

AUDIT REPORT



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

Audit on the Compliance of the Seamen's Society for Children and Families with Its Day Care Contracts With the New York City Administration For Children's Services

MD03-063A

June 25, 2003



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 audited the compliance of the Seamen's Society for Children and Families (Society) with its day care contracts with the New York City Administration for Children's Services (ACS).

The results of our audit, which are presented in this report, have been discussed with officials of ACS and of the Society, and their comments have been considered in the preparation of this report.

Audits such as this provide a means of ensuring that City-funded day care centers are in compliance with their contracts with ACS and that City funds are used as intended.

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 212-669-8945.

Very truly yours,

William C. Thompson, Jr.

William C. Thompson, Jr.

Report: MD03-063A
Filed: June 25, 2003

Table of Contents

AUDIT REPORT IN BRIEF	1
INTRODUCTION	4
Background	4
Objectives	4
Scope and Methodology	5
Discussion of Audit Results	7
FINDINGS AND RECOMMENDATIONS	8
Family Day Care Home Issues	8
Safety Concerns at Family Day Care Homes	8
Questionable Payments made to Family Day Care Home Operators	14
Evidence of Background Investigations, Medical Clearances, And Training Missing from the Files of the Family Day Care Home Operators	16
Center Issues	19
Evidence of Background Investigations and Mandatory Training Was Missing from the Personnel Files of Center Employees	19
Center is Under-enrolled	20
The Society Undercharged Private Students	21
Time records Were not Always Approved by a Supervisor	22
The Society Commingled Funds	22
Appendix A—Letter to ACS officials about conditions at homes of the family day care operators	
Appendix B—Letter from ACS officials regarding their correction actions	
Addendum—Response from ACS officials	

City of New York
Office of the Comptroller
Bureau of Management Audit

**Audit on the Compliance of the
Seamen's Society for Children and Families with Its Day
Care Contracts with the New York City Administration for
Children's Services**

MD03-063A

AUDIT REPORT IN BRIEF

This audit determined whether the Seamen's Society for Children and Families (Society) complied with the provisions of both its Center and family day care home contracts with the Administration for Children's Services (ACS). In addition, we ensured that the Society spent ACS and Child and Adult Care Food Program (CACFP) funds on legitimate expenses related to the operation of its day care services to children.

Audit Findings and Conclusions

The Society generally complied with the provisions of both its Center and family day care home contracts and had adequate internal controls over its financial processes. Specifically:

- All ACS and CACFP funds received for day care services were properly deposited and recorded in the cash receipts journals.
- ACS and CACFP funds were spent on legitimate expenses related to the operation of the day care services to children.
- An authorized official signed all checks.
- The Center's classrooms and play areas were safe and sanitary.
- Most of the family day care home operators were paid accurately for providing day care services.

However, our examination disclosed some weaknesses. Specifically:

- Family day care home operators did not always ensure that children were cared for in a safe environment.
- The files for Center employees and family day care home operators did not always contain the required documentation for background investigations and did not always contain evidence, as required, of training.
- The Center is under-enrolled.
- The Society undercharged private students.
- Supervisory approval was not obtained for all time records of Center employees.
- The Society commingled parent fees and funds received from ACS with funds received from other sources. Such commingling is prohibited. In addition, funds received from private fees were not maintained, as required, in a bank account separate from ACS funds and parent fees.

Audit Recommendations

To address these issues, we make 16 recommendations that include the following.

The Society and ACS should:

- Conduct unannounced inspections more frequently at all family day care homes to ensure that they are maintained in a safe and sanitary manner and comply with health code regulations.
- Ensure that background investigations, including the SCR and DOI checks, are performed in a timely manner and conducted for all family day care home operators, their assistants, and their household members 18 years of age or older. Furthermore, the Society should ensure that medical clearances are up-to-date for all family day care home operators, their assistants, and their household members. All documents should be maintained in the files.
- Ensure that all family day care home operators and their assistants receive the required 15 hours of training each year. The training certificates should be maintained in the files.
- Obtain the required DOI background investigations for the six employees identified by this audit and ensure that the required background investigations are performed in a timely manner for all employees and are maintained in their personnel files for the duration of their employment.

- Immediately arrange for the eight employees identified by this audit to be trained in detecting child abuse and maltreatment and ensure that all employees receive this training immediately after hiring. Training certificates should be kept in personnel files of the employees for the duration of their employment.

ACS should:

- Periodically review the personnel files for all employees of the Society to ensure that the required documents, such as background investigations and training, are maintained.
- Periodically review the files for all the family day care homes affiliated with the Society to ensure that the required documents, such as background investigations, up-to-date medical clearances, and training, are maintained.

Discussion of Audit Results

The matters covered in this report were discussed with officials of the Society and of ACS during and at the conclusion of this audit. A preliminary draft report was sent to officials of the Society and of ACS and was discussed at an exit conference on May 13, 2003. On May 19, 2003, we submitted a draft report to Society and to ACS officials with a request for comments. We received a written response from ACS officials on behalf of both organizations on June 9, 2003. Officials of ACS and of the Society generally agreed with the audit's findings and recommendations and have taken steps to investigate some of the conditions and missing documents identified. The response stated:

“ACS looks forward to working with your office to improve the delivery of services to the children of the City of New York.”

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

INTRODUCTION

Background

The Society, founded in 1846, is a not-for-profit organization that provides day care, foster care, family support, counseling, and youth development services in Staten Island to more than 7,500 children each year.

During Fiscal Year 2002, the Society was under contract with ACS to provide day care services to approximately 60 pre-school children (2 ½ to 6 years of age).¹ These services are currently provided Monday through Friday from 8:00 a.m. to 6:00 p.m. at the Edwin Markham Childcare Center (Center), at 195 Gordon Street, Staten Island. The Center leases this space from the New York City Housing Authority. The Society was also under another contract with ACS during Fiscal Year 2002 to provide services to approximately 233 children at 30 family day care homes in Staten Island, Monday through Friday, from 8:00 a.m. to 6:00 p.m.

Tuition for most children attending the Center or one of its family day care homes is either fully or partially paid by ACS. Those children are defined as ACS students; their parents pay the balance of their tuition, as parent fees. Some of the children of the Center do not qualify for ACS-subsidized day care. Those children are defined as private students, and their parents pay the full tuition, as private fees.

During Fiscal Year 2002, the Society received City funds totaling \$2,097,522 from ACS: \$401,578 for the Center contract and \$1,695,944 for the family day care home contract. In addition, the Society received \$268,987 from the CACFP of the New York State Department of Health for its food expenses for the Center and family day care homes.

Objectives

The objectives of the audit were to determine whether the Society:

- Complied with the provisions of both its Center and family day care home contracts with ACS and its own internal procedures;
- Maintained safe and sanitary premises for the children under its care; and
- Spent ACS and CACFP funds on legitimate expenses related to the operation of its day care services to children.

¹ Day care services are defined, by New York health code regulations for family day care home operators, as care for less than 24 hours a day from other than a parent or guardian provided regularly to a child away from his or her residence. The care can be by an association, corporation, or institution, or can be provided in a personal residence (i.e., family day care home).

Scope and Methodology

The scope of our audit was Fiscal Year 2002.

To obtain an understanding of the day care services provided by the Society, we reviewed the day care contracts between the Society and ACS, applicable State and City regulations, and the *Family Day Care Network Handbook*. We also reviewed the certified Fiscal Year 2002 financial statements, the Center's Collective Bargaining Agreements, the *Personnel Policy and Procedural Manual* of the Society, and the *Administrative Advisory for Private Tuition Payments in Publicly-funded Child Care Programs* issued by ACS.

We interviewed officials responsible for overseeing the daily operations of the Center and the family day care home operators, such as the Chief Financial Officer (CFO), the Vice President of Community Programs (Vice President), and the supervisor of the family day care home program of the Society.

To determine whether all funds received by the Society from ACS and CACFP were properly deposited, we reviewed the Fiscal Year 2002 bank statements and deposit slips for the bank account relating to City and State funds. We determined whether all funds reflected on the bank statements were properly recorded in the Fiscal Year 2002 cash receipts journals of the Society. We also determined whether the Society maintained a separate bank account for ACS funds.

