

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2017 to June 30, 2018

July 1, 2018 to June 30, 2019

Lackawanna County Children and Youth Agency

December 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Commissioners of Lackawanna County
Lackawanna County Government Center
123 Wyoming Avenue, Sixth Floor
Scranton, PA 18502

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 Lackawanna County Children and Youth Agency (agency), legally known as Lackawanna County Office of Youth and Family 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 Lackawanna 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. This adjustment in total impacted the agency's Final Net State Share by increasing agency expenditures by \$69,577. Based on the application of the state participation rates, the adjustment resulted in an amount due to the county totaling \$55,844. 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 one adjustment being made to the agency's submitted fiscal reports. This adjustment in total impacted the agency's Final Net State Share by decreasing non-reimbursable expenditures by \$10,309. However, no amount is due to the county or state because the agency's expenditures exceeded the Total State Act 148 Allocation by \$6,186, as detailed 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 until the sixth month of the second year of our two-year engagement period, 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 – Lack of Internal Control Policies and Procedures to Reduce the Risk of Paying Overbillings or Fraudulent Billings Submitted by Contracted In-Home Purchased Service Providers

Furthermore, we updated our Child Protective Services Law Observation to include DHS corrective actions taken and our current position, as listed below and detailed in Section 5 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 during an exit conference held on December 01, 2020.

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

Independent Auditor's Report (Continued)

We appreciate the cooperation, assistance, and courtesy granted our representatives by your officials and the staff of the Lackawanna 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, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale
Auditor General

December 4, 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 Lackawanna County Children and Youth Agency provided in-home and placement services to 7,702 children residing within the County during the 2017-2018 fiscal year. The Children and Youth Social Services Program is County-Administered and State-Supervised by DHS and thus, they are jointly responsible for achieving the Commonwealth’s goal.

In accordance with the Human Services Code (62 P. S. § 703), DHS is responsible for making and enforcing all rules and regulations necessary and appropriate to the proper accomplishment of the child welfare duties and functions vested by law in the county institution districts or their successors. Title 55 Pa. Code, Part V. Children, Youth, and Families Manual, Subpart C, outlines the rules and regulations relative to the County Administration of the Children and Youth Social Service Programs. Specifically, in compliance with 55 Pa. Code § 3140.31, the Counties must report their cumulative actual expenditures incurred for the provision of children and youth social services on a quarterly basis to DHS through the Act 148 Invoice package. The expenditures reported in the Act 148 Invoice Package refers to all costs for dependent and delinquent children and youth services funded or administered by DHS.

As part of our engagement, we reviewed the County Children and Youth Agency’s submitted fiscal reports, as referenced above, which are included in the Act 148 Invoice package. Specifically, we reviewed the final, cumulative 4th Quarter fiscal reports submitted to DHS, along with the County Children and Youth Agency’s related financial records and supporting documentation, to determine whether the County Children and Youth Agency’s actual, cumulative expenditures and revenues were properly reported to DHS for the respective fiscal years (FYs). Any variances identified between the submitted and actual costs and revenues required adjustments to these fiscal reports, and thus, our Amended CY-370 Expenditure Report, Amended CY-370A Revenue Report, and Amended CY-348 Fiscal Summary, resulting from our engagement procedures and included in this report for each fiscal year included in our scope, reflect the County Children and Youth Agency’s actual related costs and revenues for those years. The reports also include the impact of those costs and revenues on the County Children and Youth Agency’s corresponding Net State Shares.

SECTION 1

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2017 to JUNE 30, 2018

**LACKAWANNA 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		\$	10,554,173
Supplemental Act 148			<u>0</u>
Total State Allocation			10,554,173
State Share (CY348) ²	\$		10,269,867
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	10,269,867
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	10,269,867
Actual Act 148 Revenues Received ⁴			<u>10,214,023</u>
Net Amount Due County/(State) ⁵		\$	<u><u>55,844</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.

