

AUDIT REPORT

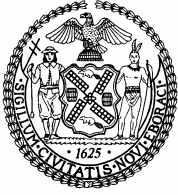


CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Compliance of Seamen's Society for Children and Families with Foster and Child Care Payment Regulations July 1, 1999–June 30, 2001

FN06-061A

September 20, 2006



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 audited the compliance of Seamen's Society for Children and Families with New York State and City foster-care payment regulations.

Seamen's Society for Children and Families is a not-for-profit organization that provides foster care and other social services under agreements with the Administration for Children's Services (ACS).

We audit organizations such as this ensure that they comply with the terms of their agreements with the City, properly report their expenditures, and receive appropriate payments from the City.

The results of our audit, which are presented in this report, have been discussed with officials of Seamen's Society for Children and Families and ACS, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please e-mail my audit bureau at audit@Comptroller.nyc.gov or telephone my office at 212-669-3747.

Very truly yours,

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

William C. Thompson, Jr.

WCT/fh

Report: FN06-061A
Filed: September 20, 2006

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

**Audit Report on the Compliance of
Seamen's Society for Children and Families with
Foster and Child Care Payment Regulations
July 1, 1999–June 30, 2001**

FN06-061A

AUDIT REPORT IN BRIEF

Seamen's Society for Children and Families (Seamen's) is a not-for-profit organization that provides foster care services to children in its Foster Boarding Home, Emergency Foster Boarding Home, and Special Needs Foster Boarding Home programs under a contract with the Administration for Children's Services (ACS). For Fiscal Years 2000 and 2001 (July 1, 1999, through June 30, 2001), ACS advanced Seamen's a total of \$17,526,026 (\$9,107,362 for Fiscal Year 2000 and \$8,418,664 for Fiscal Year 2001), for providing services to a total of 1,815 individuals in its programs—1,680 in Foster Boarding Home, 116 in Emergency Foster Boarding Home, and 19 in Special Needs Foster Boarding Home. In addition, Seamen's received \$435,708 (\$205,631 for Fiscal Year 2000 and \$230,077 for Fiscal Year 2001) from ACS for its Independent Living Skills Program, an educational program for individuals in its care who are least 14 years of age.

This audit assessed: the adequacy of Seamen's internal controls over expenses, revenues, and days-of-care; whether Seamen's 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

Seamen's 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*. Seamen's had an adequate system of internal controls over the recording and reporting of its expenses, revenues, and days-of-care. Moreover, Seamen's was reimbursed by ACS for only those expenses appropriately incurred on behalf of its Independent Living Skills Program.

Seamen's, however, is owed \$10,501 by ACS for Fiscal Years 2000 and 2001, resulting from the differences between the advances received from ACS and the expenses incurred to operate the various foster care programs that we audited. (See Appendices I through VII for our recalculation of per diem rates.) It should be noted that none of the additional funds owed to

Seamen's pertain to the Independent Living Skills Program.

In addition, for Fiscal Years 2000 and 2001, Seamen's included \$35,339 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*.¹

Audit Recommendations

We recommend that Seamen's include only allowable program expenses in its "Report of Actual Expenditures DSS-2652." In addition, we recommend that ACS remit \$10,501 in additional funding for Fiscal Years 2000 and 2001 to Seamen's, and ensure that it complies with the report's recommendation.

ACS Response

ACS, which also responded on behalf of Seamen's, stated that it will remit to Seamen's \$10,501 in additional funding for Fiscal Years 2000 and 2001, and will ensure that Seamen's includes only allowable expenses in the "Report of Actual Expenditures DSS-2652."

¹ The recalculated operating per diem rate after deducting the disallowed expenses did not result in any recoupment of funds from the Seamen's Foster Boarding Home, Emergency Foster Boarding Home, and Special Needs Foster Boarding Home programs.

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. Seamen's Society for Children and Families (Seamen's), at 25 Hyatt Street in Staten Island, is a not-for-profit organization that provides foster care services to children in its Foster Boarding Home, Emergency Foster Boarding Home, and Special Needs Foster 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 in the New York State *Standards of Payment for Foster Care of Children (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 a final per diem rate.

