



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

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*Comptroller*

**Audit Report on the Compliance  
of the Starlight Day Care Center with its  
Contract with the  
New York City Administration for Children's Services**

**ME01-193A**

*June 5, 2002*

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**EXECUTIVE SUMMARY**

**Background**

The Clifford Glover Day Care Center, Inc. (Starlight) is a non-profit community service organization that provides educational and child care services to pre-school children at its day care center, 165-15 Archer Avenue, Jamaica, Queens.

During Fiscal Year 2001 (July 1, 2000, to June 30, 2001), Starlight was under contract with the New York City Administration for Children's Services (ACS) to provide day care services for 75 children. Starlight received \$437,406 from ACS to operate its day care program. In addition, Starlight received \$58,760 from the U.S. Department of Agriculture Child and Adult Care Food Program (CACFP).

**Objectives, Scope, and Methodology**

The objective of this audit was to determine whether Starlight was in compliance with the provisions of its contract with ACS. The scope of our audit was Fiscal Year 2001. We reviewed Starlight's contract with ACS, applicable ACS policies and procedures, and New York State and New York City regulations. We interviewed ACS and Starlight officials and conducted a walk-through of Starlight's operation. In addition, we reviewed Starlight's financial statements and the minutes of its Board meetings. Based on the information

gathered and our understanding of Starlight's procedures we developed a detailed audit plan to determine whether Starlight was in compliance with the provisions of its contract with ACS.

Our audit tests are discussed in detail on pages 2 and 3 of this report.

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

## **Results In Brief**

Starlight was in compliance with some important provisions of its contract with ACS. Specifically, Starlight ensured that the day care center (including food preparation and storage areas) was maintained in a safe and sanitary condition, that teacher-to-student ratios in all classrooms were within established guidelines, that its expenses were legitimate and related to its operation and were accurately reported to ACS, that it collected and deposited parent fees in its bank account, that ACS and CACFP funds were not commingled, and that Starlight submitted its audit reports to ACS in a timely fashion. In addition, Starlight released its students only to authorized individuals, in compliance with its own guidelines.

However, security lapses at the day care center could place the children in jeopardy. There are also a number of problems with Starlight's fiscal and operating practices. Most of these stem from Starlight's lack of an adequate internal control structure. Some of the specific problems we found include that Starlight:

- cannot account for its private student tuition;
- does not maintain a separate bank account for private students' tuition;
- undercharges private students;
- does not properly control petty cash;
- does not have adequate controls over its payroll and timekeeping functions;
- lacks evidence that the names of all employees were submitted for the required background checks, that all employees were trained to detect child abuse and maltreatment, and that all employees had taken a physical examination in the current year;
- does not maintain roll-books that reconcile with the ACD-1s; and
- lacks controls to safeguard its assets.

## **Recommendations**

The audit resulted in 19 recommendations. Twelve of the major recommendations are listed below

- ACS and Starlight should continue to ensure that proper security systems are maintained. This includes securing the rooftop play area and repairing the security monitors.
- Starlight should improve its internal control structure, ensure that payment vouchers are properly signed and approved, and ensure that all checks have the required two signatures before they are issued.
- Starlight should keep proper books and records for both the receipt and the disbursement of private tuition funds.
- Starlight should deposit private tuition fees in a separate bank account.
- Starlight should ensure that private tuition funds are used to enhance the day care program, in accordance with ACS guidelines.
- Starlight should charge private students tuition, in accordance with ACS guidelines.
- Starlight should develop detailed timekeeping procedures for its employees, including those who work on multiple programs, to ensure adequate controls over the payroll and timekeeping process. These procedures should require that employees maintain separate time records for each program.
- Starlight should ensure that an adequate supervisory review is performed during the timekeeping and payroll process.
- Starlight should ensure that it accurately pays employees for the hours reported on their time cards.
- Starlight should obtain all required background checks for current employees of the center, make sure that all required background checks are performed in a timely manner for future employees, and ensure that records of background checks are maintained in employees' personnel files for the duration of their employment
- Starlight should ensure that it maintains complete and accurate roll-books and reports attendance accurately to ACS on the ACD-1's.

- Starlight should develop and maintain an accurate inventory list of all of its physical assets, and update the list as new items are purchased and old items are discarded.

### **Agency Response**

The matters covered in this report were discussed with officials from ACS during and at the conclusion of this audit. A preliminary draft report was sent to ACS officials and discussed at an exit conference held on April 18, 2002. On April 30, 2002, we submitted a draft report to ACS officials with a request for comments. We received a written response from ACS on May 23, 2002. ACS generally agreed with the audit's findings and recommendations, stating:

“ACS was pleased to learn from the Comptroller’s audit report that Starlight was in compliance with some important provisions of its contract with ACS. ACS acknowledges . . . that improvements are needed in Starlight’s fiscal and operating practices including strengthening internal controls. Starlight has already implemented procedures that address many of the Comptroller’s recommendations. ACS will work with Starlight in developing written timekeeping procedures and will monitor Starlight to ensure compliance with all of the Comptroller’s recommendations.”

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

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**INTRODUCTION**

**Background**

The Clifford Glover Day Care Center, Inc. (Starlight) is a non-profit community service organization that provides educational and child care services to pre-school children at its day care center, 165-15 Archer Avenue in Jamaica, Queens.

During Fiscal Year 2001 (July 1, 2000 to June 30, 2001), Starlight was under contract with the New York City Administration for Children's Services (ACS) to provide day care services for 75 children. The 75 children receiving ACS-subsidized services are divided into two categories—those whose tuition is fully paid by ACS and those whose tuition is partially paid by ACS. Parents of students whose tuition is partially paid by ACS pay the remaining balance of tuition as “parent fees.” Starlight also provides services to some private students—children whose parents do not qualify for ACS-subsidized day care. The parents of these children pay the full cost of tuition in “private fees.”

During our audit period (Fiscal Year 2001) Starlight received \$437,406 from ACS to operate its day care program. Starlight also received \$58,760 from the U.S. Department of Agriculture Child and Adult Care Food Program (CACFP). Starlight maintains two separate bank accounts: the ACS account, for payments from ACS and parent fees and the CACFP account, for payments for the food program.

## **Objectives**

The objective of this audit was to determine whether Starlight was in compliance with the provisions of its contract with ACS, i.e., whether it:

- Maintains safe and sanitary physical conditions;
- Ensures that the food preparation and storage areas at the center are clean and hygienic
- Conducts complete background investigations for all day care center employees:
- Ensures that it does not commingle day care funds with other program funds;
- Spends private fees on expenses to benefit the children of the center;
- Complies with the contractual requirement for an annual audit by an independent Certified Public Accountant (CPA); and,
- Spends funds received from ACS and the New York State Child and Adult Care Food Program (CACFP) on legitimate activities related to the day care program.