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

A	B	C	D	E	F	G	H	I	J	K
GRAND TOTAL	PROGRAM INCOME	TITLE IV-E	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET TOTAL	STATE ACT 148	LOCAL SHARE
NET CHILD WELFARE EXPENDITURES										
01. 100% REIMBURSEMENT	159,433	1,563	0	0	0	19,146	0	138,724	138,724	0
02. 90% REIMBURSEMENT	38,310	258	0	0	0	1,499	0	36,553	32,897	3,656
03. 80% REIMBURSEMENT	14,269,116	1,465,136	163,127	160,373	60,386	1,264,697	24,318	10,995,606	8,796,484	2,199,122
04. 60% REIMBURSEMENT	1,133,840	5,357	5,061	0	0	221,507	13,619	888,296	532,978	355,318
05. 50% REIMBURSEMENT	1,537,567	0	0	0	0	0	0	1,537,567	768,784	768,783
06. TOTAL NET CHILD WELFARE EXPEND.	17,138,266	1,472,018	163,127	160,373	60,386	1,506,849	37,937	13,596,746	10,269,867	3,326,879
YDC/YFC PLACEMENT COSTS										
07. 60% DHS PARTICIPATION	0	0	0	0	0	0	0	0	0	0
08. NON-REIMBURSABLE EXPENDITURES	409,222	0	0	0	0	0	0	409,222	409,222	0
09. TOTAL EXPENDITURES	17,547,488	1,472,018	163,127	160,373	60,386	1,506,849	37,937	14,005,968	10,269,867	3,736,101
10. TOTAL TITLE IV-D COLLECTIONS	54,416									
11. TITLE IV-D Collections for IV-E Children	16,560									
12. STATE ACT 148 - line 6	10,269,867									
13. STATE ACT 148 ALLOCATION	10,554,173									
14. ADJUSTED STATE SHARE (lower of 12 or 13)	10,269,867									
INVOICE										
AMENDED STATE SHARE (ACT 148)	10,269,867									
ACT 148 AMOUNT RECEIVED	10,214,023									
ADJUSTMENT TO STATE SHARE	55,844									

LACKAWANNA 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	159,433	0	1,563	0	0	0	0	19,146	0	138,724	138,724	0
I-B ADOPTION ASSISTANCE	3,250,559	0	1,178,548	12,924	0	0	0	11,059	0	2,048,028	1,638,422	409,606
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	601,974	0	172,030	802	0	0	0	6,888	0	422,254	337,803	84,451
I-D COUNSELING - DEPENDENT	155,624	0	0	1,713	8,260	0	0	11,593	0	134,058	107,247	26,811
I-E COUNSELING - DELINQUENT	55,388	0	0	0	31,680	0	0	0	0	23,708	18,966	4,742
I-F DAY CARE	23,443	0	0	0	0	0	0	0	0	23,443	18,746	4,687
I-G DAY TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
I-H DAY TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
I-I HOMEMAKER SERVICE	101,418	0	0	1,198	0	0	0	11,441	0	88,779	71,023	17,756
I-J INTAKE & REFERRAL	1,015,039	0	0	11,983	0	0	0	118,067	0	884,989	707,992	176,997
I-K LIFE SKILLS - DEPENDENT	61,594	0	0	416	0	0	0	13,441	0	47,737	38,189	9,548
I-L LIFE SKILLS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	787,664	0	0	8,490	37,812	0	0	76,876	0	664,486	531,589	132,897
I-N PROTECTIVE SERVICE - GENERAL	4,552,958	0	0	48,562	20,825	0	0	512,470	0	3,971,101	3,176,881	794,220
I-O SERVICE PLANNING	847,078	0	0	6,307	64,550	0	0	38,342	0	737,879	590,303	147,576
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT	131,525	0	0	0	0	0	0	0	0	131,525	65,763	65,762
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
I-R SUBTOTAL IN-HOME	11,743,687	0	1,350,578	93,958	163,127	0	0	819,322	0	9,316,702	7,441,648	1,875,054

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	0	0	0	0	0	0	0	0	0	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	38,310	0	0	258	0	0	0	1,499	0	36,553	32,897	3,656
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	2,745,135	135,473	4,017	18,146	0	160,373	60,386	464,520	24,318	1,877,902	1,502,321	375,581
2-H FOSTER FAMILY - DELINQUENT	6,526	0	0	0	0	0	0	0	0	6,526	5,221	1,305
2-I SUP. INDEPENDENT LIVING - DEPENDENT	64,726	0	0	0	0	0	0	0	0	64,726	51,781	12,945
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	2,854,697	135,473	4,017	18,404	0	160,373	60,386	466,020	24,318	1,985,706	1,592,220	393,486