For Fiscal Years 2000 and 2001 (July 1, 1999, through June 30, 2001), ACS advanced Seamen's a total of \$17,526,026 (\$9,107,362 for Fiscal Year 2000 and \$8,418,664 for Fiscal Year 2001), for providing services to a total of 1,815 individuals in its programs—1,680 in Foster Boarding Home, 116 in Emergency Foster Boarding Home, and 19 in Special Needs Foster Boarding Home. In addition, Seamen's received \$435,708 (\$205,631 for Fiscal Year 2000 and \$230,077 for Fiscal Year 2001) from ACS for its Independent Living Skills Program, an educational program for individuals in its care who are least 14 years of age.

Objectives

The audit's objectives were to determine whether Seamen's:

- 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* and the City *Foster-Care Reimbursement Bulletin No. 92-5* and applicable amendments. We evaluated Seamen'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 Seamen's *Administrative Manual* and its organizational chart, and conducted walk-throughs of its operations, documenting the results through written narratives and memoranda.

Revenues and Expenses

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

To determine whether the expenses Seamen's 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 Seamen'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 \$467,365 of \$1,408,321 (33%) for Fiscal Year 2001, and \$440,641 of \$1,479,660 (30%) for Fiscal Year 2000.

We reconciled the salaries for administrative and foster boarding home employees reported in Seamen's ADP Payroll Register to the salaries reported in its general ledger for Fiscal Years 2000 and 2001. We determined whether the salaries for 43 of 95 full-time and part-time foster care employees for December 1999, and 30 of 85 for April 2001, were charged to the correct cost centers and whether the salaries were actually for employees assigned to foster care programs. It was then determined whether the names of the employees and the salaries listed on the payroll register were correct, whether the timekeeping records supported the hours for which the employees were paid, and whether the salaries were in accordance with Seamen's Human Resource Salary Memoranda. Finally, health insurance payments, pension contributions, and social security payments were reviewed to ensure that they were charged to the correct programs.

Although the results of the above tests regarding expenses were not projected to all expenses for the audit period, they provided a reasonable basis to assess Seamen's compliance with New York State and ACS regulations.

Days-of-Care

To determine whether Seamen's reported its days-of-care accurately, we examined care-days records for 100 (6%) of the 1,680 children served in the Foster Boarding Home during

Fiscal Years 2000 and 2001, choosing every seventeenth child listed alphabetically beginning with the first child's name. We also examined care-days records for 50 (68%) of the 74 children served in Fiscal Year 2000 and all 42 children served in Fiscal Year 2001 in the Emergency Foster Boarding Home. In addition, we examined the care-days records for all 19 children served in the Special Needs Foster Boarding Home during the audit period. For each child, we obtained the Case Movement form, the ACS Child Care Reporting System records, and the corresponding case file for the audit period, and compared the dates and number of care-days reported on Seamen's "Monthly Billing Caredays Report" to ACS's "Comparison of Interim Reconciliation and Standards of Payment Report" and "Preliminary Yearend Reconciliation," to determine whether Seamen's billed ACS correctly.

To determine whether the payments made by Seamen's to foster parents were in accordance with New York State MSAR, from the samples described above, we judgmentally selected for testing 19 (19%) of the 100 Foster Boarding Home children, 17 (18%) of the 92 Emergency Foster Boarding Home children, and 17 (89%) of the 19 Special Needs Foster Boarding Home children, and traced the amounts on the payment records to the amounts listed in the monthly "Foster Parent Payment Detail," canceled checks, and "Monthly Billing Caredays Report." In addition, we determined whether all 25 "Special/Exceptional" children in the Foster Boarding Home, in the Emergency 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 were not projected to all days-of-care for the audit period, they provided a reasonable basis to assess Seamen'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 Seamen's and ACS officials during and at the conclusion of this audit. A preliminary draft report was sent to Seamen's and ACS officials and was discussed at an exit conference on June 29, 2006. On July 12, 2006, we submitted a draft report to Seamen's and ACS officials with a request for comments.

We received a written response from ACS on July 26, 2006, which included comments from Seamen's Society. The response indicated that both ACS and Seaman's Society agreed with the report's findings and recommendations. In addition, ACS stated that it will remit to Seamen's \$10,501 in additional funding for Fiscal Years 2000 and 2001, and will ensure that Seamen's complies with the recommendations.

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

FINDINGS

Seamen's Society for Children and Families generally complied with promulgated announcements and regulations of the New York State *Standards of Payment* and the City *Foster-Care Reimbursement Bulletin No. 92-5*. Seamen's had an adequate system of internal controls over the recording and reporting of its expenses, revenues, and days-of-care. Moreover, Seamen's was reimbursed by ACS for only those expenses appropriately incurred on behalf of its Independent Living Skills Program.

