

AMENDED FISCAL REPORT  
For Fiscal Year:

July 1, 2017 to June 30, 2018

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Erie County  
Children and Youth Agency

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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

Ms. Kathy Dahlkemper, County Executive  
Erie County Council  
Erie County Courthouse, Room 116  
Erie, PA 16501

Dear Ms. Dahlkemper,

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 Erie County Children and Youth Agency (agency), legally known as Erie 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 reports submitted to the Department of Human Services (DHS) as part of the Act 148 Invoice Package 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 Erie County.<sup>1</sup>

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<sup>1</sup> We have been advised that one of the agency's purchased service providers is currently under investigation by law enforcement. The amount paid to the provider during the engagement period is not material to the amended fiscal reports and did not affect our ability to certify that the 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.

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.

Furthermore, we updated our Child Protective Services Law Observation to include DHS management's current and planned corrective actions in response to our concerns, as listed below and detailed in Section 2 of this report.

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

The results of our engagement procedures, as presented in this report, were discussed with County representatives and agency management at an exit conference held on March 10, 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 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 Erie County Children and Youth Agency.

Sincerely,



Eugene A. DePasquale  
Auditor General

March 11, 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 Erie County Children and Youth Agency provided in-home and placement services to 7,418 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 4<sup>th</sup> 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 year (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 year. 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**

**ERIE 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 <sup>1</sup>		\$	24,381,159
Supplemental Act 148			<u>0</u>
Total State Allocation			24,381,159
State Share (CY348) <sup>2</sup>	\$		23,266,299
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	23,266,299
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable <sup>3</sup>		\$	23,266,299
Actual Act 148 Revenues Received <sup>4</sup>			<u>23,266,299</u>
Net Amount Due County/(State) <sup>5</sup>		\$	<u><u>0</u></u>

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

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

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

<sup>4</sup> Actual Act 148 Revenues Received is the amount of Act 148 funds the County received.

<sup>5</sup> 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.

ERIE COUNTY CHILDREN AND YOUTH AGENCY  
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
 AMENDED CY3-48  
 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	837,195	0	128,440	0	0	0	0	0	708,755	708,755	0
02. 90% REIMBURSEMENT	1,892,590	38,330	569,347	199,585	0	0	0	0	1,085,328	976,796	108,532
03. 80% REIMBURSEMENT	32,545,073	435,059	7,881,785	1,192,951	260,799	135,418	0	0	22,639,061	18,111,249	4,527,812
04. 60% REIMBURSEMENT	4,800,164	117,072	363,991	0	0	0	0	20,581	4,298,520	2,579,113	1,719,407
05. 50% REIMBURSEMENT	1,922,465	141,694	0	0	0	0	0	0	1,780,771	890,386	890,385
06. TOTAL NET CHILD WELFARE EXPEND.	41,997,487	732,155	8,943,563	1,392,536	260,799	135,418	0	20,581	30,512,435	23,266,299	7,246,136
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	1,399,802	5,337							1,394,465	836,679	557,786
08. NON-REIMBURSABLE EXPENDITURES	128,635	0							128,635		
09. TOTAL EXPENDITURES	43,525,924	737,492	8,943,563	1,392,536	260,799	135,418	0	20,581	32,035,535	24,102,978	7,932,557
10. TOTAL TITLE IV-D COLLECTIONS	250,753										
11. TITLE IV-D Collections for IV-E Children	47,531										
12. STATE ACT 148 - line 6	23,266,299										
13. STATE ACT 148 ALLOCATION	24,381,159										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	23,266,299										
INVOICE											
AMENDED STATE SHARE (ACT 148)	23,266,299										
ACT 148 AMOUNT RECEIVED	23,266,299										
ADJUSTMENT TO STATE SHARE	0										



