

AUDIT REPORT



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

Audit Report on the Compliance of Miracle Makers, Inc., with Foster and Child Care Payment Regulations July 1, 2000–June 30, 2001

FN03-125A

December 22, 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 has examined the compliance of Miracle Makers, Inc., with New York State standards of payment and City regulations. Miracle Makers is a not-for-profit organization that provides foster care and other social services under agreements with the Administration for Children's Services (ACS).

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

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

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

Very truly yours,

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

William C. Thompson, Jr.

WTC/GR

Report: FN03-125A
Filed: December 22, 2003

Table of Contents

AUDIT REPORT IN BRIEF	1
Audit Findings and Conclusions	1
Audit Recommendations	2
INTRODUCTION	2
Background	2
Objectives	3
Scope and Methodology	3
Discussion of Audit Results	4
FINDINGS	5
Miracle Makers Owes ACS \$102,532 in Excess Advances Over Expenditures Incurred	5
Unused Star Program Funds Totaling \$13,406	5
Miracle Makers Claimed \$76,503 in Administrative Expenses That Were Disallowed	6
RECOMMENDATIONS	6
ACS Responses	6
APPENDIX I - Summary Schedule of Total Amount Due ACS	
APPENDIX II - Statement of Basis for Per Diem Rate as Audited for Regular Foster Boarding Home	
APPENDIX III - Statement of Basis for Per Diem Rate as Audited for Special Needs Foster Boarding Home	
APPENDIX IV - Statement of Basis for Per Diem Rate as Audited for Emergency Foster Boarding Home	
APPENDIX V - Statement of Basis for Per Diem Rate as Audited for Therapeutic Foster Boarding Home	
APPENDIX VI - Statement of Basis for Per Diem Rate as Audited for Group Home	
ADDENDUM - ACS Response	

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

**Audit Report on the Compliance of
Miracle Makers, Inc., with
Foster and Child Care Payment Regulations
July 1, 2000–June 30, 2001**

FN03-125A

AUDIT REPORT IN BRIEF

Miracle Makers, Inc., is a not-for-profit organization that provides services to children in its Regular Foster Boarding Home, Special Needs Foster Boarding Home, Emergency Foster Boarding Home, Therapeutic Foster Boarding Home, and Group Homes under a contract with the Administration for Children's Services (ACS). Foster care providers are reimbursed for expenses based on a per diem rate. From July 1, 2000, through June 30, 2001 (Fiscal Year 2001), ACS reimbursed Miracle Makers \$14 million for providing services to 1,210 individuals in its programs.

This audit assessed the adequacy of Miracle Makers' internal controls over expenses, revenues, and days-of-care; the appropriateness of its per diem rates; and its compliance with State and City payment and reimbursement standards.

Audit Findings and Conclusions

Miracle Makers generally complied with promulgated announcements and regulations of the New York State *Standards of Payment* and the City *Foster-Care Reimbursement Bulletin No. 92-5*. It had an adequate system of internal controls over the recording and reporting of its expenses, revenue, and days-of-care.

However, Miracle Makers billings included 215 days-of-care previously billed when children were absent. Conversely, Miracle Makers under-billed ACS for 105 days-of-care it provided. Consequently, Miracle Makers owes ACS a net amount of \$102,532. (See Appendices I through VI.) Also, Miracle Makers' books and records indicated that costs incurred for its Star Program totaled \$49,594 when \$63,000 in program funds was received from ACS. Therefore, the unused portion of the program's funds, \$13,406, should be refunded to ACS or be used to offset future funding. As a result of these audit adjustments, Miracle Makers owes ACS \$115,938.

In addition, Miracle Makers included \$76,503 in administrative expenses on its *Report of Actual Expenditures DSS-2652* that should not have been charged to its foster care programs. These audit disallowances did not result in repayment of these funds to ACS because our

computed operating per diem rates exceeded the maximum per diem rates allowed by New York State, even after we deducted the unallowable expenses.¹

Audit Recommendations

We recommend that Miracle Makers: remit \$115,938 to ACS; report days-of-care accurately, and bill ACS for only those children in attendance at the foster care programs; and include only allowable expenses in its reporting. In addition, we recommend that ACS recoup \$115,938 from Miracle Makers and ensure that it complies with the report's recommendations.