To determine whether the Society reported all the parent fees collected to ACS, we obtained the Automated Attendance and Fee Records (attendance records), the deposit slips and bank statements for the period July 1–September 30, 2001.² We compared the amounts reported on the attendance records to the deposit slips and bank statements. We also determined whether the parent fees collected were deposited into the bank account containing ACS funds, as required, and were recorded in the Fiscal Year 2002 cash receipts journal of the Society.

We determined whether the other than personal service (OTPS) expenditures paid for by ACS and CACFP funds were reasonable, necessary, and authorized. To do so, we reviewed the canceled checks and corresponding invoices for all 61 expenditures, totaling \$14,241 (from expenditures totaling \$92,302 for Fiscal Year 2002) recorded in the Center's cash disbursements journals for the randomly selected months of October through December 2001.

To determine whether each of the 30 family day care home operators were paid the appropriate amounts for providing day care services to children, we compared the amounts of their paychecks to the attendance records submitted to the Society for each child during March 2002. Family day care home operators are paid once a month for providing day care services in their homes. This pay is based on the number of days each child has been in attendance for the month, multiplied by a fixed rate set by ACS. This rate depends on whether the child is an infant,

² The Automated Attendance and Fee Records list the attendance for each child and the parent fees due and paid.

or whether the child is two years of age or older and attends day care either full-time or part-time.

We conducted an inspection on August 22, 2002, of the Center's classrooms, play areas, and food storage and preparation areas to determine whether they were safe and sanitary. We also conducted observations on February 20 and 21, 2003, of 15 of the 30 family day care homes. We ensured that the family day care home operators were licensed, that the family day care homes were maintained in a safe and sanitary manner, and the family day care homes complied with health regulations. We were unable to conduct inspections for two of the 15 family day care homes because they were not open at the time of the inspections.

We reviewed the personnel files for all Center employees and family day care home operators who worked for the Society during Fiscal Year 2002 to determine whether the appropriate background investigations were conducted. We looked for evidence of an annual health examination, a criminal-history record check by the Department of Investigation (DOI), and an inquiry to the Statewide Central Register of Child Abuse and Maltreatment (SCR) for any history of child abuse or maltreatment. We also determined whether Center employees had received the mandatory training in identifying child abuse and maltreatment.

To determine if enrollment at the Center was at 100 percent of its capacity, we reviewed monthly attendance records, which lists the number of ACS students enrolled at the Center, for Fiscal Year 2002. We also reviewed the Comptroller's Office Report, *Slots for Tots-New York City's Failure to Manage Daycare Enrollment*, issued April 1, 2003, which reported that many City-funded day care centers are under-enrolled.

To determine whether the tuition charged by the Society for private students was in accordance with ACS procedures, we obtained a listing of children whose parents paid private fees and determined the weekly private fee charged to those parents for the period July 1–September 30, 2001. We checked whether the amounts were consistent with the amounts we calculated by the private tuition formula set up by ACS. We also determined whether the private fees collected were deposited in a bank account separate from ACS funds and parent fees and were recorded in the Fiscal Year 2002 cash receipts journal of the Society.

To determine whether the Society correctly paid its Center employees, we reviewed a total of 56 time records for the 14 employees who worked during March 2002. We checked whether the employees indicated the hours that they worked daily and whether all time records were appropriately approved. In addition, we verified that the employees worked the minimum number of hours required by the Collective Bargaining Agreements. Finally, we recalculated the hours recorded on the time records to determine the accuracy of the hours and compared the hours to what was reported on the Center's Payroll Register.

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 officials of the Society and of ACS during and at the conclusion of this audit. A preliminary draft report was sent to officials of the Society and of ACS and was discussed at an exit conference on May 13, 2003. On May 19, 2003, we submitted a draft report to Society and to ACS officials with a request for comments. We received a written response from ACS officials on behalf of both organizations on June 9, 2003. Officials of ACS and of the Society generally agreed with the audit's findings and recommendations and have taken steps to investigate some of the conditions and missing documents identified. The response stated:

“ACS looks forward to working with your office to improve the delivery of services to the children of the City of New York.”

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

FINDINGS AND RECOMMENDATIONS

The Society generally complied with the provisions of both its Center and family day care home contracts and had adequate internal controls over its financial processes. Specifically:

- All ACS funds, parent fees, CACFP funds, and private fees received for day care services, were properly deposited and recorded in the cash receipts journals.
- ACS and CACFP funds were spent on legitimate expenses related to the operation of the day care services to children.
- An authorized official signed all checks.
- The Center's classrooms and play areas were safe and sanitary.
- Most of the family day care home operators were paid accurately for providing day care services.

However, our examination disclosed some weaknesses. Specifically:

- Family day care home operators did not always ensure that children were cared for in a safe environment.
- The files for Center employees and family day care home operators did not always contain the required documentation for background investigations and did not always contain evidence, as required, of training.
- The Center is under-enrolled.
- The Society undercharged private students.
- Supervisory approval was not obtained for all time records of Center employees.
- The Society commingled parent fees and funds received from ACS with funds received from other sources. Such commingling is prohibited. In addition, funds received from private fees were not maintained, as required, in a bank account separate from ACS funds and parent fees.

Family Day Care Home Issues

Safety Concerns at Family Day Care Homes

Family day care home operators did not always ensure that children were cared for in a safe environment. According to the Child Care Facilities section of the contract between the Society and ACS:

“The Provider agrees to operate and maintain day care premises, fixtures and equipment, including play areas and adjacent sidewalks, in a clean, sanitary, and safe manner and in compliance with all applicable codes, regulations, standards and rules, including those promulgated by the Health, Fire, and Building Departments.”

We conducted unannounced inspections on February 20 and 21, 2003 of 13 of the 30 family day care homes affiliated with the Society. Our inspections revealed that generally family day care homes were clean and in a good state of repair. In addition, family day care home operators maintained up-to-date fire-drill logs; fire extinguishers that were in working condition; adequate first aid supplies; and mats, cribs, cots, and playpens. The family day care home operators also had a variety of activities to promote the educational, social, cultural, and recreational development of children.

Although we found that family day care homes were generally clean and contained the necessary furnishings, supplies, and equipment, we also found troubling conditions that raise safety concerns for the children in attendance at 10 (76 percent) of the 13 family day care homes.

In a letter on March 7, 2003, (see Appendix A) we notified ACS officials of these troubling safety concerns. On April 24, 2003, we received a written response from ACS officials as to the actions that they plan to take (see Appendix B). The letter stated that ACS does not directly visit or monitor individual family day care homes. Rather, home inspections and monitoring are a part of the registration process of the Department of Health (designated by the New York State Office of Children and Family Services). The letter also stated that ACS met with the Society to discuss our findings, to review its records, and to explain the importance of having a safe environment at all family day care homes. Furthermore, ACS stated in its letter to the Comptroller’s Office that the Society submitted a corrective action plan to ACS on April 7, 2003 and that it will monitor the Society to verify compliance with the corrective action plan.

At the exit conference Society officials provided us with a letter they sent to ACS detailing the results of the visits they made to the locations we cited in our letter. The following summarizes some of the conditions we found during our inspections, as well as the comments from Society officials based on their visits.

94 Osgood Avenue, Staten Island

- A child receiving care was left with the family day care home operator’s 16-year-old daughter while the family day care home operator was at a neighbor’s house, across the street. According to health code regulations for family day care home operators, no person under 18 years of age can be left in sole charge of children in a day care service at any time.
- The house smelled of natural gas. We observed that one stovetop burner was left on, at a high setting, and there was no cooking utensil on the burner. The family day care home operator said that her “daughter must have left it on accidentally”. This is a

concern, especially since the family day care home operator stated children in her care occupy space in the kitchen.

- The walkway leading to the family day care home was icy, and one of the auditors slipped on the ice. The family day care home operator told us that she had earlier slipped on the ice herself.

During their unannounced visit, the family day care home operator informed Society staff members that it was her 20-year-old daughter—not her 16-year-old daughter—who was left in charge of the child when she went outside. The family day care home operator stated that the 20-year-old daughter, upon seeing her mother enter the house with the auditors, went upstairs. The auditors never saw the 20-year-old daughter in the house. In fact, it was the family day care home operator that told the auditors the individual watching the child was her 16-year-old daughter.

In addition, during their visit, Society staff members spoke with the family day care home operator regarding the house smelling of gas and the icy walkway, to ensure those conditions would not occur again.

160 Parkhill 2-W, Staten Island

- A five-month-old infant was sleeping in a bed, unattended, surrounded by pillows. Such a practice might cause an infant to suffocate. Even though the Society is prepared to provide family day care homes with cribs for children under one year of age, there were no cribs in the home.
- The kitchen was messy, and cluttered with pots and pans.

