

# AUDIT REPORT



CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
BUREAU OF FINANCIAL AUDIT  
**WILLIAM C. THOMPSON, JR., COMPTROLLER**

## **Audit Report on the Compliance of the Association to Benefit Children with Foster and Child Care Payment Regulations July 1, 1999–June 30, 2001**

*FN05-060A*

**May 20, 2005**



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
1 CENTRE STREET  
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.  
COMPTROLLER

**To the Citizens of the City of New York**

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, §93, of the New York City Charter, my office has examined the compliance of the Association to Benefit Children with New York State standards of payment and City regulations. The Association to Benefit Children is a not-for-profit organization that provides foster care and other social services under agreements with the Administration for Children's Services (ACS).

The results of our audit, which are presented in this report, have been discussed with officials from the Association to Benefit Children and ACS, and their comments have been considered in preparing this report.

These audits provide a means of ensuring that private concerns under contract with the City are complying with the terms of their agreements, properly reporting expenditures, and are receiving appropriate payments from the City.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please contact my audit bureau at 212-669-3747 or e-mail us at [audit@Comptroller.nyc.gov](mailto:audit@Comptroller.nyc.gov).

Very truly yours,

A handwritten signature in cursive script that reads "William C. Thompson, Jr.".

William C. Thompson, Jr.

WCT/gr

**Report:** FN05-060A  
**Filed:** May 20, 2005

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*The City of New York  
Office of the Comptroller  
Bureau of Financial Audit*

**Audit Report on the Compliance of the  
Association to Benefit Children with  
Foster and Child Care Payment Regulations  
July 1, 1999–June 30, 2001**

**FN05-060A**

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**AUDIT REPORT IN BRIEF**

The Association to Benefit Children (Association) is a not-for-profit organization that provides foster care services to children in its Foster Boarding Home, Special Needs Foster Boarding Home, and Agency Operated Foster Boarding Home programs under a contract with the Administration for Children's Services (ACS). Foster care providers are reimbursed for expenses based on a per diem rate. For Fiscal Years 2000 and 2001 (July 1, 1999, through June 30, 2001), ACS advanced the Association \$5,759,750 (\$2,805,457 for Fiscal Year 2000 and \$2,954,293 for Fiscal Year 2001), for providing services to 404 individuals in its programs—329 in its Foster Boarding Home, 31 in its Special Needs Foster Boarding Home, and 44 in its Agency Operated Boarding Home.

This audit assessed: the adequacy of the Association's internal controls over expenses, revenues, and days-of-care; whether the Association was paid based on the per diem rate payments in effect for Fiscal Years 2000 and 2001; and compliance with State and City payment and reimbursement standards.

**Audit Findings and Conclusions**

The Association to Benefit Children generally complied with promulgated announcements and regulations of the New York State *Standards of Payment for Foster Care of Children* and the *City Foster-Care Reimbursement Bulletin No. 92-5*. The Association had an adequate system of internal controls over the recording and reporting of its expenses, revenues, and days-of-care. Moreover, the Association reported its days-of-care accurately, and was paid based on the appropriate per diem rates in effect for the audit period.

However, for Fiscal Years 2000 and 2001, the Association owes the City a net of \$139,682, due to advances by ACS that were estimates based on prior period per diem rates, and our disallowance of certain administrative and pass-through expenses. Specifically, for Fiscal Years 2000 and 2001, ACS advanced the Association \$5,759,750 for providing 93,431 days-of-care in its Foster Boarding Home; 9,396 days-of-care in its Special Needs Foster Boarding Home; and 2,037 days-of-care in its Agency Operated Boarding Home. Although the number of

days-of-care was reported accurately, the per diem rate applied to determine the advances was not always the same per diem rate in effect during the audit period. Consequently, the Association is owed \$2,732 for Fiscal Year 2000, and it owes ACS \$142,414 for Fiscal Year 2001. (See Appendices I through VI for our recalculation of per diem rates).