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	1,406,042	0	0	0	0	0	0	0	0	1,406,042	703,021	703,021
3-B RESIDENTIAL SERVICE - DEPENDENT	29,901	5,357	0	237	0	0	0	9,983	0	14,324	8,594	5,730
3-C RES. SERVICE - DELINQUENT (NONYDC/YFC)	697,256	0	0	0	0	0	0	0	0	697,256	418,354	278,902
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	2,133,199	5,357	0	237	0	0	0	9,983	0	2,117,622	1,129,969	987,653

4 ADMINISTRATION	406,683	0	0	4,824	0	0	0	211,524	13,619	176,716	106,030	70,686
TOTAL REVENUES	17,138,266	140,830	1,354,595	117,423	163,127	160,373	60,386	1,506,849	37,937	13,596,746	10,269,867	3,326,879

LACKAWANNA 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	EMPLOYEE BENEFITS SUBSIDIES	OPERATING	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reimbursable Non P.S.Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
IN-HOME												
1-A ADOPTION SERVICE	73,212	31,110		28,383	27,000	130	159,835	335	29	402	0	0
1-B ADOPTION ASSISTANCE	46,800	19,886	3,165,905	18,143	0	82	3,250,816	214	434	257	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	37,534	15,948	534,079	14,533	0	66	602,180	94	72	206	0	0
1-D COUNSELING - DEPENDENT	80,163	34,064		31,076	10,619	142	156,064	367	20	440	0	0
1-E COUNSELING - DELINQUENT	0	0	0	0	55,388	0	55,388	0	30	0	0	0
1-F DAY CARE	0	0	0	23,433	0	0	23,433	0	18	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
1-I HOMEMAKER SERVICE	56,068	23,825		21,735	0	98	101,726	256	0	308	0	0
1-J INTAKE & REFERRAL	561,138	238,444		217,548	0	990	1,018,120	2,566	0	3,081	0	0
1-K LIFE SKILLS - DEPENDENT	19,461	8,270		7,544	26,392	34	61,701	89	65	107	0	0
1-L LIFE SKILLS - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	397,569	168,938		154,138	68,500	702	789,847	1,818	499	2,183	0	0
1-N PROTECTIVE SERVICE - GENERAL	2,274,207	966,374		881,700	439,152	4,012	4,565,445	10,398	529	12,487	0	0
1-O SERVICE PLANNING	357,720	152,005		138,685	200,001	631	849,042	1,635	31	1,964	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	131,525		131,525	0	45	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0	0		0	0	0	0	0	0
1-R SUBTOTAL IN-HOME	3,903,872	1,658,864	3,699,984	1,513,505	982,010	6,887	11,765,122			21,435	0	0
Number of Children receiving only NON-PURCHASED IN-Home Services												
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	0	0	0	0	10	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	12,048	5,119	0	4,671	16,516	22	38,376	135	320	66	0	0
2-F EMERGENCY SHELTER - DELINQUENT	699,685	297,315	0	351,905	1,398,837	1,235	2,748,977	43,164	328	3,842	0	0
2-G FOSTER FAMILY - DEPENDENT	0	0	0	0	6,526	0	6,526	90	1	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	64,726	0	64,726	157	23	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-K SUBTOTAL CBP	711,733	302,434	0	356,576	1,486,605	1,257	2,858,605	43,546	682	3,908	0	0
ADMINISTRATION	6,950	2,952	0	780,587	0	12	790,501			383,818	0	0
TOTAL EXPENDITURES	4,633,676	1,968,976	3,699,984	2,653,139	4,581,537	8,176	17,547,488			409,222	0	0
County Indirect Costs = \$ 777,892												