Seamen's, however, is owed \$10,501 by ACS for Fiscal Years 2000 and 2001, resulting from the differences between the advances received from ACS and the expenses incurred to operate the various foster care programs that we audited. (See Appendix I.) It should be noted that none of the additional funds owed to Seamen's pertain to the Independent Living Skills Program.

Seamen's Is Entitled to \$10,501 in Additional Funding From ACS for Fiscal Years 2000 and 2001

For Fiscal Years 2000 and 2001, ACS advanced Seamen's \$17,526,026 for providing 422,014 days-of-care in its Foster Boarding Home; 4,601 days-of-care in its Emergency Foster Boarding Home; and 4,476 days-of-care in its Special Needs Foster Boarding Home. Based on our final calculated per diem rates and audited days-of-care, Seamen's was entitled to receive \$17,536,527 in funding from ACS for operating its various foster homes, resulting in ACS's owing Seamen's \$10,501 for the audit period. (See Appendices I through VII for our recalculation of per diem rates.)

Further, our review of Seamen's Foster Boarding Home days-of-care records for Fiscal Year 2000 found that Seamen's incorrectly overbilled ACS for 58 days-of-care it was not entitled to: 32 days-of-care in which children under its care were not placed in a licensed foster home; and 26 days-of-care that could not be accounted for on Seamen's adjustment records for Fiscal Year 2000. Disallowances of days-of-care result in a recoupment of funding only when the final calculated per diem rate is less than the MSAR established by New York State. Since our recalculation of Seamen's final per diem rate disclosed that Seamen's was operating at a higher per diem rate than the MSAR, no recoupment of funding was necessary for the 58 disallowed days-of-care pertaining to its Foster Boarding Home. (See Appendix II.)

Administrative and Pass-through Expenses Totalling \$35,339 Are Disallowed

For Fiscal Years 2000 and 2001, Seamen's included \$35,339 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* and the City *Foster-Care Reimbursement Bulletin No. 92-5*. These expenses included: \$13,986 for dues and related expenses to the Council of Family and Child Caring Agencies; \$7,628 for employee education tuition; \$4,872 for staff luncheons and holiday parties;

ACS officials stated that it “will remit to Seamen’s \$10,501 in additional funding for Fiscal Years 2000 and 2001”: \$4,149 in Medicaid expenses; \$2,994 for fundraising expenses; \$1,054 for representational dues; and \$195 for subscriptions and publications for which complete documentation was not provided. The remaining \$461 in disallowed expenses pertained to Foster Boarding Home pass-through costs for Fiscal Year 2000.

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 MSAR established by New York State. Therefore, our recalculated operating per diem rate, after deducting the disallowed expenses, did not result in any need for recoupment of funds from Seamen’s Foster Boarding Home, Emergency Foster Boarding Home, and Special Needs Foster Boarding Home programs. (See Appendices I–VII for our recalculation of Seamen’s per diem rates.)

RECOMMENDATIONS

We recommend that Seamen’s:

1. Include only allowable program expenses in its “Report of Actual Expenditures DSS-2652.”

ACS Response: “Seamen’s Society will, to the best of [its] ability, attempt to include only allowable expenses on the Report of Actual Expenditures DSS-2652.”

In addition, we recommend that ACS:

2. Remit \$10,501 to Seamen’s in additional funding owed for Fiscal Years 2000 and 2001.

ACS Response: “ACS will remit to Seamen’s \$10,501 in additional funding for Fiscal Years 2000 and 2001.”

3. Ensure that Seamen’s complies with the report’s recommendation.

ACS Response: “ACS will ensure that Seamen’s includes only allowable expenses in the DSS 2652.”

APPENDIX I

**SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES
SUMMARY SCHEDULE OF TOTAL AMOUNT DUE
JULY 1, 1999 TO JUNE 30, 2001**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>TOTAL</u>
AMOUNT ADVANCED BY ACS	<u>\$ 9,107,362.35</u>	<u>\$ 8,418,663.59</u>	<u>\$ 17,526,025.94</u>
FOSTER BOARDING HOME			
APPENDIX II	\$ 8,714,224.80		\$ 8,714,224.80
APPENDIX V		\$ 8,207,017.80	8,207,017.80
EMERGENCY FOSTER BOARDING HOME			
APPENDIX III	168,315.84		168,315.84
APPENDIX VI		87,681.20	87,681.20
SPECIAL NEEDS FOSTER BOARDING HOME			
APPENDIX IV	229,316.80		229,316.80
APPENDIX VII		129,970.80	129,970.80
TOTAL AMOUNT DUE TO SEAMEN'S SOCIETY	<u>\$ 9,111,857.44</u>	<u>\$ 8,424,669.80</u>	<u>\$ 17,536,527.24</u>
<u>AMOUNT DUE ACS (AGENCY)</u>	<u>\$ (4,495.09)</u>	<u>\$ (6,006.21)</u>	<u>\$ (10,501.30)</u>

