

AUDIT REPORT



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

Audit Report on the Days-of-Care and Expenses Reported by OHEL Children's Home and Family Services, Inc., For Its Foster Care Program July 1, 1999–June 30, 2000

FM03-071A

April 3, 2003

To the Citizens of the City of New York

Ladies and Gentlemen:

Pursuant to Chapter 5, Section 93 of the New York City Charter, we have examined OHEL Children's Home and Family Services Inc. (OHEL) compliance with New York State standards of payment and City regulations. OHEL is a not-for-profit organization that provides foster care and other social services under agreements with the New York City Administration for Children's Services.

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

Audits such as this provide a means of ensuring that private concerns conducting business 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 212-669-8929 or e-mail us at audit@Comptroller.nyc.gov.

Very truly yours,

William C. Thompson, Jr.

WCT/GR

Report: **FM03-071A**
Filed: **April 3, 2003**

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

**Audit Report on the Days-of-Care and Expenses
Reported by OHEL Children's Home and
Family Services, Inc., for Its Foster Care Program
July 1, 1999, to June 30, 2000**

FM03-071A

AUDIT REPORT IN BRIEF

This audit determined whether OHEL Children's Home and Family Services, Inc. (OHEL) complied with New York State standards of payment and City regulations and determined the final per diem rates of its foster care programs. For Fiscal Year 2000—July 1, 1999, through June 30, 2000—the Administration for Children's Services (ACS) reimbursed OHEL \$2,645,524 for providing services to 138 individuals in its foster care programs. In addition, OHEL received \$120,603 from ACS for its Independent Living Skills Program (an educational program for individuals in its care who are at least 14 years of age), and \$25,231 for its Substance Abuse Prevention Program.

Audit Findings and Conclusions

OHEL generally complied with the financial provisions of its child care agreement and with regulations contained in the New York State *Standards of Payments*, and the City *CWA Foster-Care Reimbursement Bulletin No.92-5*. It had an adequate system of internal controls over the recording and reporting of its revenue, expenses, and days-of-care.

When ACS performed its Fiscal Year 2000 closeout for OHEL, it determined that ACS owed OHEL \$245,779 due to differences between OHEL's reported expenses and ACS' advances. However, we found that OHEL is owed \$168,654, not the \$245,779 that ACS would have paid based on its year-end closeout for OHEL.¹ OHEL incorrectly reported days-of-care on its Standards of Payment Program Statistics DSS-2651, Care Day Census Calculation, and other documents submitted to ACS, the documents upon which ACS based its closeout. Moreover, OHEL owes the City \$16,241 because it did not use all of the Independent Living Skills Program

¹ At the end of each year, ACS determines the amount due to or from its foster care agencies by performing year-end closeout calculations. In the closeout process, ACS uses agency submissions to determine whether ACS owes the agency money or the agency owes ACS. ACS would have paid OHEL \$245,779, the difference between OHEL's reported costs and ACS' advances. However, ACS decided not to pay OHEL until our audit was completed.

funds that it received from ACS. Consequently, ACS owes OHEL \$152,413 rather than the \$245,779 determined by the closeout.

Further, OHEL included \$397,993 in expenses on its Report of Actual Expenditures DSS-2652 that were not allowable under New York State and ACS regulations. However, the disallowed charges for OHEL's foster care programs did not result in a recoupment of funds because our computed operating per diem rates exceeded the maximum per diem rates allowed, even after we deducted the unallowable expenses. Finally, OHEL paid its foster parents at rates that were lower than the rates approved by the State.

Audit Recommendations

To address these issues, we recommend that OHEL:

- Include only allowable program expenses on its Report of Actual Expenditures DSS-2652;
- Report its days-of-care accurately and in accordance with New York State and ACS regulations; and
- Determine the amount by which each foster parent was underpaid for Fiscal Year 2000 and make the appropriate retroactive payments.

Additionally, we recommend that ACS:

- Not pay the \$245,779 determined by the ACS year-end closeout. Instead, pay only \$152,413; and
- Ensure that OHEL complies with this report's recommendations. In that regard, ACS should issue a written notice to OHEL requiring that it implement the recommendations.