In addition, for Fiscal Years 2000 and 2001, the Association included \$11,318 in expenses on its *Report of Actual Expenditures DSS-2652* that should not have been charged to its foster care programs according to the promulgated announcements and regulations of the New York State *Standards of Payment for Foster Care of Children* and the City *Foster-Care Reimbursement Bulletin No. 92-5*.<sup>1</sup>

### **Audit Recommendations**

We recommend that the Association remit \$139,682 in excess funding to ACS, and include only allowable program expenses in its *Report of Actual Expenditures DSS-2652*. In addition, we recommend that ACS recoup \$139,682 from the Association, and ensure that it complies with the report's other recommendation.

## **INTRODUCTION**

### **Background**

The Administration for Children's Services (ACS) administers funds allocated through its annual contracts with voluntary child-care agencies and monitors those contracts. The Association to Benefit Children, at 419 East 86<sup>th</sup> Street in Manhattan, is a not-for-profit organization that provides foster care services to children in its Foster Boarding Home, Special Needs Foster Boarding Home, and Agency Operated Boarding Home programs under an ACS contract.

Foster care providers are reimbursed for expenses based on a per diem rate that is calculated according to a formula developed by the New York State Office of Children and Family Services. The per diem rate is limited to the Maximum State Aid Rate (MSAR) established by the New York State Office of Children and Family Services and ACS. In addition, these reimbursements are governed by the rules and regulations found in the New York State *Standards of Payment*, and the City *Foster-Care Reimbursement Bulletin No. 92-5* and applicable amendments. Contract provisions, as well as the New York City Charter, grant the City Comptroller's Office the right to audit and determine allowable contract costs, which are used to determine an adjusted per diem rate.

For Fiscal Years 2000 and 2001 (July 1, 1999, through June 30, 2001), ACS advanced the Association \$5,759,750 (\$2,805,457 for Fiscal Year 2000 and \$2,954,293 for Fiscal Year 2001), for providing services to 404 individuals in its programs—329 in its Foster Boarding

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<sup>1</sup> The recalculated operating per diem rate after deducting the disallowed expenses did not result in any recoupment of funds from the Association's Foster Boarding Home and Agency Operated Boarding Home programs. For the Special Needs Foster Boarding Home program, our disallowances resulted in an audit recoupment amount of \$940 (shown in Appendix V and included in the \$139,682 assessment).

Home, 31 in its Special Needs Foster Boarding Home, and 44 in its Agency Operated Boarding Home.

### **Objectives**

The audit's objectives were to determine whether the Association:

- maintained adequate internal controls over recording and reporting of expenses, revenues, and days-of-care;
- was paid based on the per diem rates in effect for Fiscal Years 2000 and 2001, and in accordance with the New York State *Standards of Payment*, ACS regulations, and accurate days-of-care data; and
- complied with certain promulgated announcements and regulations in the New York State *Standards of Payment*, and the City *Foster-Care Reimbursement Bulletin No. 92-5* and applicable amendments.

### **Scope and Methodology**

This audit covered the period July 1, 1999, through June 30, 2001 (Fiscal Years 2000 and 2001). To achieve our audit objectives, we reviewed and abstracted the rules and regulations governing foster care reimbursements in the New York State *Standards of Payment for Foster Care of Children* and the City *Foster-Care Reimbursement Bulletin No. 92-5* and applicable amendments. We evaluated the Association's internal control structure over expenses, revenues, and days-of-care for its foster care programs. To gain an understanding of its operations, we reviewed the Association's Employee Manual and its organizational chart, and conducted a walk-through of its operations on December 28, 2004, documenting the results through written narratives and memoranda.

### **Revenues and Expenses**

To determine whether all advances from ACS were correctly reported in the Association's books and records, we matched each revenue amount to the corresponding amount from the ACS *Payment Confirmation Sheets*. In addition, we traced the amounts on the monthly ACS *Notice of Payment* records to corresponding deposits on the Association's bank statements.

To determine whether the expenses the Association charged to its foster care programs were accurate and allowable, we reviewed its *Report of Actual Expenditures DSS-2652* and matched each expense item to the related accounts in its general ledger. We judgmentally sampled expenses (based on dollar amount and type of expense listed on the Association's *Report of Actual Expenditures DSS-2652*) and traced them to corresponding documentation such as invoices, petty cash vouchers, and canceled checks. The sampled expenses amounted to \$308,312 of \$504,190 (61%) for Fiscal Year 2001, and \$295,598 of \$514,675 (57%) for Fiscal Year 2000.