APPENDIX II

**SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES
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	\$ 9,086,486.82	\$ 4,618,495.00	\$ 4,467,991.82
LESS: AUDIT DISALLOWANCES	(10,500.65)	(10,039.93)	(460.72)
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	\$ 9,075,986.17	\$ 4,608,455.07	\$ 4,467,531.10
ACS PAID DAYS-OF-CARE	221,794	221,794	221,794
LESS: AUDITED DISALLOWED DAYS-OF-CARE	(58)	(58)	(58)
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	221,736	221,736	221,736
OPERATING PER DIEM RATE (A/B)	\$ 40.93	20.78	\$ 20.15
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/99 TO 6/30/00		\$ 19.15	
FINAL PER DIEM RATE - 7/1/99 TO 6/30/00	\$ 39.30	\$ 19.15	\$ 20.15

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.

ALCULATION OF AMOUNT DUE TO ACS (AGENCY)

7/1/99 TO 6/30/00

FINAL PER DIEM RATE	\$ 39.30 =	\$ 19.15 +	\$ 20.15
ACS DAYS-OF-CARE AS AUDITED	221,736	221,736	221,736
TOTAL AMOUNT DUE TO AGENCY FOR FBH	\$ 8,714,224.80 =	\$ 4,246,244.40 +	\$ 4,467,980.40

7/1/99 - 6/30/00

TOTAL AMOUNT DUE	\$ 8,714,224.80
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**SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES
STATEMENT OF BASIS FOR PER DIEM RATES AS "AUDITED"
EMERGENCY FOSTER BOARDING HOME
JULY 1, 1999 TO JUNE 30, 2000**

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 169,053.00	\$ 61,840.00	\$ 107,213.00
LESS: AUDIT DISALLOWANCES	(94.68)	(94.68)	-
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	<u>\$ 168,958.32</u>	<u>\$ 61,745.32</u>	<u>\$ 107,213.00</u>
ACS PAID DAYS-OF-CARE	3,024	3,024	3,024
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-	-	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>3,024</u>	<u>3,024</u>	<u>3,024</u>
OPERATING PER DIEM RATE (A/B)	<u>\$ 55.87</u>	<u>\$ 20.42</u>	<u>\$ 35.45</u>
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/99 TO 6/30/00		<u>\$ 20.21</u>	
FINAL PER DIEM RATE - 7/1/99 TO 6/30/00	<u>\$ 55.66</u>	<u>\$ 20.21</u>	<u>\$ 35.45</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.

CALCULATION OF AMOUNT DUE TO ACS (AGENCY)

7/1/99 TO 6/30/00

FINAL PER DIEM RATE	\$ 55.66	=	\$ 20.21	+	\$ 35.45
ACS DAYS-OF-CARE AS AUDITED	3,024		3,024		3,024
TOTAL AMOUNT DUE TO AGENCY FOR FBH	<u>\$ 168,315.84</u>	=	<u>\$ 61,115.04</u>	+	<u>\$ 107,200.80</u>

7/1/99 - 6/30/00

TOTAL AMOUNT DUE	<u>\$ 168,315.84</u>
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APPENDIX IV

**SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"
SPECIAL NEEDS FOSTER BOARDING HOME
JULY 1, 1999 to JUNE 30, 2000**

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 230,131.00	\$ 101,209.00	\$ 128,922.00
LESS: AUDIT DISALLOWANCES	(157.38)	(157.38)	-
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	\$ 229,973.62	\$ 101,051.62	\$ 128,922.00
ACS PAID DAYS-OF-CARE	2,648	2,648	2,648
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-	-	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	2,648	2,648	2,648
OPERATING PER DIEM RATE (A/B)	\$ 86.85	38.16	\$ 48.69
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/99 TO 6/30/00		\$ 37.91	
FINAL PER DIEM RATE - 7/1/99 TO 6/30/00	\$ 86.60	\$ 37.91	\$ 48.69

