

Audit Report

**Maintenance In Lieu of Rent
January 1, 2015 – December 31, 2015**

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Background

The Maintenance in Lieu of Rent (MLR) report establishes the cost of operating county owned and leased property for reporting purposes. The Department of Public Works (DPW) Business Office is responsible for preparation of the MLR. The County uses data compiled in the MLR to charge for space occupied. Reimbursable departments record the expense and claim the costs to state and federal governments, where applicable. Enterprise Departments, specifically, DPW Aviation Division and DPW Division of Public Transit use the billing to reimburse the County for occupancy costs. In addition, the Dutchess County Department of Public Works utilizes costs to bill agencies that have space within county buildings. The MLR is also used for the preparation of the indirect cost allocation plan (A-87).

Objectives

- ❖ Review the processes for obtaining data and expenditures for the MLR.
- ❖ Validate the information provided in the MLR.
- ❖ Review procedures for budgeting, billing and revenue collection.

Observations/Findings/Actions

- A new methodology for allocating payroll expenses was adopted. An average hourly rate for each quarter was calculated; benefit time was not used in the calculation.
- In response to the previous year's audit finding; In 2015, DPW Buildings contracted directly with the Mental Hygiene contract agencies and received and reported rental revenue.

Detailed Findings - Billing to Departments

Expenses recorded in the DPW Buildings Division are used to allocate costs to all buildings provided with their services. DPW administrative costs are also included. DPW budgeted \$481,633 in reimbursements for Maintenance in Lieu of rent (*line 4629*); a total of \$411,074.69 was reported as received in the .4629 line and an additional \$21,910.25 was incorrectly recorded in the .24100.00 – Rental of Real Property line. Therefore, the total received was \$432,984.94. A detail of the payments by Department is attached as Addendum I.

Observations

- The Office for the Aging is not billed for actual costs. An agreed upon amount is billed.
- In 2015, DPW Buildings contracted directly with the Mental Hygiene agencies and received and reported the revenue in the DPW Buildings Department .24100.00 Rental of Real Property revenue line. In our previous audit we noted the Department of Mental Hygiene received revenue for building expenses they did not incur. *The Department of Mental Hygiene historically collected rental revenue for county owned buildings which were occupied by Mental Hygiene contract agencies.*
- Department of Community and Family Services and Enterprise Departments paid the billed amount. The Department of Mental Hygiene did not make any payments. The Department Of Health did not pay for the Medical Examiner's Office. Additional funding was available for Office for the Aging and was billed and received.
- DPW provided Miscellaneous Professional Services to the Division of Public Transit and a total of \$14,487.74 was paid to DPW for these services.

Findings

- The MLR continued to not include charges for fringe benefits for certain indirect salaries: Security, Maintenance and HVAC.
- Revenues received for Office for the Aging and Youth Bureau were incorrectly recorded in the .24100.00 – Rental of Real Property line instead of the .4629 – Interdepartmental Expense Reimbursement line.
- \$12,092.23 was received from the Department of Behavioral and Community Health for 2014 services which had not been accrued in 2014 by DPW.

Recommendations

- Fringe benefits should be included and charged on all salaries.
- Cash Receipts should be reconciled periodically and corrections made timely.
- Anticipated monies not received at year-end should be accrued in the correct year.

MLR for A87 Totals

2015	A 87 Expenses	Direct	Indirect	Totals
Personnel		\$1,088,965.31	\$1,048,615.26	\$2,137,580.57
Fringe Benefits		\$566,370.86	\$286,825.43	\$853,196.29
Supplies, Utilities, Contracts, etc.		\$2,403,048.34	\$231,734.14	\$2,634,782.48
Insurance		<u>0</u>	<u>\$1,018,051.37</u>	\$1,018,051.37
Total		<u>\$4,058,384.51</u>	<u>\$2,585,226.21</u>	<u>\$6,643,610.72</u>

The A87 MLR reported a total of \$6,643,610.72 in expenses. Direct expenses amounted to \$4,058,384.51 and Indirect Costs \$2,585,226.21. Expense categories were verified to actual expenses reported in LOGOS.

Addendum I

2015	Memo billed	Paid
DEPARTMENT OF MENTAL HYGIENE		
230 North Rd (memo billed – not paid)	\$261,546	\$0
Beacon Center (memo billed – not paid)	68,371	0
EDGC (memo billed – not paid)	72,803	0
ITAP (memo billed – not paid)	3,232	0
DMH Total	\$405,952	\$0
DEPARTMENT OF BEHAVIORAL & COMMUNITY HEALTH		
85 Civic Center Plaza		\$3,956.00
Medical Examiner's Office (memo billed – not paid)	\$33,133	
Beacon Center		12,535.93
EDGC		8,724.71
29 N. Hamilton St.		1,885.92
2014 4 th Qtr payment not accrued*		12,092.23
DOH Total	\$33,133	\$39,194.79
DCFS		
DCFS		\$111,986.20
DCFS – EDGC		12,211.72
DCFS - Beacon		10,495.01
Youth Bureau EDGC	-	2,400.00
DCFS Total		\$137,092.93
OFFICE FOR THE AGING		
Office for the Aging		\$38,485.50
NY Connects (FKA CASA)		\$42,005.25
OFA Total		\$80,490.75
ENTERPRISE		
DPW Division of Aviation		\$64,667.16
Public Transit**		85,719.98
Intermodal – Public Transit		3,909.08
Enterprise Total		\$154,296.22
Grand Total of A.1620.4629		\$411,074.69

- *Prior year monies are in Health for 2014.
- **Includes \$14,487.74 paid by Public Transit to DPW for Professional Services.
- In addition to the above monies received from OFA and Youth Bureau, \$21,110.25 received from OFA and \$800 received from the Youth Bureau were incorrectly posted to line A.1620.24100.00.