During their unannounced visit, the family day care home operator informed Society staff members that prior to the auditors' arrival the infant had fallen asleep in a playpen. She further explained that since the other children were making noise, she moved the infant to her bed, surrounding her with pillows to prevent her from rolling off. Society staff members informed the family day care home operator that the playpen should be placed in an area where noise would not be a problem so that the infant can sleep, since infants were not allowed to sleep unattended in a bed.

In addition, the family day care home operator told Society staff members that the kitchen was messy because lunch was being prepared, and that the kitchen was gated to ensure that children would not enter it.

85 Clinton Place, Staten Island

- The door on the side of the house leading to the basement (where day care services are provided) was unlocked. We entered the premises and walked unnoticed down a flight of stairs. It was not until we entered the basement and asked for the family day care home operator that anyone noticed us. Suitable precautions must be taken to eliminate such conditions as the unlocked door, which might create a safety hazard.

- The family day care home operator informed us that she has a van in which she transports children. This practice is not common in the family day care homes. According to health code regulations for family day care home operators, any motor vehicle in which children ride (other than a public form of transportation) must prominently display an up-to-date certificate of inspection issued by the New York State Department of Transportation. We saw no such certificate. Also, it was unclear whether officials of the Society or of ACS were aware that the family day care home operator was carrying children in a van.
- The smoke detector on the premises could not function, since the batteries were not properly installed. The Society requires family day care home operators to ensure that smoke detectors are in proper working order.

During their announced visit, the family day care home operator told Society staff members that the door is unlocked after 5:00 p.m. to allow parents access so they could pick up their children. We note that the auditors arrived at the home at 4:30 p.m., not after 5:00 p.m. Nevertheless, the door should be locked at all times to prevent unauthorized individuals from entering.

In addition, Society staff members in their letter to ACS stated they are aware of the van and they verified that it was fully insured and that there was written permission from each parent on file. Society staff members also spoke with the family day care home operator regarding the importance of having an operational smoke alarm.

387 Castleton Avenue, Staten Island

- Several persons arrived at the front door during our visit, and the auditors heard the family day care home operator tell them either to “come back later” or “don’t say anything.” The family day care home operator told another person who entered the premises to “wait in my office.” We were concerned that there might be another business going on at the premises. According to health code regulations for family day care home operators, the indoor and outdoor areas where children are present and cared for must not be used for any other business or social purpose. In such cases, the attention of the family day care home operator or assistants might be diverted from the care of the children.
- This family day care home operator uses her backyard as a play area in the summertime. One of the railings on the backyard fence was broken, and a child might slip through it and wander away.

During their unannounced visit, the family day care home operator told Society staff members that some of the individuals were parents who wanted to talk about their children. She told all individuals that came to the house to either wait in her office or that she could not speak to them at that time. Although the individuals did not identify

themselves to the auditors, we note that this type of traffic appeared unusual and was not found in any of our other inspections.

In addition, the Society staff members spoke to the family day care home operator about repairing the backyard fence.

59 Linda Avenue, Staten Island

- There was an exposed, bare, floor-to-ceiling beam in the middle of the basement where day care is provided.
- The assistant present at the time of our inspection indicated that she had recently started working there. We asked Society officials to provide us with evidence of completed background checks and medical clearances for her. They provided evidence of the DOI check and up-to-date medical clearances. They did not provide the results of the required SCR inquiry for any history of child abuse and maltreatment.

During their announced visit, Society staff members told the family day care home operator that the beam should be covered with a cushioning material as a precaution.

6 Dix Place, Staten Island

- There were approximately 10 sealed boxes, with depictions of liquor bottles on the outside of them, in the living room. While we do not know what the boxes contained, this raised concern, since the family day care home operator stated children in her care are often in the living room. No alcohol or illicit drugs are allowed on the premises of any day care facility.
- An unidentified man kept going in and out of the house. The family day care home operator stated that he was “her husband, who comes and goes.” We are concerned about the presence of this man, since files of the family day care home operator at the Society do not show any man as a household member. Obviously, the required background investigations and medical clearances have not been conducted on him.

During their unannounced visit, Society staff members stated that they noted four boxes with depictions of liquor bottles on them. They opened the boxes and found that they were either empty or containing dinnerware.

322 Van Duzer Street, Staten Island

- The assistant present at the time of our inspection was not the assistant noted on the Family Day Care Information List provided to us by the Society. We asked Society officials to provide evidence of completed background checks and medical clearances. They stated that no background checks or medical clearances were made.

The smoke detectors at one family day care home (10 Jackson Street, Staten Island) were working but not properly mounted on the ceiling or wall, as required, but lay on a ledge attached to the wall. Society staff members stated that they found working smoke detectors during their visit. However, they did not address whether the smoke detectors were properly mounted. The rules and regulations of the New York City Department of Buildings states that smoke detectors must be mounted on either a ceiling or wall. The family day care home operator stated that she was unable to mount the smoke detectors on the ceiling or wall. The smoke detectors in two family day care homes (303 Davis Avenue, Staten Island and 27 Globe Avenue, Staten Island) lacked batteries, and did not work. Again, the Society requires family day care home operators to ensure that smoke detectors are in proper working order. Society staff members stated that they addressed these issues during their visits.

It is the responsibility of not only the Society but also of ACS to ensure that family day care home operators are caring for children in a safe environment. According to the Monitoring and Evaluation section of the contract between the Society and ACS:

“The Department [ACS] shall monitor and evaluate the performance of the contractor [the Society] . . . including but not limited to making unscheduled and unannounced visits to . . . family day care homes.”

Also, the *Family Day Care Network Handbook* of the Society states that agencies, such as ACS, are responsible for reviewing family day care home files maintained at the Society and for choosing family day care homes to be visited.

The Director of the ACS Program Assessment Unit stated that ACS currently does not inspect family day care homes but relies on the social workers of the Society to inspect them because ACS is “short staffed.” The supervisor of the family day care home program of the Society told us that ACS officials have not inspected any family day care homes for at least five years. If this is the case, we question how ACS, on April 18, 2002, could have evaluated the Society, in its Family Day Care Contract Compliance Review Report, to be in full compliance with safety requirements for family day care homes.

Recommendations

The Society and ACS should:

1. Investigate the conditions identified by this report.

ACS Response: “ACS and the Society investigated the conditions identified by this audit. . . . These were detailed in a letter from the Society to ACS . . . and in a memorandum from Associate Commissioner to Deputy Comptroller. . . . These items were also discussed at the exit conference.”

2. Conduct unannounced inspections at the family day care homes not visited by the auditors to determine their conditions.

ACS Response: “The Society has always made unannounced visits to the provider homes. As with all visits, the Society’s staff records the results of the visit, discusses with the provider conditions that are out of compliance or need improvement and follows-up to ensure that corrective action has occurred.”

3. Conduct unannounced inspections more frequently at all family day care homes to ensure that they are maintained in a safe and sanitary manner and comply with health code regulations.

ACS Response: “Networks are required, to make four visits per year to Family Day Care homes for health, safety, attendance and programmatic monitoring.”

Auditor Comment: In their response to recommendations #2 and #3, ACS officials did not address their responsibility for ensuring that family day care home operators are caring for children in a safe environment. We repeat that according to the contract between the ACS and the Society, ACS is to monitor and evaluate the performance of the Society, including unscheduled and unannounced visits to family day care homes. Also, the *Family Day Care Network Handbook* of the Society states that agencies such as ACS are responsible not only for reviewing family day care home files maintained at the Society but also for choosing family day care homes to be visited.

The ACS response also did not address the issue of conducting more frequent unannounced inspections. It is important to conduct unannounced inspections more frequently at all family day care homes to ensure that they are maintained in a safe and sanitary manner and to identify any unauthorized individuals in the family day care homes. For example, the family day care home operator at 322 Van Duzer Street in Staten Island visited by the auditors had an assistant—without the required background checks and medical clearances—who the Society was unaware of, caring for the children.

Questionable Payments Made to Family Day Care Home Operators

Payments made to two family day care home operators for providing day care services may be questionable. Those family day care home operators were paid for days that the auditors conducted their inspections and observed that no day care services were being provided.