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	\$ 86.60	=	\$ 37.91	+	\$ 48.69
ACS DAYS-OF-CARE AS AUDITED	2,648		2,648		2,648
TOTAL AMOUNT DUE TO AGENCY FOR FBH	\$ 229,316.80	=	\$ 100,385.68	+	\$ 128,931.12

7/1/99 - 6/30/00

TOTAL AMOUNT DUE	\$ 229,316.80
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APPENDIX V

**SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES
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	\$ 8,661,389.51	\$ 4,498,239.00	\$ 4,163,150.51
LESS: AUDIT DISALLOWANCES	(24,293.37)	(24,293.37)	-
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	\$ 8,637,096.14	\$ 4,473,945.63	\$ 4,163,150.51
ACS PAID DAYS-OF-CARE	200,220	200,220	200,220
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-	-	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	200,220	200,220	200,220
OPERATING PER DIEM RATE (A/B)	\$ 43.14	\$ 22.35	\$ 20.79
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/00 TO 6/30/01		\$ 20.20	
FINAL PER DIEM RATE - 7/1/00 TO 6/30/01	\$ 40.99	\$ 20.20	\$ 20.79

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	\$ 40.99	=	\$ 20.20	+	\$ 20.79
ACS DAYS-OF-CARE AS AUDITED	200,220		200,220		200,220
TOTAL AMOUNT DUE TO AGENCY FOR FBH	\$ 8,207,017.80	=	\$ 4,044,444.00	+	\$ 4,162,573.80

7/1/00 - 6/30/01

TOTAL AMOUNT DUE	\$ 8,207,017.80
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APPENDIX VI

**SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"
EMERGENCY FOSTER BOARDING HOME
JULY 1, 2000 to JUNE 30, 2001**

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 89,477.00	\$ 32,564.00	\$ 56,913.00
LESS: AUDIT DISALLOWANCES	(140.02)	(140.02)	-
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	<u>\$ 89,336.98</u>	<u>\$ 32,423.98</u>	<u>\$ 56,913.00</u>
ACS PAID DAYS-OF-CARE	1,577	1,577	1,577
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-	-	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>1,577</u>	<u>1,577</u>	<u>1,577</u>
OPERATING PER DIEM RATE (A/B)	\$ 56.65	\$ 20.56	\$ 36.09
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/00 TO 6/30/01		<u>\$ 19.51</u>	
FINAL PER DIEM RATE - 7/1/00 TO 6/30/01	<u>\$ 55.60</u>	<u>\$ 19.51</u>	<u>\$ 36.09</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.

CALCULATION OF AMOUNT DUE TO ACS (AGENCY)

7/1/00 TO 6/30/01

FINAL PER DIEM RATE	\$ 55.60	=	\$ 19.51	+	\$ 36.09
ACS DAYS-OF-CARE AS AUDITED	1,577		1,577		1,577
TOTAL AMOUNT DUE TO AGENCY FOR SNFBH	<u>\$ 87,681.20</u>	=	<u>\$ 30,767.27</u>	+	<u>\$ 56,913.93</u>

7/1/00 - 6/30/01

TOTAL AMOUNT DUE	<u>\$ 87,681.20</u>
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APPENDIX VII

**SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"
SPECIAL NEEDS FOSTER BOARDING HOME
JULY 1, 2000 to JUNE 30, 2001**

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 130,407.00	\$ 38,746.00	\$ 91,661.00
LESS: AUDIT DISALLOWANCES	(152.45)	(152.45)	-
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	<u>\$ 130,254.55</u>	<u>\$ 38,593.55</u>	<u>\$ 91,661.00</u>
ACS PAID DAYS-OF-CARE	1,828	1,828	1,828
LESS: AUDITED DISALLOWED DAYS-OF-CARE	-	-	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>1,828</u>	<u>1,828</u>	<u>1,828</u>
OPERATING PER DIEM RATE (A/B)	<u>\$ 71.25</u>	<u>\$ 21.11</u>	<u>\$ 50.14</u>
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/00 TO 6/30/01		<u>\$ 20.96</u>	
FINAL PER DIEM RATE - 7/1/00 TO 6/30/01	<u>\$ 71.10</u>	<u>\$ 20.96</u>	<u>\$ 50.14</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.