INTRODUCTION

Background

OHEL Children's Home and Family Services, Inc. (OHEL) is a not-for-profit organization that provides foster care and other social services. OHEL operates a regular boarding home program, a group residence program, and a group home program.

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—formerly the Department of Social Services (DSS). 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 the New York City Administration for Children's Services (ACS). In addition, these reimbursements are governed by the rules and regulations in the New York State Department of Social Services's *Program Manual for Standards of Payment for Foster Care of Children* and the City CWA *Foster-Care Reimbursement Bulletin No.92-5* and applicable amendments.

For Fiscal Year 2000—July 1, 1999, through June 30, 2000—ACS reimbursed OHEL \$2,645,524 for providing services to 138 individuals in its foster care programs. In addition, OHEL received \$120,603 from ACS for its Independent Living Skills Program (an educational program for individuals in its care who are at least 14 years of age), and \$25,231 for its Substance Abuse Prevention Program.

Objectives

Our audit objectives were to determine whether OHEL:

- maintained adequate internal controls over the recording and reporting of its expenses, revenues, and days-of-care;
- was paid and also paid its foster care parents the appropriate per diem rates in accordance with the New York State standards of payment and ACS regulations; and
- complied with certain promulgated announcements and regulations stated in the New York State *Program Manual for Standards of Payment for Foster Care of Children*, and the City *CWA Foster-Care Reimbursement Bulletin No.92-5* and applicable amendments.

Scope and Methodology

To achieve our audit objectives, we reviewed and abstracted the rules and regulations governing foster care reimbursements in the New York State *Program Manual for Standards of Payment for Foster Care of Children* and the City *CWA Foster-Care Reimbursement Bulletin No.92-5* and applicable amendments.

We evaluated OHEL's internal control structure over the recording and reporting of revenue, expenses, and days-of-care for its foster care programs. To gain an understanding of its operations, we reviewed OHEL's organizational chart, conducted a walk-through of its operations, and documented the results through memoranda.

To determine the accuracy of OHEL records, we matched the revenue amounts OHEL recorded in its general ledger to ACS payment records. We also matched the revenue and expenses recorded on the OHEL general ledger to the amounts reported on its Report of Actual Income DSS-2654 and Report of Actual Expenditures DSS-2652.

To verify whether the expenses OHEL charged to its foster care programs were allowable for reimbursement, we obtained and reviewed OHEL's Report of Actual Expenditures DSS-2652 and matched reported expenses to the related account(s) in the general ledger and to other supporting documentation. We judgmentally selected expenses from each expense account (based on dollar amount and expense type) and traced them to corresponding documentation, such as invoices, petty cash vouchers, and canceled checks to determine whether the expenses

were allowable under New York State and ACS guidelines. We also verified whether the salaries of OHEL personnel were charged to the correct cost centers and programs, and whether health insurance payments, social security payments, and pension contributions were actually for OHEL employees assigned to its foster care programs.

In addition, we obtained OHEL's monthly Days-of-Care Reports, Careday Census, Admission Reports, and case files and compared them to various documents submitted to ACS to verify whether OHEL reported its days-of-care accurately. We also verified whether OHEL paid its foster parents at the correct rates.

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 City Comptroller's audit responsibilities 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 officials from OHEL and ACS during and at the conclusion of this audit. A preliminary draft report was sent to OHEL and ACS officials on January 31, 2003. OHEL and ACS officials waived their right to an exit conference. On February 27, 2003, we submitted a draft report to OHEL and ACS officials with a request for comments. We received a response from ACS on March 13, 2003, in which ACS also responded on behalf of OHEL.

ACS stated that OHEL agreed to: include only those expenses allowed by ACS and New York State Regulations on its Report of Actual Expenditures DSS 2652; report its days-of-care accurately; and determine the retroactive amounts due to foster parents and make payments no later than May 2003. ACS further stated it will pay OHEL \$152,413 instead of the \$245,779 determined by its closeout, and that it instructed OHEL in writing to comply with the audit's recommendations.