## **Scope and Methodology**

The scope of our audit was Fiscal Year 2001 (July 1, 2000, to June 30, 2001). In order to gain an understanding of Starlight's operations, we reviewed its contract with ACS, applicable ACS policies and procedures, and New York State and New York City regulations. We interviewed ACS and Starlight officials and conducted walk-throughs of Starlight's operations. In addition, we reviewed Starlight's financial statements and the minutes of its Board meetings.

To determine whether Starlight's expenses were legitimate and related to the operation of the day care program, we reviewed bank statements for Starlight's ACS and CACFP bank accounts, canceled checks, invoices, and other supporting documentation. In addition, we determined whether all funds were deposited in the proper bank accounts by reviewing the bank statements, deposit slips, and supporting documentation.

To determine whether Starlight accurately reported its expenses to ACS, we reviewed Starlight's Child Agency Payment System (CAPS) reports and compared them to Starlight's actual expenses as reported on its profit and loss statements. To determine whether Starlight accurately reported children's attendance to ACS, we compared attendance recorded on the teachers' roll books to the attendance reported on the Automated Attendance and Fee Records (ACD-1s) for Fiscal Year 2001.

To determine whether Starlight deposited all the parent fees it collected, we compared Starlight's receipt books to its deposit slips and bank statements. In addition we compared the

amount deposited to the amount reported to ACS on the ACD-1s, the monthly fee summaries,<sup>1</sup> and the CAPS reports.

In order to determine whether Starlight completed the required background checks of all day care center employees, we requested the results of all background checks performed through the Department of Investigation (DOI) and the New York State Central Register of Child Abuse and Maltreatment (SCR). We also determined whether there was evidence that all employees had received the mandatory training in detecting child abuse and maltreatment, as well as the required annual physical examination.

To determine whether Starlight accurately paid employees, recorded all leave time used, and maintained accurate leave balances, we compared its payroll registers, time cards, and attendance controller.<sup>2</sup> To determine whether leave time used was authorized, we reviewed the leave forms for proper approvals.

During our audit, we inspected Starlight's food preparation and storage areas to determine whether the conditions were clean and hygienic. We inspected the general premises to determine whether the facilities were kept in a safe and sanitary state. In addition, we counted the number of children present in each classroom to verify that class numbers were within the maximum number allowed by state regulations.

To determine whether Starlight provides a secure environment and releases its students only to authorized persons, we observed security measures at the center and the release of the students at the end of the day.

In order to determine whether Starlight adequately safeguarded its assets, we obtained an inventory list from Starlight officials and conducted a physical inventory.

To determine whether Starlight complied with the provisions of its contract regarding timely submission of independent audit reports, we obtained copies of these documents from the ACS audit unit.

To determine whether Starlight used its private tuition funds to enhance the day care program in accordance with ACS guidelines, we requested copies of Starlight's accounting records for these funds.

To determine whether the tuition that Starlight charged private students was in accordance with ACS regulations, we compared the amount that Starlight charges for its private students to the private tuition formula specified in its contract.

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<sup>1</sup> The monthly fee summary lists each partially subsidized student account balance, including the amount charged and the amount paid each month.

<sup>2</sup> The attendance controller records employee leave balances, including accruals and use.

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

### **Agency Response**

The matters covered in this report were discussed with officials from ACS during and at the conclusion of this audit. A preliminary draft report was sent to ACS officials and discussed at an exit conference held on April 18, 2002. On April 30, 2002, we submitted a draft report to ACS officials with a request for comments. We received a written response from ACS on May 23, 2002. ACS generally agreed with the audit's findings and recommendations, stating:

“ACS was pleased to learn from the Comptroller's audit report that Starlight was in compliance with some important provisions of its contract with ACS. ACS acknowledges . . . that improvements are needed in Starlight's fiscal and operating practices including strengthening internal controls. Starlight has already implemented procedures that address many of the Comptroller's recommendations. ACS will work with Starlight in developing written timekeeping procedures and will monitor Starlight to ensure compliance with all of the Comptroller's recommendations.”

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

## **OFFICE OF THE COMPTROLLER NEW YORK CITY**

**DATE FILED: June 5, 2002**

## **FINDINGS AND RECOMMENDATIONS**

Starlight was in compliance with some important provisions of its contract with ACS. Specifically, Starlight ensured that the day care center (including food preparation and storage areas) was maintained in a safe and sanitary condition, that teacher-to-student ratios in all classrooms were within established guidelines, that its expenses were legitimate and related to its operation and were accurately reported to ACS, that it collected and deposited parent fees in its bank account, that ACS and CACFP funds were not commingled, and that Starlight submitted its audit reports to ACS in a timely fashion. In addition, Starlight released its students only to authorized individuals,<sup>3</sup> in compliance with its own guidelines.

However, security lapses at the day care center could place the children in jeopardy. There are also a number of problems with Starlight's fiscal and operating practices. Most of these stem from Starlight's lack of an adequate internal control structure.

In this report, we first discuss the overall finding that Starlight lacks adequate internal controls. We then present separately the most serious specific internal control weaknesses, problems with Starlight's fiscal and operating practices, and violations of the contract with ACS. The specific problems discussed are that Starlight:

- cannot account for its private student tuition;
- does not maintain a separate bank account for private students' tuition;
- undercharges private students;
- does not properly control petty cash;
- does not have adequate controls over its payroll and timekeeping functions;
- lacks any evidence that the names of all employees were submitted for the required background checks, were trained in detecting child abuse and maltreatment, and had taken a current annual physical examination;
- does not maintain roll-books that reconcile with the ACD-1s; and
- lacks controls to safeguard its assets.

### **Security Lapses May Jeopardize Students' Safety**

Starlight's contract with ACS requires that it provide a safe environment for its students. However, there are security lapses at Starlight that could place the children in jeopardy. Unauthorized individuals can gain access to the day care center rooftop play area and to the day care center itself. Furthermore, staff members allow individuals to enter the center without establishing their identity first. On a number of occasions we were able to enter the day care center unannounced, without detection.

An unlocked door in an adjacent section of the building permits access to the day care center's rooftop play area. It is easy to enter the center itself from there, since the center's doors to the rooftop play area are always unlocked. In addition, Starlight's front-door security monitors are inoperable. In these circumstances, anyone can enter the center and harm a child

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<sup>3</sup> Those persons designated by the parent and maintained on an escort list on file at the day care center.

before any staff member becomes aware of his presence. Because of the dangers involved, we alerted ACS before the conclusion of our fieldwork so that the agency could take immediate corrective action. (See Appendix I for a copy of our letter to ACS and Appendix II for a copy of its response.) After our Exit Conference we received confirmation from ACS that the necessary repairs had been made. (See Appendix III for a copy of ACS's letter.)

