



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
BUREAU OF FINANCIAL OPERATIONS
Room 525, Health and Welfare Building
Harrisburg, Pennsylvania 17105-2675

KEVIN M. FRIEL
DIRECTOR

MAY 28 2009

TELEPHONE NUMBER
(717) 772-2231
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(717) 705-9094

Ms. Maryanne Burger, Administrator
Blair County Children and Youth Services
Blair County Courthouse
423 Allegheny Street, Suite 132
Hollidaysburg, Pennsylvania 16648

Dear Ms. Burger:

I am enclosing the final performance audit report of your agency, as completed by the Division of Audit and Review. Your written response has been incorporated into the final report and labeled as Appendix A.

The final report will be forwarded to the Office of Children, Youth and Families (OCYF) to begin the Department of Public Welfare's resolution process concerning the report contents. The staff of the OCYF may be in contact with you to follow-up on the corrective action taken to comply with the report's recommendations.

I would like to express my appreciation for the courtesy and cooperation extended to my staff during the course of the fieldwork.

Please contact Mr. Alexander Matolyak, Audit Resolution Section, at (717) 783-7786 if you have any questions concerning this audit or if we can be of any further assistance in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Kevin M. Friel".

Kevin M. Friel

Enclosure

c: Mr. Richard Gold
Mr. Thomas Diehl
Ms. Gabi Williams



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ROOM 525 HEALTH & WELFARE BUILDING
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Mr. Richard Gold
Deputy Secretary for Children, Youth
and Families
Health and Welfare Building, Room 131
Harrisburg, Pennsylvania 17120

Dear Mr. Gold:

In response to a request from the Office of Children, Youth and Families (OCYF), the Bureau of Financial Operations (BFO) has completed a performance audit of Blair County Children and Youth Services (BCCYS). The audit was conducted in response to OCYF's concern regarding the amount of unpaid bills to BCCYS' providers and vendors.

Blair County Children and Youth Services
Executive Summary

Child welfare and juvenile justice services are organized, managed, and delivered by County Children and Youth agencies and County Juvenile Probation offices. Federal and state dollars are allocated to the County each year through the Needs Based Budget process. In addition to these dollars, the County is responsible for contributing a portion of local funds towards the BCCYS' costs.

To provide the mandated federal and state services, BCCYS spends approximately 73% of its allocation on purchased services. Service providers invoice BCCYS on a monthly basis and the contracts require payment within 60 days of processing the invoice. Over the past three years, Blair County (County) has been delinquent in making payments to Children and Youth (C&Y) service providers.

The BFO audited BCCYS' activities during Fiscal Year (FY) 2007-2008 and also examined their management control structure. For purposes of reviewing accounts payable data, some prior and current period information was examined.

The report findings and recommendations for corrective action are summarized below:

FINDINGS	SUMMARY
<p><i>Finding No. 1 – Blair County is experiencing financial difficulties. As a result, Children and Youth providers are being paid untimely.</i></p>	<p>BCCYS' contracts with service providers require payment for services rendered within 60 days of invoicing. BCCYS' service providers are not being paid in a timely manner, which may result in a negative programmatic affect on referrals.</p> <p>Over the past three years, 9% of provider payments were made in excess of 200 days, with the maximum payment to one provider at 292 days. As of December 1, 2008, BCCYS owed selected providers in excess of \$400,000 for services provided in FY 2007-2008.</p>

HIGHLIGHTS OF RECOMMENDATIONS

OCYF should:

- necessitate the establishment of a separate checking account to reimburse Children and Youth providers and vendors as prescribed in their contracts. This account should be maintained and controlled by BCCYS. This will require that the County contribute its portion of local matching funds to the BCCYS in a timely manner.
- continue to monitor the BCCYS' accounts payable status and be an active member in the resolution process.

Blair County should:

- establish a workgroup to explore all possible options available to improve the County's financial position by focusing on both the short-term and the long-term sustainability. Consideration of the recommendations made by the Government Finance Officers Association is a good start.
- develop a formal plan, that when executed, will bring the County into a positive financial position.
- develop and implement procedures for information sharing among the BCCYS, JPO and Controller offices. This will aid in prioritizing payments for C&Y expenditures.
- have discussions with service providers to share the county's initiative to resolve the untimely payables and to negotiate other payment options.
- pay vendors and providers on a timely basis (within 60 days) after the establishment of the BCCYS checking account.