INTRODUCTION

Background

The Administration for Children's Services (ACS) administers funds allocated through its annual contracts with voluntary child care agencies and monitors those contracts. Miracle Makers, at 26-44 Atlantic Avenue in Brooklyn, is a not-for-profit organization that provides services to children in its Regular Foster Boarding Home, Special Needs Foster Boarding Home, Emergency Foster Boarding Home, Therapeutic Foster Boarding Home, and Group Homes under an ACS contract. Foster care providers are reimbursed for expenses based on a per diem rate that is calculated according to a formula developed by the New York State Office of Children and Family Services. The per diem administrative rate is limited to the Maximum State Aid Rate (MSAR) established by the New York State Office of Children and Family Services and the New York City Administration for Children's Services. In addition, these reimbursements are governed by the rules and regulations found in the New York State *Standards of Payment*, and the City *Foster-Care Reimbursement Bulletin No. 92-5* and applicable amendments. Contract provisions, as well as the City Charter, grant the New York City Comptroller's Office the right to audit and determine allowable contract costs, which are used to determine an adjusted per diem rate.

From July 1, 2000, through June 30, 2001 (Fiscal Year 2001), ACS advanced Miracle Makers \$14,046,727 for providing services to 1,210 individuals in its programs—988 in its Regular Foster Boarding Home, 16 in its Special Needs Foster Boarding Home, 145 in its Emergency Foster Boarding Home, 39 in its Therapeutic Foster Boarding Home, and 22 in its Group Homes. Miracle Makers also received \$584,962 from ACS for its Independent Living Skills Program, an educational program for individuals in its care who are at least 14 years of age, and \$63,000 for its Star Program—an ACS program redirecting funding from foster care to aftercare, thus preventing re-entries and ensuring safe and permanent adoptions and family reunification.

¹ Disallowances of reported expenses only result in a recoupment of funds if our final calculated operating per diem rates (actual expenses incurred/number of actual care days) provided are less than the maximum per diem rates established by New York State.

Objectives

Our audit objectives were to determine whether Miracle Makers:

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

Scope and Methodology

To achieve our audit objectives, we reviewed and abstracted the rules and regulations governing foster care reimbursements in the New York State *Standards of Payment* and the City *Foster-Care Reimbursement Bulletin No. 92-5* and applicable amendments. We evaluated Miracle Makers' internal control structure over the recording and reporting of expenses, revenue, and days-of-care for its foster care programs. To gain an understanding of its operations, we reviewed Miracle Makers' Accounting Procedures Manual, Corporate Policies Handbook, and organizational chart, and conducted a walk-through of its operations, documenting the results through written narratives and memoranda.

To determine whether the expenses Miracle Makers charged to its foster care programs were accurate and allowable, we obtained and reviewed its *Report of Actual Expenditures DSS-2652* and matched each expense item to the related accounts in its trial balance, and the accounts in the trial balance to its general ledger. We judgmentally sampled (based on dollar amount and type of expense) and traced expenses totaling \$1,223,945 (35%) of \$3,479,134 listed on Miracle Makers' *Report of Actual Expenditures DSS-2652* to corresponding documentation such as invoices, petty cash vouchers, and canceled checks. For June 2001, we determined whether salaries of administrative employees totaling \$279,868 were charged to the correct cost centers and were actually for employees assigned to Miracle Makers' foster care programs. We also determined whether health insurance payments, pension contributions, and social security payments were charged to the correct programs.

To determine whether all advances from ACS were correctly reported in Miracle Makers' books and records and on the *Report of Actual Income DSS-2654* prepared and submitted by Miracle Makers, we matched each reported revenue amount to the corresponding amounts in the bank statements and ACS payment records.

To determine whether Miracle Makers reported its days-of-care accurately, we obtained its Child's Change of Status forms and corresponding case files for Fiscal Year 2001 and compared them to Miracle Makers' Care Days Report, the ACS Care Day Census and Pass-Through Calculation, and the ACS Preliminary Year-end Reconciliation. In addition, we determined whether foster parent payments were in accordance with New York State Maximum State Aid Rates for Foster Care Agencies. Finally, we determined whether the sampled expenses complied with New York State *Standards of Payment* and ACS regulations.