**LACKAWANNA 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	\$ 158,736	\$ 1,099	\$ 159,835
Adoption Assistance	3,250,114	702	3,250,816
Subsidized Permanent Legal Custodianship	601,616	564	602,180
Counseling	210,248	1,204	211,452
Day Care	23,433	0	23,433
Day Treatment	0	0	0
Homemaker Service	100,884	842	101,726
Intake and Referral	1,009,694	8,426	1,018,120
Life Skills	61,409	292	61,701
Protective Service - Child Abuse	783,877	5,970	789,847
Protective Service - General	4,531,297	34,148	4,565,445
Service Planning	843,671	5,371	849,042
Juvenile Act Proceedings	131,525	0	131,525
Alternative Treatment	0	0	0
Community Residential	0	0	0
Emergency Shelter	38,195	181	38,376
Foster Family	2,744,997	10,506	2,755,503
Supervised Independent Living	64,726	0	64,726
Juvenile Detention Service	1,406,042	0	1,406,042
Residential Service	727,051	167	727,218
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	0	0	0
Administration	790,396	105	790,501
Combined Total Expense	<u>17,477,911</u>	<u>69,577</u>	<u>17,547,488</u>
Less Non-reimbursables	<u>409,222</u>	<u>0</u>	<u>409,222</u>
Total Net Expense	<u>\$ 17,068,689</u>	<u>\$ 69,577</u>	<u>\$ 17,138,266</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 4,633,676	\$ 0	\$ 4,633,676
Employee Benefits	1,968,976	0	1,968,976
Subsidies	3,699,984	0	3,699,984
Operating	2,585,562	69,577	2,655,139
Purchased Services	4,581,537	0	4,581,537
Fixed Assets	8,176	0	8,176
Combined Total Expense	<u>17,477,911</u>	<u>69,577</u>	<u>17,547,488</u>
Less Non-reimbursables	<u>409,222</u>	<u>0</u>	<u>409,222</u>
Total Net Expense	<u>\$ 17,068,689</u>	<u>\$ 69,577</u>	<u>\$ 17,138,266</u>

**LACKAWANNA 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-370 Adjustment			
CY-370	1-A	4	1	Adoption Service - Operating	\$ 27,284	\$ 1,099	\$ 28,383
	1-B	4		Adoption Assistance - Operating	\$ 17,441	\$ 702	\$ 18,143
	1-C	4		Subsidized Perm. Legal Custodianship - Operating	\$ 13,989	\$ 564	\$ 14,553
	1-D	4		Counseling (Dep.) - Operating	\$ 29,872	\$ 1,204	\$ 31,076
	1-I	4		Homemaker Service - Operating	\$ 20,893	\$ 842	\$ 21,735
	1-J	4		Intake & Referral - Operating	\$ 209,122	\$ 8,426	\$ 217,548
	1-K	4		Life Skills (Dep.) - Operating	\$ 7,252	\$ 292	\$ 7,544
	1-M	4		Protective Service Child Abuse - Operating	\$ 148,168	\$ 5,970	\$ 154,138
	1-N	4		Protective Service General - Operating	\$ 847,552	\$ 34,148	\$ 881,700
	1-O	4		Service Planning - Operating	\$ 133,314	\$ 5,371	\$ 138,685
	2-E	4		Emergency Shelter (Dep.) - Operating	\$ 4,490	\$ 181	\$ 4,671
	2-G	4		Foster Family (Dep.) - Operating	\$ 341,399	\$ 10,506	\$ 351,905
	3-B	4		Residential Service (Dep.) - Operating	\$ 4,304	\$ 167	\$ 4,471
	4	4		Administration - Operating	\$ 780,482	\$ 105	\$ 780,587
				Total Adjustment Amount		<u>\$ 69,577</u>	
				To increase expenditures by \$69,577 to include third quarter Operating expenditures which were not reported on the agency's Act 148 Invoice submitted to Commonwealth DHS and reconcile to the agency's final expenditure ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2018 to JUNE 30, 2019

**LACKAWANNA 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		\$	10,771,881
Supplemental Act 148			<u>309,265</u>
Total State Allocation			11,081,146
State Share (CY348) ²	\$		11,087,332
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	11,087,332
Less: Expenditures in Excess of the Approved State Allocation			<u>6,186</u>
Final Net State Share Payable ³		\$	11,081,146
Actual Act 148 Revenues Received ⁴			<u>11,081,146</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 \$6,186, as detailed on this page. While our adjustments resulted in a net increase of \$10,309 in expenditures for the agency for said fiscal year, as detailed on page 14 of this report, the agency cannot receive state reimbursement in excess of the Total State Act 148 Allocation. Thus, there is no impact on the the Final Net State Share of Expenditures.