The full text of ACS's comments is included as an addendum to this final report.

FINDINGS AND RECOMMENDATIONS

OHEL generally complied with the financial provisions of its child care agreement and with promulgated announcements and regulations contained in the New York State *Program Manual Standards of Payment for Foster Care of Children*, and the City *CWA Foster-Care Reimbursement Bulletin No.92-5*. It had an adequate system of internal controls over the recording and reporting of its revenue, expenses, and days-of-care.

When ACS performed its Fiscal Year 2000 closeout for OHEL, it determined that ACS owed OHEL \$245,779. However, we found that OHEL is owed \$168,654, not the \$245,779 that ACS would have paid based on its year-end closeout for OHEL. OHEL incorrectly reported days-of-care on its Standards of Payment Program Statistics DSS-2651, Care Day Census

Calculation, and other documents submitted to ACS, the documents upon which ACS based its closeout. Moreover, OHEL owes the City \$16,241 because it did not use all of the Independent Living Skills Program funds that it received from ACS. Consequently, ACS owes OHEL \$152,413 rather than the \$245,779 determined by the closeout.

Further, OHEL included \$397,993 in expenses on its Report of Actual Expenditures DSS-2652 that were not allowable under New York State and ACS regulations. However, the disallowed charges for OHEL's foster care programs did not result in a recoupment of funds because our computed operating per diem rates exceeded the maximum per diem rates allowed, even after we deducted the unallowable expenses. Finally, OHEL paid its foster parents at rates that were lower than the rates approved by the State. These issues are discussed in further detail in the following sections of this report.

**ACS Owes OHEL \$168,654, \$77,125
Less Than the \$245,779 It Would Have
Paid for the Fiscal Year 2000 "Closeout"**

Based on audit tests, OHEL is owed \$168,654, not the \$245,779 that ACS would have paid based on its year-end closeout for OHEL. At the end of each year, ACS determines the amount due to or from its foster care agencies by performing year-end closeouts. In the closeout process, ACS uses agency submissions to determine whether ACS owes the agency money or the agency owes ACS. When ACS performed its Fiscal Year 2000 closeout for OHEL, it determined that ACS owed OHEL \$245,779. However, OHEL incorrectly reported days-of-care on its Standards of Payment Program Statistics DSS-2651 and Care Day Census Calculation, the documents upon which ACS based its closeout.

Specifically, the Careday Reports submitted by OHEL to ACS indicated that OHEL provided 25,992 foster boarding home days-of-care. However, OHEL actually provided only 24,631 days-of-care. OHEL improperly billed ACS for days-of-care while children were at sleep-away summer camp or attending college. Accordingly, OHEL over-billed the City for \$77,125. (See Appendices I, II, III, and IV for our detailed calculations of the amounts owed to OHEL.)

**OHEL Owes ACS \$16,241 for
Unused Independent Living Skills
Program Funds**

OHEL received \$120,603 from ACS for its Independent Living Skills Program. However, according to OHEL's books and records and related documents, actual program expenses amounted to \$104,362. Consequently, OHEL owes ACS the remaining \$16,241.

Disallowed Administrative Expenses
Amounting to \$397,993

Our review of OHEL's reported expenses disclosed that based on New York State and ACS regulations, \$397,993 in administrative expenses should not have been charged to its foster care programs. These expenses included fundraising costs, expenses that were charged to other programs, staff parties, legal fees, food and beverages for meetings, and various undocumented expenses.

The disallowed charges for OHEL's foster care programs did not result in a recoupment of funds because our computed operating per diem rates exceeded the maximum per diem rates allowed, even after we deducted the unallowable expenses.

Foster Parents Not Paid at Correct Rates

OHEL did not pay its foster parents the Cost of Living Adjustments (COLA) approved by the New York State Office of Children and Family Services for Fiscal Year 2000. As a result, OHEL underpaid its foster parents by \$0.34 to \$1.04 per day per child, depending on the age of the child and the level of care provided. Based on our calculations, OHEL owes its foster parents approximately \$14,000.