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

Discussion of Audit Results

The matters covered in this report were discussed with Miracle Makers and ACS officials during and at the conclusion of this audit. A preliminary draft report was sent to Miracle Makers and ACS officials on October 16, 2003, and was discussed at an exit conference on October 29, 2003. On November 7, 2003, we submitted a draft report to Miracle Makers and ACS officials with a request for comments.

We received a written response from ACS on November 25, 2003, which included comments from Miracle Makers. The response indicated that both ACS and Miracle Makers agreed with the report's recommendations. In addition, ACS stated that it had sent Miracle Makers written notice to comply with the recommendations, which included terms of recovery of the \$102,532, in excess funding.

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

FINDINGS

Miracle Makers generally complied with promulgated announcements and regulations of the New York State *Standards of Payment* and the City *Foster-Care Reimbursement Bulletin No. 92-5*. It had an adequate system of internal controls over the recording and reporting of its expenses, revenues, and days-of-care.

However, for Fiscal Year 2001, Miracle Makers owes ACS \$102,532, resulting from differences between the funds it received from ACS and the expenses it incurred to operate the various programs we audited. In addition, Miracle Makers owes ACS \$13,406 pertaining to the unused portion of funds it received in Fiscal Year 2001 from the Star Program. Consequently, Miracle Makers owes ACS \$115,938. (See Appendix I.)

Miracle Makers Owes ACS \$102,532 in Excess Advances Over Expenditures Incurred

ACS advanced Miracle Makers \$14,046,727 for providing 290,752 days-of-care to children at its Regular Foster Boarding Home; 5,301 days-of-care to children at its Special Needs Foster Boarding Home; 6,695 days-of-care to children in its Emergency Foster Boarding Home; 10,610 days-of-care to children in its Therapeutic Foster Boarding Home; and 2,972 days-of-care to children in its Group Home.

However, our review of Miracle Makers' records disclosed 215 days-of-care for duplicate billings and billings for days when children were absent, i.e., either they were discharged or absent without leave. Conversely, Miracle Makers underbilled ACS for 105 days-of-care it provided.² Consequently, Miracle Makers owes ACS a net amount of \$102,532. (See Appendices I through VI.)

Unused Star Program Funds Totaling \$13,406

Miracle Makers received \$63,000 in Fiscal Year 2001 from ACS for its Star Program.³ Our review of Miracle Makers' books and records disclosed that costs incurred for the Star Program totaled \$49,594. The unused portion of the program's funds, \$13,406, should be refunded to ACS or used to offset future funding.

² Of the \$102,532 owed, \$17,106 pertains to overbilled days-of care and \$85,426 pertains to excess advances from ACS.

³ The Star Program is an ACS program that redirects funding from foster care to aftercare, thus preventing re-entries and ensuring safe and permanent adoptions and family reunification.

Miracle Makers Claimed \$76,503 in Administrative Expenses That Were Disallowed

Miracle Makers included \$76,503 in expenses on its *Report of Actual Expenditures DSS-2652* that should not have been charged to its foster care programs. These expenses included duplicate rent payments, fund-raising costs, medical expenses, and expenses pertaining to a Christmas party.

The audit disallowances did not result in repayment of these funds to ACS because our computed operating per diem rates exceeded the maximum per diem rates allowed by New York State, even after we deducted the unallowable expenses.⁴ (See Appendices II through VI for our recalculation of Miracle Makers per diem rate.)

RECOMMENDATIONS

We recommend that Miracle Makers:

1. Remit \$115,938 in excess funding to ACS.

ACS Response: ACS stated: “Miracle Makers agrees to remit \$102,532 to the City of New York. The deduction of \$13,406 represents the MMI from the STAR program. Miracle Makers is awaiting notification from the Administration for Children’s Services (ACS) of the repayment terms.”

2. Report its days-of-care accurately and in accordance with New York State and ACS regulations, billing ACS for only those children in attendance at its foster care programs.
3. Include only allowable program expenses on its *Report of Actual Expenditures DSS-2652*.