FINDINGS	SUMMARY
<p><i>Finding No. 2 – BCCYS can Strengthen Management Controls and Operating Practices.</i></p>	<p>BCCYS operates many aspects of its program efficiently and effectively. However enhancements can be made in the following areas:</p> <ul style="list-style-type: none"> • tracking and following up on child support income. • contracting processes • completing a formal reconciliation of revenues. BCCYS was overpaid \$16,184 in Title IV-E funds in FY 2007-2008. • documenting the invoice preparation and reporting procedures

HIGHLIGHTS OF RECOMMENDATIONS
<p>BCCYS should:</p> <ul style="list-style-type: none"> • improve the process for tracking, following up and pursuing child support payments. • enhance the contracting process, to include documenting policies, strengthening audit requirements and including performance-based provisions in each contract. • ensure that a formal reconciliation of revenues is completed on a quarterly basis. • document procedures for completing the quarterly Act 148 and IV-E invoices.

Background

BCCYS provides a variety of services, including in-home and intake, community based placement, institutional placement and administration. To defer local costs, BCCYS receives several federal grants and receives federal reimbursement for eligible costs from Title IV-E (IV-E). Additionally, a significant amount of costs are eligible for reimbursement through the Commonwealth's Act 148 Appropriation.

During FY 2007-2008, BCCYS reported expenditures and revenues of \$13.26 million, of which \$6.6 million was attributed to Act 148 dollars. BCCYS exceeded its Act 148 allocation by \$350,422 for the FY. This was due to higher than anticipated placements in the Community Residential and Foster Family categories. In FY 2005-2006 and 2006-2007, BCCYS was under-allocation by \$686,334 and \$441,531, respectively.

Our audit was initiated to address concerns regarding untimely payments to BCCYS' service providers. On March 25, 2008, the unpaid bill balance was approximately \$3.3 million (not all of this total is delinquent, i.e., greater than 60

days). In addition, Central Region OCYF was contacted by providers discussing the impact that the untimely payments were having on their operations.

Objectives/Scope/Methodology:

The audit objectives, developed in concurrence with the OCYF were:

- To determine the extent, cause and planned corrective action regarding untimely payments to Blair County Children & Youth agency vendors/providers by Blair County.
- To determine if Blair County Children & Youth is maximizing revenues, accurately recording and reporting cost to the Department and if the Agency is contracting for services efficiently with performance based components.

The scope of the audit was FY 2007-2008 with limited examination of prior and current period payables data. Our analysis was limited to BCCYS' activities and did not include an analysis of County activities.

In pursuing these objectives, the BFO examined the BCCYS' system of management controls and reviewed the general ledger, payables reports, fiscal files, invoices, placement files and various contracts. We also reviewed child support orders, benefit award letters, program income records, deposit slips, payment documentation, and the independent audit report and management letter.

Additionally, interviews were conducted with various individuals from OCYF, BCCYS, and Blair County management. We also interviewed the County's independent CPA and reviewed the calendar year 2007 audit workpapers.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objectives described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on our understanding of these controls, no material deficiencies came to our attention, other than those described in the findings included in this report.

Fieldwork for this audit took place between November 19, 2008 and December 5, 2008 and was performed in accordance with Generally Accepted Government Auditing Standards. The report, when presented in its final form, is available for public inspection.

Results of Fieldwork

Finding No. 1: Blair County is Experiencing Financial Difficulties

On behalf of BCCYS, the County remits payment for all invoices, records expenditures within a separate accounting system and incorporates the BCCYS' needs based budget into the overall County budget. The County is also responsible for contributing its appropriate portion of local dollars, in addition to reimbursing for expenditures in excess of the BCCYS budget.

C&Y funding is deposited into the County's general funds, in addition to revenues from general property taxes, fees for services and other state and federal grants. These funds account for the operation of general county government, the court system, correctional facility, administration of law enforcement and health and welfare programs [excluding Mental Health and Mental Retardation (MH/MR)]. MH/MR funds are maintained in a separate account and are not processed through the County Controller's Office.