We reconciled the salaries for foster boarding home employees reported in the Association's *ADP Master Control Report* to the salaries reported in its general ledger for Fiscal Year 2000 and 2001. We determined whether the salaries for all 40 full time foster care employees were charged to the correct cost centers and were actually for employees assigned to foster care programs for April 2000. We determined whether the names of the employees and their salaries listed on the payroll register were correct, whether the timekeeping records supported the hours for which they were paid, and whether the salaries were in accordance with the Association's *Salary Recommendation Cards*. Finally, we determined whether health insurance payments, pension contributions, and social security payments were charged to the correct programs.

Although the results of the above tests regarding expenses are not projectable to all expenses for the audit period, they provided us a reasonable basis to assess the compliance of the Association with New York State and ACS regulations.

### **Days-of-Care**

To determine whether the Association reported its days-of-care accurately, we examined the care-days records for 100 (30%) of the 329 children served in the Foster Boarding Home during Fiscal Year 2000 and 2001, choosing every sixth child listed alphabetically beginning with the first child's name. In addition, we examined care-days records for all 31 children in the Special Needs Foster Boarding Home, and all 44 children in the Agency Operated Boarding Home during the audit period. We obtained each Child's *Population Information* form and corresponding case file for the audit period, and compared the dates and number of care-days reported on the Association's *Careday Certification Detail Report* and *Careday Analysis* to ACS's *Comparison of Interim Reconciliation and Standards of Payment Report* and *Preliminary Yearend Reconciliation*, to determine whether the Association billed ACS correctly.

To determine whether the payments made by the Association to foster parents were in accordance with New York State Maximum State Aid Rates, we randomly sampled 16 (5%) of the 329 foster boarding home children and 14 (45%) of the 31 special needs foster boarding home children, and traced the amounts on the payment records to the amounts listed in the monthly *Board Parent Check Register*, canceled checks, *Careday Certification Detail Report*, and *Careday Analysis*. In addition, we verified whether all 59 "Special/Exceptional" children in both the Foster Boarding Home and in the Special Needs Foster Boarding Home for the audit period had the required *W-884 Special/Exceptional Care Authorizations* from ACS.

Although the results of the above tests regarding days-of-care are not projectable to all days-of-care for the audit period, they provided us a reasonable basis to assess the Association's compliance with New York State and ACS regulations.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, § 93, of the New York City Charter.

### **Discussion of Audit Results**

The matters covered in this report were discussed with Association and ACS officials during and at the conclusion of this audit. A preliminary draft report was sent to Association and ACS officials and was discussed at an exit conference on April 22, 2005. On April 27, 2005, we submitted a draft report to Association and ACS officials with a request for comments.

We received a written response from ACS on May 9, 2005. According to ACS officials, the Association agreed to reimburse ACS \$139,682, in accordance with the audit's first recommendation. ACS officials further stated that the second recommendations is not applicable since, effective July 1, 2004, the Association no longer has a foster care contract with ACS.

The full text of the ACS response is included as an addendum to this final report.



## FINDINGS

The Association to Benefit Children generally complied with promulgated announcements and regulations of the New York State *Standards of Payment for Foster Care of Children* and the City *Foster-Care Reimbursement Bulletin No. 92-5*. The Association had an adequate system of internal controls over the recording and reporting of its expenses, revenues, and days-of-care. Moreover, the Association reported its days-of-care accurately and was paid based on the appropriate per diem rates in effect for the audit period.

However, due to advances by ACS that were estimates based on prior period per diem rates, and our disallowance of certain administrative and pass-through expenses, the Association owes the City a net of \$139,682.

### **Excess Advances over Expenditures Incurred**

For fiscal years 2000 and 2001, ACS advanced the Association \$5,759,750 for providing 93,431 days-of-care in its Foster Boarding Home; 9,396 days-of-care in its Special Needs Foster Boarding Home; and 2,037 days-of-care in its Agency Operated Boarding Home. While the number of days-of-care was reported accurately, the per diem rate applied to determine the advances was not always the same per diem rate in effect for the audit period. Consequently, the Association is owed \$2,732 for Fiscal Year 2000, and it owes ACS \$142,414 for Fiscal Year 2001. (See Appendices I through VI for our recalculation of per diem rates).