### **Recommendation**

1. ACS and Starlight should continue to ensure that proper security systems are maintained; this includes securing the rooftop play area and repairing the security monitors.

**Agency Response:** "A lock was installed (03/01/02) on the door to the rooftop play area and the monitors were repaired on 03/15/02. Security systems will be monitored regularly by the Program Director and by the ACS field office education consultant during routine visits and the annual program assessment."

### **Starlight Lacks Adequate Internal Controls**

Starlight does not have an adequate internal control structure in place over its receipts and disbursements, accounting functions, purchasing, and payroll.

In the broadest sense, an organization's internal control system consists of the policies and procedures established by management to provide reasonable assurance that the organization's objectives will be achieved. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management authorization and properly recorded. Starlight's lack of an adequate internal control structure is evidenced by the problems described below.

Starlight lacks adequate controls over its purchase and payment process. Starlight officials told us that when there is need to purchase an item, they simply find a supplier and call in an order. They maintain no records to document the purchase process. Starlight officials told us that they require a signed, approved payment voucher before checks are issued for payments. However, Starlight does not follow this procedure. Specifically, we reviewed all 255 invoices paid during our audit period. In 103 (40%) instances, there was no evidence that payment was approved either on the voucher or on the invoice, yet checks were issued. Without proper review and approval, checks may be issued for expenses not related to day care. In 55 (21%) instances, the payment package was not stamped "paid." This creates a risk that invoices may be paid twice.

Some checks were issued without the two signatures required by Starlight's bylaws. Of the 1,046 canceled checks Starlight issued during Fiscal Year 2001, 52 had only one signature. Without dual signatures on checks, we cannot be assured that all payments were reviewed by the appropriate parties and were legitimate.

Starlight does not maintain its roll books and Automated Attendance and Fee Records (ACD-1s) in a consistent manner for ACS-subsidized students. (ACD-1s are the monthly reports submitted to ACS summarizing the attendance of all ACS-subsidized students. ACS preprints on the reports the names and child-numbers of all students approved to receive ACS-subsidized day care.) Many of the names of students on the roll books were different from those on the ACD-1s. In addition, we calculated the attendance days from the roll books, compared that number to the attendance days reported on the ACD-1s, and found numerous discrepancies. (This is further discussed in a separate section of this report.)

In addition, a number of problems with the timekeeping records led us to question the accuracy of the hours reported on some time records. (This is discussed in a separate section of this report.)

These are a few examples of the problems we detected in reviewing Starlight's records; other problems are raised in other sections of this report. The problems listed above indicate the general lack of internal controls at Starlight. The organization must tighten its internal control structure and heighten supervision of the various record-keeping functions. All of this is necessary to prevent errors in payroll, purchasing, and other areas, and to ensure Starlight's compliance with its contract with ACS.

### **Recommendations**

2. Starlight should improve its internal control structure, ensure that payment vouchers are properly signed and approved, and ensure that all checks have the required two signatures before they are issued.
3. Starlight should ensure that all purchases are properly authorized. Starlight should consider using a purchase-order system.

**Agency Response:** "The program has initiated modifications to its Accounts Receivable and Purchasing Systems. The program director now approves all purchases and disbursements and two signatures are required on all checks issued."

### **Starlight Cannot Account for \$14,192 of Private Students' Tuition**

Starlight cannot account for the \$14,192 in private students' tuition collected during Fiscal Year 2001. ACS requires that "Proper Books of Accounts for private tuition funds must be maintained at all times." Furthermore, these funds must be used only to enhance the day care program as specified in ACS guidelines.

When tuition is paid for a private student, Starlight's bookkeeper records the amount received in a journal and issues a receipt to the payer. Starlight accepts only cash for private student tuition payments. These funds are then turned over to the Board of Directors (Board), to be stored in a locked file cabinet to be used as they see fit. The Board uses no bank account

either for depositing private student tuition or for writing checks to cover its expenses, which are all paid with cash.

Board officials told us that they were unaware of any restrictions on the use of private student tuition. They said the Board uses the money for anything it considers necessary to enhance the day care program. The officials mentioned Christmas gifts, field trips, floor stripping, and graduation T-shirts as examples. Furthermore, they said, the Board neither retains receipts nor otherwise documents its disbursements.

ACS's *Administrative Advisory for Private Tuition Payments in Publicly-funded Child Care Programs* states that private tuition "shall be deposited in and disbursed from a separate bank account." It further states that the program "shall maintain documentation of the . . . expenditures of tuition funds."

Because of Starlight's complete lack of records, we were unable to determine whether these funds were used to enhance the day care program in accordance ACS guidelines.

### **Recommendations**

Starlight should:

4. Keep proper books and records for both the receipt and the disbursement of private tuition funds.
5. Deposit private tuition fees in a separate bank account.
6. Ensure that private tuition funds are used to enhance the day care program in accordance with ACS guidelines.

**Agency Response:** "Starlight will establish books and records for the private tuition funds on hand. The program will open a checking account to deposit private tuition funds and will keep required accounts, books and records for these funds. The program will use the funds generated from private tuition fees for program enhancement and enrichment only."

### **Starlight Undercharges Private Students**

Starlight does not charge its private students the full tuition rate required by its contract with ACS. During our audit period Starlight had ten private students for varying periods. It charged nine of the private students a flat rate of \$65 per week for full-day attendance; the other student was charged \$50 per week. ACS's *Administrative Advisory for Private Tuition Payments in Publicly-funded Child Care Programs* requires that private tuition be charged at the "publicly-funded weekly cost per child" of \$186.<sup>4</sup> In effect, the center is subsidizing each private student's tuition by up to \$136 per week.

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<sup>4</sup> Based on Starlight's budget, the cost per student is \$2.33 per half-hour, or \$186 for a 40-hour week.

ACS guidelines provide that private tuition funds be used to enhance the total day care program with enhancements such as classes in the arts or science, field trips, and upgrading equipment and supplies. By charging private students less than the required rate, Starlight deprives itself of the total funds that would otherwise be available to enhance its day care services.

### **Recommendation**

7. Starlight should charge private students tuition in accordance with ACS guidelines.

**Agency Response:** In its Audit Implementation Plan ACS states: “Starlight has agreed to charge any future private tuition students in accordance with ACD guidelines”

### **Starlight does not Maintain Separate Petty Cash Funds**

The contract with ACS states that Starlight may “maintain a petty cash fund not in excess of Fifty Dollars (\$50.00) for miscellaneous authorized expenditures.” However, Starlight maintains a petty cash fund of \$100 for miscellaneous expenses. Starlight officials stated that \$50 is too little for their purposes and that they normally maintain \$100 in the fund. Our examination revealed that Starlight issued 13 checks totaling \$900 from its ACS account to cover petty cash expenditures during Fiscal Year 2001. All of the checks had supporting documentation. However, Starlight was using its petty cash fund for both ACS and CACFP expenses. In fact, we found that \$246 of the petty cash expenses were for food expenses that should have come from CACFP funds. Failure to maintain separate petty cash funds can lead to expenses being charged to the wrong program.