The BFO's analysis involving accounts payable activities disclosed that the cause of the untimely payments to providers is primarily due to cash flow problems at the County level.

A. Blair County's Tenuous Financial Situation

The main cause of the County's inability to make timely payments to the C&Y service providers is the use of federal and state C&Y dollars to reimburse other County costs. During periods when the County is not receiving sufficient revenues, expenses must be prioritized.

The prioritization of payments for Blair County is: meeting payroll for County employees and general operating costs (utilities, telephone, etc.). From the remainder of available cash, the "oldest" invoices are paid (dependent upon dollar amount) or vendors who have been in contact with the County regarding payment.

A study of Blair County government operations, performed by the Government Finance Officers Association (GFOA), "found no immediate source of revenue to ease the county's financial problems". The GFOA also reported that "revenues are consistently insufficient to cover the expenses of government operations."

The GFOA did provide nineteen recommendations that the County could take action on "to stabilize its financial position, using sustainable strategies". The BFO reviewed the Short-Term Financial Plan report and believe that the GFOA's recommendations are viable options that the County should consider for improving its financial situation.

To further compound the long-term financial outlook for the County, the independent CPA report indicated that the County has not made the annual required contribution to the pension fund for ten years. In addition, the County has not undergone a property assessment for 50 years. The levy tax is charged at the highest millage allowed by Law. Without a reassessment, the County will not be able to receive long-term increases in property tax revenues.

B. Untimely Payments to Service Providers

Timely payment to vendors is imperative in maintaining a good working relationship and ensuring that late fees and penalties are not assessed. However, when cash flow problems exist, invoices are prioritized and others are paid when monies are available.

The following schedule provides a snapshot of the amount of BCCYS' unpaid invoices at certain periods throughout the year. It also discloses the amount of invoices that were greater than 60 days past due and the percentage of outstanding payables to the total. During this time, the average amount of unpaid invoices averaged \$2.5 million.

Date	Amount of Payables > 60 Days	Total BCCYS Unpaid Invoices	% of Delinquent Payables to Total Unpaid Invoices
3/25/2008	\$ 1,862,569	\$ 3,329,743	55.94%
4/25/2008	\$ 561,248	\$ 2,308,190	24.32%
5/6/2008	\$ 151,654	\$ 3,329,743	4.55%
7/25/2008	\$ 465,867	\$ 2,197,253	21.20%
10/1/2008	\$ 999,883	\$ 2,464,259	40.58%
12/3/2008	\$ 1,540,602	\$ 2,151,393	71.61%
1/2/2009	\$ 1,376,125	\$ 2,712,028	50.74%

The issue of vendors being paid untimely is a County wide occurrence however a majority of the unpaid invoices relates to C&Y providers. This is because BCCYS is one of the larger programs operated by the County. In addition, BCCYS incurs significant expenses for the care and placement of children in their custody, resulting in larger (dollar volume) invoices.

Because of the dollar volume, the larger service providers are primarily affected by the untimely payments by the County. An analysis of the payables data maintained by BCCYS indicates that the late payment of certain invoices began in FY 2005-2006. Payments to small vendors and providers, as well as to the BCCYS-contracted foster parents and adoption subsidies were made timely. However, during the three year period examined, many payments that were

made to the BCCYS' larger service providers exceeded the 60 day contractual requirements.

The BFO considers payments in excess of 90 days to be significantly late. We sampled payments to six C&Y providers. An analysis was completed of the percentage of invoices that were paid in excess of 90 days, which is shown in the following chart.

	Adelphoi Village	Appalachian Youth Services	Children's Aid Home of Somerset	FICS	Northwestern Human Services	George Junior Republic
2005/2006	88%	75%	42%	60%	92%	n/a
2006/2007	86%	71%	33%	70%	85%	71%
2007/2008	75%	23%	42%	70%	94%	85%

This chart shows that five out of the six providers that were sampled received untimely payments (in excess of 90 days) at least 60% of the time. To further illustrate the significance of the delinquency, 9% of payments were made in excess of 200 days, with the maximum at 292 days. As of 12/1/08, the County owed these vendors in excess of \$400,000 for FY 2007-2008 services.

