

AMENDED FISCAL REPORTS

For Fiscal Years:

July 1, 2014 to June 30, 2015

July 1, 2015 to June 30, 2016

July 1, 2016 to June 30, 2017

Montgomery County Children and Youth Agency

January 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 Montgomery County
Montgomery County Courthouse
P.O. Box 311
Norristown, PA 19404-0311

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 Montgomery County Children and Youth Agency (agency), legally known as Montgomery County Children and Youth Services, for the purpose of ascertaining and certifying the actual Commonwealth expenditures incurred on behalf of children residing within the County for the fiscal years July 1, 2014 to June 30, 2015, July 1, 2015 to June 30, 2016, and July 1, 2016 to June 30, 2017. 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, 2015, June 30, 2016, and June 30, 2017.

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 required to be and was not conducted 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 Montgomery 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 2014-2015, 2015-2016, and 2016-2017 fiscal years based on the accrual basis of accounting.¹

¹ The accrual basis of accounting is required by DHS.

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 **2014-2015 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 \$27,390. However, no amount is due to the county or state because Youth Development Center services are provided by the Commonwealth of Pennsylvania and the costs are not included in the Act 148 State Share calculation. This adjustment is detailed in our amended fiscal reports for fiscal year 2014-2015, as included in Section 1 of this report.
- For the **2015-2016 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 \$61,371. Based on the application of the state participation rates, this adjustment resulted in an amount due to the county totaling \$49,284. The adjustment is detailed in our amended fiscal reports for fiscal year 2015-2016, as included in Section 2 of this report.
- For the **2016-2017 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 \$28,046. Based on the application of the state participation rates, this adjustment resulted in an amount due to the county totaling \$21,703. This adjustment is detailed in our amended fiscal reports for fiscal year 2016-2017, as included in Section 3 of this report.

In addition, due to the timing of the conduct of our prior engagement, the agency was not able to implement corrective action to comply with the recommendations in the finding included in our prior released engagement report, as detailed in Section 4 of this report. As a result, we concluded that this finding should be reissued as a repeat finding in the current section of our engagement report, as listed below and detailed in Section 5 of this report.

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

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 6 of this report.

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)

Independent Auditor's Report (Continued)

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 January 15, 2020.

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

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

Sincerely,



Eugene A. DePasquale
Auditor General

January 28, 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 Montgomery County Children and Youth Agency provided in-home and placement services to 2,654 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, 2014 to JUNE 30, 2015

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹	\$	22,321,434
Supplemental Act 148		<u>0</u>
Total State Allocation		22,321,434
State Share (CY348) ²	\$	21,778,936
Less: Major Service Category Adjustment		<u>0</u>
Net State Share	\$	21,778,936
Less: Expenditures in Excess of the Approved State Allocation		<u>0</u>
Final Net State Share Payable ³	\$	21,778,936
Actual Act 148 Revenues Received ⁴		<u>21,778,936</u>
Net Amount Due County/(State) ⁵	\$	<u><u>0</u></u>

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

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

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

⁴ Actual Act 148 Revenues Received is the amount of Act 148 funds the County received.

⁵ No amount is due to the County or State because YDC/YFC Secure facilities are run by Commonwealth DHS and the reported amount is not included in the Act 148 State Share calculation. While our adjustment resulted in an increase of \$27,390 in expenditures for the agency for said fiscal year, as detailed on page 7 of this report, there is no impact on the Final Net State Share of Expenditures.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
 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	792,332	1,453	149,449	0	0	0	0	0	641,430	641,430	0
02. 90% REIMBURSEMENT	1,544,225	12,988	265,442	0	0	0	0	0	1,265,795	1,139,216	126,579
03. 80% REIMBURSEMENT	25,032,055	498,095	4,551,373	1,273,533	0	0	0	0	18,709,054	14,967,244	3,741,810
04. 60% REIMBURSEMENT	7,559,774	523,778	648,014	0	483,979	236,098	0	14,132	5,653,773	3,392,264	2,261,509
05. 50% REIMBURSEMENT	3,288,587	11,025	0	0	0	0	0	0	3,277,562	1,638,782	1,638,780
06. TOTAL NET CHILD WELFARE EXPEND.	38,216,973	1,047,339	5,614,278	1,273,533	483,979	236,098	0	14,132	29,547,614	21,778,936	7,768,678

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	1,538,430	27,636							1,510,794	906,476	604,318

08. NON-REIMBURSABLE EXPENDITURES	0	0							0		0
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09. TOTAL EXPENDITURES	39,755,403	1,074,975	5,614,278	1,273,533	483,979	236,098	0	14,132	31,058,408	22,685,412	8,372,996
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10. TOTAL TITLE IV-D COLLECTIONS 731,228