LACKAWANNA 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	187,216	0	1,667	0	0	0	19,059	0	166,490	166,490	(0)
02. 90% REIMBURSEMENT	131,794	0	139	0	0	0	2,593	0	129,062	116,156	12,906
03. 80% REIMBURSEMENT	15,180,888	129,703	1,556,989	163,128	160,373	60,386	1,229,169	51,925	11,829,215	9,463,371	2,365,844
04. 60% REIMBURSEMENT	1,849,519	5,707	5,759	0	0	0	268,325	6,198	1,563,530	938,118	625,412
05. 50% REIMBURSEMENT	806,394	0	0	0	0	0	0	0	806,394	403,197	403,197
06. TOTAL NET CHILD WELFARE EXPEND.	18,155,811	135,410	1,564,554	163,128	160,373	60,386	1,519,146	58,123	14,494,691	11,087,332	3,407,359

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	6,039	0							6,039	3,623	2,416

08. NON-REIMBURSABLE EXPENDITURES	348,010	0							348,010		348,010
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09. TOTAL EXPENDITURES	18,509,860	135,410	1,564,554	163,128	160,373	60,386	1,519,146	58,123	14,848,740	11,090,955	3,757,785
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10. TOTAL TITLE IV-D COLLECTIONS 40,890

11. TITLE IV-D Collections for IV-E Children 19,000

12. STATE ACT 148 - line 6 11,087,332

13. STATE ACT 148 ALLOCATION 11,081,146

14. ADJUSTED STATE SHARE (lower of 12 or 13) 11,081,146

INVOICE											
AMENDED STATE SHARE (ACT 148)	11,087,332										
ACT 148 AMOUNT RECEIVED	11,081,146										
ADJUSTMENT TO STATE SHARE	6,186										

LACKAWANNA 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
	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	77,916	37,454		29,243	41,440	1,338	187,391	81	28	175	0	0
1-B ADOPTION ASSISTANCE	47,755	22,955	3,170,224	17,924	0	821	3,259,679	50	410	108	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANS	12,064	5,800	558,067	4,529	0	208	580,668	49	58	58	0	0
1-D COUNSELING - DEPENDENT	36,696	17,640		13,773	11,566	630	80,305	20	5	83	0	0
1-E COUNSELING - DELINQUENT	0	0		0	49,193	0	49,193	35	11	0	0	0
1-F DAY CARE	0	0		0	40,945	0	40,945	10	13	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-I HOMEMAKER SERVICE	55,799	26,822		20,939	0	958	104,318	58	0	125	0	0
1-J INTAKE & REFERRAL	640,919	308,092		240,538	0	11,011	1,200,560	666	0	1,444	0	0
1-K LIFE SKILLS - DEPENDENT	39,713	19,089		14,901	20,801	681	95,185	41	25	90	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	312,165	150,059		117,159	195,000	5,363	779,746	325	150	703	0	0
1-N PROTECTIVE SERVICE - GENERAL	2,864,281	1,376,869		1,074,983	448,557	49,207	5,813,897	2,978	325	6,451	0	0
1-O SERVICE PLANNING	289,544	139,185		108,667	177,501	4,975	719,872	301	30	652	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				0	141,128		141,128	0	70	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				0				0	0	0	0	0
1-R SUBTOTAL IN-HOME	4,376,852	2,103,965	3,728,291	1,642,656	1,126,131	75,192	13,053,087			9,858	0	0
	Number of Children receiving only NON-PURCHASED IN-Home Services 5,005											
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	0	0	0	0	5,045	0	5,045	77	21	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	6,536	3,141	0	2,451	0	112	12,240	0	40	15	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	0	119,569	0	119,569	521	10	0	0	0
2-G FOSTER FAMILY - DEPENDENT	586,127	281,753	0	302,515	1,184,119	10,069	2,364,583	37,689	192	1,320	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	97,695	0	97,695	262	10	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	592,663	284,894	0	304,966	1,406,428	10,181	2,599,132	38,549	273	1,335	0	0
	Number of Children receiving only NON-PURCHASED IN-Home Services 5,005											
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	0	665,266	0	665,266	2,101	35	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	11,059	5,317	0	7,537	17,074	191	41,178	113	3	25	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	1,317,987	0	1,317,987	5,393	29	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	6,039	0	6,039	11	1	0	0	0
3-F SUBTOTAL INSTITUTIONAL	11,059	5,317	0	7,537	2,006,366	191	2,030,470	7,618	68	25	0	0
ADMINISTRATION	46,249	22,231	0	757,897	0	794	827,171			336,792	0	0
TOTAL EXPENDITURES	5,026,823	2,416,407	3,728,291	2,713,056	4,538,925	86,358	18,509,860			348,010	0	0
	County Indirect Costs = \$ 740,539											