C. Effect of Untimely Payments on Service Providers

The most significant impact on the BCCYS' mission and goals, and of most concern to the Department, is the programmatic affect that the untimely payments may ultimately have on the BCCYS.

The BFO contacted the six providers that are identified in the above chart to determine what, if any, programmatic and financial effect the late payments were having on their organizations.

- Adelphoi Village (Adelphoi) notified BCCYS that they would not be accepting any further referrals until payments become more timely.
- Appalachian Youth Services stated that they have two pending referrals with BCCYS that may be denied so that placements from more timely paying counties can be accepted.

While a majority of the providers that were contacted are large enough to sustain operations without experiencing financial difficulties, the practice of paying untimely is poor business practice. In addition, one of the six providers did incur additional borrowing costs to meet their financial obligations. This expense however was not passed onto the BCCYS as a direct charge but most likely will increase costs to the BCCYS overtime.

D. Actions Taken by Blair County

The County Commissioners and other management personnel are very aware of the County's financial outlook and recognize that action must be taken to begin to move towards financial sustainability. To balance the budget for the 2009 year, the County has taken the following actions:

- Wage freeze for employees;
- Cut some operating budgets by as much as 20%;
- Closed the County owned detention center;
- Obtained court approval to raise the levy tax to 30 mills;
- Hired a Director of Finance to provide financial analysis and support.

As these are "short-term" fixes, the County must begin to address and explore options to meet long-term goals.

Recommendations:

The BFO recommends that the OCYF necessitate the establishment of a separate checking account to reimburse C&Y providers and vendors. BCCYS will need to ensure that the County is billed each quarter for its appropriate share of local match dollars. In addition, the BCCYS must ensure that the local funds are reimbursed on a timely basis or another funding deficit could exist. BCCYS will further need to ensure that the appropriate segregation of duties exist for the payment function.

The BFO also recommends that OCYF continue to monitor the status of the BCCYS' accounts payable and be actively involved in the resolution process. This should be accomplished through on-going meetings with appropriate BCCYS and County staff.

The BFO also recommends that the BCCYS/County develop a plan to resolve the local funding deficit in the C&Y account. This will need to be resolved prior to the establishment of BCCYS' account so that it will be made "whole".

The BFO also recommends that the BCCYS, JPO and the Controller offices develop and implement procedures for information sharing among management staff. This will aid in prioritizing payments for C&Y expenditures.

The BFO also recommends that after the establishment of the BCCYS account, vendors and providers be paid on a timely basis and in accordance with the contract. BCCYS should consider meeting with service providers to discuss the resolution of the untimely payments and if necessary, negotiate other payment options.

The BFO further recommends that the BCCYS request that C&Y funding be directly deposited in the appropriate account (BCCYS, if established or County) rather than waiting for a paper check to be processed and mailed.

The BFO finally recommends that the County management establish a workgroup to explore possible options available to improve the County's financial position by focusing on both the short-term and the long-term sustainability. This can be aided using the GFOA recommendations and also the following BFO comments:

- For the short-term, the County could borrow funds to make up for the funding shortfall in the C&Y program and make immediate payment to vendors. This will result in additional costs to the County in the form of interest.
- As a long-term consideration, the County should initiate the process for property re-assessments. While the BFO understands that this will be a significant expense to undertake (approximately \$3 million) and it will take several years for the County to see benefit, a long-term solution for the County to maximize its revenue base must be implemented.

Issue No. 2: Management Controls and Operating Practices Can Be Strengthened

Management controls are developed to ensure, on a reasonable basis, that errors and irregularities do not occur. A good control system is essential to achieving proper conduct and accountability of resources. It also facilitates the achievement of management objectives and effective decision making by serving as a check and balance against undesired actions.

During our audit, the BFO identified the need for improvements to management controls and operating practices in the following areas:

A. Tracking of Child Support Income

In addition to federal, state and local funding, BCCYS also pursues other revenues reported as "program income". Among the various types of program income is Social Security, SSI and child support payments. Our audit determined the BCCYS may not be maximizing child support due to past practices of the Domestic Relations Office (DRO) and insufficient tracking and follow up of support cases by the BCCYS.