At 1:15 p.m., February 20, 2003, we attempted to conduct an inspection of one of the family day care homes, 135 Roff Street, Staten Island, but were unable to do so. We remained at the site for approximately 15 minutes and repeatedly rang the doorbells and knocked on the doors. We found no indication that anyone was at home; the lights were not on and the blinds were drawn. Thus, we question whether day care services were being provided on that day.

At 2:45 p.m., February 21, 2003, we attempted to conduct an inspection of one of the family day care homes, 348 Bradley Avenue, Staten Island, but were unable to do so. Again, we remained at the site for approximately 15 minutes and repeatedly rang the doorbell and knocked on the door. Eventually, a man answered the door and stated his wife (the family day care home operator) was not home and that he did not know where she was. He said, “she might be at the Staten Island Mall.” He added that he had just come home from work and that he did not know “whether his wife had provided any day care service for children for the day.” Thus, we question whether day care services were being provided that day.

We obtained the attendance records for those two family day care home operators to determine whether they had indicated that they had provided day care services on the days of our inspections. We found that in fact both family day care home operators claimed that they had provided day care services.

Again, ACS is responsible for monitoring and evaluating the performance of the Society, such as making unscheduled and unannounced visits to family day care homes. Another reason that it is important for ACS officials to conduct inspections is to ensure that day care services that the agency is paying for are in fact being provided.

In the letter sent to ACS, Society officials stated that those family day care home operators stated that they took the children out during the day—in one case for a walk, and in the other case to the library. Although we cannot confirm this, we still feel that the Society and ACS should conduct unannounced visits to these two locations to ensure that day care services are actually being provided on a daily basis.

Recommendation

4. The Society and ACS should investigate whether the two family day care home operators are providing day care services on a daily basis. In addition, if day care services were not provided on the two days identified by this report, the payments should be recouped.

ACS Response: “Investigation by the Society revealed that the two providers in question have been providing care on a daily basis. On the day in question, one provider had taken the children to the library for an educational program and the other had taken the children for a neighborhood walk. As per the Society’s requirements, the providers had notified the Society that these activities would be taking place.”

Auditor Comment: Although requested, to date we have not been provided with any documentation showing that the two family day care home operators in question had notified Society officials of the outdoor activities. Therefore we cannot confirm whether day care services were provided on the days of the auditors inspections.

**Evidence of Background Investigations,
Medical Clearances, and Training
Missing from the Files of the Family Day Care Home Operators**

The files for some of the family day care home operators affiliated with the Society, including assistants and household members, were disorganized and incomplete. The files lacked evidence of completed background checks, up-to-date medical clearances, and certificates showing the completion of the required annual training. Our review of the files during December 2002 for each of the 33 family day care home operators revealed that³:

- Twelve (36 percent) of the files lacked evidence that criminal-history record checks with DOI were conducted, either for the family day care home operators, their assistants, or their household members. According to the contract between the Society and ACS, a criminal-history record investigation by DOI must be conducted on family day care home operators, their assistants, and members of their household 18 years of age or older. The New York City Department of Health does not automatically forward a copy of DOI criminal-history record checks to the Society. However, the Department of Health will send a copy to the Society if requested. To ensure that the criminal-history record checks for all individuals have been completed, the Society should ensure it requests and receives these inquiries for all the family day care home operators, their assistants, and their household members.
- Thirty (90 percent) of the files lacked evidence that SCR inquiries for any history of child abuse and maltreatment were conducted, either of the family day care home operators, their assistants, or their household members. The contract between the Society and ACS states that inquiries to SCR must be conducted regarding family day care home operators, their assistants, and members of their household 18 years of age or older for any history of child abuse and maltreatment. The New York City Department of Health does not automatically forward a copy of SCR inquiries to the Society. However, the Department of Health will send a copy to the Society if requested. To ensure that the SCR inquiries for all individuals have been completed, the Society should ensure it requests and receives these inquiries for all the family day care home operators, their assistants, and their household members.
- Twenty (61 percent) of the files lacked up-to-date medical clearances either for the family day care home operators, their assistants, or their household members. According to the *Family Day Care Network Handbook* of the Society, prior to licensing and each year thereafter, medical clearances, including a tuberculosis test, are required. Thus, it is important that doctors provide statements indicating that the individuals are free from communicable diseases.
- Twenty (61 percent) of the files lacked evidence of completion of the required 15 hours of training each year in topics related to providing day care services. This

³During Fiscal Year 2002 (our audit scope), there were 30 family day care home operators. However, at the time of our review of the files (December 2002), there were a total of 33 family day care home operators. As a result, we reviewed 33 files.

training is necessary to help in understanding children's needs and knowing how to handle situations.

During the audit, we informed officials of the Society about the disorganized state of the files and how difficult it was to find documents. The officials agreed that the files should be better organized and double-checked the files for us to ensure that we had not overlooked any documents. The officials said that some of the missing documents must have been "misplaced," since officials are constantly going through and updating the files. We agree that it is possible, due to the disorganized files, that some of the missing documents may have been completed and then misplaced or discarded. However, since so many documents were missing, we could not verify that the Society conducted the required investigations for all family day care home operators, their assistants, and their household members, or provided the required training.

The Director of the ACS Program Assessment Unit stated that officials of ACS are required to conduct annual assessments of such sponsoring boards as the Society. This assessment evaluates the performance of the Society and its oversight over the family day care homes to ensure that applicable rules and regulations, including the ACS contract, are being adhered to. On that basis, she said, ACS officials review files maintained at the sponsoring boards "for everything," including up-to-date medical clearances for all children at the family day care homes, as well as for all family day care home operators, their assistants, and their household members. In addition, the Director of Program Assessment said that files are reviewed for criminal-history record checks by DOI and SCR inquiries into any history of child abuse and maltreatment.

We question how ACS on April 18, 2002, could have evaluated the Society, on its Family Day Care Contract Compliance Review Report, to be in full compliance, since as of December 2002—eight months later—many of the required documents were missing from the files.

Recommendations

The Society should:

5. Request DOI criminal-history record checks and SCR inquiries from the New York City Department of Health to ensure that background investigations are performed in a timely manner and conducted for all family day care home operators, their assistants, and their household members 18 years of age or older. Furthermore, the Society should ensure that medical clearances are up-to-date for all family day care home operators, their assistants, and their household members. All documents should be maintained in the files.

ACS Response: "According to the Society, at the time of the audit, all providers had either a current license or an 'in process' letter indicating the Department of Health had received all necessary registration material including the SCR and DOI checks, which were performed on a timely basis."

Auditor Comment: ACS officials did not specifically respond to this recommendation. The intent of our recommendation was to ensure that the Society requests DOI criminal-history record checks and SCR inquiries from the New York City Department of Health for all family day care home operators, their assistants, and their household members 18 years of age or older. This would ensure that the criminal-history record checks and SCR inquiries for all individuals have been completed.

Furthermore, the ACS response did not address how the Society will ensure that medical clearances are up-to-date for the 20 files that lacked up-to-date medical clearances for the family day care home operators, their assistants, or their household members.

6. Ensure that all family day care home operators and their assistants receive the required 15 hours of training each year. The training certificates should be maintained in the files.

ACS Response: “The Society is licensed to conduct training, which they do on site, ensuring that all providers receive the required 15-hour training each year. The certificates are maintained on file. ACS will review the sponsor’s files to verify this information.”

Auditor Comment: ACS officials did not address the steps that would be taken to ensure that files of the 20 family day care home operators identified by this audit contain evidence of the completion of the required 15 hours of training each year.

7. Organize the files containing the documents for the family day care home operators.

ACS Response: “The Society will organize their files to contain all required documents for each Family Day Care operator. Proper file maintenance will be encouraged.”

ACS should:

8. Periodically review the files for all the family day care homes affiliated with the Society to ensure that the required documents, such as background investigations, up-to-date medical clearances, and training, are maintained.

ACS Response: “ACS will monitor the sponsor by periodically reviewing a sample of the files to verify that all required documents are on file. This monitoring will be done during field visits by Resource Area Consultants and during the Annual Assessment.”

Center Issues

Evidence of Background Investigations and Mandatory Training Was Missing from The Personnel Files of Center Employees

The personnel files for six (33%) of the 18 Center employees who worked for the Center during Fiscal Year 2002 lacked evidence that a criminal-history record check was conducted by DOI. Moreover, the personnel files for eight (44%) of the 18 Center employees lacked certificates indicating that they had completed training in detecting, preventing, and reporting child abuse and maltreatment. In fact, the personnel files for six employees lacked evidence of both criminal-history record checks by DOI and certificates indicating that they had completed the required training.