### **Recommendation**

8. Starlight should maintain separate petty cash funds for ACS and CACFP expenses; these funds should not exceed the contract limits of \$50.

**Agency Response:** “Starlight has changed its petty cash system to conform to ACS requirements: two separate funds, ACS and CACFP for \$50.00 each.”

### **Weaknesses In Starlight’s Payroll and Timekeeping Practices**

While Starlight does not have written payroll and timekeeping procedures, it has a system to record the hours employees work and the leave time they use. However, this system is not properly used. Serious internal control weaknesses, notably a lack of proper supervisory review, led to incomplete timekeeping records and possibly to errors in Starlight’s payroll.

Starlight’s timekeeping system is set up as follows. Employees punch in and out on time cards. The executive director notes employee absences on the time cards. Bookkeeping notes

employee absences in the attendance controller, where leave balances are recorded as well. At the end of each pay period, the bookkeeping department calculates the hours employees worked. The executive director reviews, approves, and signs the time cards, which are then forwarded to the accounting department, where the payroll is processed.

However, in the vast majority of cases the number of hours worked were not calculated or recorded on the time cards. Even though the executive director signed the time cards, it does not appear that the executive director is approving the number of hours each employee should be paid. Rather, it appears that full-time employees are paid a flat rate, no matter how many hours are worked. In fact, when we compared the time cards to the payroll summaries for the period March 26, 2001, to June 29, 2001, we found that hours recorded on 113 (88%) of 129 time cards did not agree with the hours paid on the payroll summary. When we questioned Starlight officials about the discrepancies, they told us that they did not track lateness and that any extra time worked, though not recorded, was used to offset time that an employee might take off at a later date. Any errors, they said, would be caught when the payroll was processed.

We also found that the employees' leave balances are not maintained accurately. When we compared the time cards to the attendance controller to determine whether the time used was accurately recorded, we found that 10 of the 17 employees had incorrect balances on the attendance controller. We were unable to verify that the time used was approved. In fact, the required approved personal leave request or vacation request form was missing in 15 of 20 instances in which it was required. Furthermore, during our audit period, Starlight did not report sick time and vacation time on the payroll summary. Therefore we could not reconcile the discrepancies between the time cards, the leave slips, and the attendance controller. Nor could we make sure that the payroll amounts were accurate.

Furthermore, Starlight does not have adequate internal controls over its timekeeping process to ensure that the four employees who work on multiple (ACS and CACFP) programs accurately report their time. There are no officially recognized procedures for the employees who work on multiple programs to report their time. In fact, no time records are kept for the CACFP program. As a result, we were unable to verify that those four employees worked the appropriate amounts of time on each program and were paid for the actual times they worked.

Our review of the payroll summaries and cancelled checks revealed inconsistent payment methods and allocations of hours. In some cases, employees are paid for CACFP hours in addition to their regular hours, paid by ACS. Since there are no time records for CACFP we cannot be certain that those employees are not being paid twice for the same hours. In other cases, employees' regular hours as recorded on the time card were allocated between the ACS and CACFP programs. Again, the lack of timekeeping records for the CACFP program prevents us from verifying that the proper hours are charged to each program. Finally, an employee who received regular payroll checks for ACS work was issued expense checks from the CACFP account for the CACFP hours worked. We were told that a federal Form 1099 would be issued at the end of the year, and that the employee would be responsible for the taxes on those earnings. But lacking documentation of the hours worked on the CACFP program, we cannot be certain that these expense checks were legitimate.

Overall, while Starlight has unwritten procedures in place to ensure that its employees are paid for the time they worked and properly charged for sick leave and vacation time they use, and that leave balances are accurately recorded, they are not enforced. Starlight has no procedures in place to record hours that employees work on the CACFP program. In effect, there are no controls over payroll and timekeeping. We cannot be certain that employees actually work the hours for which they are paid, are entitled to the paid time off they receive, or that their leave balances are accurately maintained. Since payroll costs typically account for 85 percent of a day care center's budget, Starlight must make every effort to ensure that it has effective controls over its payroll and maintains accurate timekeeping records.

### **Recommendations**

Starlight should:

9. Develop detailed timekeeping procedures for its employees, including those who work on multiple programs to ensure adequate controls over the payroll and timekeeping process. These procedures should require that employees maintain separate time records for each program.
10. Ensure that an adequate supervisory review is performed during the timekeeping and payroll process.
11. See that employees complete the required Request for Leave form when using vacation or personal time.
12. Verify that all time used is recorded on the attendance controller.
13. Ensure that it accurately pays the hours reported on the time cards.

**Agency Response:** "The program now has the CACFP time forms and is using them to record hours worked for those employees who work in the CACFP program so that their time and salary can be properly allocated. All time cards are now checked and signed off by the Program Director. Employees are now required to submit leave forms when sick, vacation or personal leave. The Program Director now verifies that all time used is recorded on the attendance controller. The program will ensure that payments are for the actual number of hours worked, which are now totaled and recorded on the time cards. The program will develop written timekeeping procedures, with ACS' assistance."

### **Evidence of Background Checks was Lacking for Some Employees**

Starlight lacked evidence of complete background checks for some of its employees. As a result, we could not verify that Starlight conducted complete background checks for these individuals. According to Starlight's contract with ACS, "screening of all current and prospective employees . . . shall include, but not be limited to: 1) fingerprinting; 2) review of

criminal conviction record [DOI check]; and 3) inquiry to the Statewide Central Register of Child Abuse and Maltreatment (SCR).”

Starlight lacked the results of complete background checks for ten (53 %) of its 19 employees. Specifically, three employees’ files lacked both the SCR and DOI check, two employees’ files lacked the SCR check, and five employees’ files lacked the DOI check only.

Since Starlight’s employees are in close contact with children, it is important that they go through the required background checks, and that the results of these checks be used by Starlight to make decisions about whether these individuals should be authorized to work at the center. If Starlight fails to obtain and review the results of these checks for all employees, it could be endangering the welfare of the children by allowing individuals with histories of child abuse or other criminal behavior to work at its facility.

### **Recommendation**

14. Starlight should obtain all required background checks for current employees of the center and ensure that all required background checks are performed in a timely manner for future employees and are maintained in the employees’ personnel files for the duration of their employment.

**Agency Response:** “All DOI clearances or proof of fingerprinting have been submitted. All SCR clearances have been provided with the exception of two, who have submitted applications. For all new employees, the program will ensure that DOI and SCR screening applications are submitted before commencing work. Screening reports will be placed and maintained in the employees’ personnel files.”