- Procedures of the Domestic Relations Office

Prior to August 2008, the DRO representative responsible for filing child support payments on behalf of the BCCYS would not file an order when a child's parent

resided outside of Pennsylvania. In addition, the DRO did not follow up on suspended support orders or when the parent's whereabouts were unknown. These restrictions have hampered the BCCYS' ability to maximize the collection of child support.

In August 2008, a new DRO representative began aggressively pursuing the collection of child support for the BCCYS. BCCYS provided a list of cases to the DRO where a support order was either not filed or suspended and provided the most current information available on the parents. The DRO has been diligent in resolving these cases.

- Procedures of the BCCYS

While the BCCYS is doing an efficient job with filing support orders and recording payments, it may not be maximizing the amount of dollars available. This is due to insufficient follow up and tracking of child support cases, as explained below.

- Violations of an established court order

A review of case files disclosed some instances where BCCYS was not receiving the amount of child support as specified in the support order. In other cases, the BCCYS was not receiving any support, although an order was filed against the parent(s). Currently, BCCYS does not follow up with the DRO when the proper support payment is not being received. Upon being notified, the DRO should determine if a hearing should be requested.

- Wage attachments

While reviewing the case files, it appears the BCCYS has some child support orders that do not require the direct deduction of the support payment from the paycheck via a wage attachment. Requesting a wage attachment at the initial child support hearing is an effective and efficient means of ensuring the BCCYS is receiving the correct amount of support.

- Electronic tracking system

An effective tracking system will provide a quality management tool to administer the collection of program income. The current file is limited to one spreadsheet that identifies the established payment from the child support order for each child in BCCYS' custody. However the document does not maintain a running comparison to the amount of support that is received or provide a history of activity associated with each child.

B. Contracting

Over the past three years, BCCYS spent an average of 73% of their total budget on purchased services. As such, the BCCYS should ensure that the contracts include a clearly defined work statement, payment terms, performance standards and contain provisions for effective monitoring.

In most instances, BCCYS utilizes a standard boilerplate contract with the service providers. These contracts, while in compliance with Chapter 3170.93, can be enhanced, as disclosed below:

- Performance-Based Components

BCCYS does not have performance-based components in all of their contracts. Some, but not all of the contracts reviewed, contained a provision requiring the submission of monthly reports, progress notes, etc., prior to payment. Including this clause in each contract will increase the accountability on the provider to ensure that required documentation is submitted in a timely manner.

- Audit Provision

The audit provision in the provider contracts should require a functional schedule to identify and break-out the costs for each service provided. The audit will then be a useful tool for managing the contract and aiding with contract negotiations.

- Policies and Procedures

Without policies and procedures, BCCYS staff do not have a point of reference for ensuring consistent contracting practices. The policies and procedures should include the process for: evaluating work statements; examining budgets and supporting financial documentation; utilizing provider audits; and monitoring payment and performance-based components within the contract.

C. Reconciliation of Revenues

Good business practices state that a reconciliation of revenues to billing invoices be completed on a periodic basis. This will provide assurance that the BCCYS is in receipt of all dollars for expenditures billed. Any discrepancy that is uncovered should be explored and documented

BCCYS does not complete a formal reconciliation of federal and state payments to the quarterly billings. Staff visually compare the bank deposit slips to the invoice and file the documents if the amounts agree. Since a formal reconciliation was not completed, BCCYS did not realize they received an overpayment of \$16,184 of IV-E funds for the 4th quarter of FY 2007-2008. It was

determined that the Supplemental Invoices for the 1st, 2nd and 3rd quarters of FY 07-08 were not processed by the Department prior to payment.

Since our audit was conducted, the Supplemental Invoices have been processed by the DPW Comptroller's Office.

D. Preparation of Invoices and Reporting Procedures

Policies and procedures are necessary to ensure consistent business operations, as well as aid in training and developing new staff. In addition, cross-training of staff will allow for a smooth transition of fiscal activities in the event of staff turnover.

