

# 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 Sheltering Arms Children's Service with Foster and Child Care Payment Regulations July 1, 1999–June 30, 2000**

*FN04-086A*

**June 18, 2004**



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

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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 Sheltering Arms Children's Service with New York State standards of payment and City regulations. Sheltering Arms 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 Sheltering Arms 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](mailto:audit@Comptroller.nyc.gov).

Very truly yours,

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

William C. Thompson, Jr.  
WCT/gr

**Report:** FN04-086A  
**Filed:** June 18, 2004

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

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Sheltering Arms Children's Service with  
Foster and Child Care Payment Regulations  
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**AUDIT REPORT IN BRIEF**

Sheltering Arms Children's Service (Sheltering Arms), is a not-for-profit organization that provides services to children in its Foster Boarding Home, Group Residence, and two Supervised Independent Living Programs 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, 1999, through June 30, 2000 (Fiscal Year 2000), ACS reimbursed Sheltering Arms \$7.5 million for providing services to 726 individuals in its programs.

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

**Audit Findings and Conclusions**

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

However, for Fiscal Year 2000, Sheltering Arms owes the City \$348,312 resulting from differences between the funds it received from ACS and the expenses it incurred to operate the various programs that we audited. (These differences do not apply to the Independent Living Skills Program and Substance Abuse Program.) Specifically, ACS advanced Sheltering Arms \$7,483,770 for providing 155,390 days-of-care in its Foster Boarding Home; 6,592 days-of-care in its Group Residence; and 1,283 days-of-care in its two Supervised Independent Living Programs. However, based on our final calculated per diem rates and audited days-of-care, Sheltering Arms was entitled to only \$7,135,458 in ACS funding, a difference of \$348,312. (See Appendices I through V for our recalculation of Sheltering Arms per diem rates.)

In addition, Sheltering Arms included \$149,516 in expenses on its *Report of Actual Expenditures DSS-2652* that should not have been charged to its foster care programs,<sup>1</sup> and it improperly combined program expenses on its *Report of Actual Expenditures DSS-2652*, rather than segregating these costs by programs, as required by New York State Office of Children and Family Services (formerly the New York State Department of Social Services) regulations.

### **Audit Recommendations**

We recommend that Sheltering Arms remit \$348,312 to ACS; report days-of-care accurately, and bill ACS for only those children in attendance at the foster care programs; include only allowable expenses in its reporting; and report each program's expenses separately in its *Report of Actual Expenditures DSS-2652*. In addition, we recommend that ACS recoup \$348,312 from Sheltering Arms and ensure that it complies with the report's other 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. Sheltering Arms, at 129 West 27<sup>th</sup> Street in Manhattan, is a not-for-profit organization that provides foster care services to children in its Foster Boarding Home, Group Residence, and two Supervised Independent Living Programs under an ACS contract.

Foster care providers are reimbursed for expenses based on a per diem rate that is calculated according to a formula developed by the New York State Office of Children and Family Services. The per diem administrative rate is limited to the Maximum State Aid Rate (MSAR) established by the New York State Office of Children and Family Services and ACS. In addition, these reimbursements are governed by the rules and regulations 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 New York City Charter, grant the 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, 1999, through June 30, 2000 (Fiscal Year 2000), ACS advanced Sheltering Arms \$7,483,770 for providing services to 726 individuals in its programs—633 in its Foster Boarding Home, 86 in its Group Residence, and seven in its two Supervised Independent Living Programs. Sheltering Arms also received \$152,112 from ACS for its Independent Living Skills Program, an educational program for individuals in its care who are least 14 years of age, and \$28,078 for its Substance Abuse Program, an education program designed to prevent drug use.

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<sup>1</sup> The recalculated operating per diem rate after deducting the disallowed expenses, did not result in any recoupment of funds from the Sheltering Arms Foster Boarding Home, Group Residence, and Supervised Independent Living Program—2. For the Supervised Independent Living Program—1, our disallowances resulted in an audit recoupment amount of \$549 (shown in Appendix IV and included in the \$348,312 assessment).

## **Objectives**

The audit's objectives were to determine whether Sheltering Arms:

- maintained adequate internal controls over recording and reporting of 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**

This audit covered the period July 1, 1999, through June 30, 2000 (Fiscal Year 2000). 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 for Foster Care of Children* and the City *Foster-Care Reimbursement Bulletin No. 92-5* and applicable amendments. We evaluated Sheltering Arms internal control structure over the expenses, revenues, and days-of-care for its foster care programs. To gain an understanding of its operations, we reviewed Sheltering Arms' *Accounting Policies and Procedures for the Finance Department* manual and its organizational chart, and conducted walk-throughs of its operations on January 5, and February 5, 2004, documenting the results through written narratives and memoranda.