**LACKAWANNA 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	\$ 187,391	\$ 0	\$ 187,391
Adoption Assistance	3,259,679	0	3,259,679
Subsidized Permanent Legal Custodianship	580,668	0	580,668
Counseling	129,498	0	129,498
Day Care	40,945	0	40,945
Day Treatment	0	0	0
Homemaker Service	104,518	0	104,518
Intake and Referral	1,200,560	0	1,200,560
Life Skills	95,185	0	95,185
Protective Service - Child Abuse	779,746	0	779,746
Protective Service - General	5,813,897	0	5,813,897
Service Planning	719,872	0	719,872
Juvenile Act Proceedings	141,128	0	141,128
Alternative Treatment	0	0	0
Community Residential	5,045	0	5,045
Emergency Shelter	131,809	0	131,809
Foster Family	2,364,583	0	2,364,583
Supervised Independent Living	97,695	0	97,695
Juvenile Detention Service	665,266	0	665,266
Residential Service	1,359,165	0	1,359,165
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	6,039	0	6,039
Administration	827,171	0	827,171
Combined Total Expense	<u>18,509,860</u>	<u>0</u>	<u>18,509,860</u>
Less Non-reimbursables	<u>358,319</u>	<u>(10,309)</u>	<u>348,010</u>
Total Net Expense	<u>\$ 18,151,541</u>	<u>\$ 10,309</u>	<u>\$ 18,161,850</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 5,026,823	\$ 0	\$ 5,026,823
Employee Benefits	2,416,407	0	2,416,407
Subsidies	3,728,291	0	3,728,291
Operating	2,713,056	0	2,713,056
Purchased Services	4,538,925	0	4,538,925
Fixed Assets	86,358	0	86,358
Combined Total Expense	<u>18,509,860</u>	<u>0</u>	<u>18,509,860</u>
Less Non-reimbursables	<u>358,319</u>	<u>(10,309)</u>	<u>348,010</u>
Total Net Expense	<u>\$ 18,151,541</u>	<u>\$ 10,309</u>	<u>\$ 18,161,850</u>

**LACKAWANNA COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2018 TO JUNE 30, 2019
ADJUSTMENT SCHEDULE**

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENTS	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370	4	10	1	<p style="text-align: center;">CY-370 Adjustment</p> <p>Administration - Non-Reimbursable Non PS/Sub.</p> <p>To decrease non-reimbursable expenditures by \$10,309 to properly report indirect costs which exceed the 2% cost limitation.</p> <p>Title 55 PA Code, Chapter 3170.60 OCYF Bulletin 00-95-12</p>	\$ 347,101	\$ (10,309)	\$ 336,792

SECTION 3

STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

LACKAWANNA 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 Lackawanna 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 from July 2017 until November 2018. However, as of December 2018, we determined agency management developed and implemented sufficient policies and procedures to substantiate the number of units listed on Fee-For-Service invoices and to substantiate operating costs submitted by Program Funded providers to reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

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 from July 2017 until November 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 RECOMMENDATION

LACKAWANNA COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

Finding – Unresolved Prior Audit Recommendations – Lack of Internal Control Policies and Procedures to Reduce the Risk of Paying Overbillings or Fraudulent Billings Submitted 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, we cited the Lackawanna County Children and Youth Agency (agency) for a lack of 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. In addition, for contracted Program-Funded providers, these providers submitted no supporting documentation, nor did the agency require any documentation substantiating the monthly operating costs detailed on these providers' monthly submitted invoices or that services were actually provided to the individuals named on the invoices.

During the conduct of our current engagement, while 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 five months of our current two year engagement period, (i.e., from July 2017 until November 2018), we found that, in response to the recommendations included in our prior engagement report, agency management developed and implemented in December 2018 sufficient written fiscal-related monitoring policy and corresponding procedures. These fiscal-related monitoring procedures require In-Home Purchased Service providers to include supporting documentation (e.g. client sign-in sheets) with submitted Fee-For-Service invoices and payroll reports, receipts, and attendance records with submitted Program Funded invoices. Fiscal staff compare the supporting documentation to the corresponding submitted invoice, any discrepancies are discussed with the provider, and a resolution is determined. We verified that these procedures were in operation beginning December 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

LACKAWANNA COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

amount of State funds allocated to the county under section 709.3 of the Human Services Code (62 P.S. § 709.3).”