### **Evidence of Mandatory Training was Missing for Some Starlight Employees**

Our review of Starlight’s personnel records revealed that 2 of its 19 current employees’ files lacked certificates that they had completed training in detecting, preventing, and reporting child abuse and maltreatment. Starlight is required by its contract with ACS to ensure that all personnel are trained to recognize child abuse and maltreatment. Without these certificates, we cannot be assured that these employees received this vital training.

### **Recommendation**

15. Starlight should immediately arrange for training in detecting child abuse and maltreatment for any current employees who do not have training certificates, and ensure that all future employees receive this training. Training certificates should be kept in employees’ files for the duration of their employment.

**Agency Response:** “All employees have Child Abuse and Maltreatment (CAM) certificates except one, who is scheduled for training in 05/02. The sponsor will ensure

that current employees have and newly hired employees receive CAM training. The CAM certificates will be maintained in the employees' personnel files."

### **Evidence of Current Annual Physicals was Missing for Some Starlight Employees**

Starlight's employee medical files reveal that the current "Annual Staff Health Form" was not on file for one of its employees. The New York City Department of Health Code, Article 47.27 requires that as a condition of employment day care employees have an annual physical, and that the results be documented and kept on file at the day care center. Starlight's employees are in close contact with children, and it is important that they have annual physical examinations to ensure that they are healthy and able to work with children.

### **Recommendation**

16. Starlight should obtain the completed Annual Staff Health Form for its employees.

**Agency Response:** "The Program Director will ensure that all new employees have medical exam reports before the start work and that all current employees obtain updated medical reports annually."

### **Starlight's Roll Books did not Reconcile with ACD-1's**

Starlight's roll books did not reconcile with the ACD-1's submitted to ACS. Thus we were unable to verify that Starlight accurately reported the number of days each student attended the center to ACS.

ACS preprints, on the ACD-1's, the list of students that it has found eligible and has approved to receive subsidized day care services. Each month, Starlight is required to report to ACS, on the ACD-1, the number of days each of the approved students was in attendance at Starlight.

When we compared Starlight's roll books to the ACD-1's, we found that Starlight listed the names of 33 students on its roll books differently from the names on the ACD-1's. Though Starlight officials were able to match the names on their student roll books with those on the ACD-1's, we could not. Without the officials' personal knowledge of those students, it would have been difficult to verify that the children listed on ACD-1's were in fact those in the classroom.

We also compared Starlight's roll books to the ACD-1's for Fiscal Year 2001, to verify that Starlight reported the correct number of attendance days to ACS. There were numerous discrepancies in calculation of the number of attendance days reported. Even though the discrepancies are due to errors in calculation, this is a serious problem. Since the City is reimbursed from federal and state funds based on attendance days it is imperative that Starlight maintain accurate roll books and report the attendance to ACS accurately on ACD-1's.

## **Recommendations**

Starlight should:

17. Include each subsidized child's name and ACS case number on the roll book.
18. Ensure that it maintains complete and accurate roll books and report the attendance accurately to ACS on the ACD-1's.

**Agency Response:** "The program now includes all children's case numbers in the roll books for easy identification. The program has been reminded of the importance of keeping accurate roll books and of proper reporting of attendance on the ACD-1."

## **Starlight Lacks Controls to Safeguard Assets**

Starlight does not maintain an inventory list of its equipment. Internal control standards require that inventory should be protected from unauthorized use or removal and that property should be properly controlled. We requested a copy of Starlight's inventory list. Starlight officials informed us that Starlight does not have an inventory list, but they provided a list from the latest CPA report. We found items that were not included on the list (for example, a Compaq computer system with printer, an Epson color printer, and 44 cots).

When equipment is not accounted for, it is more likely that theft will go undetected, that equipment will be disposed of improperly, or that duplicate equipment may be unnecessarily purchased. Therefore, it is important for Starlight to account for all of its equipment on an inventory list.

## **Recommendation**

19. Starlight should develop and maintain an accurate inventory list of all of its physical assets, and update the list when new items are purchased and old items are discarded.

**Agency Response:** "The program will update its inventory list on a regular basis and develop a written procedure for inventory control."



Roger D. Liver  
ASSISTANT COMPTROLLER FOR AUDITS

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WILLIAM C. THOMPSON, JR.  
COMPTROLLER

February 26, 2002

Ms. Elois Dupree  
Assistant Commissioner for Programs Operations  
Agency for Child Development  
New York City Administration for Children's Services  
66 John Street  
New York, NY 10038

Re: Starlight Day Care Center

Dear Ms. Dupree:

I am writing to inform you of security lapses at the Starlight Day Care Center in Jamaica, Queens, which is currently being audited regarding its contract with ACS. On July 1, 2001, Starlight (sponsored by the Clifford Glover Day Care Center, Inc.) was awarded a nine-year contract to provide day care services at its center located at 165-15 Archer Avenue in Jamaica, Queens. Under its contract, Starlight must provide a safe environment for its students.

During their observations at Starlight, our auditors noticed security lapses that could place the children in jeopardy. Unauthorized individuals can gain access to the day care center's rooftop play area and to the day care center itself through an unlocked door in another tenant's adjoining section of the building. In addition, Starlight's security monitors are inoperable, making it difficult for Starlight staff to identify individuals seeking entry to the day care center.

Because of the serious nature of these problems, I am alerting you to them before we complete fieldwork and issue our preliminary draft report. The auditors also discussed these problems with Mr. Greg Tatar, Assistant Commissioner of Management Services.

I urge you and your department to take immediate and appropriate action to ensure the safety of the children at Starlight and would appreciate your informing me of the outcome of such action.

Sincerely,

Roger D. Liver  
Assistant Comptroller for Audits

cc: Santo Cuccia, Director of Audit Response, ACS  
Susan Kupferman, Director, Mayor's Office of Operations  
Greg Brooks, Deputy Comptroller for Policy, Audit, Contracts, and Accountancy



ADMINISTRATION FOR CHILDREN'S SERVICES  
AGENCY FOR CHILD DEVELOPMENT  
66 JOHN STREET  
NEW YORK, NY 10038

WILLIAM C. BELL  
*Commissioner*

PAULA FEINSTEIN  
*Acting Associate Commissioner*

March 18, 2002

Mr. Roger D. Liwer  
Assistant Comptroller for Audits  
One Centre Street, Room 1100  
New York, NY 10070-2341

Dear Mr. Liwer:

This correspondence is to acknowledge receipt of the letter that was hand delivered to me regarding Starlight Day Care Center. As you are aware, Starlight Day Care Center is located in a building that has an adjoining section. This has apparently created a potential security lapse. This situation has been brought to the attention of Greg Tatar, Assistant Commissioner for Facilities Development and Management, who will visit the site to conduct a security assessment.