Recommendations

OHEL should:

1. Include only allowable program expenses on its Report of Actual Expenditures DSS-2652.

ACS Response: "OHEL is continually reviewing the regulations to ensure that in future filings, costs that are not allowable per the regulations contained in the New York State *Program Manual Standards of Payment for Foster Care of Children* and ACS regulations contained in the New York City *CWA Foster-Care Reimbursement Bulletin No.92-5* are not included on the Form DSS-2652."

2. Report its days-of-care accurately and in accordance with New York State and ACS regulations.

ACS Response: "Procedures have been implemented and steps taken to ensure that cost of care days are accurately reported. An additional person in the fiscal department now reviews the report and an operations person within the Foster Care program does an independent review outside of the fiscal department. We wish to note that the Agency independently identified the issue raised in the audit report and brought it to the attention of ACS prior to any audit findings."

3. Determine the amount by which each foster parent was underpaid for Fiscal Year 2000 and make the appropriate retroactive payments.

ACS Response: “OHEL is in the process of determining the retroactive amounts due to foster parents for fiscal year 2000 and expects to make such payments no later than the end of May 2003.”

Additionally, we recommend that ACS should:

4. Not pay the \$245,779 determined by the ACS year-end closeout. Instead, pay only \$152,413.

ACS Response: “ACS will pay OHEL \$152, 413.”

5. Ensure that OHEL complies with this report’s recommendations. In that regard, ACS should issue a written notice to OHEL requiring that it implement the recommendations.

ACS Response: “ACS notified OHEL, in writing, that they are required to comply with the Comptroller’s recommendations.”

APPENDIX I

**OHEL CHILDREN'S HOME AND FAMILY SERVICES
REGULAR FOSTER BOARDING HOME (FBH)
STATEMENT OF BASIS FOR PER DIEM RATE AS AUDITED
JULY 1, 1999, to JUNE 30, 2000**

	TOTAL EXPENSES	ADMINISTRATIVE EXPENSES	PASS-THROUGH EXPENSES
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 2,163,437.00	\$ 1,488,549.00	\$ 674,888.00
LESS: AUDIT DISALLOWANCES	\$ 204,477.00	\$ 167,211.00	\$ 37,266.00
TOTAL EXPENSES AS AUDITED	<u>\$ 1,958,960.00</u>	<u>\$ 1,321,338.00</u>	<u>\$ 637,622.00</u>
ACS PAID DAYS OF CARE	25,992	25,992	25,992
NON-ACS PAID DAYS OF CARE	1	1	1
TOTAL DAYS OF CARE	25,993	25,993	25,993
LESS:DISALLOWED DAYS OF CARE	1,361	1,361	1,361
TOTAL AUDITED DAYS OF CARE	<u>24,632</u>	<u>24,632</u>	<u>24,632</u>
OPERATING PER DIEM RATE	<u>\$ 79.53</u>	<u>\$ 53.64</u>	<u>\$ 25.89</u>
MAXIMUM PER DIEM RATE (7/1/99-7/14/99)		\$ 28.48	
MAXIMUM PER DIEM RATE (7/15/99-6/30/00)		<u>\$ 29.36</u>	
FINAL PER DIEM RATE (7/1/99-7/14/99)	\$ 54.37	\$ 28.48	\$ 25.89
FINAL PER DIEM RATE (7/15/99-6/30/00)	<u>\$ 55.25</u>	<u>\$ 29.36</u>	<u>\$ 25.89</u>
CALCULATION OF AMOUNT DUE			
7/1/99-7/14/99			
FINAL PER DIEM RATE AS AUDITED	\$ 54.37	\$ 28.48	\$ 25.89
AUDITED DAYS OF CARE	<u>1,050</u>	<u>1,050</u>	<u>1,050</u>
TOTAL AMOUNT DUE TO AGENCY FOR FBH	\$ 57,088.50	\$ 29,904.00	\$ 27,184.50
7/15/99-6/30/00			
FINAL PER DIEM RATE AS AUDITED	\$ 55.25	\$ 29.36	\$ 25.89
AUDITED DAYS OF CARE	<u>23,581</u>	<u>23,581</u>	<u>23,581</u>
TOTAL AMOUNT DUE TO AGENCY FOR FBH	<u>\$ 1,302,850.25</u>	<u>\$ 692,338.16</u>	<u>\$ 610,512.09</u>
7/1/99-6/30/00			
TOTAL AMOUNT DUE	<u>\$ 1,359,938.75</u>		