### **Revenues and Expenses**

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

To determine whether the expenses Sheltering Arms charged to its foster care programs were accurate and allowable, we reviewed its *Report of Actual Expenditures DSS-2652* and matched each expense item to the related accounts in its general ledger. We judgmentally sampled (based on dollar amount and type of expense) and traced expenses totaling \$611,168 (49.8%) of \$1,227,706 listed on the Sheltering Arms *Report of Actual Expenditures DSS-2652* for Fiscal Year 2000 to corresponding documentation such as invoices, petty cash vouchers, and canceled checks.

We reconciled the salaries for foster boarding home employees reported in the Sheltering Arms *ADP Payroll Summary Report* to the salaries reported in its general ledger for Fiscal Year 2000. We determined whether the salaries for all 37 employees (six administrative, 24 social service, and seven maintenance employees), totaling \$138,370, for one month—December

1999—were charged to the correct cost centers and were actually for employees assigned to Sheltering Arms’ foster care programs. We determined whether the names of the employees and their salaries listed on the payroll register were correct and whether the timekeeping records supported the hours for which they were paid. We also determined whether the salaries for 18 (49%) of its 37 employees listed on the *ADP Payroll Register* matched the employee names and salaries to those listed on the initial hiring letters in their personnel files. Finally, we determined whether health insurance payments, pension contributions, and social security were charged to the correct programs.

Although the results of the above tests regarding expenses are not projectable to all expenses for the entire fiscal year, they provided us a reasonable basis to assess the compliance of Sheltering Arms with New York State and ACS regulations.

### **Days-of-Care**

To determine whether Sheltering Arms reported its days-of-care accurately, we examined the care-days records of 50 (8%) of the 633 children served in the Foster Boarding Home during Fiscal Year 2000, choosing every sixteenth child listed alphabetically beginning with the first child’s name. In addition, we examined care-days records for 30 (35%) of the 86 children served in the Group Residence during the fiscal year, choosing every sixth child listed alphabetically, again beginning with the first child’s name, and all seven children served in the two Supervised Independent Living programs. We obtained each Child’s *Notice of Change* forms and their corresponding case files for the year, and compared the dates and number of care-days to the information recorded on the Sheltering Arms *Caredays Report* and the ACS *Interim Reconciliation and Standards of Payment Report*, to determine whether Sheltering Arms billed ACS correctly.

To determine whether the payments made by Sheltering Arms to foster parents were in accordance with New York State Maximum State Aid Rates for foster care agencies, we randomly sampled the payment records for 20 foster boarding home children and traced the amounts in the monthly check register and *Caredays Report*.

Although the results of the above tests regarding days-of-care are not projectable to all days-of-care for the fiscal year, they provided us a reasonable basis to assess Sheltering Arms’ compliance with New York State and ACS regulations.

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

### **Discussion of Audit Results**

The matters covered in this report were discussed with Sheltering Arms and ACS officials during and at the conclusion of this audit. A preliminary draft report was sent to Sheltering Arms and ACS officials and was discussed at an exit conference on May 25, 2004. On May 26, 2004, we submitted a draft report to Sheltering Arms and ACS officials with a request for comments.

We received a written response from ACS on June 8, 2004. According to ACS, Sheltering Arms agreed to remit \$348,312 to the City, in accordance with the audit's first recommendation. ACS officials further stated that recommendations 2, 3, 4, and 6 are no longer applicable since, effective April 1, 2004, Sheltering Arms no longer has a foster care contract with ACS.

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



## FINDINGS

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

However, for Fiscal Year 2000, Sheltering Arms owes the City \$348,312 resulting from differences between the funds it received from ACS and the expenses it incurred to operate the various programs that we audited (See Appendix I). These differences do not apply to the Independent Living Skills Program or to the Substance Abuse Program.

### **Excess Advances over Expenditures Incurred**

For Fiscal Year 2000, ACS advanced Sheltering Arms \$7,483,770 for providing 155,390 days-of-care in its Foster Boarding Home; 6,592 days-of-care in its Group Residence; and 1,283 days-of-care in its two Supervised Independent Living Programs. However, based on our final calculated per diem rates and audited days-of-care, Sheltering Arms was entitled to only \$7,135,458 in ACS funding, a difference of \$348,312, which is due to ACS. (See Appendices I-V.)