CALCULATION OF AMOUNT DUE TO ACS (AGENCY)

7/1/00 TO 6/30/01

FINAL PER DIEM RATE	\$ 71.10	=	\$ 20.96	+	\$ 50.14
ACS DAYS-OF-CARE AS AUDITED	1,828		1,828		1,828
TOTAL AMOUNT DUE TO AGENCY FOR SNFBH	<u>\$ 129,970.80</u>	=	<u>\$ 38,314.88</u>	+	<u>\$ 91,655.92</u>

7/1/00 - 6/30/01

TOTAL AMOUNT DUE	<u>\$ 129,970.80</u>
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ADMINISTRATION FOR CHILDREN'S SERVICES
FINANCIAL SERVICES
150 William Street - 10th Floor
New York, NY 10038

JOHN B. MATTINGLY
Commissioner

SUSAN NUCCIO
Deputy Commissioner

MELANIE HARTZOG
Associate Commissioner

July 26, 2006

Mr. John Graham
Deputy Comptroller
Policy, Audits, Accountancy & Contracts
The City of New York Office of the Comptroller
Executive Offices
1 Centre Street, Room 5000
New York, New York 10007-2341

Re: New York City Comptroller Audit – Report on the Compliance of
Seaman's Society for Children and Families with
Foster and Child Care Payment Regulations
Audit Number FN06-061A

Dear Mr. Graham:

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

New York City Comptroller Audit – Report on the Compliance of
Seaman's Society for Children and Families with
Foster and Child Care Payment Regulations
Audit Number FN06-061A

Administration for Children's Services (ACS)
Response to Recommendations
July 26, 2006

ACS was pleased the auditors found that Seaman's 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*. Seaman's had an adequate system of internal controls over the recording and reporting of its expenses, revenues, and days-of-care. Moreover, Seaman's was reimbursed by ACS for only those expenses appropriately incurred on behalf of its Independent Living Skills Program.

Seaman's, however, is owed \$10,501 by ACS for Fiscal Years 2000 and 2001, resulting from the differences between the advances received from ACS and the expenses incurred to operate the various foster care programs that were audited.

RECOMMENDATION 1

Seaman's should include only allowable program expenses in its "Report of Actual Expenditures DSS-2652".

RECOMMENDATION 2

ACS should remit \$10,501 to Seaman's in additional funding owed for Fiscal Years 2000 and 2001.

RECOMMENDATION 3

ACS should ensure that Seaman's complies with the report's recommendation.

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON COMPLIANCE OF
SEAMAN'S SOCIETY FOR CHILDREN AND FAMILIES
WITH FOSTER AND CHILD CARE PAYMENT REGULATIONS
AUDIT NUMBER: FN06-061A**

RECOMMENDATION # 1: Seaman's should include only allowable program expenses in its "Report of Actual Expenditures DSS-2652".

RESPONSIBLE MANAGER'S NAME: NANCY VOMERO, PRESIDENT/CEO

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START END	DOCUMENTATION	COMMENTS
Seaman's Society will, to the best of our ability, attempt to only include allowable expenses on the Report of Actual Expenditures DSS-2652. Since some costs are not allowed in one year but allowed the next year (i.e. COFCCA dues), this is sometimes difficult. However, we will, in the future, report only "allowable" costs.	CFO	07/1/06 Ongoing		

ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON COMPLIANCE OF
SEAMAN'S SOCIETY FOR CHILDREN AND FAMILIES
WITH FOSTER AND CHILD CARE PAYMENT REGULATIONS
AUDIT NUMBER: FN06-061A

RECOMMENDATION # 2: ACS should remit \$10,501 to Seaman's in additional funding owed for Fiscal Years 2000 and 2001.

RESPONSIBLE MANAGER'S NAME: DELROY DAVEY, ASSISTANT COMMISSIONER

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START END	DOCUMENTATION	COMMENTS
ACS will remit to Seaman's \$10,501 in additional funding for Fiscal Years 2000 and 2001.	Letham Duncan, Director Payment Services	07/26/06 08/09/06	Payment Records	

ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON COMPLIANCE OF
SEAMAN'S SOCIETY FOR CHILDREN AND FAMILIES
WITH FOSTER AND CHILD CARE PAYMENT REGULATIONS
AUDIT NUMBER: FN06-061A

RECOMMENDATION # 3: ACS should ensure that Seaman's complies with the report's recommendation.

RESPONSIBLE MANAGER'S NAME: TOM WELSH, DIRECTOR, AUDIT SERVICES

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START END	DOCUMENTATION	COMMENTS
ACS will ensure that Seaman's includes only allowable expenses in the DSS 2652.	Tom Welsh, Director, Audit Services	Current Ongoing	Audit Reports	