



Non Secure Placement

Audit Guide

FY 2014

ACS Division of Financial Services

Non Secure Placement Audit Guide

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Introduction

Non Secure Placement (NSP) is a type of residential facility for youth who have been placed into the custody of Administration for Children's Services (ACS) by a family court judge as a disposition of their juvenile delinquency case. The program was signed into law on March 30, 2012 by Governor Andrew Cuomo, and New York State Office of Children and Family Services (OCFS) approved the NSP on July 5, 2012.

NSP is part of a Close to Home (C2H) initiative designed by OCFS to place the youths who committed delinquent acts in a close proximity to the New York City communities in which their families reside for the following purposes:

- to ensure that the families can travel easily to child's residence in order to participate actively in the youth's rehabilitation;
- to ensure school continuity for youth during transitions into placement and back to the community;
- to ensure that the youths and their families are provided with community-based aftercare services after placements ends.

NSP consists of an array of general and specialized juvenile justice residential care programs that offer high-level and intensive clinical services structure. The services provided by all NSP facility providers include youth care, food, clothing, transportation, recreation, court-related services, social work and case management services, social skills instruction, access to mental health and substance abuse treatment, coordination of education and health care, public safety measures, and the monitoring and supervision of these services.

The average length of stay in NSP facility is seven months. The length of stay for an individual youth may be shorter or longer than seven months, depending on the youth's behavior and other factors.

Section 1- Budget

During FY 2014, each agency's budget consisted of care and maintenance allocation based on a rate: (\$360 Base NSP Rate + \$68 Behavior Management/Educational Add-On + \$ Approved Facility Add-on) * Number of Beds * 365 Days. This allocation was based on 100% of the awarded census. Utilization was monitored on the monthly basis to make sure any significant variations from the budget were addressed. The \$360 Base Rate, \$68 Behavior Management/Educational Add-On and the Facility Add-On were to be spent on allowable expenses to support the program model. There was no additional funding in FY 2014 such as Start-up or PYA.

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Section 2- Reimbursement

NSP providers were reimbursed through Statewide Services Payment System (SSPS). All youths in the C2H facilities were to be coded as “J” in SSPS. There should have been no youths coded with an “O” (for New York State youth) or an “A” (for New York City youth) in SSPS.

ACS created initial rates at the start of the fiscal year to be used in the billing process. Rates were adjusted throughout the fiscal year to ensure that each contractor’s FY 2014 NSP Budget value was reached (barring any programmatic adjustments).

Each vendor had to maintain separate cost centers/books to support program expenses as well as to retain copies of invoices, receipts, and checks with the monthly expense reports to be made available to ACS, New York City Comptroller’s Office, and the New York State Comptroller’s Office.

Non-Secure Placement (NSP) agencies were to follow Section 3 of the **Non Secure Placement Fiscal Manual FY 2014** for financial management, accounting and bookkeeping instructions. The manual is located on ACS public website under “Resources for Staff and Provider Agencies”.

Section 3- Audit

The audit will be performed in accordance with Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), U.S. Government Auditing Standards (GAO) / Yellow Book and the provider organization’s ACS contract terms and ACS Non Secure Placement Fiscal Manual for FY 2014.

3.1 Audit Objectives:

- Determine whether expenses related to NSP were properly spent and reconciled as per final budget.
- Determine whether effective internal accounting controls and proper accounting procedures were maintained to record all financial transaction (revenues, expenditures and care days).
- Determine whether the NSP Program financial record keeping complied with the applicable rules and regulations of OCFS and ACS.
- Establish a final NSP per diem rate and final care days based upon sufficient testing of the revenues, expenditures and care days as reported on Standards of Payment (SOP) and SSPS.
- Compute amounts due to/ (from) ACS.

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3.2 Auditor Selection:

Please use the following guidelines:

- Use the prequalified Comptroller List to select three CPA firms.
- Request cost proposals from three firms and select a preferred firm.
- Send all the cost proposals to Jenny Nakas at 150 William Street, 10th Floor, New York NY 10038 or e-mail to Jenny.Nakas@acs.nyc.gov.
- ACS audit liaison will inform you when the decision is made.

As a general reminder, please make sure to change your lead auditor every fourth year for all multi-year audit contracts with the same CPA firm.

Section 4- Scope of Work

4.1 Financial Audit

Perform financial audit on NSP transactions, financial records and documents to obtain an understanding of company financials and review the implementation of fiscal and operation policies and procedures.

Review and examine the overall financial policies and procedures to obtain reasonable assurance that contract agency's presentation of financial information is reliable, and complied with legal and contractual requirements affecting the expenditure of funds.

The examination shall include, but is not limited to the following procedure: use of appropriate sampling method and auditor judgment to sufficiently determine whether all categories and types of expenditures reported were applicable and appropriately documented.

4.2 Internal Control and Compliance

Perform tests on the effectiveness of the entity's internal control and compliance with applicable laws, regulations, ACS contract terms and ACS NSP Fiscal Manual. Report on compliance in accordance with the requirement of the GAO Yellow Book and Statement of Financial Accounting Standards NO.63.

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Section 5- Audit Deliverables

- Audit Report
- Schedule of Fixed Assets Inventory (Appendix A)
- Notes to NSP Expenses Allowed and Payment Received
- Schedule of Questioned Costs (Appendix B)
- Schedule of Reportable Conditions
- Exit Conference

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Section 6- APPENDIX

Appendix A:

AGENCY NAME PROGRAM NAME PROGRAM BUDGET IDENTIFICATION NUMBER _____ SCHEDULE OF FIXED ASSETS* INVENTORY AS OF _____				
Description	Year of Purchase	Serial Number	Date Purchased with ACS Funds	Cost
<u>Current Year</u>				
Site 1				\$
Site 2				
<u>Prior Year(s)</u>				
Site 1				
Site 2				
<u>Fully Depreciated Assets</u>				
			TOTAL COST	\$ _____

**PLEASE REFER TO OFFICE OF MANAGEMENT AND BUDGET GUIDANCE (PART 200) FOR A DEFINITION OF A FIXED ASSET*

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Appendix B:

Description	Budget	Expenses	Variance	Total Questioned Costs
AGENCY NAME _____ PROGRAM NAME _____ PROGRAM BUDGET IDENTIFICATION NUMBER _____ SCHEDULE OF QUESTIONED COSTS _____ AS OF _____				
Personnel Services (PS)				
Salaries	\$	\$	\$	\$
Fringe Benefits				
Total PS				
Other Than Personnel Services (OTPS)				
Total OTPS				
TOTAL EXPENSES				