### **Sheltering Arms Claimed \$149,516 in Administrative and Pass-through Expenses That Were Disallowed**

Sheltering Arms included \$149,516 in expenses on its *Report of Actual Expenditures DSS-2652* that should not have been charged to its foster care programs according to the promulgated announcements and regulations of the New York State *Standards of Payment for Foster Care of Children* and the City *Foster-Care Reimbursement Bulletin No. 92-5*. These expenses included \$101,823 in write-offs of ACS receivables (for funds not received), \$34,238 for union contract negotiations with DC1707 and related legal fees, \$8,300 for staff post-graduate tuition, \$2,558 for fundraising expenses, \$1,271 in late charges for insurance premiums, and \$1,000 for insufficient documentation relating to books and school supplies. The remaining \$326 in disallowed expenses pertained to reported Foster Boarding Home costs.

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. Our recalculated operating per diem rate after deducting the disallowed expenses, did not result in any recoupment of funds from Sheltering Arms' Foster Boarding Home, Group Residence, and Supervised Independent Living Program-2. However, for the Supervised Independent Living Program-1, our disallowances resulted in an audit recoupment amount of \$549. It should be noted that this amount is included in the \$348,312 assessment discussed above. (See Appendices II-V for our recalculation of Sheltering Arms per diem rates.)

## **Other Issue**

Sheltering Arms improperly combined program expenses related to its Independent Living Program, Supervised Independent Living Program–1, and Supervised Independent Living Program–2 on its *Report of Actual Expenditures DSS-2652*, rather than segregating these costs by program, as required by the New York State Office of Children and Family Services regulations. Chapter IV, §C, 4a., of the *New York State Department of Social Services' Standards of Payment System* for the foster care of children requires that “all gross expenditures shall be reported by program unit.”

## **RECOMMENDATIONS**

We recommend that Sheltering Arms:

1. Remit \$348,312 in excess funding to ACS.

**ACS Response:** ACS officials stated that “Sheltering Arms Children’s Service (Sheltering Arms) agrees to remit \$348,312 to the City of New York. The Administration for Children’s Services (ACS) will send written notice to Sheltering Arms outlining the terms of the recovery.”

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 the foster care programs.
3. Include only allowable program expenses in its *Report of Actual Expenditures DSS-2652*.
4. Report each program’s expenses separately in its *Report of Actual Expenditures DSS-2652*, in accordance with *New York State Department of Social Services' Standards of Payment System*.

**ACS Response:** ACS officials stated that recommendations 2, 3, and 4 no longer apply since, effective April 1, 2004, Sheltering Arms no longer has a foster care contract with ACS.

In addition, we recommend that ACS:

5. Issue a written notice to Sheltering Arms requiring that it remit \$348,312 in excess funding to ACS.
6. Ensure that Sheltering Arms complies with the report’s other recommendations.

**ACS Response:** ACS officials stated that a letter will be sent to Sheltering Arms advising them of the terms of recovery of the \$348,312. They further stated that recommendation 6 no longer applies since, effective April 1, 2004, Sheltering Arms no longer has a foster care contract with ACS.



ADMINISTRATION FOR CHILDREN'S SERVICES  
150 WILLIAM STREET - 18th FLOOR  
NEW YORK, N.Y. 10038

WILLIAM C. BELL  
*Commissioner*

June 8, 2004

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

Re: NYC Comptroller's Audit Report FN04-086A on the Compliance of  
Sheltering Arms Children's Service With Foster and Child Care  
Payment Regulations July 1, 1999 – June 30, 2000

Dear Mr. Brooks:

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "W. C. Bell", written over a horizontal line.

William C. Bell

Attachments

City of New York Office of the Comptroller  
New York City Administration for Children's Services  
Sheltering Arms Children's Services  
Audit Number FN04-086A

**Administration For Children's Services**

**Response to Recommendations**

June 8, 2004

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

Sheltering Arms generally complied with promulgated announcements and regulations of the New York State *Standards of Payments for Foster Care of Children* and the City *Foster-Care Reimbursement Bulletin No. 92-5*. Sheltering Arms had an adequate system of internal controls over the recording and reporting of its expenses, revenues, and days-of-care. In addition, Sheltering Arms was reimbursed by ACS for only those expenses appropriately incurred on behalf of its Independent Living Skills Programs and Substance Abuse Program.

