CPSL; (2) the Single Auditors to evaluate the adequacy of this documentation; and (3) the documentation be provided to DHS for its review. However, the Supplement is entirely silent with regards to actions DHS will take if Single Auditors find a C&Y Agency failed to identify disqualifying incidents and/or failed to take appropriate corrective actions when disqualifying convictions that would prohibit employees and volunteers from having direct contact with children receiving services were identified.

We believe that the requirements that DHS included in its Supplement are great first steps in obtaining assurance of the C&Y Agencies' compliance with the CPSL certification requirements **if the requirements are actually being followed consistently and routinely by each county C&Y Agency**. Therefore, as the oversight agency, we believe that it is imperative that DHS implement its own monitoring process to obtain assurance that each C&Y Agency is following the CPSL certification requirements by ensuring that appropriate corrective actions are taken if it is found by the Single Auditors that C&Y Agencies are not adequately protecting the safety of these already at-risk children. This specifically relates to obtaining assurance as to the sufficiency of each C&Y Agency's procedures for reviewing the Certifications of the Contracted Providers' employees and volunteers (whose duties require them to come into direct contact with children) and their respective subcontractors and taking appropriate corrective action when disqualifying incidents are identified.¹ Furthermore, we continue to believe that these children remain particularly vulnerable since the in-home services are sometimes provided outside the presence and view of others, which has been further aggravated by the current COVID-19 crisis.⁵

Conclusion

As previously stated, as the oversight agency, DHS must implement its own monitoring process that will provide DHS management with the assurance that every C&Y Agency and their respective Contracted Providers and their subcontractors are actually adhering to the CPSL certification requirements. This specifically relates to obtaining assurance as to the sufficiency

⁵ Various article point to children in commonwealth experiencing more abuse. See May 11, 2020, <https://www.ydr.com/story/news/2020/05/11/coronavirus-pa-hospitals-seeing-more-severe-child-abuse-injuries/3103045001/>; June 20, 2020, <https://www.buckscountycouriertimes.com/news/20200620/state-more-child-abuse-calls-coming-in-than-at-start-of-pandemic-but-still-being-underreported>; and July 17, 2020, <https://www.goerie.com/news/20200717/child-abuse-in-pandemic-as-hospitals-see-more-severe-injuries-the-worst-is-yet-to-come> (accessed July 29, 2020).

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT OBSERVATION

of each C&Y Agency's procedures for reviewing the Certifications of their Contracted Providers' employees and volunteers and their subcontractors (whose duties require them to come into direct contact with children) and taking appropriate corrective action when disqualifying incidents are identified. On August 31, 2020, DHS informed us that they began receiving the supplemental schedules (monitoring documentation) for Single Audits conducted for the fiscal years ended June 30, 2019. DHS further stated that, beginning in October, 2020, they plan to review these supplement schedules and each county's Corrective Action Plan (CAP) for CPSL adherence as a part of its on-site reviews of counties.

Finally, we note that in addition to following up with DHS on these issues, our Department will also reach out to the newly appointed Child Advocate Nicole Yancy and the new Council on Reform, as well as the Pennsylvania Senate and House of Representatives committee chairs focused on the protection of children and youth to ensure they are aware of our concerns.

ⁱ **Special Note:** In marked contrast to contracted foster care parents/providers and day treatment centers/child residential facilities, as well as 12 other types of facilities and programs, these C&Y Contracted Providers are not subject to annual licensure and an inspection process in accordance with the Human Services Code (Code). As noted in an earlier footnote, DHS recently made the candid statement that it lacks sufficient budgetary resources, leading to inadequate staffing, to provide for the licensure and inspection of these Contracted Providers.

Our Department understands and appreciates these budgetary difficulties and that it may not be practical, but it is definitely reasonable to have licensure and inspections under the Code for this very large population of these C&Y Agencies' Contracted Providers and their subcontractors. However, it is important to note that these children under the care of the Contracted Providers remain particularly vulnerable since the in-home services are sometimes provided outside the presence and view of others, which has been further aggravated by the current COVID-19 crisis

ARMSTRONG COUNTY CHILDREN AND YOUTH AGENCY
REPORT DISTRIBUTION LIST

This report was originally distributed to the following:

The Honorable Tom W. Wolf
Governor
Commonwealth of Pennsylvania

The Honorable Teresa D. Miller
Acting Secretary
Department of Human Services

Mr. Jonathan Rubin
Deputy Secretary
Office of Children, Youth and Families
Department of Human Services

Ms. Tia Petrovitz
Fiscal Management Specialist 4
Division of County Programs
Bureau of Budget and Fiscal Support
Office of Children, Youth and Families
Department of Human Services

Mr. Jim Flanagan
Section Chief
Financial Reporting and Payments Section
Division of Financial Policy and Operations
Bureau of Financial Operations
Department of Human Services

Mr. David Bryan, CPA, CGMA
Manager
Audit Resolution Section
Bureau of Financial Operations
Department of Human Services

Ms. Linda Swick
Audit Specialist
Audit Resolution Section
Bureau of Financial Operations
Department of Human Services

The Commissioners of Armstrong County

Ms. Paula M. McClure
Administrator
Armstrong County Children & Youth Agency

Ms. Carly Hileman
Fiscal Officer
Armstrong County Children & Youth Agency

Ms. Myra I. Miller
Controller
Armstrong County

Mr. Michael Burns, CPA
Director
Bureau of Accounting & Financial Management
Office of Comptroller Operations
Office of the Budget

Mr. R. Dennis Welker
Special Audit Services
Bureau of Audits
Office of the Budget

Ms. Melanie Retherford
Human Services Program Specialist Supervisor
Bureau of Budget and Fiscal Support
Office of Children, Youth and Families
Department of Human Services

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.