**OHEL CHILDREN'S HOME AND FAMILY SERVICES
GROUP RESIDENCE
STATEMENT OF BASIS FOR PER DIEM RATE AS AUDITED
JULY 1, 1999, to JUNE 30, 2000**

TOTAL REPORTED EXPENSES PER DSS-2652	\$	1,739,447.00
LESS: APPLIED INCOME AS PER DSS-2654		<u>60,261.00</u>
REPORTED ALLOWABLE EXPENDITURES	\$	1,679,186.00
LESS: AUDIT DISALLOWANCES		<u>161,231.00</u>
TOTAL ALLOWABLE EXPENSES AS AUDITED	\$	<u>1,517,955.00</u>

ACS PAID DAYS OF CARE	5,488
NON-ACS DAYS OF CARE	874
LESS: DISALLOWED DAYS OF CARE	-
TOTAL AUDITED DAYS OF CARE	<u>6,362</u>

OPERATING PER DIEM RATE	\$	238.60
MAXIMUM PER DIEM RATE (07/1/99-07/14/99)	\$	<u>171.12</u>
MAXIMUM PER DIEM RATE (07/15/99-06/30/00)	\$	<u>174.46</u>

CALCULATION OF AMOUNT DUE

7/1/99-7/14/99

FINAL PER DIEM RATE AS AUDITED	\$	171.12
AUDITED DAYS OF CARE		<u>213</u>
TOTAL AMOUNT DUE TO AGENCY	\$	<u>36,448.56</u>

7/15/99-6/30/00

FINAL PER DIEM RATE AS AUDITED	\$	174.46
AUDITED DAYS OF CARE		5,275
TOTAL AMOUNT DUE TO AGENCY	\$	<u>920,276.50</u>

7/1/99-6/30/00

TOTAL AMOUNT DUE	\$	<u>956,725.06</u>
-------------------------	----	-------------------

**OHEL CHILDREN'S HOME AND FAMILY SERVICES
GROUP HOME
STATEMENT OF BASIS FOR PER DIEM RATE AS AUDITED
JULY 1, 1999, to JUNE 30, 2000**

TOTAL REPORTED EXPENSES PER DSS-2652	\$ 659,897.00
LESS: APPLIED INCOME AS PER DSS-2654	-
REPORTED ALLOWABLE EXPENDITURES	\$ 659,897.00
LESS: AUDIT DISALLOWANCES	62,885.00
TOTAL ALLOWABLE EXPENSES AS AUDITED	<u>\$ 597,012.00</u>
ACS PAID DAYS OF CARE	2,567
NON-ACS DAYS OF CARE	1
LESS:DISALLOWED DAYS OF CARE	-
TOTAL AUDITED DAYS OF CARE	<u>2,568</u>
OPERATING PER DIEM RATE	<u>\$ 232.48</u>
MAXIMUM PER DIEM RATE (07/1/99-07/14/99)	<u>\$ 190.30</u>
MAXIMUM PER DIEM RATE (07/15/99-06/30/00)	<u>\$ 193.91</u>
CALCULATION OF AMOUNT DUE	
7/1/99-7/14/99	
FINAL PER DIEM RATE AS AUDITED	\$ 190.30
AUDITED DAYS OF CARE	<u>70</u>
TOTAL AMOUNT DUE TO AGENCY	<u>\$ 13,321.00</u>
7/15/99-6/30/00	
FINAL PER DIEM RATE AS AUDITED	\$ 193.91
AUDITED DAYS OF CARE	2,497
TOTAL AMOUNT DUE TO AGENCY	<u>\$ 484,193.27</u>
7/1/99-6/30/00	
TOTAL AMOUNT DUE	<u>\$ 497,514.27</u>