At the completion of the assessment, the Administration for Children Services/Agency for Child Development will advise your office of the results of our findings. If you require additional information, please contact Mr. Tatar at (212) 361-6955.

Sincerely,

Elois Dupree  
Assistant Commissioner

Cc: Paula Feinstein  
Greg Tatar  
Debra Cloud-Marcus  
Edward Feaster



ADMINISTRATION FOR CHILDREN'S SERVICES  
AGENCY FOR CHILD DEVELOPMENT  
66 JOHN STREET  
NEW YORK, NY 10038

WILLIAM C. BELL  
*Commissioner*

PAULA FEINSTEIN  
*Acting Associate Commissioner*

April 24, 2002

Roger Liwer  
City of New York  
Office of the Comptroller  
1 Centre Street  
New York, N.Y. 10007

Re: Compliance Audit of the Starlight Day Care Center - #ME01-193A

Dear Mr. Liwer

Pursuant to your request to Assistant Commissioner Elois Dupree regarding the status of the correction of security lapses identified during the audit of the Starlight Day Care Center, please be informed that staff of the center reported that the door was repaired by 3/1/02 and the monitors were repaired by 3/15/02. This was confirmed by a visit made by the Educational Consultant from the Resource Area #8 ACD Queen's field office.

If additional information is needed, please feel free to contact Mr. Larry Thomas at (212) 361-6410

Yours Truly,

  
Paula Feinstein

CC: E. Dupree  
L. Thomas  
B. Gold  
D. Cloud-Marcus  
G. Ellis



Administration for Children's Services

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

William C. Bell  
Commissioner

May 20, 2002

Mr. Roger D. Liwer  
Assistant Comptroller for Audits  
The City of New York Office of the Comptroller  
1 Centre Street, Room 1100  
New York, New York 10007-2541

Re: NYC Comptroller's Audit Report ME01-193A  
Starlight Day Care Center

Dear Mr. Liwer:

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  
Starlight Day Care Center's Compliance with its Contract with the  
New York City Administration for Children's Services  
Audit Number ME01-193A

**Administration for Children's Services (ACS)  
Response to Recommendations  
May 20, 2002**

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

Starlight was in compliance with some important provisions of its contract with ACS. Specifically, Starlight ensured that the day care center (including food preparation and storage areas) was maintained in a safe and sanitary condition, that teacher-to-student ratios in all classrooms were within established guidelines, that its expenses were legitimate and related to its operation and were accurately reported to ACS, that it collected and deposited parent fees in its bank account, that ACS and CACFP funds were not commingled, and that Starlight submitted its audit reports to ACS in a timely fashion. In addition, Starlight released its students only to authorized individuals, in compliance with its own guidelines.

ACS acknowledges as cited in the Comptroller's report that improvements are needed in Starlight's fiscal and operating practices including strengthening internal controls. Starlight has already implemented procedures that address many of the Comptroller's recommendations. ACS will work with Starlight in developing written timekeeping procedures and will monitor Starlight to ensure compliance with all of the Comptroller's recommendations.

**Recommendation 1**

A lock was installed (03/01/02) on the door to the rooftop play area and the monitors were repaired on 03/15/02. Security systems will be monitored regularly by the Program Director and by the ACS field office education consultant during routine visits and the annual program assessment. Any security, health, or safety issue will be immediately reported to the Queens field office and ACD Facilities by the Program Director and the ACS field office educational consultant.

**Recommendations 2 and 3**

The program has initiated modifications to its Accounts Receivable and Purchasing Systems. The Program Director now approves all purchases and disbursements and two signatures are required on all checks issued. Compliance will be monitored by ACS Fiscal Support Unit through periodic field reviews and via the annual audit.

**Recommendations 4, 5, 6, and 7**

As of 04/12/02, the program does not have any private tuition paying children in attendance. Starlight will establish books and records for the private tuition funds on hand and for any further funds collected from future private tuition students. The program will open a checking account to deposit private tuition funds and will keep required accounts, books and records for these funds. The program will use the funds generated from private tuition fees for program enhancement and enrichment only and in accordance with ACS guidelines. ACS will monitor compliance through field visits by the education consultants, fiscal consultants and through the annual audit.

**Recommendation 8**

Starlight has changed its petty cash system to conform to ACS requirements: two separate funds: ACS and CACFP for \$50.00 each. ACS will monitor Starlight's compliance through field visits by the fiscal consultant and through the annual audit.

**Recommendations 9, 10, 11, 12, and 13**

The program now has the CACFP time forms and is using them to record hours worked for those employees who work in the CACFP program so their time and salary can be properly allocated. All time cards are now checked and signed off by the Program Director. Employees are now required to submit leave forms when taking sick, vacation or personal leave. The Program Director now verifies that all time used is recorded on the attendance controller. The program will ensure that payments are for the actual number of hours worked, which are now totaled and recorded on the time cards. The program will develop written timekeeping procedures, with ACS' assistance. ACS will monitor compliance through field visits by the education consultants, fiscal consultants and through the annual audit.

**Recommendations 14, 15, and 16**

All DOI clearances or proof of fingerprinting have been submitted. All SCR clearances have been provided with the exception of two who have submitted applications. For all new employees, the program will ensure that DOI and SCR screening applications are submitted before commencing work. Screening reports will be placed and maintained in the employees' personnel files.

All employees have Child Abuse and Maltreatment (CAM) certificates except one who is scheduled for training in 05/02. The sponsor will ensure that current employees and newly hired employees receive CAM training. The CAM certificates will be maintained in the employees' personnel files.

The Program Director will ensure that all new employees have medical exam reports before they start work and that all current employees obtain updated medical reports annually.

Compliance with the above will be monitored by ACS' field office education consultant during visits and also via the annual program assessment.

Recommendations 17 and 18

The program now includes all children's case numbers in the roll books for easy identification. The program has been reminded of the importance of keeping accurate roll books and of proper reporting of attendance on the ACD-1. ACS recommended that the Assistant Bookkeeper attend the next training sessions on the ACD-1, to which the program agreed. Starlight's compliance will be monitored via visits by the ACS field office education consultant and fiscal consultant.

Recommendation 19

The program submitted a list of items to update its inventory. The program will update its inventory list on a regular basis and develop a written procedure for inventory control. An inventory list is included in the program's annual audit. ACS field office education consultants will ensure the program maintains an up-to-date list of its inventory.