### **The Association Claimed \$11,318 in Administrative and Pass-through Expenses That Were Disallowed**

For Fiscal Years 2000 and 2001, the Association included \$11,318 in expenses on its *Report of Actual Expenditures DSS-2652* that should not have been charged to its foster care programs according to the promulgated announcements and regulations of the New York State *Standards of Payment for Foster Care of Children* and the City *Foster-Care Reimbursement Bulletin No. 92-5*. These expenses included: \$4,189 for repairs and maintenance, subscriptions and publications, staff development, and publicity for which complete documentation was not provided; \$1,604 for parochial school tuition; \$1,430 in gifts to staff; \$1,200 for a child's prior year (1998) summer camp fee; \$1,079 for fundraising expenses; \$582 for fines and penalties; \$553 for representational dues; and \$380 pertaining to expenses not properly allocated. The remaining \$301 in disallowed expenses pertained to Foster Boarding Home pass-through costs for Fiscal Year 2001.

Disallowances of reported expenses result in a recoupment of funds only if our final calculated operating per diem rates (actual expenses incurred/number of actual care-days provided) are less than the maximum per diem rates established by New York State. Our recalculated operating per diem rate after deducting the disallowed expenses did not result in any recoupment of funds from the Association's Foster Boarding Home, and Agency Operated Boarding Home Program. However, for the Special Needs Foster Boarding Home, our disallowances resulted in an audit recoupment amount of \$940. It should be noted that this amount is included in the \$139,682 assessment discussed above. (See Appendices I–VI for our recalculation of the Association's per diem rates.)

## RECOMMENDATIONS

We recommend that the Association to Benefit Children:

1. Remit \$139,682 in excess funding to ACS.

**ACS Response:** ACS officials stated that the Association “acknowledges this finding and agrees to reimburse ACS for FY 2001’s over-reimbursement.”

2. Include only allowable program expenses in its *Report of Actual Expenditures DSS-2652*.

**ACS Response:** ACS officials stated that “Although the Association to Benefit Children’s practice is to include only allowable expenses in DSS-2652, controls will be implemented to check that all costs are allowable under *NYS Standards of Payments Regulations* before filing the SOP.”

In addition, we recommend that ACS:

3. Issue a written notice to the Association requiring that it remit \$139,682 in excess funding to ACS.
4. Ensure that the Association complies with the report’s recommendations.

**ACS Response:** ACS officials stated that “The Association to Benefit Children was informed that ACS will make contact with them shortly regarding the recovery of the \$139,682 overpayment. A letter dated 05/05/05 was sent to the Association to Benefit Children’s Executive Director advising that they will be required to comply with the recommendations made in the New York City Comptroller’s audit report.”

**ASSOCIATION TO BENEFIT CHILDREN  
SUMMARY SCHEDULE OF TOTAL AMOUNT DUE ACS  
JULY 1, 1999 TO JUNE 30, 2001**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>TOTAL</u>
AMOUNT ADVANCED BY ACS	\$ 2,805,456.86	\$ 2,954,293.03	\$ 5,759,749.89
FOSTER BOARDING HOME			
APPENDIX II	\$ 2,700,308.80		\$ 2,700,308.80
APPENDIX IV		\$ 1,877,484.40	1,877,484.40
SPECIAL NEEDS FOSTER BOARDING HOME			
APPENDIX V		783,438.48	783,438.48
AGENCY OPERATED BOARDING HOME			
APPENDIX III	107,880.00		107,880.00
APPENDIX VI		150,955.70	150,955.70
TOTAL AMOUNT DUE THE ASSOCIATION	<u>\$ 2,808,188.80</u>	<u>\$ 2,811,878.58</u>	<u>\$ 5,620,067.38</u>
<u>AMOUNT DUE ACS (AGENCY)</u>	<u>\$ (2,731.94)</u>	<u>\$ 142,414.45</u>	<u>\$ 139,682.51</u>

**APPENDIX II**

**ASSOCIATION TO BENEFIT CHILDREN  
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"  
FOSTER BOARDING HOME  
JULY 1, 1999 to JUNE 30, 2000**

