



Non-Secure Placement

Audit Guide

FY 2013

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 the 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 the Office of Children and Family Services (OCFS) approved the NSP Plan on July 5, 2012.

NSP is part of a Close to Home (CTH) initiative designed to place New York City youth adjudicated to have committed delinquent acts in a close proximity to where their families reside for the following purposes:

- to ensure that the families can travel easily to the 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 youth 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 a high-level structure of intensive clinical and therapeutic services. 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 court order, youth's behavior and other factors.

Section 1- Budget

During the first year of operation September 2012 through June 2013, each agency's budget consisted of a start-up budget and care and maintenance allocation via an operating budget.

1.1 Start-up:

Start-up funding was provided to cover any pre-operational costs necessary to prepare the site or to hire and train staff. These were one-time expenses not covered in care and maintenance budget. The allocation for start-up was based on \$20,622 per bed methodology. The funds were available on July 1st 2012.

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1.2 Care and Maintenance:

Annual budget was based on a rate: (\$360 Base NSP Rate + \$68 Behavior Management/Educational Add-On + \$ Approved Facility Add-on) * Number of Beds * 303 Days (10 months for FY2013). This value was then prorated based on the number of months the program was in operation.

Section 2- Reimbursement

ACS facilitated two payment mechanisms to NSP providers: Statewide Services Payment System (SSPS) and vouchers:

2.1 SSPS

Each agency submitted their NSP care day data on a monthly basis. Youths who were still placed with foster care providers while awaiting a transfer to NSP facilities were coded with an "O" (for New York State youth) or an "A" (for New York City youth). Their SSPS payments were subtracted from the set allocation payment off-line. Once transferred to the NSP facilities, the coding in SSPS was changed to "J".

2.2 Vouchers

Care and maintenance for youth coded "J" in SSPS was paid through invoices off-line based on a set allocation. Start-up expenses were reimbursed upon submission of an invoice up to the ACS approved amount via start-up expense reimbursement form. This form was to be submitted along with actual invoices of expenses.

Requests for payment were to be submitted within 30 days of the end of the service period. Each vendor had to maintain their General Ledger 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.

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 Fiscal Year 2013.

3.1 Audit Objectives:

- Assessment of the agency's start-up operation with regard to compliance as per the contract requirements and evaluation of implemented procedures. For example, start-up funding was to be spent only on one-time expenses associated with program.
- Determine whether expenses related to NSP (start-up and per diem) 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 New York State OCFS and New York City ACS.
- Determine whether the costs for start-up expenses and non-IV-E eligible costs on the agency's OCFS submission were reported in separate cost centers.
- Compute amounts due to/(from) Administration for Children Services.

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 Marcia Gilliard at 150 William Street, 10th Floor, New York NY 10038 or e-mail to Marcia.gilliard@acs.nyc.gov.
- ACS audit liaison will inform you when the decision is made.

Section 4- Scope of Work

4.1 Financial Audit

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

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Review and examine the overall financial processes 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, provider organization's 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 (SAS) NO.63.

Section 5- Audit Deliverables

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

APPENDIX

Appendix A:

ABC -NSP				
SCHEDULE OF FIXED ASSETS INVENTORY				
YEAR ENDED JUNE 30, 2013				
DESCRIPTION	QUANTITY	DATE PURCHASED		COST
SITE 1				
SITE 2				

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Appendix B:

ABC -NSP				
Schedule of Expenses Allowed and Payments Received				
Contract Period: Jul 1, 2012-Jun 30, 2013				
	AS SUBMITTED	ACTUAL/GL	AS ADJUSTED	QUESTIONED COSTS
Personnel Costs				
Fringe Benefits				
Total Fringe Benefits				
Other Than Personnel Services (OTPS)				
Total OTPS				
Total Operating Expenses				
Final Approved Budget				
Total Operating Expenses Allowed (Actual vs. Budget)				
Payments Received from ACS				
Amount Due to (from) ACS				

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Appendix C:

QUESTIONED COSTS			
		Jul 1, 2012 - Jun 30, 2013	Total Questioned Costs
Personnel Costs			
Fringe Benefits			
Total Fringe Benefits			
Other Than Personnel Services (OTPS)			
Total OTPS			
Total Expenses			