According to the contract between the Society and ACS, a criminal-history record check with DOI must be conducted for all Center employees. The Society is also required by its contract with ACS to ensure that all personnel are trained in detection of child abuse and maltreatment after being hired. The *Personnel Policy and Procedural Manual* of the Society also requires that personnel files for employees be set up at the time of employment and that files be maintained.

Since Center employees are in close contact with children, it is important that they go through the required background investigations, and that the results of these investigations be used by the Society to make decisions about whether these individuals should be authorized to work at the Center. If the Society fails to obtain and review the results of those investigations for all employees, it could be endangering the welfare of the children by allowing individuals with histories of criminal behavior to work at the Center. Furthermore, the Society must ensure that employees are trained soon after beginning employment to protect the safety of the children at the Center.

The Director of the ACS Program Assessment Unit stated that officials of ACS are also required by law to conduct annual assessments of sponsoring boards and their oversight over the group day care centers, such as the Edwin Markham Childcare Center. She said that ACS officials review files maintained at the sponsoring boards for required documents such as criminal-history record checks with DOI and training certificates.

We question how ACS on April 16, 2002 could have evaluated the Society, on its Group Day Care Contract Compliance Review Report, to be in full compliance, since many of the required documents were missing from the files.

Recommendations

The Society should:

9. Obtain the required DOI background investigations for the six employees identified by this audit and ensure that the required background investigations are performed in a timely manner for all employees and are maintained in their personnel files for the duration of their employment.

ACS Response: “The Society reports that . . . those employees who are missing the document did undergo a background check. They have taken action to secure the missing documents. ACS will review sponsor’s files to verify receipt of the missing documents.”

10. Immediately arrange for the eight employees identified by this audit to be trained in detecting child abuse and maltreatment and ensure that all employees receive this training immediately after hiring. Training certificates should be kept in personnel files of the employees for the duration of their employment.

ACS Response: “Arrangements have been made for the training of the . . . employees.”

ACS should:

11. Periodically review the personnel files for all employees of the Society to ensure that the required documents, such as background investigations and training, are maintained.

ACS Response: “ACS will monitor the sponsor by periodically reviewing a sample of the files to verify that all required documents are on file. This monitoring will be done during field visits by Resource Area Consultants and during the Annual Assessment. ”

Center Is Under-enrolled

A recent Comptroller’s Office report, *Slots for Tots—New York City’s Failure to Manage Daycare Enrollment*, issued April 1, 2003, cited ACS for underenrollment at its day care centers while thousands of children remain on waiting lists. The report found that the following factors contributed to day care underenrollment: delays in the ACS eligibility determination process, ACS rules prohibiting contractors from completing eligibility reviews for prospective recipients prior to the availability of a slot, and poor communication between ACS and the Human Resource Administration (HRA). HRA is responsible for managing day care funds for children whose parents are receiving or transitioning off public assistance and who are able to receive day care at an ACS-subsidized day care center. The report made five recommendations to ACS.

The Citywide underenrollment problems discussed in the Comptroller's report apply to the Society as well. The Society has a contract with ACS to provide day care services at its Center for 60 pre-school children. However, the Center did not become licensed for 60 children until March 2002.

The average ACS enrollment at the Center from April 2002 through June 2002 was 51 pre-school children—85 percent of the Center's capacity. The Center's enrollment figures for this time period ranged from 47 children (78% capacity) during April 2002 to 55 children (91% capacity) during June 2002. ACS should determine how it and its day care contractors can improve enrollment practices to achieve full enrollment at the day care centers.

Recommendation

12. ACS should determine how it and its day care contractors can improve enrollment practices, taking into consideration the recommendations made by the Comptroller's Office report.

ACS Response: "ACS agrees that enrollment needs to be improved in some programs and will work with the programs in this area."

The Society Undercharged Private Students

For our sample period (July 1–September 30, 2001) the Society charged its three private students a total of \$1,360 in private fees when it should have charged these private students a total of \$1,698—a difference of \$338.

The Society did not use the tuition formula required by the *Administrative Advisory for Private Tuition Payments in Publicly-funded Child Care Programs* issued by ACS, when it charged its private students. The Vice President stated that the Society charges \$80 a week (or \$320 a month) for students who are not qualified for ACS-subsidized day care. However, the ACS tuition formula requires that the Society charge \$131 a week (the Center's weekly budgeted cost per child for Fiscal Year 2002).

ACS guidelines require that private fees be used for such expenses related to enhancing the Center as providing classes in the arts and sciences, field trips, and upgrading equipment and supplies. By undercharging private students, the Society is depriving itself of extra funds that would otherwise be available to enhance its day care services.

Recommendation

13. The Society should charge its private students the correct tuition amount in accordance with ACS guidelines.

ACS Response: "ACS agrees with this recommendation. ACS will reissue the guidelines . . . and will provide training and Audit Guidelines to the Society."

Time Records Were Not Always Approved by a Supervisor

The time records for 16 of the 56 (29%) time records reviewed for March 2002 lacked the signature of a supervisor (i.e., the Director of the Center or the Vice President). Four of the 16 time records were for those of the Center's Director. Without a supervisor's signature documenting a review of the time records, we could not be certain that the hours paid for were actually the hours worked.

According to the *Personnel Policy and Procedural Manual* of the Society,

“Completed timesheets are to be submitted to the employee's Supervisor for their review and signature following the end of each semi-monthly period.”

The Center Director must review and sign all employee time records. Since she reports directly to the Vice President, her time records should be reviewed and signed by the Vice President.

Recommendation

The Society should ensure that:

14. Time records are reviewed and signed by an immediate supervisor.

ACS Response: “ACS and the Society agree with this recommendation. The Society will review its personnel policies and internal controls with appropriate staff to ensure adherence to acceptable timekeeping practices.”

The Society Commingled Funds

The Society commingled parent fees and the funds received from ACS with funds received from other sources. In addition, funds received from private fees were not maintained in a bank account separate from parent fees and ACS funds. These practices are both prohibited by the guidelines set by ACS.

The Fiscal Provisions section in the contract between the Society and ACS states:

“The Contractor [the Society] shall establish and maintain a bank account . . . to be used only for the funds received under this Agreement. All funds received under this Agreement, including Contractor-collected fees [parent fees], shall be deposited in the account. These Funds shall not be commingled with funds received from any other source, or with funds received under any other agreement

between the Contractor and ACS, unless otherwise permitted in advance in writing by ACS.”

The *Administrative Advisory for Private Tuition Payments in Publicly-funded Child Care Programs*, issued by ACS, states:

“Private tuition funds may be used to enhance the total day care program and should not be used to offset the ACS funding commitment Private tuition funds shall be maintained separately from ACS funds. The funds shall be deposited in and disbursed from a separate bank account.”

The Society CFO stated that she was unaware of the ACS requirement that ACS funds as well as parent fees were to be kept in a bank account separate from private fees and separate from funds received from other sources. She added that it was not practical to maintain a separate account for each funding source since ACS funds, parent fees, and private fees were accounted for separately in the Center’s cash receipts journal.

The CFO added that all funds received from various sources for the various children services sponsored by the Society were deposited in one main bank account. In addition, she stated that all parent and private fees collected were also deposited into this main account. She further stated that the Society has at least four other bank accounts to which the funds from the one main bank account are transferred, as needed. One account is used for payroll expenses of the administrative staff of the Society and employees of the Center. A second account is used for payroll expenses of the family day care home operators who receive payment through direct deposit. A third account is used for all OTPS expenses and for payroll expenses of the family day care home operators who receive checks. A fourth account is used for payroll expenses of the foster care parents.

We were able to account for all ACS funds, parent fees, and private fees received by the Society for its day care services. However, by maintaining one separate bank account for ACS funds and parent fees and another separate bank account for private fees, the Society would be in compliance with the Fiscal Provisions section in its contract, and a clear audit trail of day care expenses would be provided.

Recommendations

The Society should ensure that:

15. A separate bank account is maintained for the receipt and use of ACS funds for day care services and parent fees. In addition, ACS funds received for any other children services, such as foster care, should be maintained in another bank account.

ACS Response: “Maintaining separate bank accounts would lead to excessive bank charges, which are not budgeted by ACS. ACS recognizes that bank charges have become burdensome and is reviewing its policy on this issue.”