BCCYS utilizes QuickBooks reports and Excel spreadsheets to prepare the Act 148 and IV-E invoices. The procedures for cross-walking the internally generated financial data to the reports are not formally documented. The Fiscal Supervisor has been preparing the invoices for several years and has a thorough knowledge of the process. However, the lack of written procedures poses a risk for errors in invoicing to occur.

In addition, the Fiscal Supervisor is the one individual responsible for completing the Act 148 and IV-E invoices. Training at least one additional staff member will enable the Agency to complete the reports accurately and timely in the case of absence.

Recommendations:

The BFO recommends that BCCYS improve management controls by completing the following steps:

- Child Support:
 - Continue to maintain a good working relationship with the DRO. This would include providing the office with information on untimely, improper or incorrect support filings.
 - Implement effective policies and procedures to follow up, track and pursue discrepancies between actual child support payments received and the amount of child support ordered. This can be accomplished by:
 - When appropriate, requesting hearings on all cases where there is a violation of an established court order. This should occur, at a minimum, on a yearly basis.

- Requesting wage attachments on all support orders to ensure timely receipt of child support.
- Developing an electronic tracking system in a database format. The system should provide a separate record for each child and a history of orders and payments can be established. Using this information, BCCYS will be able to track delinquent amounts that could be utilized in future hearings with the DRO.

In addition, the system would track arrearages and this information could be verified with DRO records to ensure the Agency receives the proper amount of payments, even after the child is no longer in placement.

- Contracting:
 - Ensure that performance-based components are contained within all of the contracts. BCCYS should monitor the performance components and take the appropriate actions when deadlines are not met.
 - Revise the audit provision in the contracts requiring the break-out and identification of actual service costs. This will be useful for contract negotiations when determining a reasonable per diem rate.
 - Document policies and procedures specific to the contracting process. These policies should be updated and amended as needed.
- Reconciliation of Revenues:
 - Complete a formal reconciliation on a quarterly basis to ensure that the revenues received agrees with the expenditures billed for. Any discrepancies in the balance should be explored and documented.
- Preparation of Invoices and Reporting Procedures
 - Develop written procedures detailing how the BCCYS cross-walks its accounting records and spreadsheets to the Act 148 and IV-E invoices. The manual should be updated and revised as charges occur.
 - Cross-train, at a minimum, one other fiscal employee on the procedures for preparing the invoices in the absence of the Fiscal

Supervisor. Preparation now will be a time and cost-savings for the future.

A closing conference was held with BCCYS and Blair County management on January 30, 2009 to discuss the contents of this report.

An audit exit conference was held on May 18, 2009 with County representatives, BCCYS staff and the OCYF Central Region Program Representative. The auditee's response is attached to the final report and labeled Appendix A. Based on the response and discussions at the exit, minor revisions were made to the draft report.

As noted in the auditee's response, BCCYS agrees with the audit findings. The response however did not address the recommendation related to the establishment of a separate checking account for C&Y funds. This recommendation was discussed at length at the exit conference.

The County's position is that the establishment of a separate account will not alleviate the untimely payments for C&Y services. In times of financial hardships, the County will not be able to contribute its local matching funds into the C&Y account, which will result in the inability to pay service providers timely.

As of May 18, 2009, the County had unpaid C&Y bills in the amount of \$1.39 million and is considered to be current as none of the payables were greater than 60 days past due. The County's goal is to keep the C&Y invoices current although this will depend on the County's cash flow situation and the priority of other expenses such as payroll, health insurance and operating costs. The County's ability to "catch-up" on BCCYS invoices is related to high level of real estate tax revenues collected during the rebate period. However the drop off of revenues in the later part of the year will have an adverse affect on their ability to remain current.

The County is diligently tracking and monitoring the C&Y payable status. The following actions have been taken to decrease the deficit in C&Y funding and/or reduce the amount of local match dollars:

- Budgeting an additional \$800,000 of County funds for C&Y expenditures;
- Reducing the amount of residential placements;
- Increasing the use of preventative and in-home services;
- Maximizing Medical Assistance funded services, when appropriate.