ERIE 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
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	87,195	0	128,440	0	0	0	0	0	708,755	708,755	0	
1-B ADOPTION ASSISTANCE	7,732,083	0	3,548,234	23,000	0	0	0	0	4,160,849	3,328,679	832,170	
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	897,805	0	238,949	0	0	0	0	0	658,856	527,085	131,771	
1-D COUNSELING - DEPENDENT	2,486,391	0	105,080	655,558	0	135,418	0	0	1,590,335	1,272,268	318,067	
1-E COUNSELING - DELINQUENT	876,961	0	1,983	237,434	0	0	0	0	637,544	510,035	127,509	
1-F DAY CARE	484,642	0	0	255,764	0	0	0	0	228,878	183,102	45,776	
1-G DAY TREATMENT - DEPENDENT	14,595	0	0	0	0	0	0	0	14,595	11,676	2,919	
1-H DAY TREATMENT - DELINQUENT	51,349	0	0	0	44,195	0	0	0	7,154	5,723	1,431	
1-I HOMEMAKER SERVICE	14,702	0	0	0	0	0	0	0	14,702	11,762	2,940	
1-J INTAKE & REFERRAL	342,414	0	52,604	0	0	0	0	0	289,810	231,848	57,962	
1-K LIFE SKILLS - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	
1-L LIFE SKILLS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
1-M PROTECTIVE SERVICE - CHILD ABUSE	2,523,043	0	387,238	0	0	0	0	0	2,135,805	1,708,644	427,161	
1-N PROTECTIVE SERVICE - GENERAL	2,336,062	0	358,661	0	0	0	0	0	1,977,401	1,581,921	395,480	
1-O SERVICE PLANNING	2,894,585	0	443,897	0	0	0	0	0	2,450,688	1,960,550	490,138	
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	204,000	0	0	0	0	0	0	0	204,000	102,000	102,000	
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
1-R SUBTOTAL IN-HOME	21,695,827	0	3,787,183	1,500,903	#####	0	135,418	0	15,079,372	12,144,048	2,935,324	
COMMUNITY BASED PLACEMENT	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	9,572	0	4,443	0	0	0	0	0	5,129	4,103	1,026	
2-B ALTERNATIVE TREATMENT - DELINQUENT	363,490	17,698	0	0	0	0	0	0	345,792	276,634	69,158	
2-C COMMUNITY RESIDENTIAL - DEPENDENT	3,229,039	116,781	783,608	0	0	0	0	0	2,328,650	1,862,920	465,730	
2-D COMMUNITY RESIDENTIAL - DELINQUENT	1,549,429	48,688	47,347	20,789	0	0	0	0	1,432,605	1,146,084	286,521	
2-E EMERGENCY SHELTER - DEPENDENT	1,671,724	38,323	562,978	0	0	0	0	0	1,070,423	963,381	107,042	
2-F EMERGENCY SHELTER - DELINQUENT	220,866	7	5,468	901	199,585	0	0	0	14,905	13,415	1,490	
2-G FOSTER FAMILY - DEPENDENT	6,644,105	249,382	839,369	1,004,540	260,799	0	0	0	4,290,015	3,432,012	858,003	
2-H FOSTER FAMILY - DELINQUENT	197	0	0	30	0	0	0	0	167	134	33	
2-I SUP. INDEPENDENT LIVING - DEPENDENT	94,609	2,510	22,013	0	0	0	0	0	70,086	56,069	14,017	
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	
2-K SUBTOTAL CBP	13,783,031	473,389	2,265,226	1,026,260	199,585	260,799	0	0	9,557,772	7,754,752	1,803,020	
INSTITUTIONAL PLACEMENT	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE	
3-A JUVENILE DETENTION SERVICE	1,718,465	141,694	0	31,393	0	0	0	0	1,576,771	788,386	788,385	
3-B RESIDENTIAL SERVICE - DEPENDENT	471,910	24,999	0	0	0	0	0	0	445,518	249,311	166,207	
3-C RES. SERVICE - DELINQUENT (NON YDC/YC)	1,762,485	83,623	17,163	29,088	0	0	0	0	1,632,611	979,567	653,044	
3-D SECURE RES. SERVICE (EXCEPT YDC)	702,885	8,450	0	0	0	0	0	0	694,435	416,661	277,774	
3-E YDC-SECURE	1,399,802	5,337	0	0	0	0	0	0	1,394,465	836,679	557,786	
3-F SUBTOTAL INSTITUTIONAL	6,055,547	264,103	48,556	29,088	0	0	0	0	5,713,800	3,270,604	2,443,196	
4 ADMINISTRATION	1,862,884	0	0	286,347	0	0	0	20,581	1,555,956	933,574	622,382	
5 TOTAL REVENUES	43,397,289	737,492	6,100,965	2,842,598	#####	260,799	135,418	20,581	31,906,900	24,102,978	7,803,922	