16. Funds received from private fees are maintained in a bank account separate from ACS funds and parent fees.

ACS Response: “ACS agrees with this recommendation. ACS will reissue the guidelines for administering Private Tuition and will provide training to the Society.”



Greg Brooks
DEPUTY COMPTROLLER
POLICY, AUDITS, ACCOUNTANCY & CONTRACTS

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

WILLIAM C. THOMPSON, JR.
COMPTROLLER

Appendix A*
(Page 1 of 3)
TELEPHONE: (212) 669-3000
FAX NUMBER: (212) 669-8878
WWW.COMPTROLLER.NYC.GOV

EMAIL: GBROOKS@COMPTROLLER.NYC.GOV

March 7, 2003

The Honorable William C. Bell
Commissioner
Administration for Children's Services
150 William Street, 18th floor
New York, New York 10038

Dear Commissioner Bell:

The Comptroller's Office is currently conducting an audit on Seaman's Society for Children and Families compliance with its Administration for Children's Services (ACS) day care contracts. As part of the audit, my staff conducted unannounced inspections of various family day care homes on February 20, 2003, and February 21, 2003. During these inspections, the auditors found troubling conditions at many of the family day care homes that raise safety concerns for the children in attendance. I am bringing this to your attention now, before a draft report is issued, so that you can take immediate action.

The following summarize some of these troubling conditions:

Provider: Carmen Velez

Address: 94 Osgood Avenue, Staten Island

- The child receiving care was left with the provider's 16-year-old daughter while the provider was at a neighbor's house across the street.
- The house smelled of gas. The auditors observed that one gas stovetop burner was left on at a high flame setting. No cooking utensil was placed over the burner. The provider said that her daughter must have left it on accidentally.
- The walkway leading to the family day care home was icy, and one of the auditors slipped on the ice. The provider told the auditors that earlier she had slipped on the ice.

Provider: Enid Davis

Address: 160 Parkhill 2-W, Staten Island

- A five-month old infant was sleeping unattended in a bed. The infant was

surrounded by pillows. Such a practice can cause an infant to suffocate. The auditors noted that there were no cribs, which Seamen's Society can provide to the family day care home.

- The kitchen was messy and cluttered with pots and pans.

Provider: Kelly Martin

Address: 85 Clinton Place, Staten Island

- The door on the side of the house leading to the basement (where the day care services are provided) was left unlocked. The auditors entered the premises and walked unnoticed down a flight of stairs. It was not until the auditors entered the basement and asked for the provider that they were noticed.
- The provider informed the auditors that she has a van for transporting children. This is not a common practice. There is no mention of providing transportation for children in day care contracts. This may bring up issues concerning insurance coverage and additional revenues not reported to Seaman's Society or ACS.

Provider: Ruth Meyers

Address: 387 Castleton Avenue, Staten Island

- When several individuals arrived at the front door, the provider told them to either "come back later" or "not to say anything and to wait." The provider told another individual who entered the premises to wait "in her office." The auditors were concerned that there may be another business going on at the premises.
- The provider uses her backyard as a play area in the summertime. One of the railings on the backyard fence was broken, which could allow a child to slip through.

Provider: Princess Mahon

Address: 59 Linda Avenue, Staten Island

- There was an exposed, uncovered floor-to-ceiling pipe in the middle of the basement where day care is provided. All pipes in a family day care home must be covered so that the children do not get hurt.

Provider: Barbara Ruffin

Address: 6 Dix Place, Staten Island

- There were approximately ten sealed boxes in the living room. Although the auditors did not know what the boxes contained, the outside of the boxes showed depictions of liquor bottles.

In addition, the following conditions were found at multiple sites:

- Four family day care homes had smoke detectors that were either not properly installed or that needed batteries. They are:

Provider: Roneisa Rogers, 10 Jackson Street, Staten Island

Provider: Ana Mae Brown, 303 Davis Avenue, Staten Island

Provider: Aida Rodriguez, 27 Globe Avenue, Staten Island

Provider: Kelly Martin, 85 Clinton Place, Staten Island

- Three family day care homes did not have current family day care licenses. Their licenses had expired between three and twelve months ago. We noted that the providers had letters from the Department of Health Bureau of Day Care indicating that the licenses were in the process of being renewed. However, the auditors did not note the dates on these letters. The day care homes are:

Provider: Ruth Meyers, 387 Castleton Avenue, Staten Island

Provider: Kelly Martin, 85 Clinton Place, Staten Island

Provider: Denise Connor, 86 Beach Street, Staten Island

- Two family day care homes were not open at the times of our visits. Therefore, the auditors were unable to conduct their inspections at these homes. The day care homes are:

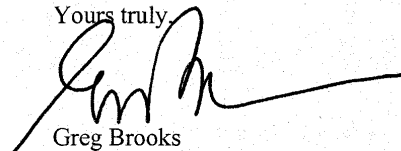
Provider: Linda Bowen, 135 Roff Street, Staten Island

Provider: Irma Rodriguez, 348 Bradley Avenue, Staten Island

Our inspections of these family day care homes have raised serious concerns that require investigation by ACS. We also recommend that ACS conduct unannounced inspections at the family day care homes not visited by the auditors to determine their conditions. A list of the family day care homes the auditors did and did not inspect is available to ACS upon request.

Please advise me concerning the actions you plan to take with regard to this matter.

Yours truly,



Greg Brooks

cc: Tom Welsh, Director of Audit Services
Santo M. Cuccia, Assistant Director of Audit Response



ADMINISTRATION FOR CHILDREN'S SERVICES
OFFICE OF FINANCIAL SERVICES
150 William Street – 10th Floor
New York, NY 10038

WILLIAM C. BELL
Commissioner

JOHN A. BENANTI
Deputy Commissioner
Division of Administration

SUSAN NUCCIO
Associate Commissioner
Financial Services

April 24, 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, New York 10007-2341

Dear Mr. Brooks:

This is in response to your letter of March 7, 2003 to Commissioner Bell concerning your audit of Seaman's Society for Children and Families.

Attached please find a memorandum from Larry Lee, Associate Commissioner Division of Child Care Head Start, in response to the concerns you raised.

If you have any additional concerns, please feel free to contact me at 212-676-8826.

Sincerely,

Santo M. Cuccia
Assistant Director
Audit Response

cc: W. Bell
J. Benanti
H. Newman
L. Lee

S. Nuccio
T. Welsh
L. Thomas
J. Tennyson

12-11-13



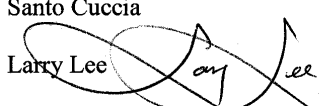
ADMINISTRATION FOR CHILDREN'S SERVICES
DIVISION OF CHILD CARE / HEAD START
66 JOHN STREET
NEW YORK, NEW YORK 10038

WILLIAM C. BELL
Commissioner

HARVEY I. NEWMAN
Deputy Commissioner

LARRY LEE
Associate Commissioner

MEMORANDUM

DATE: April 21, 2003
TO: Santo Cuccia
FROM: Larry Lee 
SUBJ: Audit Response – Seaman's Society for Children and Families

The Administration for Children's Services Division of Child Care Head Start (DCCHS) contracts with Sponsoring Agencies to administer family childcare services to families and children throughout the City of New York. DCCHS does not directly visit nor monitor individual family childcare homes. The Department of Health is the Agency designated by the New York State Office of Children and Family Services to register family day care homes. Home inspections and monitoring are a part of the registration process.

As a part of the ACS contract, Family Day Care Networks (in this instance Seamen's Society for Children and Families) are responsible for monitoring, home visits, administering technical support, and training for providers serving subsidized children. Specifically, Networks are responsible for 8 home visits per year, including the CACFP visits. DCCHS staff monitors the Networks to ensure compliance with home visits, health records, and children observations. DCCHS also provides technical assistance and training to contracted Family Childcare Networks. During a routine Network visit, DCCHS staff reviews 10% of provider records to ensure regulatory compliance.