**Recommendation 1**

A letter will be sent to Sheltering Arms informing them of the amount due and terms of repayment.

**Recommendations 2, 3, and 4**

Recommendations 2, 3, and 4 no longer apply to Sheltering Arms since as of April 1, 2004, Sheltering Arms no longer has a Foster Care contract.

**Recommendations 5 and 6**

ACS will write a letter to Sheltering Arms advising them of the terms of recovery.

Sheltering Arms no longer has a Foster Care contract with ACS, therefore, recommendation 6 no longer applies.

**AUDIT IMPLEMENTATION PLAN**  
**NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN04-086A**  
**AUDIT REPORT ON THE COMPLIANCE OF SHELTERING ARMS CHILDREN'S SERVICES**  
**WITH FOSTER AND CHILD CARE REGULATIONS**  
**JULY 1, 1999 – JUNE 30, 2000**

RECOMMENDATION #1: Sheltering Arms should remit \$348,312 in excess funding to ACS.

RESPONSIBLE MANAGER'S NAME: RAKESH MAHNA, CHIEF FINANCIAL OFFICER, SHELTERING ARMS CHILDREN'S SERVICES

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
Sheltering Arms Children's Service (Sheltering Arms) agrees to remit \$348,312 to the City of New York. The Administration for Children's Services (ACS) will send written notice to Sheltering Arms outlining the terms of the recovery.	Rakesh Mahna, Chief Financial Officer, Sheltering Arms	07/04	Pending Repayment Plan		

**AUDIT IMPLEMENTATION PLAN**  
**NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN04-086A**  
**AUDIT REPORT ON THE COMPLIANCE OF SHELTERING ARMS CHILDREN'S SERVICES**  
**WITH FOSTER AND CHILD CARE REGULATIONS**  
**JULY 1, 1999 – JUNE 30, 2000**

RECOMMENDATION #2: Sheltering Arms 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 the foster care programs.

RESPONSIBLE MANAGER'S NAME: N/A

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
This recommendation no longer applies to Sheltering Arms. As of April 1, 2004, Sheltering Arms no longer has a Foster Care contract.	N/A	N/A	N/A		

**AUDIT IMPLEMENTATION PLAN**  
**NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN04-086A**  
**AUDIT REPORT ON THE COMPLIANCE OF SHELTERING ARMS CHILDREN'S SERVICES**  
**WITH FOSTER AND CHILD CARE REGULATIONS**  
**JULY 1, 1999 – JUNE 30, 2000**

RECOMMENDATION #3: Sheltering Arms should include only allowable program expenses in its *Report of Actual Expenditures* DSS-2652.

RESPONSIBLE MANAGER'S NAME: N/A

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
This recommendation no longer applies to Sheltering Arms. As of April 1, 2004, Sheltering Arms no longer has a Foster Care contract.	N/A	N/A	N/A	N/A	

**AUDIT IMPLEMENTATION PLAN**  
**NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN04-086A**  
**AUDIT REPORT ON THE COMPLIANCE OF SHELTERING ARMS CHILDREN'S SERVICES**  
**WITH FOSTER AND CHILD CARE REGULATIONS**  
**JULY 1, 1999 – JUNE 30, 2000**

RECOMMENDATION #4: Sheltering Arms should report each program's expenses separately in its *Report of Actual Expenditures DSS-2652*, in accordance with *New York State Department of Social Services' Standards of Payment System*.

RESPONSIBLE MANAGER'S NAME: N/A

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
This recommendation no longer applies to Sheltering Arms. As of April 1, 2004, Sheltering Arms no longer has a Foster Care contract.	N/A	N/A	N/A	N/A	



**AUDIT IMPLEMENTATION PLAN**  
**NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN04-086A**  
**AUDIT REPORT ON THE COMPLIANCE OF SHELTERING ARMS CHILDREN'S SERVICES**  
**WITH FOSTER AND CHILD CARE REGULATIONS**  
**JULY 1, 1999 – JUNE 30, 2000**

RECOMMENDATION #5: ACS should issue a written notice to Sheltering Arms requiring that it remit \$348,312 in excess funding to ACS.