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 2,919,604.00	\$ 1,568,514.00	\$ 1,351,090.00
LESS: AUDIT DISALLOWANCES	(5,768.02)	(5,768.02)	-
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	\$ 2,913,835.98	\$ 1,562,745.98	\$ 1,351,090.00
ACS PAID DAYS-OF-CARE	54,640	54,640	54,640
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-	-	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	54,640	54,640	54,640
OPERATING PER DIEM RATE (A/B)	\$ 53.33	\$ 28.60	\$ 24.73
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/99 TO 6/30/00		\$ 24.69	
FINAL PER DIEM RATE - 7/1/99 TO 6/30/00	\$ 49.42	\$ 24.69	\$ 24.73

FINAL RATE IS THE LOWER OF THE MAXIMUM STATE AID RATE ESTABLISHED BY THE NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES AND ACS, OR THE OPERATING ADMINISTRATIVE RATE PLUS PASS-THROUGH RATE.

**CALCULATION OF AMOUNT DUE TO ACS (AGENCY)**

7/1/99 TO 6/30/00

FINAL PER DIEM RATE	\$ 49.42 =	\$ 24.69 +	\$ 24.73
ACS DAYS-OF-CARE AS AUDITED	54,640	54,640	54,640
TOTAL AMOUNT DUE TO AGENCY FOR FBH	\$ 2,700,308.80 =	\$ 1,349,061.60 +	\$ 1,351,247.20

7/1/99 - 6/30/00

TOTAL AMOUNT DUE	\$ 2,700,308.80
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**ASSOCIATION TO BENEFIT CHILDREN  
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"  
AGENCY OPERATED BOARDING HOME  
JULY 1, 1999 to JUNE 30, 2000**

TOTAL REPORTED EXPENSES PER DSS-2652	\$ 249,493.00
LESS: AUDIT DISALLOWANCES	(585.36)
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	<u>\$ 248,907.64</u>
ACS PAID DAYS-OF-CARE	899
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>899</u>
OPERATING PER DIEM RATE (A/B)	<u>\$ 276.87</u>
MAXIMUM PER DIEM RATE	<u>\$ 120.00</u>
FINAL PER DIEM RATE ( LOWER OF MAXIMUM OR OPERATING RATE)	<u>\$ 120.00</u>

**CALCULATION OF AMOUNT DUE TO ACS (AGENCY)**

FINAL PER DIEM RATE AS AUDITED	\$ 120.00
TOTAL ACS DAYS-OF-CARE AS AUDITED	<u>899</u>
TOTAL AMOUNT DUE	<u>\$ 107,880.00</u>

**ASSOCIATION TO BENEFIT CHILDREN  
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"  
FOSTER BOARDING HOME  
JULY 1, 2000 to JUNE 30, 2001**

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 2,000,698.00	\$ 1,129,050.00	\$ 871,648.00
LESS: AUDIT DISALLOWANCES	(3,645.03)	(3,344.03)	(301.00)
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	\$ 1,997,052.97	\$ 1,125,705.97	\$ 871,347.00
ACS PAID DAYS-OF-CARE	38,791	38,791	38,791
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-	-	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	38,791	38,791	38,791
OPERATING PER DIEM RATE (A/B)	\$ 51.48	\$ 29.02	\$ 22.46
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/00 TO 6/30/01		\$ 25.94	
FINAL PER DIEM RATE - 7/1/00 TO 6/30/01	\$ 48.40	\$ 25.94	\$ 22.46

FINAL RATE IS THE LOWER OF THE MAXIMUM STATE AID RATE ESTABLISHED BY THE NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES AND ACS, OR THE OPERATING ADMINISTRATIVE RATE PLUS PASS-THROUGH RATE.