APPENDIX IV

OHEL CHILDREN'S HOME AND FAMILY SERVICES
STATEMENT OF AMOUNT DUE TO OHEL
JULY 1, 1999, to JUNE 30, 2000

BOARDING HOME EXPENDITURES	\$	1,359,938.75
GROUP RESIDENCE EXPENDITURES		956,725.06
GROUP HOME EXPENDITURES		<u>497,514.27</u>
AMOUNT DUE TO OHEL	\$	2,814,178.08
AMOUNT ADVANCES BY ACS		2,645,523.64
AMOUNT DUE TO OHEL	\$	168,654.44
UNUSED INDEPENDENT LIVING SKILLS PROGRAM FUNDS DUE TO ACS	\$	(16,241.00)
TOTAL AMOUNT DUE TO OHEL	\$	<u><u>152,413.44</u></u>



Administration for Children's Services **ADDENDUM I**
(Page 1 of 7)

150 William Street – 18th Floor
New York, New York 10038

William C. Bell
Commissioner

March 13, 2003

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

Re: NYC Comptroller's Audit Report FM03-071A
The Compliance of OHEL Children's Home and Family Services, Inc. with Its
Child Care Agreement, July 1, 1999 – June 30, 2000

Dear Mr. Brooks:

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

Attached is our response to your recommendations and appropriate Audit Implementation Plans (AIPs). We would like to thank the Comptroller's Office for the professionalism of your staff while conducting this audit.

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

Sincerely,

William C. Bell

Attachments

City of New York Office of the Comptroller
New York City Administration for Children's Services
OHEL Children's Home and Family Services, Inc.
Audit Number FM03-071A

Administration for Children's Services
Response to Recommendations
March 13, 2003

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

OHEL generally complied with the financial provisions of its child care agreement and with promulgated announcements and regulations contained in the New York State Program Manual Standards of Payment for Foster Care of Children, and the City CWA Foster-Care Reimbursement Bulletin No. 92-5. It had an adequate system of internal controls over the recording and reporting of its revenue, expenses, and days-of-care.

Recommendation 1

OHEL is continually reviewing the regulations to ensure that in future filings, costs that are not allowable per the regulations contained in the New York State *Program Manual Standards of Payment for Foster Care of Children* and ACS regulations contained in the New York City *CWA Foster-Care Reimbursement Bulletin No. 92-5* are not included on the Form DSS-2652.

Recommendation 2

Procedures have been implemented and steps taken to ensure that cost of care days are accurately reported. An additional person in the fiscal department now reviews the report and an operations person within the Foster Care program does an independent review outside of the fiscal department. We wish to note the Agency independently identified the issue raised in the audit report and brought it to the attention of ACS prior to any audit findings.

Recommendation 3

OHEL is in the process of determining the retroactive amounts due to foster parents for fiscal year 2000 and expects to make such payments no later than the end of May 2003.

Recommendation 4

ACS will pay OHEL \$152,413.

Recommendation 5

ACS notified OHEL, in writing, that they are required to comply with the Comptroller's recommendations.

ADMINISTRATION FOR CHILDREN'S SERVICES
AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FM03-071A
AUDIT REPORT ON THE COMPLIANCE OF OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC., WITH ITS CHILD
CARE AGREEMENT, JULY 1, 1999 - JUNE 30, 2000
AUDIT REPORT DATE: FEBRUARY 27, 2003

RECOMMENDATION: #1 OHEL should include only allowable program expenses on its Report of Actual Expenditures DSS-2652.

RESPONSIBLE MANAGER'S NAME: DAVID MANDEL, CHIEF EXECUTIVE OFFICER
 OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC.

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START END	DOCUMENTATION	COMMENTS
OHEL is continually reviewing the regulations to ensure that in future filings, costs that are not allowable per the regulations contained in the New York State Program Manual Standards of Payment for Foster Care of Children and ACS regulations contained in the New York City CWA Foster-Care Reimbursement Bulletin No. 92-5 are not included on the Form DSS-2652.	Howard B. Lorch, Chief Financial Officer, OHEL	Fall 2003 Continuing	The next SOP, due in the fall of 2003.	