ADMINISTRATION FOR CHILDREN'S SERVICES' AUDIT IMPLEMENTATION PLAN  
NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
AUDIT NUMBER: ME91-193A

RECOMMENDATION # 1: ACS and Starlight should continue to ensure that proper security systems are maintained; this includes securing the rooftop play area and repairing the security monitors.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting)/ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START      END	DOCUMENTATION	COMMENTS
<p>The monitors were repaired and a lock was installed on the door to the rooftop play area.</p> <p>Security systems will be monitored regularly by Program Director and by ACS field office education consultant during routine visits and the annual program assessment. Any security, health, or safety issue will be immediately reported to the Queens field office and ACD Facilities by the program Director and the ACS field office education consultant.</p>	<p>Program Director</p> <p>Education Consultant, Program Assessor, and ACD Facilities</p>	<p>03/01/02      03/15/02</p> <p>03/01/02      Continuing</p>	<p>Receipts for work done; visit by ACD staff</p> <p>Field Reports</p>	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: MF01-193A**

RECOMMENDATION # 2: Starlight should improve its internal control structure, ensure that payment vouchers are properly signed and approved, and ensure that all checks have the required two signatures before they are issued.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
The program has initiated modifications to its Accounts Receivable and Purchasing systems including approval of all purchases and disbursements by the Program Director and two signatures on all checks issued.  This will be monitored by ACS' Fiscal Support Unit through periodic field reviews and via the annual audit.	Board Chairperson, Bookkeeper, and the Program Director  Director of Fiscal Support and the Director of Audit Review	03/15/02	06/30/02	Requisitions, purchase orders, payment vouchers, and cancelled checks.	
		05/02	Continuing	Requisitions, purchase orders, payment vouchers, and cancelled checks.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 3: Starlight should ensure that all purchases are properly authorized. Starlight should consider using a purchase-order system.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START	END	DOCUMENTATION	COMMENTS
The program has initiated modifications to its purchasing system, including approval of all purchases and disbursements by the Program Director.	Board Chairperson, Bookkeeper and the Program Director	03/03	06/30/02	Requisitions, purchase orders, payment vouchers, and cancelled checks.	
This will be monitored by ACS' Fiscal Support Unit through periodic field reviews and the annual audit.	Director of Fiscal Support and the Director of Audit Review	05/02	Continuing	Requisitions, purchase orders, payment vouchers, and cancelled checks.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 4: Starlight should keep proper books and records for both the receipt and the disbursement of private tuition funds.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START      END	DOCUMENTATION	COMMENTS
As of 04/12/02, the program does not have any private tuition paying children. It will establish books and records for the funds on hand and for any further funds collected from future private tuition students.	Chairperson	06/01/02  06/30/02	Bank statements, cash disbursements, purchase orders, invoices, and cancelled checks.	
ACD will monitor this through field visits by its education consultants and fiscal consultants and through the annual audit.	Education Consultant, Director of Fiscal Support, and the Director of Audit Review	06/02  Continuing	Bank statements, cash disbursements, purchase orders, invoices, and cancelled checks.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 5: Starlight should deposit private tuition fees in a separate bank account.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD.

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
The program will open a checking account to deposit private tuition funds and will keep required accounts, books and records for these funds.	Chairperson	06/01/02	Continuing	Bank statements, deposit slips, cash disbursements, purchase orders, invoices, and cancelled checks.	
ACD will monitor this through field visits by the fiscal consultant and through the annual audit.	Director of Audit Review and the Director of Fiscal Support	06/01/02	Continuing	Bank statements, deposit slips, cash disbursements, purchase orders, invoices, and cancelled checks.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

**RECOMMENDATION # 6:** Starlight should ensure that private tuition funds are used to enhance the day care program in accordance with ACS guidelines.

**RESPONSIBLE MANAGERS' NAME:** Paula Feinstein, Associate Commissioner (Acting) ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
The program understands it must spend all private tuition funds in accordance with ACD guidelines and, in a letter from the Chairperson, has stated it will do so.  ACD will monitor this through field visits by the education consultants, fiscal consultants and through the annual audit.	Chairperson  Education Consultant, Director of Fiscal Support, and the Director of Audit Review	05/01/02	Continuing	Cash disbursements journal, purchase orders, invoices, and cancelled checks	
		05/01/02	Continuing	Cash disbursements journal, purchase orders, invoices, and cancelled checks	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 7: Starlight should charge private students tuition in accordance with ACS guidelines.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START      END	DOCUMENTATION	COMMENTS
As of 04/12/02, the program does not have any private tuition paying children. In a letter from the Chairperson, Starlight has agreed to charge any future private tuition students in accordance with ACD guidelines.	Chairperson	05/01/02	Fee schedules, cash receipts journal.	
ACD will monitor this through field visits by the education consultant, fiscal consultant and through the annual audit.	Education Consultant, Director of Fiscal Support, and the Director of Audit Review	05/01/02	Attendance Records, Fee schedules, and cash receipts journal.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 8: Starlight should maintain separate petty cash funds for ACS and CACFP expenses; these funds should not exceed the contract limits of \$50.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein; Associate Commissioner (Acting) ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START      END	DOCUMENTATION	COMMENTS
The program has changed its petty cash system to conform to ACS/ACD requirements: two separate funds, ACS and CACFP for \$50.00 each.	Chairperson	04/01/02	Petty cash imprest fund, reimbursement requests, and receipts.	
ACD will monitor this through field visits by the fiscal consultant and through the annual audit.	Director of Fiscal Support and the Director of Audit Review	06/01/02	Fiscal consultant field visits reports and the annual audit.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

**RECOMMENDATION # 9:** Starlight should develop detailed timekeeping procedures for its employees, including those who work on multiple programs to ensure adequate controls over the payroll and timekeeping process. These procedures should require that employees maintain separate time records for each program.

**RESPONSIBLE MANAGERS' NAME:** Paula Feinstein, Associate Commissioner (Acting) ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START      END	DOCUMENTATION	COMMENTS
Time cards are now checked and signed off by the program director.	Program Director	05/01/02	Time cards and the payroll summary	
The program will develop written timekeeping procedures, with ACD's assistance.	Program Director, Bookkeeper, Board Chairperson,	06/02	Written procedures.	
The program now has the CACFP time forms and is using them to record hours worked for those employees who work in the CACFP program so their time and salary can be properly allocated.	Director of Fiscal Support, and the ACD Contract Liaison	05/01/02	CACFP time forms, payroll summary	
ACD will monitor this through field visits by the fiscal consultant and through the annual audit.	Director of Fiscal Support and the Director of Audit Review	06/01/02	Time cards, payroll summary, CACFP time forms and the annual audit.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 10: Startlight should ensure that adequate supervisory review is performed during the timekeeping and payroll process.