11. TITLE IV-D Collections for IV-E Children 32,132

12. STATE ACT 148 - line 6 21,778,936

13. STATE ACT 148 ALLOCATION 22,321,434

14. ADJUSTED STATE SHARE (lower of 12 or 13) 21,778,936

INVOICE	
AMENDED STATE SHARE (ACT 148)	21,778,936
ACT 148 AMOUNT RECEIVED	21,778,936
ADJUSTMENT TO STATE SHARE	0

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
 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	792,332	1,453		149,449						641,430	641,430	0
1-B ADOPTION ASSISTANCE	3,403,645	0	1,372,099	14,405						2,017,141	1,613,713	403,428
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	611,237	0	140,571	6,614						464,052	371,242	92,810
1-D COUNSELING - DEPENDENT	1,014,000	668		80,033	61,823					871,476	697,181	174,295
1-E COUNSELING - DELINQUENT	310,619	0			64,239					246,380	197,104	49,276
1-F DAY CARE	96,478	0			35,590					60,888	48,710	12,178
1-G DAY TREATMENT - DEPENDENT	18,284	0								18,284	14,627	3,657
1-H DAY TREATMENT - DELINQUENT	47,328	0			5,708					41,620	33,296	8,324
1-I HOMEMAKER SERVICE	0	0								0	0	0
1-J INTAKE & REFERRAL	1,295,137	2,404		240,211						1,052,522	842,018	210,504
1-K LIFE SKILLS - DEPENDENT	2,345,781	790		88,732	491,220					1,765,039	1,412,031	353,008
1-L LIFE SKILLS - DELINQUENT	3,466,897	0			593,953					2,872,944	2,298,355	574,589
1-M PROTECTIVE SERVICE - CHILD ABUSE	851,233	1,007		128,418	21,000					700,808	560,646	140,162
1-N PROTECTIVE SERVICE - GENERAL	1,527,587	2,482		281,543						1,243,562	994,850	248,712
1-O SERVICE PLANNING	190,915	408		36,100						154,407	123,526	30,881
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	18,191	0								18,191	9,096	9,095
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	7,442	0								7,442	3,721	3,721
1-R SUBTOTAL IN-HOME	15,997,106	9,212	1,512,670	1,025,905	1,273,533	0	0	0	0	12,176,186	9,861,546	2,314,640
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0								0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	150,176	9,918								140,258	112,206	28,052
2-C COMMUNITY RESIDENTIAL - DEPENDENT	2,411,944	48,163	707,816	70,018						1,585,947	1,268,758	317,189
2-D COMMUNITY RESIDENTIAL - DELINQUENT	1,525,364	31,019	17,657							1,476,688	1,181,350	295,338
2-E EMERGENCY SHELTER - DEPENDENT	1,563,463	12,988	218,496	46,466						1,085,513	976,962	108,551
2-F EMERGENCY SHELTER - DELINQUENT	180,762	0	480							180,282	162,254	18,028
2-G FOSTER FAMILY - DEPENDENT	4,708,493	357,894	605,005	703,002						3,042,592	2,434,074	608,518
2-H FOSTER FAMILY - DELINQUENT	658,428	39,251								619,177	495,342	123,835
2-I SUP. INDEPENDENT LIVING - DEPENDENT	341,175	4,091	59,149							277,935	222,348	55,587
2-J SUP. INDEPENDENT LIVING - DELINQUENT	57,334	0								57,334	45,867	11,467
2-K SUBTOTAL CRP	11,397,139	503,324	1,608,603	819,486	0	0	0	0	0	8,465,726	6,899,161	1,566,565
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	3,262,954	11,025								3,251,929	1,625,965	1,625,964
3-B RESIDENTIAL SERVICE - DEPENDENT	917,608	91,188	92,189			241,997	89,586			402,648	241,589	161,059
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	3,821,269	432,590	23,004			241,982	146,512			2,977,181	1,786,309	1,190,872
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0								0	0	0
3-E YDC SECURE	1,538,430	27,636								1,510,794	906,476	604,318
3-F SUBTOTAL INSTITUTIONAL	9,540,261	562,439	115,193	0	0	483,979	236,098	0	0	8,142,552	4,560,339	3,582,213
4 ADMINISTRATION	2,820,897	0		532,821		0	0	0	14,132	2,273,944	1,364,366	909,578
5 TOTAL REVENUES	39,755,403	1,074,975	3,236,466	2,377,812	1,273,533	483,979	236,098	0	14,132	31,058,408	22,685,412	8,372,996

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
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 PS Sub.	Non-Reim- Purchased Serv/ Subsidies	Program Income related to all Non- Reimbursable
IN-HOME												
1-A ADOPTION SERVICE	534,737	199,800		55,637	0	4,158	792,332	46	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	3,403,645	0	0	0	3,403,645	0	528	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	611,237	0	0	0	611,237	0	101	0	0	0
1-D COUNSELING - DEPENDENT	307,816	115,035		0	591,149	0	1,014,000	2,122	156	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	310,619	0	310,619	0	156	0	0	0
1-F DAY CARE	0	0		0	96,478	0	96,478	0	70	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	18,284	0	18,284	0	3	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	47,328	0	47,328	0	10	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	843,983	315,287		106,647	20,902	8,318	1,295,137	9,051	33	0	0	0
1-K LIFE SKILLS - DEPENDENT	341,272	127,541		0	1,876,988	0	2,345,781	2,134	410	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	3,466,897	0	3,466,897	0	476	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	373,018	139,372		164,367	162,000	12,476	851,233	2,820	270	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	922,007	344,492		218,723	25,730	16,635	1,527,587	4,310	26	0	0	0
1-O SERVICE PLANNING	138,986	51,929		0	0	0	190,915	0	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				18,191	0		18,191	0	0	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				7,442	0		7,442	0	0	0	0	0
1-R SUBTOTAL IN-HOME	3,461,819	1,293,456	4,014,882	569,007	6,616,335	41,387	15,997,106					
	Number of Children receiving only NON-PURCHASED IN-Home Services 14,107											
COMMUNITY BASED PLACEMENT												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0		0	150,176	0	150,176	988	17	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	177,294	66,264		129,664	2,030,404	8,318	2,411,944	12,433	114	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		61,768	1,463,596	0	1,525,364	8,270	52	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	138,698	51,844		54,399	1,114,364	4,158	1,363,463	4,181	130	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0		315	180,447	0	180,762	551	20	0	0	0
2-G FOSTER FAMILY - DEPENDENT	1,101,020	411,448		292,333	2,891,196	12,476	4,708,493	72,521	374	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0		7,407	651,021	0	658,428	5,707	22	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0	341,175	0	341,175	3,151	12	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0	57,334	0	57,334	357	3	0	0	0
2-K SUBTOTAL CBP	1,417,012	529,556	0	545,906	8,879,713	24,952	11,397,139	108,159	744	0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0		0	3,262,954	0	3,262,954	8,552	304	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0		272	917,336	0	917,608	5,661	39	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0		84,933	3,736,336	0	3,821,269	23,606	158	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		0	0	0	0	0	0	0	0	0
3-E YDC - SECURE	0	0		0	1,538,430	0	1,538,430	3,113	19	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	85,205	9,455,056	0	9,540,261	40,932	520	0	0	0
4 ADMINISTRATION	1,341,042	500,850	0	962,371	0	16,634	2,820,897					
TOTAL EXPENDITURES	6,219,873	2,323,862	4,014,882	2,162,489	24,951,124	83,173	39,755,403					
	County Indirect Costs = \$ 547,455											

