



LLC

REPORT RELATING TO
EARLY INTERVENTION SERVICE AGREEMENTS
AGREEMENT NO. _____ FOR THE YEAR ENDED
JUNE 30, 2005

WITH

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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AGREEMENT NO.

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INDEPENDENT AUDITORS' REPORT

To the Director
The City of New York
Department of Health and Mental Hygiene
Fiscal Audits
93 Worth Street, Room 714
New York, New York 10013

We have audited the accompanying Statement of Payments ("Exhibit"), as of and for the year ended June 30, 2005, relating to Agreement No. 05-64500, between LLC and the City of New York Department of Health and Mental Hygiene ("DOHMH"). This financial statement is the responsibility of the management of LLC. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards for financial and performance audits contained in the Government Auditing Standards, issued by the U.S. General Accounting Office, the City of New York Comptroller's Directive #5, and the DOHMH Audit Guide ("Standards"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, LLC prepares the financial information relating to this Agreement on the basis of accounting practices prescribed by DOHMH. These practices differ from accounting principles generally accepted in the United States of America. Accordingly, the accompanying statement is not intended to present the financial position and results of operation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the statement referred to above presents fairly, in all material respects, the Agreement status as of and for the year ended June 30, 2005, for Agreement No. in accordance with the basis of accounting described in Note 1 to the Exhibit.



In accordance with Government Auditing Standards, we have also issued our report dated January 17, 2007, on our consideration of [redacted] LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the [redacted] LLC's management and DOHMH, and is not intended to be and should not be used by anyone other than these specified parties.

Wei Wei & Co. LLP

Flushing, New York
2007

AGREEMENT NO.

STATEMENT OF PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Remittance Advice Payments for Year Ended June 30, 2005</u>	<u>Questioned Payments (Schedule 1)</u>	<u>Approved Payments</u>
Early Intervention Services	\$ _____	\$ <u>1,556</u>	\$ _____
Total Revenue Received by Provider	\$ _____	_____	_____
Amount due to/from the City of New York		\$ <u>1,556</u>	\$ <u>1,556</u>

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NOTES TO STATEMENT OF PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2005

1. BASIS OF ACCOUNTING

Reimbursement for services to the Early Intervention service providers is on a cash basis. The reimbursements are paid to the providers through First Health Services Corporation, Fiscal Manager, acting as an agent for the Department of Health and Mental Hygiene.

2. PAYROLL TAXES AND INFORMATION RETURNS

Our testing of payroll and related payroll taxes disclosed that all required payroll tax returns were filed and paid. In addition, we noted that the Agency's Form 1065 for the year ended December 31, , was filed on a timely basis.

3. BOARD MINUTES

We obtained and reviewed the Board Minutes for the fiscal year being audited, and all later minutes until the ending date of the field work. We noted that the board meets on a regular basis and is actively participating in the management of the program.

4. RELATED PARTY TRANSACTIONS

Kidskare, LLC has a corporate services agreement with LLC, and an entity that is owned and controlled by the members. Under the terms of the agreement, the LLC is responsible to reimburse LLC for 50% of (a) all monies paid by , LLC with respect to its office location (the "Property"), including without limitation, rent payments to the landlord thereof and utilities and (b) all equipment used at the Property, including any purchases of equipment by LLC and the maintenance of all such equipment. The expenses for the year ended December 31, 2004 aggregated \$8,600.

The LLC has a verbal agreement to reimburse LLC for its allocable share of administrative costs. The expenses for the year ended December 31, 2005 aggregated \$ of which 40% is allocable to LLC. The agreements with LLC were commenced on March 1, 2004.

5. CLAIMS/LITIGATIONS

None

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**NOTES TO STATEMENT OF PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

6. OUTSTANDING FUNDS DUE TO DOHMH

None

7. REVIEW OF MOST RECENT AUDITED FINANCIAL STATEMENTS

An unqualified opinion was rendered on the Agency's most recent audited financial statements, as of December 31, 2004.

8. ARCHIVING/RECORD RETENTION PROCEDURES

Our review of [redacted] LLC's record management procedures disclosed that records are being retained and later archived, in accordance with the record retention terms specified in the Agreement.

9. QUESTIONED PAYMENTS

The Exhibit indicates \$1,556, of questioned payments disclosed by our examination. The final determination of the questioned payments will be made by DOHMH. Details are provided on the Schedule of the Questioned Payments (Schedule 1).