ACS Response: In its response to Recommendations 2 and 3, ACS stated that “Miracle Makers will report days-of-care and expenses accurately and in accordance with New York State and ACS regulations. Miracle Makers will include only those expenses allowed in the *CWA Foster-Care Reimbursement Bulletin No. 92-5* and applicable amendments on the *Report of Actual Expenditures DSS-2652*.”

In addition, we recommend that ACS:

4. Issue a written notice to Miracle Makers requiring that it remit \$102,532 in excess funding to ACS.

⁴ Disallowances of reported expenses result in a recoupment of funds only if our final calculated operating per diem rates (actual expenses incurred/number of actual care days provided) are less than the maximum per diem rates established by New York State.

5. Collect \$13,406 in unused Star Program funds or use this amount to offset future funding.
6. Ensure that Miracle Makers implements the other report recommendations pertaining to reporting days-of-care and expenses in accordance with New York State and ACS regulations.

ACS Response: ACS responded that it “has sent Miracle Makers written notice of the terms of recovery for the amount of \$102,532. It is anticipated that the funds will be recovered by offset by February 2004. ACS has also given Miracle Makers written notice that they are required to comply with the Comptroller’s recommendations. The \$13,406 [in used STAR Program funds] was already offset in the following Fiscal Year 2002.”

MIRACLE MAKERS, INC.
SUMMARY SCHEDULE OF TOTAL AMOUNT DUE ACS
JULY 1, 2000 to JUNE 30, 2001

AMOUNT ADVANCED BY ACS	\$	<u>14,046,727.29</u>
REGULAR FOSTER BOARDING HOME EXPENDITURES (APPENDIX II)		11,605,445.30
SPECIAL NEEDS FOSTER BOARDING HOME EXPENDITURES (APPENDIX III)		337,215.18
EMERGENCY FOSTER BOARDING HOME EXPENDITURES ((APPENDIX IV)		495,124.03
THERAPEUTIC FOSTER BOARDING HOME EXPENDITURES (APPENDIX V)		848,884.67
GROUP HOME (APPENDIX VI)		<u>657,525.81</u>
TOTAL AMOUNT DUE MIRACLE MAKERS	\$	<u>13,944,194.99</u>
AMOUNT DUE ACS	\$	102,532.30
UNUSED STAR PROGRAM FUNDS FOR FY 2001		<u>13,406.00</u>
TOTAL AMOUNT DUE ACS	\$	<u><u>115,938.30</u></u>

MIRACLE MAKERS, INC.
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"
REGULAR FOSTER BOARDING HOME
JULY 1, 2000 to JUNE 30, 2001

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 12,597,152.00	\$ 6,522,923.00	\$ 6,074,229.00
LESS: AUDIT DISALLOWANCES	(38,003.14)	(28,904.64)	(9,098.50)
TOTAL ALLOWABLE EXPENSES AS AUDITED	<u>\$ 12,559,148.86</u>	<u>\$ 6,494,018.36</u>	<u>\$ 6,065,130.50</u>
ACS PAID DAYS-OF-CARE	290,752	290,752	290,752
LESS: DISALLOWED DAYS-OF-CARE	(125)	(125)	(125)
TOTAL ACS DAYS-OF-CARE AS AUDITED	<u>290,627</u>	<u>290,627</u>	<u>290,627</u>
OPERATING PER DIEM RATE	<u>\$ 43.21</u>	<u>\$ 22.34</u>	<u>\$ 20.87</u>
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/00 TO 8/31/00		<u>\$ 18.55</u>	
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 9/1/00 TO 6/30/01		<u>\$ 19.17</u>	
FINAL PER DIEM RATE - 7/1/00 TO 8/31/00	<u>\$ 39.42</u>	<u>\$ 18.55</u>	<u>\$ 20.87</u>
FINAL PER DIEM RATE - 9/1/00 TO 6/30/01	<u>\$ 40.04</u>	<u>\$ 19.17</u>	<u>\$ 20.87</u>

FINAL RATE IS THE LOWER OF MAXIMUM OR OPERATING ADMINISTRATIVE RATE PLUS PASS-THROUGH RATE

CALCULATION OF AMOUNT DUE TO ACS (AGENCY)