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

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
ACS will a send written notice to Sheltering Arms advising them of the terms of recovery for the amount of \$348,312.	Tom Welsh, Director Audit Services, ACS	06/04	Pending Repayment Plan		

**AUDIT IMPLEMENTATION PLAN**  
**NEW YORK CITY COMPTROLLER'S AUDIT NUMBER FN04-086A**  
**AUDIT REPORT ON THE COMPLIANCE OF SHELTERING ARMS CHILDREN'S SERVICES**  
**WITH FOSTER AND CHILD CARE REGULATIONS**  
**JULY 1, 1999 – JUNE 30, 2000**

**RECOMMENDATION #6:** ACS should ensure that Sheltering Arms complies with the report's other recommendations.

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

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START      END	DOCUMENTATION	COMMENTS
<p>Sheltering Arms no longer has a Foster Care contract with ACS, therefore, recommendation 6 no longer applies.</p> <p>ACS will send written notice to Sheltering Arms advising them of the terms of the recovery for the amount of \$348,213.</p>	<p>Tom Welsh, Director Audit Services, ACS</p>	<p>06/04</p> <p>Pending Repayment Plan</p>		

**APPENDIX I**

**SHELTERING ARMS CHILDREN'S SERVICES  
SUMMARY SCHEDULE OF TOTAL AMOUNT DUE ACS  
JULY 1, 1999 to JUNE 30, 2000**

AMOUNT ADVANCED BY ACS	<u>\$ 7,483,770.18</u>
FOSTER BOARDING HOME EXPENDITURES (APPENDIX II)	6,245,071.49
GROUP RESIDENCE (APPENDIX III)	793,800.00
SUPERVISED INDEPENDENT LIVING PROGRAM - 1 (APPENDIX IV)	49,164.78
SUPERVISED INDEPENDENT LIVING PROGRAM - 2 (APPENDIX V)	<u>47,422.08</u>
TOTAL AMOUNT DUE SHELTERING ARMS	<u>\$ 7,135,458.35</u>
AMOUNT DUE ACS (AGENCY)	<u><u>\$ 348,311.83</u></u>

**APPENDIX II**

**SHELTERING ARMS CHILDREN'S SERVICE  
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"  
FOSTER BOARDING HOME  
JULY 1, 1999 to JUNE 30, 2000**

	TOTAL BOARDING HOME	ADMINISTRATIVE	PASS THROUGH
TOTAL REPORTED EXPENSES PER DSS-2652	\$ 6,996,482.81	\$ 3,535,708.21	\$ 3,460,774.60
LESS: AUDIT DISALLOWANCES (PER NYS AND CITY PAYMENT REGULATIONS)	(130,601.96)	(130,275.52)	(326.44)
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	<u>\$ 6,865,880.85</u>	<u>\$ 3,405,432.69</u>	<u>\$ 3,460,448.16</u>
ACS PAID DAYS-OF-CARE	155,390	155,390	155,390
LESS: DISALLOWED DAYS-OF-CARE*	(18)	(18)	(18)
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>155,372</u>	<u>155,372</u>	<u>155,372</u>
OPERATING PER DIEM RATE (A/B)	<u>\$ 44.19</u>	<u>\$ 21.92</u>	<u>\$ 22.27</u>
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 7/1/99 TO 12/31/99		<u>\$ 17.85</u>	
MAXIMUM ADMINISTRATIVE PER DIEM RATE - 1/1/00 TO 6/30/00		<u>\$ 18.00</u>	
FINAL PER DIEM RATE - 7/1/99 TO 12/31/99	<u>\$ 40.12</u>	<u>\$ 17.85</u>	<u>\$ 22.27</u>
FINAL PER DIEM RATE - 1/1/00 TO 6/30/00	<u>\$ 40.27</u>	<u>\$ 18.00</u>	<u>\$ 22.27</u>

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

**CALCULATION OF AMOUNT DUE TO ACS (AGENCY)**7/1/99 TO 12/31/99

FINAL PER DIEM RATE	\$ 40.12	\$ 17.85	\$ 22.27
ACS DAYS-OF-CARE AS AUDITED	78,393	78,393	78,393
TOTAL AMOUNT DUE TO AGENCY FOR FBH	<u>\$ 3,145,127.16</u>	<u>\$ 1,399,315.05</u>	<u>\$ 1,745,812.11</u>

1/1/00 TO 6/30/00

FINAL PER DIEM RATE	\$ 40.27	\$ 18.00	\$ 22.27
ACS DAYS-OF-CARE AS AUDITED	76,979	76,979	76,979
TOTAL AMOUNT DUE TO AGENCY FOR FBH	<u>\$ 3,099,944.33</u>	<u>\$ 1,385,622.00</u>	<u>\$ 1,714,322.33</u>

7/1/99 - 6/30/00

TOTAL AMOUNT DUE	<u>\$ 6,245,071.49</u>
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\* The 18 disallowed days-of-care were for days when children were either absent without leave (2) or were discharged (16).