**CALCULATION OF AMOUNT DUE TO ACS (AGENCY)**

7/1/00 TO 6/30/01

FINAL PER DIEM RATE	\$ 48.40	=	\$ 25.94	+	\$ 22.46
ACS DAYS-OF-CARE AS AUDITED	38,791		38,791		38,791
TOTAL AMOUNT DUE TO AGENCY FOR FBH	\$ 1,877,484.40	=	\$ 1,006,238.54	+	\$ 871,245.86

7/1/00 - 6/30/01

TOTAL AMOUNT DUE	\$ 1,877,484.40
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**APPENDIX V**

**ASSOCIATION TO BENEFIT CHILDREN  
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"  
SPECIAL NEEDS FOSTER BOARDING HOME  
JULY 1, 2000 to JUNE 30, 2001**

	<u>TOTAL BOARDING HOME</u>	<u>ADMINISTRATIVE</u>	<u>PASS THROUGH</u>
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 784,418.00	\$ 415,678.00	\$ 368,740.00
LESS: AUDIT DISALLOWANCES	(984.81)	(984.81)	-
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	<u>\$ 783,433.19</u>	<u>\$ 414,693.19</u>	<u>\$ 368,740.00</u>
ACS PAID DAYS-OF-CARE	9,396	9,396	9,396
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-	-	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>9,396</u>	<u>9,396</u>	<u>9,396</u>
OPERATING PER DIEM RATE (A/B)	<u>\$ 83.38</u>	<u>\$ 44.14</u>	<u>\$ 39.24</u>
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/00 TO 6/30/01		<u>\$ 44.24</u>	
FINAL PER DIEM RATE - 7/1/00 TO 6/30/01	<u>\$ 83.38</u>	<u>\$ 44.14</u>	<u>\$ 39.24</u>

FINAL RATE IS THE LOWER OF THE MAXIMUM STATE AID RATE ESTABLISHED BY THE NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES AND ACS, OR THE OPERATING ADMINISTRATIVE RATE PLUS PASS-THROUGH RATE.

(\$44.24 - 44.14 = \$0.10 X 9,396 = \$939.60 THIS IS AN AUDIT RECOUPMENT AND INCLUDED IN THE \$139,682 ASSESSMENT)

**CALCULATION OF AMOUNT DUE TO ACS (AGENCY)**

7/1/00 TO 6/30/01

FINAL PER DIEM RATE	\$ 83.38	= \$	44.14	+ \$	39.24
ACS DAYS-OF-CARE AS AUDITED	9,396		9,396		9,396
TOTAL AMOUNT DUE TO AGENCY FOR SNFBH	<u>\$ 783,438.48</u>	= \$	<u>414,739.44</u>	+ \$	<u>368,699.04</u>

7/1/00 - 6/30/01

TOTAL AMOUNT DUE	<u>\$ 783,438.48</u>
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**APPENDIX VI**

**ASSOCIATION TO BENEFIT CHILDREN  
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"  
AGENCY OPERATED BOARDING HOME  
JULY 1, 2000 to JUNE 30, 2001**

TOTAL REPORTED EXPENSES PER DSS-2652	\$ 341,100.00
LESS: AUDIT DISALLOWANCES	(335.25)
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	<u>\$ 340,764.75</u>

ACS PAID DAYS-OF-CARE	1,138
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>1,138</u>

OPERATING PER DIEM RATE (A/B)	<u>\$ 299.44</u>
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MAXIMUM PER DIEM RATE	<u>\$ 132.65</u>
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FINAL PER DIEM RATE ( LOWER OF MAXIMUM OR OPERATING RATE)	<u>\$ 132.65</u>
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**CALCULATION OF AMOUNT DUE TO ACS (AGENCY)**

FINAL PER DIEM RATE AS AUDITED	\$ 132.65
TOTAL ACS DAYS-OF-CARE AS AUDITED	<u>1,138</u>

TOTAL AMOUNT DUE	<u>\$ 150,955.70</u>
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ADMINISTRATION FOR CHILDREN'S SERVICES  
FINANCIAL SERVICES  
150 William Street - 10<sup>th</sup> Floor  
New York, NY 10038

W-2-184A  
Rev. 2/98

JOHN B. MATTINGLY  
*Commissioner*

SUSAN NUCCIO  
*Deputy Commissioner*

May 9, 2005

Mr. Greg Brooks  
Deputy Comptroller  
Policy, Audits, Accountancy & Contracts  
The City of New York Office of the Comptroller  
Executive Offices  
1 Centre Street, Room 1100  
New York, New York 10007-2341

Re: NYC Comptroller's Draft Report FN05-060A  
Audit Report on the Compliance of the Association to Benefit Children  
With Foster and Child Care Payment Regulations

Dear Mr. Brooks:

Thank you for sharing with us the Draft Report for the above captioned audit.