7/1/00 TO 8/31/00

FINAL PER DIEM RATE	\$ 39.42	\$ 18.55	\$ 20.87
ACS DAYS-OF-CARE AS AUDITED	50,419	50,419	50,419
TOTAL AMOUNT DUE TO AGENCY FOR FBH	<u>\$ 1,987,516.98</u>	<u>\$ 935,272.45</u>	<u>\$ 1,052,244.53</u>

9/1/00 TO 6/30/01

FINAL PER DIEM RATE	\$ 40.04	\$ 19.17	\$ 20.87
ACS DAYS-OF-CARE AS AUDITED	240,208	240,208	240,208
TOTAL AMOUNT DUE TO AGENCY FOR FBH	<u>\$ 9,617,928.32</u>	<u>\$ 4,604,787.36</u>	<u>\$ 5,013,140.96</u>

7/1/00 - 6/30/01

TOTAL AMOUNT DUE	<u>\$ 11,605,445.30</u>
------------------	-------------------------

**MIRACLE MAKERS, INC.
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"
SPECIAL NEEDS FOSTER BOARDING HOME
JULY 1, 2000 to JUNE 30, 2001**

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 338,771.00	\$ 163,894.00	\$ 174,877.00
LESS: AUDIT DISALLOWANCES	(1,052.76)	-	(1,052.76)
TOTAL ALLOWABLE EXPENSES AS AUDITED	\$ 337,718.24	\$ 163,894.00	\$ 173,824.24
ACS PAID DAYS-OF-CARE	5,301	5,301	5,301
PLUS: ADJUSTED DAYS-OF-CARE	4	4	4
TOTAL ACS DAYS-OF-CARE AS AUDITED	5,305	5,305	5,305
OPERATING PER DIEM RATE	\$ 63.66	\$ 30.89	\$ 32.77
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/00 TO 8/31/00		30.35	
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 9/1/00 TO 6/30/01		31.55	
FINAL PER DIEM RATE - 7/1/00 TO 8/31/00	\$ 63.12	\$ 30.35	\$ 32.77
FINAL PER DIEM RATE - 9/1/00 TO 6/30/01	\$ 63.66	\$ 30.89	\$ 32.77

FINAL RATE IS THE LOWER OF MAXIMUM OR OPERATING ADMINISTRATIVE RATE PLUS PASS-THROUGH RATE

CALCULATION OF AMOUNT DUE TO ACS (AGENCY)

7/1/00 TO 8/31/00

FINAL PER DIEM RATE	\$ 63.12	\$ 30.35	\$ 32.77
ACS DAYS-OF-CARE AS AUDITED	928	928	928
TOTAL AMOUNT DUE TO AGENCY FOR SNFBH	\$ 58,575.36	\$ 28,164.80	\$ 30,410.56

9/1/00 TO 6/30/01

FINAL PER DIEM RATE	\$ 63.66	\$ 30.89	\$ 32.77
ACS DAYS-OF-CARE AS AUDITED	4,377	4,377	4,377
TOTAL AMOUNT DUE TO AGENCY FOR SNFBH	\$ 278,639.82	\$ 135,205.53	\$ 143,434.29

7/1/00 - 6/30/01

TOTAL AMOUNT DUE	\$ 337,215.18
------------------	---------------

MIRACLE MAKERS, INC.
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"
EMERGENCY FOSTER BOARDING HOME
JULY 1, 2000 to JUNE 30, 2001

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 628,161.00	\$ 346,777.00	\$ 281,384.00
LESS: AUDIT DISALLOWANCES	(300.00)	(300.00)	-
TOTAL ALLOWABLE EXPENSES AS AUDITED	<u>\$ 627,861.00</u>	<u>\$ 346,477.00</u>	<u>\$ 281,384.00</u>
ACS PAID DAYS-OF-CARE	6,695	6,695	6,695
LESS: DISALLOWED DAYS-OF-CARE	(1)	(1)	(1)
TOTAL ACS DAYS-OF-CARE AS AUDITED	<u>6,694</u>	<u>6,694</u>	<u>6,694</u>
OPERATING PER DIEM RATE	<u>\$ 93.80</u>	<u>\$ 51.76</u>	<u>\$ 42.04</u>
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/00 TO 8/31/00		<u>\$ 31.23</u>	
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 9/1/00 TO 6/30/01		<u>\$ 32.14</u>	
FINAL PER DIEM RATE - 7/1/00 TO 8/31/00	<u>\$ 73.27</u>	<u>\$ 31.23</u>	<u>\$ 42.04</u>
FINAL PER DIEM RATE - 9/1/00 TO 6/30/01	<u>\$ 74.18</u>	<u>\$ 32.14</u>	<u>\$ 42.04</u>