ERIE 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
<b>IN-HOME</b>												
1-A ADOPTION SERVICE	431,620	230,245		173,820	0	2,096	837,781	120	0	586	0	0
1-B ADOPTION ASSISTANCE	0	0	7,750,037	0	0	0	7,750,037	0	1,084	0	17,954	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANS/SH	0	0	897,805	0	0	0	897,805	0	131	0	0	0
1-D COUNSELING - DEPENDENT	399,455	202,782		81,255	1,801,473	2,096	2,487,061	830	739	670	0	0
1-E COUNSELING - DELINQUENT	0	0		13,060	863,901	0	876,961	0	266	0	0	0
1-F DAY CARE	0	0		0	484,642	0	484,642	0	147	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	14,595	0	14,595	0	6	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	51,349	0	51,349	0	11	0	0	0
1-I HOME/MAKER SERVICE	0	0		0	14,702	0	14,702	0	41	0	0	0
1-J INTAKE & REFERRAL	212,670	99,050		30,024	0	1,049	342,793	4,870	0	379	0	0
1-K LIFE SKILLS - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	1,455,102	663,349		407,500	0	9,156	2,535,107	1,206	0	12,064	0	0
1-N PROTECTIVE SERVICE - GENERAL	1,298,363	637,639		396,494	0	9,156	2,341,652	5,854	0	5,590	0	0
1-O SERVICE PLANNING	1,779,127	806,405		302,250	0	8,805	2,896,587	6,027	0	2,002	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	204,000		204,000	0	62	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R <b>SUBTOTAL IN-HOME</b>	5,576,337	2,639,470	8,647,842	1,404,403	3,434,662	33,358	21,735,072			21,291	17,954	0
Number of Children receiving only NON-PURCHASED IN-Home Services 1,925												
<b>COMMUNITY BASED PLACEMENT</b>												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	9,572	0	9,572	58	3	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	363,490	0	363,490	1,852	25	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	0	0	0	3,229,039	0	3,229,039	16,304	120	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	135,064	1,414,365	0	1,549,429	6,902	59	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	607,616	236,885	0	241,084	602,119	6,760	1,694,464	2,991	42	278	22,462	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	5,812	223,947	0	229,759	1,097	79	0	8,893	0
2-G FOSTER FAMILY - DEPENDENT	866,552	436,016	0	274,186	5,069,299	4,822	6,650,875	102,463	565	6,770	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	197	0	0	197	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	94,609	0	94,609	4,748	30	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K <b>SUBTOTAL CBP</b>	1,474,168	672,901	0	656,343	11,006,440	11,582	13,821,434	136,415	923	7,048	31,355	0
<b>INSTITUTIONAL PLACEMENT</b>												
3-A JUVENILE DETENTION SERVICE	1,039,216	449,573	0	195,469	53,034	30,727	1,768,019	3,426	155	269	49,285	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	0	471,910	0	471,910	2,331	56	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	189,822	1,572,663	0	1,762,485	8,025	77	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	702,885	0	702,885	2,203	15	0	0	0
3-E YDC SECURE	0	0	0	0	1,399,802	0	1,399,802	2,426	13	0	0	0
3-F <b>SUBTOTAL INSTITUTIONAL</b>	1,039,216	449,573	0	385,291	4,200,294	30,727	6,105,101	18,411	316	269	49,285	0
<b>4 ADMINISTRATION</b>	579,861	290,871	0	990,231	0	3,354	1,864,317			1,433	0	0
<b>5 TOTAL EXPENDITURES</b>	8,669,582	4,052,815	8,647,842	3,436,268	18,641,396	78,021	43,525,924			30,041	98,594	0
County Indirect Costs = \$ 182,561												