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SCHEDULE OF QUESTIONED PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2005

<u>EI NUMBER</u>	<u>ICN NUMBER</u>	<u>DATE OF SERVICE</u>	<u>UNITS/ SERVICE TYPE</u>	<u>AMOUNT</u>
<u>Screening and Evaluation</u>				
I. Duplicate Payments				
			H	\$ 206.00
Total Screening and Evaluation				<u>206.00</u>
<u>E.I. Services</u>				
II. Services provided to the following child has billing date that does not coincide with daily progress note date				
			A M	90.00
				<u>90.00</u>
A - Progress Note date is 08/14/04				
III. Type of service on billing was inconsistent with actual service provided				
			M	90.00
			M	90.00
			M	90.00
				<u>270.00</u>

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SCHEDULE OF QUESTIONED PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2005

<u>EI NUMBER</u>	<u>ICN NUMBER</u>	<u>DATE OF SERVICE</u>	<u>UNITS/ SERVICE TYPE</u>	<u>AMOUNT</u>
E.I. Services				
IV. Duplicate Payments				
		03/16/04	N	\$ 90.00
		03/17/04	N	90.00
		03/18/04	N	90.00
		03/22/04	N	90.00
		03/23/04	N	90.00
		06/28/04	N	90.00
		06/30/04	N	90.00
		07/01/04	N	90.00
		07/05/04	N	90.00
		07/07/04	N	90.00
		07/08/04	N	90.00
				<u>990.00</u>
Total E.I. Services				<u>1,350.00</u>
GRAND TOTAL				<u><u>\$ 1,556.00</u></u>

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL ACCOUNTING CONTROL BASED ON AN AUDIT OF
STATEMENT OF PAYMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Director
The City of New York
Department of Health and Mental Hygiene
Fiscal Audits
93 Worth Street, Room 714
New York, New York 10013

We have audited the Statement of Payments ("Exhibit") for [REDACTED] LLC, for the year ended June 30, 2005, and have issued our report thereon dated [REDACTED] 2007. We conducted our audit in accordance with generally accepted auditing standards, and the standards for financial and performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the City of New York Comptroller's Directive #5, and the DOHMH Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the Statement of Payments of [REDACTED] LLC is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of Statement of Payments amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered [redacted] LLC's internal control over financial reporting and billing in order to determine our auditing procedures for the purpose of expressing our opinion on the Statement of Payments and not to provide assurance on the internal control over financial reporting and billing. Our consideration of the internal control over financial reporting and billing would not necessarily disclose all matters in the internal control over financial reporting and billing that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Statement of Payments being audited may occur and not be detected, within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain immaterial instances involving the internal control over billing and its operation which are presented in the attached Schedule 2.

This report is intended solely for the information and use of the [redacted] LLC management and DOHMH, and is not intended to be and should not be used by anyone other than these specified parties.

Wei Wei & Co. LLP
Flushing, New York
2007

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COMMENTS ON INTERNAL ACCOUNTING CONTROL
FOR THE YEAR ENDED JUNE 30, 2005

PRIOR YEAR RECOMMENDATIONS:

None

CURRENT YEAR RECOMMENDATIONS:

1. Finding

Service dates on billing were inconsistent with actual service date for one out of 56 children tested for billed dates.

Recommendation

The Agency should maintain controls which will ensure proper service dates on billings.

2. Finding: Type of service on billing was inconsistent with actual service provided for one out of 56 children tested for billed dates.

Recommendation: The Agency should maintain controls that will ensure the type of service billed is consistent with type of service provided.

3. Finding: Duplicate payments were received for services provided for two out of 56 children tested for billed dates, which resulted in questioned payments. For one (EI #) of the two children, the Agency tried to pay back \$450 out of the questioned payments by voiding the payments, but the voided amounts were returned to the Agency by First Health. For another child (EI #), the Agency tried four times to pay back \$206 out of the questioned payments by voiding the payments, but the voided amounts were returned four times to the Agency by First Health.

Recommendation: The Agency should maintain controls that will ensure the detection and subsequent adjustment of duplicate payments on a timely basis.

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COMMENTS ON COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2005

PRIOR YEAR RECOMMENDATIONS:

None

CURRENT YEAR RECOMMENDATIONS:

None

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**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

AUDIT AUTHORITY

Agreement dated July 1, 2006 between the City of New York acting through the Department of Health and Mental Hygiene and Wei, Wei & Co., LLP.

PURPOSE OF AUDIT

To perform an independent audit of the payments received pertaining to Agreement No. _____, for the period July 1, 2004 through June 30, 2005.

PROVIDER AGENCY AGREEMENT DATES

Agreement No.:
Beginning:
Ending:

PROVIDER AGENCY DESCRIPTION AND TYPE OF SERVICES RENDERED

LLC provides a comprehensive range of services for developmentally delayed at risk children, throughout the five (5) boroughs of New York.

PROVIDER AGENCY REPRESENTATIVES CONTACTED

AUDIT DATES

Start: 2007
End: 2007

, LLC
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**SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2005**

EXIT CONFERENCE

An exit conference was held on _____ 2007, at
New York, with the following persons in attendance:

Representing the Agency:

Executive Director

Administrative Director

Representing Wei, Wei & Co. LLP:

Liren Wei, Partner

RESULTS OF CONFERENCE

LLC's representatives indicated concurrence with the audit findings and
recommendations contained in this report.