In accordance with our established procedures, please provide a response within 60 days to the Audit Resolution Section concerning actions to be taken to ensure the report recommendations are implemented.

If you have any further questions concerning this review or if we can be of any further assistance in this matter, please contact Alex Matolyak of the Audit Resolution Section at (717) 783-7786.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Friel". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Kevin M. Friel

Attachment

c: Ms. Maryanne Burger
Mr. Terry Tomassetti, Commissioner
Ms. Diane Meling, Commissioner
Ms. Donna Gority, Commissioner
Mr. Richard Peo, Controller
Mr. Thomas Diehl
Ms. Gabi Williams

**BLAIR COUNTY CHILDREN AND YOUTH SERVICES
RESPONSE TO DRAFT REPORT
APPENDIX A**

COUNTY of BLAIR

Blair County Children & Youth Services

MARYANNE BURGER
Administrator
M. GEORGETTE AYERS
Assistant Administrator
MICHAEL R. WINKLER
Program Specialist
MARY LOU HOOVER
Senior Supervisor

MARIE A. ALEXANDER
KATHLEEN W. ENGELBRET
DIANE R. LITZINGER
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TERRY TOMASSETTI
President
DIANE L. MELING
Vice President
DONNA D. GORITY
Secretary
HELEN P. SCHMITT
Chief Clerk
NATHAN W. KARN, SR.
Solicitor

April 15, 2009

Ms Kelly Leighty
DPW Bureau of Financial Operations
Division of Audit and Review, Central Field Office
P.O. Box 2675, Third Floor Bertolino Building
Harrisburg, PA 17105

Dear Ms. Leighty:

This is in response to the "draft" audit report received on February 10, 2009 by Blair County Children and Youth Services (BCCYS). Based on collaboration and consultation with the Blair County Commissioners there is no dispute with the findings as outlined in the "draft" audit report.

I am requesting that the first sentence on page 2 be changed to read "Over the past three years, the County of Blair has been delinquent in making payments....." I would also request that in the recommendations it be stated that the offices of BCCYS and JPO have input into the decision making process with the controller, as to which providers are paid in a particular billing cycle.

As per your "draft" audit the following issues have been addressed:

Management Controls and Operating Practices Can be Strengthened

A. Tracking of Child Support Income

Blair County Children and Youth Services has added documentation to the QuickBooks accounting system to ensure we are receiving the correct amount of support. Regular reviews have been scheduled for all accounts to ensure the most recent information is being used to determine support payments. Wage attachment is requested on all accounts.

B. Contracting

Blair County Children and Youth Services uses a standard contract for all providers that includes performance-based components. Standard audit language is also used. With the

implementation of bulletin 3170-08-01, Residential Services Contract Documentation, all costs are broken out and identified by actual service costs and projections for the next fiscal year. Policies and procedures specific to contracting will be in place by July 1, 2009 (to incorporate the newest contracting bulletin) and updated annually.

C. Reconciliation of Revenues

A formal reconciliation form has been developed and is updated as invoices are submitted and payments are received.

D. Preparation of Invoices and Reporting Procedures

Written procedures detailing how Blair County Children and Youth Service cross-walks its accounting records and spreadsheets to the Act 148 and IV-E invoices are being written now. They will be completed by June 20, 2009 and updated as needed.

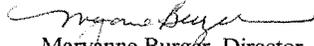
Cross training in the fiscal department will begin in July 2009 and be an on-going process.

Blair County has instituted action to move forward to change the tax rate ration from 75% to 100% as recommended by the Government Finance Officers Association (GOFA). Expected date of implementation is January 1, 2010.

Blair County is requesting an exit conference to discuss and clarify recommendations of the separate checking account and/or alternatives.

I would also like to thank you for your patience during this process as well as your assistance when I needed clarification. If you need further information please do not hesitate to contact me at 814-693-3130

Sincerely,


Maryanne Burger, Director

C: Terry Tommassetti, Blair County Commissioner

Diane Meling, Blair County Commissioner

Donna Gority, Blair County Commissioner

Nancy Williams, Chief Deputy, JPO

Helen Schmitt, Chief Clerk

Lori Cushion, Fiscal Supervisor