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
AMENDED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 792,332	\$ 0	\$ 792,332
Adoption Assistance	3,403,645	0	3,403,645
Subsidized Permanent Legal Custodianship	611,237	0	611,237
Counseling	1,324,619	0	1,324,619
Day Care	96,478	0	96,478
Day Treatment	65,612	0	65,612
Homemaker Service	0	0	0
Intake and Referral	1,295,137	0	1,295,137
Life Skills	5,812,678	0	5,812,678
Protective Service - Child Abuse	851,233	0	851,233
Protective Service - General	1,527,587	0	1,527,587
Service Planning	190,915	0	190,915
Juvenile Act Proceedings	25,633	0	25,633
Alternative Treatment	150,176	0	150,176
Community Residential	3,937,308	0	3,937,308
Emergency Shelter	1,544,225	0	1,544,225
Foster Family	5,366,921	0	5,366,921
Supervised Independent Living	398,509	0	398,509
Juvenile Detention Service	3,262,954	0	3,262,954
Residential Service	4,738,877	0	4,738,877
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	1,511,040	27,390	1,538,430
Administration	2,820,897	0	2,820,897
Combined Total Expense	<u>39,728,013</u>	<u>27,390</u>	<u>39,755,403</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 39,728,013</u>	<u>\$ 27,390</u>	<u>\$ 39,755,403</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 6,219,873	\$ 0	\$ 6,219,873
Employee Benefits	2,323,862	0	2,323,862
Subsidies	4,014,882	0	4,014,882
Operating	2,162,489	0	2,162,489
Purchased Services	24,923,734	27,390	24,951,124
Fixed Assets	83,173	0	83,173
Combined Total Expense	<u>39,728,013</u>	<u>27,390</u>	<u>39,755,403</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 39,728,013</u>	<u>\$ 27,390</u>	<u>\$ 39,755,403</u>

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2014 TO JUNE 30, 2015
ADJUSTMENT SCHEDULE**

REPORT REFERENCE			ADJ. NO.	EXPLANATION OF ADJUSTMENTS	AS REPORTED OR ADJUSTED	INCREASE/ (DECREASE)	ADJUSTED TOTAL
SCHEDULE	LINE	COLUMN					
CY-370	3-E	5	1	<p style="text-align: center;">CY-370 Adjustment</p> <p>YDC Secure - Purchased Services</p> <p>To increase expenditures by \$27,390 because Commonwealth DHS increased the 3rd quarter charge for YDC/YFC costs, after the agency's submission of the Act 148 invoice to Commonwealth DHS.</p> <p>Title 55 PA Code, Chapter 3170.95(a)(b)</p>	\$ 1,511,040	\$ 27,390	\$ 1,538,430

SECTION 2

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2015 to JUNE 30, 2016

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	22,511,458
Supplemental Act 148			<u>0</u>
Total State Allocation			22,511,458
State Share (CY348) ²	\$		21,963,810
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	21,963,810
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	21,963,810
Actual Act 148 Revenues Received ⁴			<u>21,914,526</u>
Net Amount Due County/(State) ⁵		\$	<u><u>49,284</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.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
 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	803,237	0	147,320	0	0	0	0	0	655,917	655,917	0
02. 90% REIMBURSEMENT	992,733	15,532	182,883	0	0	0	0	0	794,318	714,886	79,432
03. 80% REIMBURSEMENT	25,897,513	447,804	4,298,415	1,273,533	0	0	0	0	19,877,761	15,902,210	3,975,551
04. 60% REIMBURSEMENT	6,621,870	316,688	692,281	0	483,979	236,098	0	13,991	4,878,833	2,927,299	1,951,534
05. 50% REIMBURSEMENT	3,527,086	90	0	0	0	0	0	0	3,526,996	1,763,498	1,763,498
06. TOTAL NET CHILD WELFARE EXPEND	37,842,439	780,114	5,320,899	1,273,533	483,979	236,098	0	13,991	29,733,825	21,963,810	7,770,015

YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	1,743,464	42,987							1,700,477	1,020,286	680,191

08. NON-REIMBURSABLE EXPENDITURES	0	0							0	0	0
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09. TOTAL EXPENDITURES	39,585,903	823,101	5,320,899	1,273,533	483,979	236,098	0	13,991	31,434,302	22,984,096	8,450,206
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- 10. TOTAL TITLE IV-D COLLECTIONS 625,979
- 11. TITLE IV-D Collections for IV-E Children 121,280
- 12. STATE ACT 148 - line 6 21,963,810
- 13. STATE ACT 148 ALLOCATION 22,511,458
- 14. ADJUSTED STATE SHARE (lower of 12 or 13) 21,963,810

INVOICE											
AMENDED STATE SHARE (ACT 148)	21,963,810										
ACT 148 AMOUNT RECEIVED	21,914,526										
ADJUSTMENT TO STATE SHARE	49,284										

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
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	803,237	0	147,320	0	0	0	0	0	655,917	655,917	0	0
I-B ADOPTION ASSISTANCE	3,517,913	0	1,444,830	25,829	0	0	0	0	2,047,254	1,637,803	409,451	0
I-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	750,133	0	230,463	0	0	0	0	0	519,670	415,736	103,934	0
I-D COUNSELING - DEPENDENT	1,062,637	0	80,861	111,724	0	0	0	0	870,052	696,042	174,010	0
I-E COUNSELING - DELINQUENT	355,396	0	0	0	0	0	0	0	355,396	284,317	71,079	0
I-F DAY CARE	144,990	0	0	0	78,341	0	0	0	66,449	53,159	13,290	0
I-G DAY TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
I-H DAY TREATMENT - DELINQUENT	74,638	0	0	0	0	0	0	0	74,638	59,710	14,928	0
I-I HOMEMAKER SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
I-L INTAKE & REFERRAL	935,976	0	171,742	0	0	0	0	0	764,234	611,387	152,847	0
I-K LIFE SKILLS - DEPENDENT	1,720,989	0	83,561	403,391	0	0	0	0	1,234,037	987,230	246,807	0
I-L LIFE SKILLS - DELINQUENT	3,609,297	0	637,220	0	0	0	0	0	2,972,077	2,377,662	594,415	0
I-M PROTECTIVE SERVICE - CHILD ABUSE	1,193,870	0	187,781	42,657	0	0	0	0	963,432	770,746	192,686	0
I-N PROTECTIVE SERVICE - GENERAL	1,565,519	62	284,479	0	0	0	0	0	1,280,978	1,024,782	256,196	0
I-O SERVICE PLANNING	345,168	0	63,337	0	0	0	0	0	281,831	225,465	56,366	0
I-P JUVENILE ACT PROCEEDINGS - DEPENDENT	204	0	0	0	0	0	0	0	204	102	102	0
I-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	3,434	0	0	0	0	0	0	0	3,434	1,717	1,717	0
I-R SUBTOTAL IN-HOME	16,083,401	62	1,675,293	1,044,910	1,273,533	0	0	0	12,089,603	9,801,775	2,287,828	0