In responding to the findings of the New York City's Comptrollers office, the following actions were initiated:

- The field office covering Staten Island was contacted to arrange an immediate visit to the Network
- Seaman's Society for Children and Families was visited on March 18, 2003; audit findings were discussed with Nelly Suarez, Supervisor of the Family Child Care Network

- During the Network visit, the ACS Consultant ECE randomly sampled the CACFP records, which confirmed that the appropriate number of home visits were made by the social workers
- The records also indicated that the meals served were nutritious and age appropriate and affirmed that the activities of the children and the conditions of the homes were of a satisfactory nature
- The ACS/DCC Consultant ECE Jack Breland conferred with the Network Supervisor Nellie Suarez, discussing the overall operations of the Network, the need for the program to provide additional training to the providers, and they discussed specific health and safety criteria, as related to the Comptroller's findings

In consultation with Seaman's Society for Children and Family Services, the ACS representative stressed the importance of developing and maintaining a healthy and safe environment in all of the Network's provider homes.

The program agreed to develop a corrective action plan, detailing announced and unannounced visits to the providers homes in question and to submit the plan to ACS by April 7, 2003.

The correction plan was delivered to ACS on April 7, 2003. The sponsor will conduct follow-up visits to the providers to insure implementation of the plan. ACS will monitor the sponsor to verify follow-up to the corrective plan.

3/1



Administration for Children's Services

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

William C. Bell
Commissioner

June 9, 2002

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 MD03-063A
Compliance of the Seamen's Society for Children and Families With Its Day Care
Contracts With The New York City Administration for Children's Services

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,

William C. Bell

Attachments

City of New York Office of the Comptroller
Audit on the Compliance of the Seamen's Society for Children and
Families (Society) With Its Day Care Contracts With The
New York City Administration for Children's Services
Audit Number MD03-063A

Administration for Children's Services (ACS)
Response to Recommendations
June 9, 2003

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

The Society generally complied with the provisions of both its Center and family day care home contracts and had adequate internal controls over its financial processes. Specifically:

- All ACS funds, parent fees, CACFP funds, and private fees received for day care services, were properly deposited and recorded in the cash receipts journals;
- ACS and CACFP funds were spent on legitimate expenses related to the operation of the day care services to children;
- An authorized official signed all checks;
- The Center's classrooms and play areas were safe and sanitary; and
- Most of the family day care home operators were paid accurately for providing day care services.

Recommendation 1

ACS and the Society investigated the conditions identified by this audit, with some significantly different results and conclusions. These were detailed in a letter from the Society to ACS dated 04/04/03, and in a memorandum from Associate Commissioner Larry Lee to Deputy Comptroller Greg Brooks dated 04/21/03. These items were also discussed at the exit conference on 05/13/03.

Recommendations 2 and 3

The Society has always made unannounced visits to the provider homes. As with all visits, the Society's staff records the results of the visit, discusses with the provider conditions that are out of compliance or need improvement and follows-up to ensure that corrective action has occurred.

Networks are required, to make four visits per year to Family Day Care homes for health, safety, attendance and programmatic monitoring. Family Day Care homes receive four additional visits, announced or unannounced, funded by the Child and Adult Care Food Program (CACFP), to monitor the nutritional program. ACS will review a sample of the Society's records to verify this information.

The Department of Health (DOH) also conducts visits to a small sample of Family Day Care homes each year.

Recommendation 4

Investigation by the Society revealed that the two providers in question have been providing care on a daily basis. On the day in question, one provider had taken the children to the library for an educational program and the other had taken the children for a neighborhood walk. These activities are appropriate and encouraged by the Society. As per the Society's requirements, the providers had notified the Society that these activities would be taking place.

Recommendation 5

According to the Society, at the time of the audit, all providers had either a current license or an "in process" letter indicating the Department of Health (DOH) had received all necessary registration material including the SCR and DOI checks, which were performed on a timely basis. The "in process" letter serves as the interim registration certificate until the actual license is issued.

Recommendation 6

The Society is licensed to conduct training, which they do on site, ensuring that all providers receive the required 15-hour training each year. The certificates are maintained on file. ACS will review the sponsor's files to verify this information.

Recommendations 7, 8, and 11

The Society will organize their files to contain all required documents for each Family Day Care operator. ACS will monitor the sponsor by periodically reviewing a sample of the files to verify that all required documents are on file. This monitoring will be done during field visits by Resource Area Consultants and during the Annual Assessment. Proper file maintenance will be encouraged.

Recommendations 9 and 10

The Society reports that all but three background checks are on file for all providers and family members requiring it and those employees who are missing the document did undergo a background check. They have taken action to secure the missing documents. ACS will review sponsor's files to verify receipt of the missing documents.

The Society reports that all but three employees have been trained and have certificates. Arrangements have been made for the training of the three employees.

Recommendation 12

The Society is responsible for recruiting. The reasons the City contracts with community agencies to provide child care services are because these agencies are in the community; they can relate to the community; they are aware of community needs and can provide services that are sensitive to these needs. ACS suggests a variety of methods such as contacting community agencies, advertising in local publications, distributing flyers, etc. to increase enrollment.

ACS agrees that enrollment needs to be improved in some programs and will work with the programs in this area.

Recommendation 13

ACS agrees with this recommendation. ACS will reissue the guidelines for administering Private Tuition and will provide training and Audit Guidelines to the Society.

Recommendation 14

ACS and the Society agree with this recommendation. The Society will review its personnel policies and internal controls with appropriate staff to insure adherence to acceptable timekeeping practices.

Recommendations 15 and 16

The Society is required to maintain a common bank account for the receipt of electronically transferred funds. Maintaining separate bank accounts would lead to excessive bank charges, which are not budgeted by ACS. The Society feels that its accounting systems are sophisticated and that they can be relied upon to keep funds and accounts separate without actually having separate bank accounts. The Comptroller's staff agreed that they had no difficulty tracing the funds in each account. ACS recognizes that bank charges have become burdensome and is reviewing its policy on this issue.

ACS agrees with this recommendation. ACS will reissue the guidelines for administering Private Tuition and will provide training to the Society.

**ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
 NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
 SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
 AUDIT NUMBER: MDO3-063A**

RECOMMENDATION # 1: The Society and ACS should investigate the conditions identified by this report.

RESPONSIBLE MANAGERS' NAME: Larry Lee Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START DATE	END DATE	DOCUMENTATION	COMMENTS
<p>ACS and the Society investigated the conditions identified by this audit, with some significantly different results and conclusions.</p> <p>These were detailed in a letter from the Society to ACS dated 04/04/03, and in a memorandum from Associate Commissioner Larry Lee to Deputy Comptroller Greg Brooks dated 04/21/03. These items were also discussed at the exit conference on 05/13/03.</p>	<p>Rosemary Kennedy, Executive Director Sponsor Program Operations ACS</p> <p>Linda Santlofer, Vice President for Community Programs, Seaman's Society</p>	<p>04/01/03</p>	<p>04/04/03</p>	<p>Letter dated 04/04/03 from the Society to ACS; a memorandum dated 04/21/03 from Associate Commissioner Larry Lee to Deputy Comptroller Greg Brooks; the Society's home visit reports; and ACS field reports.</p>	

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
AUDIT NUMBER: MD03-063A

RECOMMENDATION # 2: The Society and ACS should conduct unannounced inspections at the family day care homes not visited by the auditors to determine their conditions.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START DATE	END DATE	DOCUMENTATION	COMMENTS
<p>The Society has always made unannounced visits to the provider homes. With all visits, the Society's staff records the results, discusses with the provider conditions that are out of compliance or need improvement and follows-up to ensure that corrective action has occurred.</p>	<p>Linda Santlofer, Vice President for Community Programs, Seaman's Society</p>	<p>Ongoing</p>	<p>Ongoing</p>	<p>Home visit reports.</p>	

**ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
 NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
 SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
 AUDIT NUMBER: MD03-063A**

RECOMMENDATION # 3: The Society and ACS should conduct unannounced inspections more frequently at all family day care homes to ensure that they are maintained in a safe and sanitary manner and comply with health code regulations.