Attached is our response to your recommendations and appropriate Audit Implementation Plans (AIPs). ACS looks forward to working with your office to improve the delivery of services to the children of the City of New York.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Susan Nuccio

Attachments

City of New York Office of the Comptroller  
New York City Administration for Children's Services  
Association to Benefit Children (Association)  
Audit Number FN05-060A

**Administration for Children's Services**  
**Response to Recommendations**  
May 9, 2005

ACS was pleased to learn from the Comptroller's audit report that:

The Association to Benefit Children generally complied with the promulgated announcements and regulations of the New York State *Standards of Payment for Foster Care of Children* and the City *Foster Care Reimbursement Bulletin No. 92-5*. The Association had an adequate system of internal controls over the recording and reporting of its expenses, revenues, and days-of-care. Moreover, the Association reported its days-of-care accurately, and was paid based on the appropriate per diem rates in effect for the audit period.

**RECOMMENDATION 1**

The Association acknowledges this finding and agrees to reimburse ACS for FY 2001's over-reimbursement.

**RECOMMENDATION 2**

Although the Association's practice is to include only allowable expenses in DSS-2652, controls will be implemented to check that all costs are allowable under the *NYS Standards of Payments Regulations* before filing the SOP. However, this contract has been terminated with ACS.

**RECOMMENDATION 3**

The Association was informed that ACS will make contact with them shortly regarding the recovery of the \$139,682 overpayment.

**RECOMMENDATION 4**

A letter dated 05/05/05 was sent to the Association's Executive Director advising that they will be required to comply with the recommendations made in the New York City Comptroller's audit report.

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN**  
**NEW YORK CITY COMPTROLLER'S AUDIT REPORT ON THE ASSOCIATION TO BENEFIT CHILDREN**  
**WITH FOSTER AND CHILD CARE PAYMENT REGULATIONS**  
**AUDIT NUMBER: FN05-060A**

RECOMMENDATION # 1: The Association to Benefit Children should remit \$139,682 in excess funding to ACS.

RESPONSIBLE MANAGER'S NAME: Matthew Manger, Fiscal Director Association to Benefit Children

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
ABC acknowledges this finding and agrees to reimburse ACS for FY 2001's over-reimbursement.	Matthew Manger	05/05/05	To Be Determined	Cancelled Checks	

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 AUDIT NUMBER: FN05-060A**

**RECOMMENDATION # 2:** The Association to Benefit Children should include only allowable program expenses in its *Report of Actual Expenditures* DSS-2652.

**RESPONSIBLE MANAGER'S NAME:** Matthew Manger, Fiscal Director Association to Benefit Children

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START	DATES END	DOCUMENTATION	COMMENTS
Although the Association to Benefit Children's practice is to include only allowable expenses in DSS-2652, controls will be implemented to check that all costs are allowable under the <i>NYS Standards of Payments Regulations</i> before filing the SOP.	Matthew Manger	7/1/04	Program was Terminated	DSS-2652 and all applicable supporting documentation for reported expenses.	

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 AUDIT NUMBER: FN05-060A**

**RECOMMENDATION # 3:** ACS should issue a written notice to the Association to Benefit Children requiring that it remit \$139,682 in excess funding to ACS.

**RESPONSIBLE MANAGER'S NAME:** Tom Welsh, Executive Director Audit Services

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
The Association to Benefit Children was informed that ACS will make contact with them shortly regarding the recovery of the \$139,682 overpayment.	Tom Welsh, Executive Director Audit Services	05/05/05	Continuing	Letter to the Program and copies of the checks.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT REPORT ON THE ASSOCIATION TO BENEFIT CHILDREN  
 WITH FOSTER AND CHILD CARE PAYMENT REGULATIONS  
 AUDIT NUMBER: FN05-060A**

RECOMMENDATION # 4: ACS should ensure that the Association to Benefit Children complies with the report's recommendations.

RESPONSIBLE MANAGER'S NAME: Tom Welsh, Executive Director Audit Services

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
A letter dated 05/05/05 was sent to the Association to Benefit Children's Executive Director advising that they will be required to comply with the recommendations made in the New York City Comptroller's audit report.	Tom Welsh, Executive Director Audit Services	05/04/05	Continuing	Letter dated 05/05/05.	