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	2,925,199	82,940	398,612	62,295	0	0	0	0	2,381,352	1,905,082	476,270	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	1,713,205	51,882	13,202	0	0	0	0	0	1,648,121	1,318,497	329,624	0
2-E EMERGENCY SHELTER - DEPENDENT	849,320	15,532	1,361,599	37,580	0	0	0	0	660,049	594,044	66,005	0
2-F EMERGENCY SHELTER - DELINQUENT	143,413	0	9,144	0	0	0	0	0	134,269	120,842	13,427	0
2-G FOSTER FAMILY - DEPENDENT	4,782,080	273,414	594,718	650,861	0	0	0	0	3,263,087	2,610,470	652,617	0
2-H FOSTER FAMILY - DELINQUENT	815,028	29,475	557	1,921	0	0	0	0	783,075	626,460	156,615	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	217,906	10,031	3,366	0	0	0	0	0	204,509	163,607	40,902	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	167,569	0	0	0	0	0	0	0	167,569	134,055	33,514	0
2-K SUBTOTAL CBP	11,613,720	463,274	1,155,758	752,657	0	0	0	0	9,242,031	7,473,057	1,768,974	0

INSTITUTIONAL PLACEMENT	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE	
3-A JUVENILE DETENTION SERVICE	3,523,448	90	0	0	0	0	0	0	3,523,358	1,761,679	1,761,679	0
3-B RESIDENTIAL SERVICE - DEPENDENT	782,289	61,168	147,899	0	0	0	0	0	242,000	213,244	127,874	85,250
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	2,872,428	255,294	0	0	0	0	0	0	2,417,979	1,800,000	1,354,293	902,862
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	0	0	0	0	0	0	0	0
3-E YDC SECURE	1,743,464	42,987	0	0	0	0	0	0	1,700,477	1,020,286	680,191	0
3-F SUBTOTAL INSTITUTIONAL	8,921,629	359,539	147,899	0	0	0	0	0	7,694,114	4,264,132	3,429,982	0

4 ADMINISTRATION	2,967,153	226	0	544,382	0	0	0	0	13,991	2,408,554	1,445,132	963,422
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TOTAL REVENUES	39,585,903	823,101	2,978,950	2,341,949	1,273,533	483,979	236,098	0	13,991	31,434,302	22,984,096	8,450,206
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MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
 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	518,055	205,376		79,758	0	48	803,237	48	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	3,517,913	0	0	0	3,517,913	0	535	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	750,133	0	0	0	750,133	0	125	0	0	0
1-D COUNSELING - DEPENDENT	287,234	113,647		39,699	62,203	24	1,062,637	1,662	138	0	0	0
1-E COUNSELING - DELINQUENT	0	0		0	355,396	0	355,396	0	72	0	0	0
1-F DAY CARE	0	0		0	144,990	0	144,990	0	69	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	74,638	0	74,638	0	12	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	600,783	235,885		99,248	0	60	935,976	5,747	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	290,664	115,006		49,623	1,265,666	30	1,720,989	1,789	296	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	3,609,297	0	3,609,297	0	498	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	656,414	257,802		112,789	166,800	65	1,193,870	3,673	269	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	998,390	393,050		162,539	11,445	95	1,565,519	6,624	15	0	0	0
1-O SERVICE PLANNING	225,883	89,495		29,772	0	18	345,168	257	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				204	0		204	0	0	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				3,434	0		3,434	0	0	0	0	0
1-R SUBTOTAL IN-HOME	3,577,423	1,410,261	4,268,046	577,066	6,250,265	340	16,083,401					
	Number of Children receiving only NON-PURCHASED IN-Home Services 20,148											
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	221,890	87,752	0	35,591	2,579,948	18	2,925,199	13,316	139	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	48,872	1,664,333	0	1,713,205	9,249	67	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	132,547	52,394	0	20,569	643,798	12	849,320	2,754	167	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	362	143,051	0	143,413	453	32	0	0	0
2-G FOSTER FAMILY - DEPENDENT	1,077,656	425,972	0	207,263	3,071,082	107	4,782,080	72,229	379	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	5,748	809,280	0	815,028	6,634	32	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	217,906	0	217,906	1,458	10	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	167,569	0	167,569	923	7	0	0	0
2-K SUBTOTAL CBP	1,432,093	566,118	0	318,405	9,296,967	137	11,613,720	107,016	833	0	0	0
ADMINISTRATION	1,307,274	516,852	0	1,142,909	0	118	2,967,153					
TOTAL EXPENDITURES	6,316,790	2,493,231	4,268,046	2,105,885	24,401,356	595	39,585,903					
	County Indirect Costs = \$ 602,363											

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
AMENDED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 803,237	\$ 0	\$ 803,237
Adoption Assistance	3,513,978	3,935	3,517,913
Subsidized Permanent Legal Custodianship	750,133	0	750,133
Counseling	1,418,033	0	1,418,033
Day Care	142,485	2,505	144,990
Day Treatment	57,214	17,424	74,638
Homemaker Service	0	0	0
Intake and Referral	935,976	0	935,976
Life Skills	5,325,746	4,540	5,330,286
Protective Service - Child Abuse	1,193,870	0	1,193,870
Protective Service - General	1,565,519	0	1,565,519
Service Planning	345,168	0	345,168
Juvenile Act Proceedings	3,638	0	3,638
Alternative Treatment	0	0	0
Community Residential	4,637,459	945	4,638,404
Emergency Shelter	990,872	1,861	992,733
Foster Family	5,568,136	28,972	5,597,108
Supervised Independent Living	384,286	1,189	385,475
Juvenile Detention Service	3,523,448	0	3,523,448
Residential Service	3,654,717	0	3,654,717
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	1,743,464	0	1,743,464
Administration	2,967,153	0	2,967,153
Combined Total Expense	<u>39,524,532</u>	<u>61,371</u>	<u>39,585,903</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 39,524,532</u>	<u>\$ 61,371</u>	<u>\$ 39,585,903</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 6,316,790	\$ 0	\$ 6,316,790
Employee Benefits	2,493,231	0	2,493,231
Subsidies	4,264,111	3,935	4,268,046
Operating	2,105,885	0	2,105,885
Purchased Services	24,343,920	57,436	24,401,356
Fixed Assets	595	0	595
Combined Total Expense	<u>39,524,532</u>	<u>61,371</u>	<u>39,585,903</u>
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	<u>\$ 39,524,532</u>	<u>\$ 61,371</u>	<u>\$ 39,585,903</u>