RESPONSIBLE MANAGER'S NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START DATE	END DATE	DOCUMENTATION	COMMENTS
<p>Networks are required to make four visits per year to Family Day Care homes for health, safety, attendance and programmatic monitoring. Family Day Care homes receive four additional visits, announced or unannounced, funded by the Child and Adult Care Food Program (CACFP), to monitor the nutritional program. ACS will review a sample of the Society's records to verify this information.</p> <p>The Department of Health (DOH) also conducts visits to a small sample of Family Day Care homes each year.</p>	<p>Rosemary Kennedy, Executive Director Sponsor Program Operations ACS</p>	<p>Ongoing</p>	<p>Ongoing</p>	<p>Home visit reports.</p>	<p>The Society states it makes more than the required number of visits and that approximately half are unannounced.</p>

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
SEAMAN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
AUDIT NUMBER: MD03-063A

RECOMMENDATION # 4: The Society and ACS should investigate whether the two family day care home operators are providing day care services on a daily basis. In addition, if day care services were not provided on the two days identified by this report, the payment should be recouped.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
Investigation by the Society revealed that the two providers in question have been providing care on a daily basis. On the day in question, one provider had taken the children to the library for an educational program and the other had taken the children for a neighborhood walk. These activities are appropriate and encouraged by the Society. As per the Society's requirements, the providers had notified the Society that these activities would be taking place.	Linda Santlofer, Vice President for Community Programs, Seaman's Society	04/01/03	04/04/03		

**ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
 NEW YORK CITY COMPROLLER'S AUDIT ON THE COMPLIANCE OF THE
 SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
 AUDIT NUMBER: MD03-063A**

RECOMMENDATION # 5: The Society should request DOI criminal-history record checks and SCR inquiries from the New York City Department of Health to ensure that background investigations are performed in a timely manner and conducted for all family day care home operators, their assistants, and their household members 18 years of age or older. Furthermore, the Society should ensure that medical clearances are up-to-date for all family day care home operators, their assistants, and their household members. All documents should be maintained in their files.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
According to the Society, at the time of the audit, all providers had either a current license or an "in process" letter indicating the Department of Health (DOH) had received all necessary registration material including the SCR and DOI checks, which were performed on a timely basis. The "in process" letter serves as the interim registration certificate until the actual license is issued.	Linda Sanlofer, Vice President for Community Programs, Seaman's Society	Ongoing	Continuing	The Society's records for Family Day Care homes.	

**ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
 NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
 SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
 AUDIT NUMBER: MD03-063A**

RECOMMENDATION # 6: The Society should ensure that all family day care home operators and their assistants receive the required 15 hours of training each year. The training certificates should be maintained in the files.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
The Society is licensed to conduct training, which they do on site, ensuring that all providers receive the required 15-hour training each year. The certificates are maintained on file. ACS will review the sponsor's files to verify this information.	Linda Santlofer, Vice President for Community Programs, Seaman's Society	Ongoing	Ongoing	Training certificates.	

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
AUDIT NUMBER: MD03-063A

RECOMMENDATION # 7: The Society should organize the files containing the documents for the family day care home operators.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
The Society will organize the file to contain all documents for each Family Day Care operator. ACS will monitor the sponsor to encourage proper file maintenance.	Linda Santlofer, Vice President for Community Programs, Seaman's Society	05/19/03	Ongoing	The Society's files.	

**ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
 NEW YORK CITY COMPROLLER'S AUDIT ON THE COMPLIANCE OF THE
 SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
 AUDIT NUMBER: MD03-063A**

RECOMMENDATION # 8: ACS should periodically review the files for all the family day care homes affiliated with the Society to ensure that the required documents, such as background investigations, up-to-date medical clearances, and training, are maintained.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
ACD periodically reviews a sample of the files during field visits by Resource Area Consultants, as well as during the Annual Assessment.	Rosemary Kennedy, Executive Director Sponsor Program Operations ACS Sylvia Ireland, Director, Program Assessment ACS	Ongoing	Ongoing	Program Assessment Instrument and Field Reports.	

**ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
 NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
 SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
 AUDIT NUMBER: MD03-063A**

RECOMMENDATION # 9: The Society should obtain the required DOI background investigations for the six employees identified by this audit and ensure that the required background investigations are performed in a timely manner for all employees and are maintained in their personnel files for the duration of their employment.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
The Society reports that all but three background checks are on file for all providers and family members requiring it and those employees who are missing the document did undergo a background check. They have taken action to secure the missing documents. ACS will review sponsor's files to verify receipt of the missing documents.	Linda Santlofer, Vice President for Community Programs, Seaman's Society Rosemary Kennedy, Executive Director Sponsor Program Operations ACS	04/01/03	04/03/03	The Society's personnel folders.	

**ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
 NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
 SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
 AUDIT NUMBER: MD03-063A**

RECOMMENDATION # 10: The Society should immediately arrange for the eight employees identified by this audit to be trained in detecting child abuse and maltreatment and ensure that all employees receive this training immediately after hiring. Training certificates should be kept in personnel files of the employees for the duration of their employment.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
The Society reports that all but three employees have been trained and have certificates. Arrangements have been made for the training of the three employees.	Linda Santlofer, Vice President for Community Programs, Seaman's Society	02/03	07/31/03	Training certificates.	

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
AUDIT NUMBER: MD03-063A

RECOMMENDATION # 1: ACS should periodically review the personnel files for all employees of the Society to ensure that the required documents, such as background investigations and training, are maintained.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
ACS will monitor the sponsor to encourage proper file maintenance.	Rosemary Kennedy, Executive Director Sponsor Program Operations ACS	Ongoing	Ongoing	Personnel files, all required documents	A sample of personnel files is reviewed during the ACS Annual Assessment. The field office consultants also review records periodically.

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
AUDIT NUMBER: MD03-063A

RECOMMENDATION # 12: ACS should determine how it and its day care contractors can improve enrollment practices, taking into consideration the recommendations made by the Comptroller's Office report.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
<p>The Society is responsible for recruiting. The reasons the City contracts with community agencies to provide child care services are because these agencies are in the community; they can relate to the community; they are aware of community needs and can provide services that are sensitive to these needs. ACS suggests a variety of methods such as contacting community agencies, advertising in local publications, distributing flyers, etc. to increase enrollment.</p>	<p>Rosemary Kennedy, Executive Director Sponsor Program Operations ACS Linda Santlofer, Vice President for Community Programs, Seaman's Society</p>	<p>05/01/03</p>	<p>Ongoing</p>		<p>ACS agrees that enrollment needs to be improved in some programs and will work with the programs in this area.</p>

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
AUDIT NUMBER: MD03-063A

RECOMMENDATION # 13: The Society should charge its private students the correct tuition amount in accordance with ACS guidelines.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
ACS agrees with this recommendation. ACS will reissue the guidelines for administering Private Tuition and will provide training and Audit Guidelines to the Society.	Rosemary Kennedy, Executive Director Sponsor Program Operations ACS Bernard Gold ACS Child Care Fiscal Support Linda Santlofer, Vice President for Community Programs, Seaman's Society	06/01/03	09/03		

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
AUDIT NUMBER: MD03-063A

RECOMMENDATION # 14: The Society should ensure that time records are reviewed and signed by an immediate supervisor.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
ACS and the Society agree with this recommendation. The Society will review its personnel policies and internal controls with appropriate staff to insure adherence to acceptable timekeeping practices.	Linda Sanhofer, Vice President for Community Programs, Seaman's Society	06/01/03	Ongoing	Personnel Policies and Time Cards.	

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
AUDIT NUMBER: MD03-063A

RECOMMENDATION # 15: The Society should ensure that a separate bank account is maintained for the receipt and use of ACS funds for day care services and parent fees. In addition, ACS funds received for any other children services, such as foster care, should be maintained in another bank account.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START DATE	END DATE	DOCUMENTATION	COMMENTS
The Society is required to maintain a common bank account for the receipt of electronically transferred funds. Maintaining separate bank accounts would lead to excessive bank charges, which are not budgeted by ACS. The Society feels that its accounting systems are sophisticated and that they can be relied upon to keep funds separate without actually having separate bank accounts. The Comptroller's staff agreed that they had no difficulty tracing the funds in each account.	Linda Santlofer, Vice President for Community Programs, Seaman's Society	06/01/03	12/31/03		ACS recognizes that bank charges have become burdensome and is reviewing its policy on this issue.

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS) AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT ON THE COMPLIANCE OF THE
SEAMEN'S SOCIETY FOR CHILDREN AND FAMILIES (SOCIETY) WITH ITS DAY CARE CONTRACTS WITH ACS
AUDIT NUMBER: MD03-063A

RECOMMENDATION # 16: The Society should ensure that funds received from private fees are maintained in a bank account separate from ACS funds and parent fees.

RESPONSIBLE MANAGERS' NAME: Larry Lee, Associate Commissioner ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
ACS agrees with this recommendation. ACS will reissue the guidelines for administering Private Tuition and will provide training to the Society.	Linda Santlofer, Vice President for Community Programs, Seaman's Society	06/01/03	09/30/03	Copies of deposit slips and bank statements.	