

THOMAS P. DINAPOLI  
COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

November 18, 2019

Theodore Kastner, M.D.  
Commissioner  
Office for People With Developmental Disabilities  
44 Holland Avenue  
Albany, NY 12229

Re: Oversight of Young Adult Institute,  
Inc.'s Family Support Services  
Contracts  
Report 2019-F-42

Dear Dr. Kastner:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Office for People With Developmental Disabilities to implement the recommendations contained in our audit report, *Oversight of Young Adult Institute, Inc.'s Family Support Services Contracts* (Report [2017-S-29](#)).

**Background, Scope, and Objective**

The Office for People With Developmental Disabilities (OPWDD) is responsible for coordinating services for more than 140,000 New Yorkers with developmental disabilities. OPWDD provides services directly and through a network of approximately 650 nonprofit service-providing agencies, with about 80 percent of services provided by private nonprofits and 20 percent provided by the State. Family Support Services (FSS) are designed to help families care for a relative with a developmental disability at home. The goal of any FSS program is to maintain family unity, enhance caregiver skills, and prevent out-of-home placement. FSS also include services that families with disabled members need to provide environmental supports and maintenance of family stability and integrity, and typically include information and referral, parent training, family counseling, recreation, home-based care, adaptive equipment and home modification, and legal services.

OPWDD contracts with three entities within the Young Adult Institute Network (YAI Network) to provide FSS in the New York City Metropolitan Area. One of these entities is the Young Adult Institute, Inc. (YAI). OPWDD reimburses providers, based on actual program expenses, up to the contracted amount. FSS providers report program expenses on their annual Consolidated Fiscal Reports (CFRs). The expenses reported on the CFR

must fully comply with the Consolidated Fiscal Reporting and Claiming Manual (CFR Manual) regarding the eligibility of costs and documentation requirements. OPWDD reimburses the YAI Network's FSS programs quarterly, based on payment requests and Consolidated Quarterly Reports submitted to its regional offices.

Our initial audit report, issued on September 5, 2018, examined whether OPWDD was providing effective oversight of FSS contracts with entities within the YAI Network to ensure claimed expenses as reported on the CFRs were program appropriate and consistent with contract requirements, including the CFR Manual. We found that OPWDD needed to improve its fiscal oversight of the YAI Network. OPWDD had not established controls to ensure the expenses claimed by the YAI Network were reasonable, necessary, allowable, supported, and consistent with requirements. As a result, the YAI Network improperly claimed \$47,418 in personal service costs, \$15,042 in estimated related fringe benefit costs, and \$28,553 in units of service.

The objective of our follow-up was to assess the extent of implementation, as of October 17, 2019, of the three recommendations included in our initial audit report.

### **Summary Conclusions and Status of Audit Recommendations**

OPWDD officials made significant progress in addressing the problems we identified in the initial audit. Of the initial report's three audit recommendations, two were implemented and one was partially implemented.

### **Follow-Up Observations**

#### **Recommendation 1**

*Establish additional monitoring controls to ensure that the YAI Network is claiming only reasonable, necessary, allowable, and supported expenses that are consistent with both the CFR Manual and OPWDD guidelines. Controls should include, but not be limited to:*

- *Expanding desk reviews of supporting documentation on a sample basis; and*
- *Ensuring regional offices are performing the required monitoring of program service providers.*

Status – Partially Implemented

Agency Action – OPWDD has taken steps to ensure that the YAI Network is claiming only reasonable, necessary, allowable, and supported expenses. OPWDD now requires YAI to report expenses for individual programs on quarterly reports, which allows regional offices to monitor the expenses for compliance with contract terms. However, OPWDD has not established additional monitoring controls such as expanding its desk reviews of supporting documentation for expenses and services.

## **Recommendation 2**

*Establish and distribute formal policies and procedures to regional offices for reviewing CFRs and quarterly fiscal reports, and provide training to regional offices to ensure compliance.*

Status – Implemented

Agency Action – OPWDD has established written policies and procedures for the regional offices to refer to when reviewing CFRs and quarterly fiscal reports. In addition, OPWDD, along with other State agencies, provides annual CFR training throughout the State. Several OPWDD regional offices attended the training, which was last held in December 2018.

## **Recommendation 3**

*Follow up with the YAI Network to formally assess the \$47,418 in personal service expenses, the related estimated \$15,042 in fringe benefit expenses, and the \$28,553 in units of service claimed that are not allowable, and take steps to ensure the organization does not re-claim these costs in the future.*

Status – Implemented

Agency Action – OPWDD took steps to ensure YAI did not re-claim these expenses by reviewing YAI's quarterly reports and CFRs for subsequent periods to ensure they were not included. OPWDD also noted that the CFRs are audited by a certified public accountant and are based on standard double-entry recording, which would reduce the likelihood of expenses being claimed twice. OPWDD has also recovered \$91,013 from YAI for unallowable costs.

Major contributors to this report were Cynthia Herubin, Claudia Christodoulou, Anthony Calabrese, and James Rappaport.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We thank the management and staff of OPWDD for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Heather Pratt, CFE  
Audit Manager

cc: Mr. Richard Cicero, OPWDD