RESPONSIBLE MANAGERS' NAME: Paula Fenslein, Associate Commissioner (Acting) ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
Time cards are now checked and signed off by the Program Director.	Program Director	05/01/02	Continuing	Time cards and payroll summary.	
With ACD assistance, the program will develop written timekeeping procedures.	Program Director, Bookkeeper, Board Chairperson, Director of Fiscal Support, and the ACD Contract Liaison	06/02	07/31/02	Written procedures.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: MF01-193A**

RECOMMENDATION # 1: Starlight should see that employees complete the required Request for Leave form when using vacation or personal time.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START	END	DOCUMENTATION	COMMENTS
Employees are now required to submit leave forms when taking sick, vacation or personal leave.	Director	05/01/02	Continuing	Request for Leave forms and Time Cards	
This will be monitored by the ACD fiscal consultant and the annual audit.	Director of Fiscal Support and the Director of Audit Review	05/15/02	Continuing	Request for Leave forms, Time Cards, and the Annual Audit.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTERS COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 12: Starlight should verify that all time used is recorded on the attendance controller.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACCD

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
The Program Director now verifies that all time used is recorded on the attendance controller.	Program Director	05/01/02	Continuing	Time cards, Request for Leave forms and the attendance controller forms	
This will be monitored during field visits by the education consultant.	ACD's Field Office Director	06/01/02	Continuing	Time cards, Request for Leave forms and the attendance controller forms	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 13: Starlight should ensure that it accurately pays the hours reported on the time cards.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACT

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START      END	DOCUMENTATION	COMMENTS
The program will ensure that payments are for the actual number of hours worked, which are now totaled and recorded on the time cards.	Program Director and Chairperson	05/01/01 Continuing	Time cards, attendance controller, and payroll summary.	
ACD will monitor the program via visits by the fiscal consultant and the annual audit to ensure compliance.	Director of Fiscal Support and the Director of Audit Review	06/01/02 Continuing	Fiscal consultants' field reports and annual audits.	
With ACD assistance, the program will develop written timekeeping procedures.	Program Director, Bookkeeper, Board Chairperson, Director of Fiscal Support, and the ACD Contract Liaison	05/15/02 07/30/02	Written procedures.	

ADMINISTRATION FOR CHILDREN'S SERVICES, AUDIT IMPLEMENTATION PLAN  
NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
AUDIT NUMBER: ME01-193A

RECOMMENDATION # 14: Starlight should obtain all required background checks for current employees of the center and ensure that all required background checks are performed in a timely manner for future employees and are maintained in the employees' personnel files for the duration of their employment.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD and Assistant Commissioner for Field Operations

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START      END	DOCUMENTATION	COMMENTS
<p>All DOJ clearances or proof of fingerprinting have been submitted. All SCR clearances have been provided with the exception of two, who have submitted applications.</p> <p>For all new employees, the program will ensure that DOJ and SCR screening applications are submitted before commencing work. Screening reports will be placed and maintained in the employees' personnel files.</p> <p>This will be monitored by the field office education consultants during field visits and during the annual program assessment.</p>	<p>Program Director</p>	<p>04/01/02</p> <p>Continuing</p>	<p>DOJ stamped application and screening report.</p>	
	<p>Field Office Director and the Director of Program Assessment</p>	<p>04/15/02</p> <p>Continuing</p>	<p>DOJ results letter SCR clearance letter</p>	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

**RECOMMENDATION # 15:** Starlight should immediately arrange for training in detecting child abuse and maltreatment for any current employees who do not have training certificates, and ensure that all future employees receive this training. Training certificates should be kept in employees' files for the duration of their employment.

**RESPONSIBLE MANAGERS' NAME:** Paula Feinstein, Associate Commissioner (Acting) ACS/ACD and Assistant Commissioner for Field Operations

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
All employees have Child Abuse and Maltreatment (CAM) certificates except one, who is scheduled for training in 05/02. The sponsor will ensure that current employees have and newly hired employees receive CAM training. The CAM certificates will be maintained in the employees' personnel files.	Sponsor Board and the Queens Field Office Director	04/02	Continuing	CAM training certificate	ACD provides CAM training for child care providers throughout the year.
This will be monitored by the field office education consultant during visits and also via the annual program assessment.	Field Office Director and the Director of Program Assessment	04/15/02	Continuing	CAM training certificate.	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 16: Starlight should obtain the completed Annual Staff Health Form for its employees.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD and Assistant Commissioner for Field Operations

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START	END	DOCUMENTATION	COMMENTS
The Program Director will ensure that all new employees have medical exam reports before they start work and that all current employees obtain updated medical reports annually.	Program Director	04/15/02	05/03/02	Completed medical forms	
ACD will monitor this, through field visits by the education consultants	Program Director and Director of Program Assessment	05/02	Continuing	Completed medical forms	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: NED01-193A**

RECOMMENDATION # 17: Startlight should include each subsidized child's name and ACS case number on the roll book.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD and Assistant Commissioner for Field Operations

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START      END	DOCUMENTATION	COMMENTS
The program now includes all children's case numbers in the roll books for easy identification.	Program Director	04/02	Roll books	
This will be monitored via visits by the field office education consultant and fiscal consultant.	Field Office Director and the Director of Fiscal Support	06/01/02	Roll books	

**ADMINISTRATION FOR CHILDREN'S SERVICES AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY-CARE CENTER'S COMPLIANCE  
 WITH ITS CONTRACT WITH THE NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES  
 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 18: Starlight should ensure that it maintains complete and accurate roll books and report the attendance accurately to ACS on the ACD-1's.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD and Assistant Commissioner for Field Operations

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	START	END	DOCUMENTATION	COMMENTS
The program has been reminded of the importance of keeping accurate roll books and of proper reporting of attendance on the ACD-1. ACD recommended that the Assistant Bookkeeper attend the next training sessions on the ACD-1, to which the program agreed.	Program Director	05/01/02	08/30/02	Roll books, ACD-1's, and Training Certificate	
This will be monitored via visits by the field office education consultant and fiscal consultant.	Field Office Director and the Director of Fiscal Support	06/01/02	Continuing	Roll books and ACD-1's	

**ADMINISTRATION FOR CHILDREN'S SERVICES, AUDIT IMPLEMENTATION PLAN  
 NEW YORK CITY COMPTROLLER'S AUDIT OF STARLIGHT DAY CARE CENTER'S COMPLIANCE  
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 AUDIT NUMBER: ME01-193A**

RECOMMENDATION # 19: Starlight should develop and maintain an accurate inventory list of all of its physical assets, and update the list when new items are purchased and old items are discarded.

RESPONSIBLE MANAGERS' NAME: Paula Feinstein, Associate Commissioner (Acting) ACS/ACD and Assistant Commissioner for Field Operations

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
The program submitted a list of items to update its inventory. The program will update its inventory list on a regular basis. The program will develop a written procedure for inventory control. An inventory list is included in the program's annual audit.  Field office education consultants will ensure the program maintains its inventory up-to-date.	Program Director	05/01/02	Continuing	Inventory list	
	Field Office Director	05/01/02	Continuing	Inventory list	