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2015 TO JUNE 30, 2016
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-B	3	1	Adoption Assistance - Subsidies	\$ 3,513,978	\$ 3,935	\$ 3,517,913
	1-F	4		Daycare - Purchased Services	\$ 142,485	\$ 2,505	\$ 144,990
	1-H	4		Day Treatment (Del.) - Purchased Services	\$ 57,214	\$ 17,424	\$ 74,638
	1-K	4		Life Skills (Dep.) - Purchased Services	\$ 1,263,339	\$ 2,327	\$ 1,265,666
	1-L	4		Life Skills (Del.) - Purchased Services	\$ 3,607,084	\$ 2,213	\$ 3,609,297
	2-D	4		Community Residential (Del.) - Purchased Services	\$ 1,663,388	\$ 945	\$ 1,664,333
	2-E	4		Emergency Shelter (Dep.) - Purchased Services	\$ 641,998	\$ 1,800	\$ 643,798
	2-F	4		Emergency Shelter (Del.) - Purchased Services	\$ 142,990	\$ 61	\$ 143,051
	2-G	4		Foster Family (Dep.) - Purchased Services	\$ 3,043,628	\$ 27,454	\$ 3,071,082
	2-H	4		Foster Family (Del.) - Purchased Services	\$ 807,762	\$ 1,518	\$ 809,280
	2-J	4		Supervised Independent Living (Del.) - Purchased Services	\$ 166,380	\$ 1,189	\$ 167,569
				Total Adjustment Amount		\$ 61,371	
				To increase expenditures by \$61,371 to include costs which occurred subsequent to the agency's submission of the Act 148 invoice to Commonwealth DHS and reconcile to the agency's final expenditure general ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 3

AMENDED FISCAL REPORTS

FOR THE FISCAL YEAR:

JULY 1, 2016 to JUNE 30, 2017

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
AMENDED
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation ¹		\$	23,114,303
Supplemental Act 148			<u>0</u>
Total State Allocation			23,114,303
State Share (CY348) ²	\$		22,540,896
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	22,540,896
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable ³		\$	22,540,896
Actual Act 148 Revenues Received ⁴			<u>22,519,193</u>
Net Amount Due County/(State) ⁵		\$	<u>21,703</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.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
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	882,098	0	145,937	0	0	0	0	0	736,161	736,161	0
02. 90% REIMBURSEMENT	1,252,666	17,038	186,157	0	0	0	0	0	1,049,471	944,524	104,947
03. 80% REIMBURSEMENT	26,259,193	504,157	4,667,520	1,273,533	0	0	0	0	19,813,983	15,851,186	3,962,797
04. 60% REIMBURSEMENT	7,428,664	471,165	689,089	0	483,979	236,098	0	13,705	5,534,628	3,320,776	2,213,852
05. 50% REIMBURSEMENT	3,376,496	0	0	0	0	0	0	0	3,376,496	1,688,249	1,688,247
06. TOTAL NET CHILD WELFARE EXPEND.	39,199,117	992,360	5,688,703	1,273,533	483,979	236,098	0	13,705	30,510,739	22,540,896	7,969,843

YDC/YFC PLACEMENT COSTS											
07. 60% DFSPARTICIPATION	1,690,140	52,800							1,637,340	982,404	654,936

08. NON-REIMBURSABLE EXPENDITURES	0	0							0		0
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09. TOTAL EXPENDITURES	40,889,257	1,045,160	5,688,703	1,273,533	483,979	236,098	0	13,705	32,148,079	23,523,300	8,624,779
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10. TOTAL TITLE IV-D COLLECTIONS 874,826

11. TITLE IV-D Collections for IV-E Children 94,320

12. STATE ACT 148 - line 6 22,540,896

13. STATE ACT 148 ALLOCATION 23,114,303

14. ADJUSTED STATE SHARE (lower of 12 or 13) 22,540,896

INVOICE	
AMENDED STATE SHARE (ACT 148)	22,540,896
ACT 148 AMOUNT RECEIVED	22,519,193
ADJUSTMENT TO STATE SHARE	21,703

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
 FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
 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												
1-A ADOPTION SERVICE	882,098	0	145,937	0	0	0	0	0	0	736,161	736,161	0
1-B ADOPTION ASSISTANCE	3,519,873	0	1,466,709	12,817	0	0	0	0	0	2,040,347	1,632,278	408,069
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	803,866	0	261,803	4,500	0	0	0	0	0	537,563	430,050	107,513
1-D COUNSELING - DEPENDENT	949,735	0	80,751	93,971	0	0	0	0	0	775,013	620,010	155,003
1-E COUNSELING - DELINQUENT	282,693	0	60,427	0	0	0	0	0	0	222,266	177,813	44,453
1-F DAY CARE	138,267	0	29,187	0	0	0	0	0	0	109,080	87,264	21,816
1-G DAY TREATMENT - DEPENDENT	9,010	0	0	0	0	0	0	0	0	9,010	7,208	1,802
1-H DAY TREATMENT - DELINQUENT	131,038	0	0	0	4,294	0	0	0	0	126,744	101,395	25,349
1-I HOME/MAKER SERVICE	0	0	0	0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	1,120,907	0	186,026	0	0	0	0	0	0	934,881	747,905	186,976
1-K LIFE SKILLS - DEPENDENT	2,158,210	0	83,524	474,009	0	0	0	0	0	1,600,677	1,280,542	320,135
1-L LIFE SKILLS - DELINQUENT	3,486,449	0	572,045	0	0	0	0	0	0	2,914,404	2,331,523	582,881
1-M PROTECTIVE SERVICE - CHILD ABUSE	1,420,556	0	204,576	39,600	0	0	0	0	0	1,176,380	941,104	235,276
1-N PROTECTIVE SERVICE - GENERAL	1,859,404	0	302,416	0	0	0	0	0	0	1,556,988	1,245,590	311,398
1-O SERVICE PLANNING	285,437	0	47,393	0	0	0	0	0	0	238,044	190,435	47,609
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	133,479	0	0	0	0	0	0	0	0	133,479	66,740	66,739
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	5,191	0	0	0	0	0	0	0	0	5,191	2,596	2,595
1-R SUBTOTAL IN-HOME	17,186,213	0	1,728,512	1,067,940	#####	0	0	0	0	13,116,228	10,598,614	2,517,614