FINAL RATE IS THE LOWER OF MAXIMUM OR OPERATING ADMINISTRATIVE RATE PLUS PASS-THROUGH RATE

CALCULATION OF AMOUNT DUE TO ACS (AGENCY)

7/1/00 TO 8/31/00

FINAL PER DIEM RATE	\$ 73.27	\$ 31.23	\$ 42.04
ACS DAYS-OF-CARE AS AUDITED	1,579	1,579	1,579
TOTAL AMOUNT DUE TO AGENCY FOR EFBH	<u>\$ 115,693.33</u>	<u>\$ 49,312.17</u>	<u>\$ 66,381.16</u>

9/1/00 TO 6/30/01

FINAL PER DIEM RATE	\$ 74.18	\$ 32.14	\$ 42.04
ACS DAYS-OF-CARE AS AUDITED	5,115	5,115	5,115
TOTAL AMOUNT DUE TO AGENCY FOR EFBH	<u>\$ 379,430.70</u>	<u>\$ 164,396.10</u>	<u>\$ 215,034.60</u>

7/1/00 - 6/30/01

TOTAL AMOUNT DUE	<u>\$ 495,124.03</u>
------------------	----------------------

MIRACLE MAKERS, INC.
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"
THERAPEUTIC FOSTER BOARDING HOME
JULY 1, 2000 to JUNE 30, 2001

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 850,127.00	\$ 429,461.00	\$ 420,666.00
LESS: AUDIT DISALLOWANCES	-	-	-
TOTAL ALLOWABLE EXPENSES AS AUDITED	<u>\$ 850,127.00</u>	<u>\$ 429,461.00</u>	<u>\$ 420,666.00</u>
ACS PAID DAYS-OF-CARE	10,610	10,610	10,610
PLUS: ADJUSTED DAYS-OF-CARE	101	101	101
TOTAL ACS DAYS-OF-CARE AS AUDITED	<u>10,711</u>	<u>10,711</u>	<u>10,711</u>
OPERATING PER DIEM RATE	<u>\$ 79.37</u>	<u>\$ 40.10</u>	<u>\$ 39.27</u>
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/00 TO 8/31/00		<u>39.40</u>	
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 9/1/00 TO 6/30/01		<u>40.82</u>	
FINAL PER DIEM RATE - 7/1/00 TO 8/31/00	<u>\$ 78.67</u>	<u>\$ 39.40</u>	<u>\$ 39.27</u>
FINAL PER DIEM RATE - 9/1/00 TO 6/30/01	<u>\$ 79.37</u>	<u>\$ 40.10</u>	<u>\$ 39.27</u>

FINAL RATE IS THE LOWER OF MAXIMUM OR OPERATING ADMINISTRATIVE RATE PLUS PASS-THROUGH RATE

CALCULATION OF AMOUNT DUE TO ACS (AGENCY)

7/1/00 TO 8/31/00

FINAL PER DIEM RATE	\$ 78.67	\$ 39.40	\$ 39.27
ACS DAYS-OF-CARE AS AUDITED	1,782	1,782	1,782
TOTAL AMOUNT DUE TO AGENCY FOR TFBH	<u>\$ 140,189.94</u>	<u>\$ 70,210.80</u>	<u>\$ 69,979.14</u>

9/1/00 TO 6/30/01

FINAL PER DIEM RATE	\$ 79.37	\$ 40.10	\$ 39.27
ACS DAYS-OF-CARE AS AUDITED	8,929	8,929	8,929
TOTAL AMOUNT DUE TO AGENCY FOR TFBH	<u>\$ 708,694.73</u>	<u>\$ 358,052.90</u>	<u>\$ 350,641.83</u>

7/1/00 - 6/30/01

TOTAL AMOUNT DUE	<u>\$ 848,884.67</u>
------------------	----------------------

MIRACLE MAKERS, INC.
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"
GROUP HOME
JULY 1, 2000 to JUNE 30, 2001