- *Office of Children, Youth and Families (OCYF) Bulletin 3140-06-06, applicable for fiscal year ended 6/30/2011; Bulletin 3140-11-02, applicable for fiscal year ended 6/30/2012; Bulletin 3140-13-01, applicable for fiscal year ended 6/30/2013; Bulletin 3140-13-05, applicable for fiscal year ended 6/30/2014: Act 148 Invoicing Procedures for County Child Social Services - Instructions for Completion of Expenditure Report. This form is a report of the ACTUAL EXPENDITURES of the County Children and Youth Agency (CCYA).*

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

- *Section 3170.2. Definitions. Program funded agency – An agency whose total eligible expenditures are funded in a manner which is predetermined by the appropriate county authorities.*
- *Section 3170.23(a). Purchase of Service. Purchase of service funding may be by unit of service funding or by program funding.*
- *Section 3170.85. Responsibility of the County. “...the county executive officers shall be responsible for the effective execution of each purchase of service agreement...”*
- *Section 3170.91. County Responsibility. “The county is responsible for the general fiscal management of the county agency. This includes maintaining fiscal records of expenditures and revenues of the program, providing data for budgeting and expenditure 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 2017 until November 2018. Agency management’s

LACKAWANNA COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

implementation of fiscal-related monitoring policies and procedures to reduce the risk of paying overbillings and/or fraudulent billings submitted by contracted In-Home Purchased Service providers did not occur until December 2018.

Effect: The agency's lack of implemented fiscal-related monitoring policies and procedures from July 2017 until November 2018, designed to reduce the risk of paying overbillings 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 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 and that operating costs invoiced by contracted Program-Funded providers are substantiated.

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 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.

LACKAWANNA COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

Agency Response: The Agency implemented numerous changes to the in-home providers billing over the past several years. The agency also previously informed all of the in-home providers that the Agency was going to require copies of all their employee background clearances be submitted as well. The invoices that were received from the arts providers, EOTC, and Penn State program consistently had the sign in sheets attached. All other in-home providers complied with adding on the invoice the certification statement and a detailed log for backup with children's names, date, number of hours, and detail as to what was done on each invoice. We have firmed up our policy about the sign in sheets in December 2018 and sent a follow up emails to the in-home providers.

Several of these in-home services also require a Review Board signed off by administration before a referral is made. A copy of this form was sent during the previous audit as well. This clearly details what the agency will pay for and the reason. When appropriate this is attached to the invoice as well.

For any of the housing invoices the Agency has a Housing coordinator that handles making the referral to the providers. The coordinator attends meetings on site and discusses the cases and the progress made. When the invoices are sent in they are matched up with the referral and communication that is sent to verify services were provided before the invoice is signed off on.

When all in-home invoices are sent to the Agency by the in-home provider they are signed off on by the supervisor who double-checks via case notes, referral forms, etc. to make sure that the service was in fact provided for every single child listed. The agency already takes many steps to ensure that there is no fraudulent billing by providers.

The Agency is also open to any other suggestions to changes that could be made to strengthen the in-home service invoice process.

Auditor's Conclusion: We commend the agency management on acknowledging the deficiencies that existed in the agency's invoice review and approval process for contracted In-Home Purchased Services providers during our current engagement period; specifically, during the 2017-2018 fiscal year and between July 2018 and November 2018 of the 2018-2019 fiscal year. We further commend agency management's efforts to develop and implement formal, written fiscal-related monitoring policy and procedures for these contracted In-Home Purchased Services providers beginning in December 2018. During our next audit of the agency, we will determine whether the agency continued to perform the implemented monitoring procedures to reduce the agency's risk of overbillings and fraudulent billings submitted by contracted In-Home Purchased Services providers going undetected.

SECTION 5

CURRENT ENGAGEMENT OBSERVATION

LACKAWANNA 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.¹ 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.²

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).³ Our concerns have been, and continue to be, 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.

¹ 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.

² 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.

³ 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.

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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

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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.⁴

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

⁴ Various articles point to children in the 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).

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certification requirements. This specifically relates to obtaining assurance as to the sufficiency 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.

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This report was originally distributed to the following:

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