



Ronald E. Richter  
Commissioner

Susan Nuccio  
Deputy Commissioner/  
Chief Financial Officer  
Financial Services

Jose Mercado  
Assistant Commissioner  
Budget, Claiming & Revenue  
Financial Services

150 William Street  
10th Floor  
New York, NY 10038

## MEMORANDUM

**DATE:** August 13, 2013

**TO:** Board of Directors  
Executive Directors  
Fiscal Officers

**FROM:** Jose Mercado 

**SUBJECT:** **Fiscal Year 2013 Audit**  
**Discretionary Numbered Memorandum #2**

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This memorandum is for all providers who have discretionary contracts with the City of New York Administration for Children's Services ("ACS") which are funded by the New York City Council ("Council"). ACS will be informing you shortly when the audit guidelines will be available. Listed below is some information you should be aware of and should follow in anticipation of the audit guidelines.

Please use the following guidelines:

1. You are not required to do an A-133 audit for discretionary Council funded contracts. All funding for discretionary Council funded contracts are funded with City Tax Levy funds.
2. All audit engagement letters are due **Tuesday, September 3, 2013**. Upon receipt of that audit engagement letter ACS will send auditors the Revenue and Expense Reports.
3. All audits are due **Monday, December 2, 2013**.
4. All discretionary Council funded contract budgets may also be consolidated onto one "Statement of Revenue and Expenditures Budget and Actual;" however, your organization must also provide a "Statement of Revenue and Expense" for each program location.
5. Paragraph five (above) holds true for "Quantitative Program Results."
6. All bank accounts must be presented to the auditors for their review.
7. Please accrue all vacation time due to employees on the "Statement of Financial Position." Funds must exist to support accrued vacation liabilities. If these funds do not exist, the Contractor's Board of

Directors shall assume responsibility for covering those funds.

8. All unearned revenue shall follow the same rules listed in paragraph eight (above).
9. Use the New York City Comptroller's prequalified vendors' list to select the Certified Public Accounting ("CPA") firm that will perform the audit(s).
10. Request cost proposals from three CPA firms and select a preferred firm.
11. Once your audit has been completed for October 1, 2012 through June 30, 2013 and you have received your close-out letter from ACS, you can add the completion of your audit and ACS close-out letter to your previous audit that covered July 1, 2012 through September 30, 2013. The information and documents covered in this paragraph can be used to fill out your Form 990 and Charitable 500.

You can only begin your audit once ACS has provided your auditor with the revenues and expenses ACS has regarding your organization. Finalization of your Fiscal Year 2013 audit is only possible when all previous audit years have been settled and final close-out letters have been sent to your organization by ACS.

If you have any questions, please feel free to contact Manohar Malhotra at (212) 676-9196 or at his email address: [manohar.malhotra@dfa.state.ny.us](mailto:manohar.malhotra@dfa.state.ny.us)