TOTAL REPORTED EXPENSES PER DSS-2652	\$ 858,589.00
LESS: AUDIT DISALLOWANCES	(37,147.50)
TOTAL ALLOWABLE EXPENSES AS AUDITED	<u>\$ 821,441.50</u>
ACS PAID DAYS-OF-CARE	2,972
LESS: DISALLOWED DAYS-OF-CARE	(89)
TOTAL ACS DAYS-OF-CARE AS AUDITED	<u>2,883</u>
OPERATING PER DIEM RATE	<u>\$ 284.93</u>
MAXIMUM PER DIEM RATE	<u>\$ 228.07</u>
FINAL PER DIEM RATE (LOWER OF MAXIMUM OR OPERATING RATE)	<u>\$ 228.07</u>
<u>CALCULATION OF AMOUNT DUE TO ACS (AGENCY)</u>	
FINAL PER DIEM RATE AS AUDITED	\$ 228.07
TOTAL ACS DAYS-OF-CARE AS AUDITED	<u>2,883</u>
TOTAL AMOUNT DUE	<u>\$ 657,525.81</u>



Administration for Children's Services

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

William C. Bell
Commissioner

November 25, 2003

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

Re: NYC Comptroller's Audit Report FN03-125A
The Compliance of Miracle Makers, Inc. with Its Child Care Agreement,
July 1, 2000 – June 30, 2001

Dear Mr. Brooks:

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

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

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

Sincerely,

A handwritten signature in black ink that reads "W. C. Bell".

William C. Bell

Attachments

City of New York Office of the Comptroller
New York City Administration for Children's Services
Miracle Makers, Inc.
Audit Number FN03-125A

Administration for Children's Services
Response to Recommendations
November 25, 2003

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

Miracle Makers generally complied with promulgated announcements and regulations stated in the New York State *Standards of Payment*, and the *City's CWA Foster-Care Reimbursement Bulletin No. 92-5*. It had an adequate system of internal controls over the recording and reporting of its revenue, expenses, and days-of-care.

Recommendation 1

Miracle Makers agrees to remit \$102,532 to the City of New York. The deduction of \$13,406 represents the MMI from STAR program. Miracle Makers is awaiting notification from the Administration for Children's Services (ACS) of the repayment terms.

Recommendation 2, 3

Miracle Makers will report days-of-care and expenses accurately and in accordance with New York State and ACS regulations.

Miracle Makers will include only those expenses allowed in the *CWA Foster-Care Reimbursement Bulletin No. 92-5* and applicable amendments on its *Report of Actual Expenditures DSS-2652*.

Recommendation 4,6

ACS has sent Miracle Makers written notice of the terms of recovery for the amount of \$102,532. It is anticipated that the funds will be recovered by offset by February 2004. ACS has also given Miracle Makers written notice that they are required to comply with the Comptroller's recommendations.

Recommendations 5

The \$13,406 was already offset in the following Fiscal Year 2002 as follows:

\$88,392 – STAR Program Funds

(\$29,464) – Payment

(\$44,099) – Payment

(\$1,422) – Balance

\$13,407 - Offset

AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN03-125A
AUDIT REPORT ON THE DAYS-OF-CARE AND EXPENSES REPORTED BY MIRACLE MAKERS, INC.
FOR ITS FOSTER CARE PROGRAMS
JULY 1, 2000 – JUNE 30, 2001

RECOMMENDATION #1: Miracle Makers should remit \$115,938 in excess funding to ACS.

RESPONSIBLE MANAGER'S NAME: Henry Guerrero, Comptroller, Miracle Makers, Inc.

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START END	DOCUMENTATION	COMMENTS
Miracle Makers agrees to remit \$102,532 to the City of New York. The deduction of \$13,406 represents the MMI from the STAR program. Miracle Makers is awaiting notification from Administration for Children's Services (ACS) of the repayment terms.	Henry Guerrero & Louis Candell	12/03 02/04	02/04 Advance	The Miracle Makers Inc., will take in consideration the State rate reimbursement methodology which balance the deficit in the following 2 years

AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN03-125A
AUDIT REPORT ON THE DAYS-OF-CARE AND EXPENSES REPORTED BY MIRACLE MAKERS, INC.
FOR ITS FOSTER CARE PROGRAMS
JULY 1, 2000 - JUNE 30, 2001

RECOMMENDATION #2: Miracle Makers should report its days-of-care accurately and in accordance with New York State and ACS regulations, billing ACS for only those children in attendance at its foster care programs.