COMMUNITY BASED PLACEMENT	REVENUE SOURCES											
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	2,913,607	59,789	632,235	63,118	0	0	0	0	0	2,158,465	1,726,772	431,693
2-D COMMUNITY RESIDENTIAL - DELINQUENT	925,887	39,434	6,863	0	0	0	0	0	0	879,590	703,672	175,918
2-E EMERGENCY SHELTER - DEPENDENT	1,149,102	17,038	142,687	36,492	0	0	0	0	0	952,885	857,597	95,288
2-F EMERGENCY SHELTER - DELINQUENT	103,564	0	6,978	0	0	0	0	0	0	96,586	86,927	9,659
2-G FOSTER FAMILY - DEPENDENT	5,099,837	349,372	613,451	611,538	0	0	0	0	0	3,525,476	2,820,381	705,095
2-H FOSTER FAMILY - DELINQUENT	905,839	41,536	1,618	1,160	0	0	0	0	0	861,525	689,220	172,305
2-I SUP. INDEPENDENT LIVING - DEPENDENT	182,212	14,026	87,022	0	0	0	0	0	0	81,164	64,931	16,233
2-J SUP. INDEPENDENT LIVING - DELINQUENT	66,366	0	0	0	0	0	0	0	0	66,366	53,093	13,273
2-K SUBTOTAL CBP	11,346,414	521,195	1,490,854	712,308	0	0	0	0	0	8,622,057	7,002,593	1,619,464

INSTITUTIONAL PLACEMENT	REVENUE SOURCES											
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
3-A JUVENILE DETENTION SERVICE	3,237,826	0	0	0	0	0	0	0	0	3,237,826	1,618,913	1,618,913
3-B RESIDENTIAL SERVICE - DEPENDENT	898,131	77,327	130,543	0	241,991	118,050	0	0	0	330,220	198,132	132,088
3-C RES. SERVICE - DELINQUENT (NON YDC/YFC)	3,269,990	393,770	17,295	0	241,988	118,048	0	0	0	2,498,889	1,499,333	999,556
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	0	0	0	0	0	0	0	0
3-E YDC SECURE	1,690,140	52,800	0	0	0	0	0	0	0	1,637,340	982,404	654,936
3-F SUBTOTAL INSTITUTIONAL	9,096,087	523,897	147,838	0	483,979	236,098	0	0	0	7,704,275	4,298,782	3,405,493

4 ADMINISTRATION	3,260,543	68	541,251	0	0	0	0	0	0	13,705	1,623,311	1,082,208
TOTAL REVENUES	40,889,257	1,045,160	3,367,204	2,321,499	#####	483,979	236,098	0	0	13,705	23,523,300	8,624,779

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
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 SERVICES	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	543,765	243,959		94,374	0	0	882,098	36	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	3,519,873	0	0	0	3,519,873	0	527	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	803,866	0	0	0	803,866	0	126	0	0	0
1-D COUNSELING - DEPENDENT	304,257	136,488		45,719	463,271	0	949,735	393	140	0	0	0
1-E COUNSELING - DELINQUENT	0	0		282,693	0	0	282,693	0	77	0	0	0
1-F DAY CARE	0	0		138,267	0	0	138,267	0	72	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		9,010	0	0	9,010	0	4	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		131,038	0	0	131,038	0	18	0	0	0
1-I HOME/MAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	694,860	311,744		114,303	0	0	1,120,907	9,410	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	307,900	138,123		57,151	1,655,036	0	2,158,210	234	365	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		3,486,449	0	0	3,486,449	0	490	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	764,106	342,791		130,659	183,000	0	1,420,556	2,657	300	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	1,131,536	507,631		188,177	32,060	0	1,859,404	3,395	21	0	0	0
1-O SERVICE PLANNING	173,385	77,761		34,291	0	0	285,437	93	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				520	132,959		133,479	0	752	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT				5,191	0		5,191	0	0	0	0	0
1-R SUBTOTAL IN-HOME	3,919,809	1,758,497	4,323,739	670,385	6,513,783	0	17,186,213			0	0	0
	Number of Children receiving only NON-PURCHASED IN-Home Services: 25,788											
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	238,810	107,151		49,678	2,517,968	0	2,913,607	13,099	107	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0	0	61,108	864,779	0	925,887	4,594	47	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	136,010	60,982		28,884	923,226	0	1,149,102	3,659	188	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0	0	404	103,160	0	103,564	31.5	22	0	0	0
2-G FOSTER FAMILY - DEPENDENT	1,098,658	492,891		273,342	3,234,946	0	5,099,837	76,038	414	0	0	0
2-H FOSTER FAMILY - DELINQUENT	0	0	0	6,930	898,909	0	905,839	7,371	37	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0	0	0	182,212	0	182,212	1,240	11	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0	0	0	66,366	0	66,366	322	4	0	0	0
2-K SUBTOTAL CBP	1,473,478	661,024	0	420,346	8,791,566	0	11,346,414	106,638	830	0	0	0
ADMINISTRATION	1,374,071	616,614	0	1,269,858	0	0	3,260,543			0	0	0
INSTITUTIONAL PLACEMENT												
3-A JUVENILE DETENTION SERVICE	0	0	0	2,842	895,289	0	908,131	4,753	39	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0	0	84,329	3,185,661	0	3,269,990	18,449	148	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0	0	0	0	0	0	0	0	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0	0	0	1,690,140	0	1,690,140	3,314	16	0	0	0
3-E YDC SECURE	0	0	0	87,171	9,008,916	0	9,096,087	35,007	566	0	0	0
3-F SUBTOTAL INSTITUTIONAL	0	0	0	87,171	9,008,916	0	9,096,087	35,007	566	0	0	0
TOTAL EXPENDITURES	6,767,358	3,036,135	4,323,739	2,447,760	24,314,265	0	40,889,257			0	0	0
	County Indirect Costs = \$ 663,715											

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
AMENDED
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

COST CENTER ITEMS	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 882,098	\$ 0	\$ 882,098
Adoption Assistance	3,519,873	0	3,519,873
Subsidized Permanent Legal Custodianship	803,866	0	803,866
Counseling	1,232,428	0	1,232,428
Day Care	123,603	14,664	138,267
Day Treatment	140,048	0	140,048
Homemaker Service	0	0	0
Intake and Referral	1,120,907	0	1,120,907
Life Skills	5,644,659	0	5,644,659
Protective Service - Child Abuse	1,420,556	0	1,420,556
Protective Service - General	1,858,229	1,175	1,859,404
Service Planning	285,437	0	285,437
Juvenile Act Proceedings	138,670	0	138,670
Alternative Treatment	0	0	0
Community Residential	3,839,494	0	3,839,494
Emergency Shelter	1,252,666	0	1,252,666
Foster Family	5,997,136	8,540	6,005,676
Supervised Independent Living	248,578	0	248,578
Juvenile Detention Service	3,237,826	0	3,237,826
Residential Service	4,164,454	3,667	4,168,121
Secure Residential Service (Except YDC)	0	0	0
YDC Secure	1,690,140	0	1,690,140
Administration	<u>3,260,543</u>	<u>0</u>	<u>3,260,543</u>
Combined Total Expense	40,861,211	28,046	40,889,257
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	\$ <u>40,861,211</u>	\$ <u>28,046</u>	\$ <u>40,889,257</u>