**APPENDIX III**

**SHELTERING ARMS CHILDREN'S SERVICE  
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"  
GROUP RESIDENCE  
JULY 1, 1999 to JUNE 30, 2000**

TOTAL REPORTED EXPENSES PER DSS-2652	1,034,086.00
LESS: AUDIT DISALLOWANCES (PER NYS AND CITY PAYMENT REGULATIONS)	(17,813.67)
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	<u>\$ 1,016,272.33</u>

ACS PAID DAYS-OF-CARE	6,592
ADD: ADJUSTED DAYS-OF-CARE	23
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>6,615</u>

OPERATING PER DIEM RATE (A/B)	<u>\$ 153.63</u>
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MAXIMUM PER DIEM RATE	<u>\$ 120.00</u>
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FINAL PER DIEM RATE ( LOWER OF MAXIMUM OR OPERATING RATE)	<u>\$ 120.00</u>
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**CALCULATION OF AMOUNT DUE TO ACS (AGENCY)**

FINAL PER DIEM RATE AS AUDITED	\$ 120.00
TOTAL ACS DAYS-OF-CARE AS AUDITED	<u>6,615</u>

TOTAL AMOUNT DUE	<u>\$ 793,800.00</u>
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**APPENDIX IV**

**SHELTERING ARMS CHILDREN'S SERVICE  
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"  
SUPERVISED INDEPENDENT LIVING PROGRAM - 1  
JULY 1, 1999 to JUNE 30, 2000**

TOTAL REPORTED EXPENSES PER DSS-2652	\$	49,712.44
LESS: AUDIT DISALLOWANCES (PER NYS AND CITY PAYMENT REGULATIONS)		(549.17)
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	\$	<u>49,163.27</u>

ACS PAID DAYS-OF-CARE	707
LESS: DISALLOWED DAYS-OF-CARE	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>707</u>

OPERATING PER DIEM RATE (A/B)	\$	<u>69.54</u>
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MAXIMUM PER DIEM RATE	\$	<u>89.17</u>
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FINAL PER DIEM RATE ( LOWER OF MAXIMUM OR OPERATING RATE)	\$	<u>69.54</u>
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**CALCULATION OF AMOUNT DUE TO ACS (AGENCY)**

FINAL PER DIEM RATE AS AUDITED	\$	69.54
TOTAL ACS DAYS-OF-CARE AS AUDITED		<u>707</u>

TOTAL AMOUNT DUE	\$	<u>49,164.78</u>
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**APPENDIX V**

**SHELTERING ARMS CHILDREN'S SERVICE  
STATEMENT OF BASIS FOR THE PER DIEM RATE AS "AUDITED"  
SUPERVISED INDEPENDENT LIVING PROGRAM - 2  
JULY 1, 1999 to JUNE 30, 2000**

TOTAL REPORTED EXPENSES PER DSS-2652	\$	55,582.81
LESS: AUDIT DISALLOWANCES (PER NYS AND CITY PAYMENT REGULATIONS)		(551.15)
TOTAL ALLOWABLE EXPENSES AS AUDITED (A)	\$	<u>55,031.66</u>

ACS PAID DAYS-OF-CARE	576
LESS: DISALLOWED DAYS-OF-CARE	-
TOTAL ACS DAYS-OF-CARE AS AUDITED (B)	<u>576</u>

OPERATING PER DIEM RATE (A/B)	\$	<u>95.54</u>
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MAXIMUM PER DIEM RATE	\$	<u>82.33</u>
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FINAL PER DIEM RATE ( LOWER OF MAXIMUM OR OPERATING RATE)	\$	<u>82.33</u>
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**CALCULATION OF AMOUNT DUE TO ACS (AGENCY)**

FINAL PER DIEM RATE AS AUDITED	\$	82.33
TOTAL ACS DAYS-OF-CARE AS AUDITED		<u>576</u>
TOTAL AMOUNT DUE	\$	<u>47,422.08</u>