RESPONSIBLE MANAGER'S NAME: Henry Guerrero, Comptroller, Miracle Makers, Inc.

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START END	DOCUMENTATION	COMMENTS
<p>Miracle Makers will report days-of-care and expenses accurately and in accordance with New York State and ACS regulations.</p> <p>The Miracle Makers, Inc in collaboration with its systems accountability task force will be monitoring on a daily basis the change of status of the children in care in order to bill accurately.</p>	<p>Henry Guerrero & Louis Candell</p>	<p>07/03 Continuing</p>		

AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN03-125A
AUDIT REPORT ON THE DAYS-OF-CARE AND EXPENSES REPORTED BY MIRACLE MAKERS, INC.
FOR ITS FOSTER CARE PROGRAMS
JULY 1, 2000 - JUNE 30, 2001

RECOMMENDATION #3: Miracle Makers should include only allowable program expenses on its *Report of Actual Expenditures* DSS-2652.

RESPONSIBLE MANAGER'S NAME: Henry Guerrero, Comptroller Miracle Makers, Inc.

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START END	DOCUMENTATION	COMMENTS
Miracle Makers will include only expenses allowed in the <i>CWA Foster Care Reimbursement Bulletin No. 92-5</i> and applicable amendments on its <i>Report of Actual Expenditures</i> DSS-2652.	Henry Guerrero & Bea Alonzo	10/03 Continuing		A specialized Medicaid rate application was submitted to the Dept. of Mental Health in order to cover future cost for the services provided to children in MMI Hard to Place Group Home, which is required by City guideline.

AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN03-125A
AUDIT REPORT ON THE DAYS-OF-CARE AND EXPENSES REPORTED BY MIRACLE MAKERS, INC.
FOR ITS FOSTER CARE PROGRAMS
JULY 1, 2000 - JUNE 30, 2001

RECOMMENDATION #4: ACS should issue a written notice to Miracle Makers requiring that it remit \$102,532 in excess funding to ACS.
 RESPONSIBLE MANAGER'S NAME: Tom Welsh, Director Audit Services ACS.

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START END	DOCUMENTATION	COMMENTS
ACS has sent Miracle Makers written notice of the terms of recovery for the amount \$102,532. It is anticipated that the funds will be recovered by offset by February 2004.	Tom Welsh	11/03 Ongoing	02/04 Advance	

**AUDIT REPORT ON THE DAYS-OF-CARE AND EXPENSES REPORTED BY MIRACLE MAKERS, INC.
FOR ITS FOSTER CARE PROGRAMS
JULY 1, 2000 – JUNE 30, 2001**

RECOMMENDATION #5: Collect \$13,406 in unused Star Program funds or use this amount to offset future funding.

RESPONSIBLE MANAGER'S NAME: Letham Duncan, Payment Services ACS

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
The \$13,406 was already offset in the Following Fiscal Year 2002 as follows: \$88,392 – STAR Program Funds (\$29,464) – Payment (\$44,099) - Payment <u>(\$1,422) – Balance</u> \$13,407 - Offset	Letham Duncan & Nancy Martin	7/01	6/02	Voucher	

**AUDIT REPORT ON THE DAYS-OF-CARE AND EXPENSES REPORTED BY MIRACLE MAKERS, INC.
FOR ITS FOSTER CARE PROGRAMS
JULY 1, 2000 – JUNE 30, 2001**

RECOMMENDATION #6: Ensure that Miracle Makers implements the other report recommendations pertaining days-of-care and expenses in accordance with New York State and ACS regulations.

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

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START	END	DOCUMENTATION	COMMENTS
Written notice sent to Miracle Makers on November 17, 2003 requiring to comply with the Comptroller's recommendations.	Tom Welsh	11/03	Ongoing	Letter from T. Welsh dated November 17, 2003	