OBJECTS OF EXPENDITURE	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 6,767,358	\$ 0	\$ 6,767,358
Employee Benefits	3,036,135	0	3,036,135
Subsidies	4,323,739	0	4,323,739
Operating	2,447,760	0	2,447,760
Purchased Services	24,286,219	28,046	24,314,265
Fixed Assets	<u>0</u>	<u>0</u>	<u>0</u>
Combined Total Expense	40,861,211	28,046	40,889,257
Less Non-reimbursables	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Expense	\$ <u>40,861,211</u>	\$ <u>28,046</u>	\$ <u>40,889,257</u>

**MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017
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-F	4	1	Daycare - Purchased Services	\$ 123,603	\$ 14,664	\$ 138,267
	1-N	4		Protective Services General - Purchased Services	\$ 30,885	\$ 1,175	\$ 32,060
	2-G	4		Foster Family (Dep.) - Purchased Services	\$ 3,226,406	\$ 8,540	\$ 3,234,946
	3-B	4		Residential Service (Dep.) - Purchased Services	\$ 894,363	\$ 926	\$ 895,289
	3-C	4		Residential Service (Del.) - Purchased Services	\$ 3,182,920	\$ 2,741	\$ 3,185,661
				Total Adjustment Amount		<u>\$ 28,046</u>	
				To increase expenditures by \$28,046 to include costs which occurred subsequent to the agency's submission of the Act 148 invoice to Commonwealth DHS and reconcile to the agency's final expenditure general ledger.			
				Title 55 PA Code, Chapter 3170.95(a)(b)			

SECTION 4

STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

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

Finding– Montgomery County Children and Youth Agency Paid Contractors for In-Home Purchased Services but Failed to Obtain Reasonable Assurance That These Services Were Actually Provided (Unresolved)

In our prior engagement report, for the fiscal years July 1, 2010 to June 30, 2014, we cited the Montgomery County Children and Youth Agency (agency) for failure to obtain reasonable assurance that contracted In-Home Purchased Service providers actually provided the services for which the agency was invoiced, and subsequently paid, and that if provided, provided in adherence to the requirements of the respective provider's contract terms. Agency management informed us that, during the fiscal years included in our prior engagement scope period, agency fiscal staff verified that all children listed on the Fee-for-Service providers' submitted invoices were authorized to receive the invoiced services, and the invoiced rates were compared to contracts. However, sufficient fiscal-related monitoring procedures were not performed to obtain reasonable assurance that the contracted services related to In-Home Purchased Service fees invoiced by Fee-for-Service In-Home providers were actually provided on the dates, and for the number of units, for each individual listed on the providers' submitted invoices.

Our current engagement scope period includes the 2014-2015, 2015-2016, and 2016-2017 fiscal years. Due to the timing of the conduct of our prior audit engagement, we did not make the agency aware of these internal control deficiencies until May 22, 2018, well after the June 30, 2017, end of our current engagement period. Therefore, these control deficiencies and corresponding risks continued to exist for the three fiscal years included in our current engagement scope period. As such, we concluded that the issuance of a repeat finding is warranted. This repeat finding is included in the Current Engagement Finding and Recommendations section (Section 5) of this report.

SECTION 5

CURRENT ENGAGEMENT FINDING AND RECOMMENDATIONS

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING(S) AND RECOMMENDATION(S)

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

Condition: As detailed in our Status of Prior Engagement Finding and Recommendations section (Section 4) of this report, the Montgomery County Children and Youth Agency (agency) lacked internal control procedures designed to sufficiently reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers. For contracted In-Home Fee-for-Service Purchased Service providers, as cited in the finding included in our prior engagement report, the agency could not provide evidence that substantiated the validity of the number of units invoiced for each individual listed on invoices submitted by these providers.

During the conduct of our current engagement, in response to the recommendations included in our prior engagement report, agency management stated fiscal-related monitoring policy and corresponding procedures were developed and implemented in July 2019. Because agency management did not develop and implement policies and procedures until after the close of our current engagement scope period (June 30, 2017), we did not assess the sufficiency of these newly created monitoring policies and procedures during the conduct of our current engagement. We will review and evaluate the implemented policies and procedures during the conduct of our next regularly scheduled engagement of this agency and determine whether they are sufficient in providing agency management reasonable assurance that invoiced contracted In-Home Services were actually provided, and that the number of units invoiced by contracted Fee-for-Service In-Home providers are properly substantiated, thus reducing the agency’s risk of paying overbillings or fraudulent billings submitted by In-Home Purchased Service providers.

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] (62 P.S. § 704.1), the Department reimburses expenses incurred by the county for children and youth social services, including services to alleged and adjudicated dependent and delinquent children according to an approved county plan and budget estimate up to the amount of State funds allocated to the county under section 709.3 of the [Human Services] Code (62 P.S. § 709.3).”

- *Office of Children, Youth and Families (OCYF) Bulletin 3140-06-06, applicable for fiscal year ended 6/30/2011; Bulletin 3140-11-02, applicable for fiscal year ended*

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING(S) AND RECOMMENDATION(S)

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: Due to the timing of the conduct of our prior engagement, agency management was not notified of these internal control deficiencies until May 22, 2018, well after the June 30, 2017 end of our current engagement scope period. Agency management informed us that it developed and implemented a fiscal-related monitoring policy and corresponding procedures in July 2019. Therefore, these control deficiencies and corresponding risks continued to exist for all three fiscal years included in our current engagement scope period.

MONTGOMERY COUNTY CHILDREN AND YOUTH AGENCY
CURRENT ENGAGEMENT FINDING(S) AND RECOMMENDATION(S)

Effect: The agency's lack of internal control procedures during the fiscal years included in our current engagement scope period, designed to reduce the risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers, increased agency management's risk 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 again recommend that agency management ensure that the agency's newly created/implemented monitoring procedures are sufficient in reducing the agency's risk of paying overbillings and fraudulent billings submitted by contracted In-Home Purchased Service providers. We further recommend that agency management ensure that such policies and procedures are sufficient in providing agency management reasonable assurance that services related to the fees invoiced by contracted In-Home Purchased Service providers were actually provided, and provided in adherence to executed contract terms.