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

<b>COST CENTER ITEMS</b>	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 837,781	\$ 0	\$ 837,781
Adoption Assistance	7,750,037	0	7,750,037
Subsidized Permanent Legal Custodianship	897,805	0	897,805
Counseling	3,364,022	0	3,364,022
Day Care	484,642	0	484,642
Day Treatment	65,944	0	65,944
Homemaker Service	14,702	0	14,702
Intake and Referral	342,793	0	342,793
Life Skills	0	0	0
Protective Service - Child Abuse	2,535,107	0	2,535,107
Protective Service - General	2,341,652	0	2,341,652
Service Planning	2,896,587	0	2,896,587
Juvenile Act Proceedings	204,000	0	204,000
Alternative Treatment	373,062	0	373,062
Community Residential	4,778,468	0	4,778,468
Emergency Shelter	1,924,223	0	1,924,223
Foster Family	6,651,072	0	6,651,072
Supervised Independent Living	94,609	0	94,609
Juvenile Detention Service	1,768,019	0	1,768,019
Residential Service	2,234,395	0	2,234,395
Secure Residential Service (Except YDC)	702,885	0	702,885
YDC Secure	1,399,802	0	1,399,802
Administration	1,864,317	0	1,864,317
Combined Total Expense	<u>43,525,924</u>	<u>0</u>	<u>43,525,924</u>
Less Non-reimbursables	<u>128,635</u>	<u>0</u>	<u>128,635</u>
Total Net Expense	<u>\$ 43,397,289</u>	<u>\$ 0</u>	<u>\$ 43,397,289</u>

<b>OBJECTS OF EXPENDITURE</b>	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 8,669,582	\$ 0	\$ 8,669,582
Employee Benefits	4,052,815	0	4,052,815
Subsidies	8,647,842	0	8,647,842
Operating	3,436,268	0	3,436,268
Purchased Services	18,641,396	0	18,641,396
Fixed Assets	78,021	0	78,021
Combined Total Expense	<u>43,525,924</u>	<u>0</u>	<u>43,525,924</u>
Less Non-reimbursables	<u>128,635</u>	<u>0</u>	<u>128,635</u>
Total Net Expense	<u>\$ 43,397,289</u>	<u>\$ 0</u>	<u>\$ 43,397,289</u>

## SECTION 2

# CURRENT ENGAGEMENT OBSERVATION

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

The Child Protective Services Law (CPSL) requires the conduct of criminal background checks and child abuse history clearances (certifications) for all employees and direct volunteers of county children and youth (C&Y) agencies as well as the volunteers/employees of these agencies’ contractors (providers) and subcontractors (sub-recipients).<sup>2</sup> 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,<sup>3</sup> 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 Erie County Children and Youth Agency provided in-home and placement services to 7,418 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

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<sup>2</sup> 23 Pa.C.S. §§ 6344 and 6344.2.

<sup>3</sup> This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2018, via Finding 2018-010).

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timeliness of the completion and approval of these annual inspections and 2) whether the CPSL adherence of any potential sub-recipients used by these providers are being monitored.<sup>4</sup>

**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.<sup>5</sup> 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 were 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.<sup>6</sup> 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

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<sup>4</sup> This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2018, via Finding 2018-010).

<sup>5</sup> 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.

<sup>6</sup> 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.<sup>7</sup>

**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 providers<sup>8</sup> 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 year. 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.<sup>9</sup> 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.

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<sup>7</sup> 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](http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c_275378.pdf), accessed August 3, 2018.

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

<sup>9</sup> 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.<sup>10</sup> However, recent amendments to the CPSL extend this time frame from one year to five year.<sup>11</sup> 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 year.

**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.<sup>12</sup>

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<sup>10</sup> 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.

<sup>11</sup> 23 Pa.C.S. § 6344.4.

<sup>12</sup> 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 year (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.<sup>13</sup>

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)*.

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

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This report was originally distributed to the following:

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