ADMINISTRATION FOR CHILDREN'S SERVICES
AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FM03-071A
AUDIT REPORT ON THE COMPLIANCE OF OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC., WITH ITS CHILD
CARE AGREEMENT, JULY 1, 1999 - JUNE 30, 2000
AUDIT REPORT DATE: FEBRUARY 27, 2003

RECOMMENDATION: #2. OHEL should report its days-of-care accurately and in accordance with New York State and ACS regulations.

RESPONSIBLE MANAGER'S NAME: DAVID MANDEL, CHIEF EXECUTIVE OFFICER.
 OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC.

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START END	DOCUMENTATION	COMMENTS
Procedures have been implemented and steps taken to ensure that the cost of care days are accurately reported. An additional person in the fiscal department now reviews the report and an operations person within the Foster Care program does an independent review outside of the fiscal department.	Howard B. Lorch, Chief Financial Officer, OHEL	Present Continuing	Care Day Reports and Movement Reports.	

ADMINISTRATION FOR CHILDREN'S SERVICES
AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FM03-071A
AUDIT REPORT ON THE COMPLIANCE OF OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC., WITH ITS CHILD
CARE AGREEMENT, JULY 1, 1999 - JUNE 30, 2000
AUDIT REPORT DATE: FEBRUARY 27, 2003

RECOMMENDATION: #3: OHEL should determine the amount by which each foster parent was underpaid for Fiscal Year 2000 and make the appropriate retroactive payments.

RESPONSIBLE MANAGER'S NAME: DAVID MANDEL, CHIEF EXECUTIVE OFFICER
 OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC.

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START	END	DOCUMENTATION	COMMENTS
OHEL is in the process of determining the retroactive amounts due to foster parents for Fiscal Year 2000 and expects to make such payments no later than the end of May 2003.	Howard B. Loreh, Chief Financial Officer, OHEL	Present	05/03	Reconciliation and Payments to Foster Parents.	

ADMINISTRATION FOR CHILDREN'S SERVICES
 AUDIT IMPLEMENTATION PLAN

NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FM03-071A

AUDIT REPORT ON THE COMPLIANCE OF OHEL CHILDREN'S HOME AND FAMILY SERVICES, INC., WITH ITS CHILD
 CARE AGREEMENT, JULY 1, 1999 - JUNE 30, 2000

AUDIT REPORT DATE: FEBRUARY 27, 2003

RECOMMENDATION: #4 ACS should not pay the \$245,779 determined by the ACS year-end closeout. Instead, pay only \$152,413.

RESPONSIBLE MANAGER'S NAME: TOM WELSH, DIRECTOR OF AUDIT SERVICES
 ADMINISTRATION FOR CHILDREN'S SERVICES

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START	END	DOCUMENTATION	COMMENTS
ACS will pay OHEL \$152,413.	Tom Welsh Director Audit Services	03/03	05/03		

ADMINISTRATION FOR CHILDREN'S SERVICES
 AUDIT IMPLEMENTATION PLAN
 NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FM03-071A
 AGREEMENT, JULY 1, 1999 - JUNE 30, 2000
 AUDIT REPORT DATE: FEBRUARY 27, 2003

AUDIT REPORT ON THE COMPLIANCE OF OHIEL CHILDREN'S HOME AND FAMILY SERVICES, INC., WITH ITS CHILD CARE

RECOMMENDATION: #5 ACS should ensure that OHIEL complies with this report's recommendations. In that regard, ACS should issue a written notice to OHIEL requiring that it implement the recommendations.

RESPONSIBLE MANAGER'S NAME: TOM WELSH, DIRECTOR OF AUDIT SERVICES
 ADMINISTRATION FOR CHILDREN'S SERVICES

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START	END	DOCUMENTATION	COMMENTS
ACS notified OHIEL, in writing, that they are required to comply with the Comptroller's recommendations.	Tom Welsh Director Audit Services	02/28/03	02/28/03	Letter to OHIEL	