Specifically, this written fiscal-related monitoring policy, and corresponding procedures, must be sufficient to assess the validity of the number of units invoiced by Fee-for-Service providers. Procedures typically performed to achieve these objectives are listed below for agency management's consideration and comparison to its newly created and implemented procedures:

- Performance of on-site fiscal-related monitoring visits of In-Home Purchased Services providers, as deemed necessary by agency management, to determine whether appropriate supporting documentation exists substantiating invoiced costs, including assessing the validity the number of units invoiced by Fee-for-Service providers, and if applicable, operating costs invoiced by Program-Funded providers, and that related services were actually provided according to executed contract terms.²
- Require In-Home Purchased Services providers, as deemed necessary by agency management, to submit substantiation evidencing that services related to invoiced In-Home Purchased Service costs were actually provided.

² Should the agency contract with any Program-Funded providers, fiscal-related monitoring should include substantiation of these providers' operating costs invoiced to the agency.

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We further recommend that agency management ensure that:

- 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.

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

Agency Representative Response: Policies and procedures have been developed and implemented to conduct on-site service delivery and fiscal-related monitoring. The purpose of the on-site monitoring is to sample the files related to the services contracted, delivered and invoiced for compliance and validation. Incorrect billings are identified and coordinated to either adjust future payments or invoice providers/vendors for reimbursement of identified overpayment.

Auditor's Conclusion: We commend Montgomery County Children and Youth Agency management on their efforts to develop and implement formal, written fiscal-related monitoring policy and procedures for contracted In-Home Purchased Service providers. During our next engagement, we will review the agency's application of its implemented policy and procedures and determine whether the agency sufficiently reduced the agency's risk of paying overbillings and fraudulent billings submitted by contracted In-Home Purchased Service providers and such erroneous payments going undetected.

SECTION 6

CURRENT ENGAGEMENT OBSERVATION

MONTGOMERY 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).³ 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,⁴ 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 Montgomery County Children and Youth Agency provided in-home and placement services to 2,654 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

³ 23 Pa.C.S. §§ 6344 and 6344.2.

⁴ 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.⁵

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.⁶ DHS' position was that while not all in-home service providers would meet the criteria requiring the conduct of *certifications* for employees/volunteers, when they do, C&Y agencies were responsible for including provisions in their executed contracts with these providers.

In correspondence with management of C&Y agencies during some of our recently conducted engagements, we have found that some C&Y agencies' management staffs are still of the opinion that there is no need to directly monitor CPSL adherence of the providers' employees/volunteers because they are now including the requirements for this type of monitoring in their executed contracts with these providers. However, our interpretation of the CPSL remains that C&Y agencies cannot fulfill their duties under the CPSL to protect the children receiving in-home preventative services from child abuse by merely including the requirements for "direct monitoring" in their provider executed contracts.⁷ 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

⁵ 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).

⁶ 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.

⁷ 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.⁸

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 providers⁹ to ensure that their *certifications* adhere to the CPSL falls to the C&Y agencies, as does the responsibility to take appropriate action when they do not comply.

DHS senior management staff further stated that DHS recognizes that they are responsible for communicating contract monitoring expectations to the C&Y agencies and for implementing a method to ensure that contract monitoring is being performed adequately. DHS' OCYF has communicated DHS' expectation that C&Y agencies must monitor these private providers' compliance with the requirements of the CPSL. DHS has also reiterated this expectation during quarterly Pennsylvania Children and Youth Administrators (PCYA) meetings held between June 2016 and October 2017, as well as in general guidance regarding contract monitoring efforts included in OCYF Bulletins issued for the 2017-18 and 2018-19 fiscal years. Further, DHS stated that OCYF will issue additional guidance in its Needs-Based Plan and Budget instructions for this year to emphasize adherence to the CPSL requirements for these providers as part of the C&Y agencies' monitoring expectations.

Finally, DHS informed us that they will address the adequacy of C&Y agencies' monitoring through the July 2019 version of the DHS Single Audit Supplement (SAS) and will develop and require through the SAS a schedule that captures the details of each C&Y agency's monitoring efforts. 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.

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

⁸ The *2017 Annual Child Protective Services Report* notes that the DHS' Office of Children, Youth and Families (OCYF) and its regional offices (in Philadelphia, Scranton, Harrisburg, and Pittsburgh) have responsibilities that include, among others: "Monitoring, licensing, and providing technical assistance to CCYA and private children and youth agencies and facilities." [Emphasis added.], p. 7; http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c_275378.pdf, accessed August 3, 2018.

⁹ This includes *contracted In-Home Preventative Service providers* and their sub-recipients.

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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.¹⁰ However, recent amendments to the CPSL extend this time frame from one year to five years.¹¹ Therefore, there is a need for DHS and C&Y agencies across the commonwealth to have a *greatly heightened* awareness about the arrest and conviction records, as well as child abuse adjudications, of the employees/volunteers of C&Y agencies' *contracted In-Home Preventative Service providers* and their sub-recipients. This is to ensure that no new, disqualifying incidents have occurred from the date of the background clearances since certain disqualifying offenses could go undetected for years.

Auditor General Senior Management's Follow-up Conclusion Statement

We commend DHS management for acknowledging the seriousness of the risks to children's safety resulting from the significant control deficiencies we identified related to CPSL adherence as discussed in our March 18, 2018 Position Statement letter. Further, we recognize the challenges that DHS faces in monitoring the 67 C&Y agencies' direct monitoring of the numerous *contracted In-Home Preventative Service providers* and their sub-recipients. We believe that requiring C&Y agencies to submit a schedule that captures the details of the agency's monitoring efforts as described above will be a major improvement. However, we also recognize that risks to these vulnerable children continue to exist. One such risk results from the potential delay of 9 to 21 months (or possibly longer) between the date of possible noncompliance by a *contracted In-Home Preventative Service provider* and/or inadequate monitoring by a county C&Y agency and DHS becoming aware of those issues.¹²

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*

¹⁰ 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.

¹¹ 23 Pa.C.S. § 6344.4.

¹² 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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Service providers are properly vetted through reviews of background checks and child abuse history clearances and to ensure that employees/volunteers do not have any convictions or adjudications that are disqualifying under the CPSL. Further, because of more recent amendments to the CPSL that changed the validity timeframe for background checks and child abuse history clearances from one to five years (i.e., 60 months) after being obtained, we believe that a greatly heightened awareness of these providers and sub-recipients' arrest and conviction records and child abuse adjudications is warranted.¹³

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

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

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

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

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