

AUDIT REPORT

Northeast Community Council, Inc.

January 1, 2014 – December 31, 2014

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Comptroller's Summary

Background/Organization

Northeast Community Council, Inc. (NECC) is a not-for-profit organization whose purpose is to provide social, recreational, cultural and educational programs to the local community which includes the Village of Millerton and the Town of North East. Additional information regarding NECC can be located on their website: www.neccmillerton.org.

Audit Scope, Objective and Methodology

An audit was conducted for the time period January 1, 2014 – December 31, 2014. NECC's fiscal year is from October 1 – September 30. NECC's audited financial statements for the period ending September 30, 2014 reported \$808,181 in expenses.

Funding was provided by the Dutchess County Department of Community and Family Services (DCFS) Division of Youth Services, Department of Planning and Development, Department of Public Works Division of Public Transit, Office for the Aging and the Dutchess County Workforce Investment Board (WIB) with pass through funding from DCFS. A listing of contracts follows:

<i>Contract #</i>	<i>Term</i>	<i>Description</i>	<i>Original Contract Amount</i>	<i>Entity</i>
13-0207-A1	1/1-12/31/14	Community Partnership Schools & Business	\$5,000.00	DCFS-YS
13-0224-A1	1/1-12/31/14	Teen Team Leadership	\$11,601.00	DCFS-YS
13-0238 14-0275	4/1/13-3/31/14 4/1/14-3/31/15	Community Partnership Schools & Business & Food Access	\$67,180.00 \$67,180.00	Planning
13-0339 14-0377	3/1/13-2/28/14 3/1/14-2/28/15	Youth Enrichment Programs	\$20,000.00 \$25,000.00	Planning-CDBG
11-0334-A2	1/1/13-12/31/15	Dial-A-Ride Services	\$225,000.00	DPW-PT
10-0043-A4	1/1/14-12/31/14	Senior Medical Transportation	\$7,450.00	OFA
Direct with WIB	6/20/14-9/30/14	Summer Youth Employment Program funded by Temporary Assistance for Needy Families (TANF)	\$55,000.00	WIB

The audit included a review of:

- Internal Controls
- The agency's claims to the County, cost allocations, bank statements, W2s and 1099s.

Summary of Findings

The majority of the agency's records were found to be in good order. Internal controls regarding separation of duties and board oversight of fiscal transactions should be strengthened. A total of \$162.88 is due back to the County due to over claims on two Planning contracts.

Detailed Findings

Internal Controls

Selected internal controls were reviewed.

Findings:

- Board minutes did not have the monthly financials attached.
- Duties were not properly segregated. The same individual receives monies, prepares deposits, records deposits, writes checks and reconciles the bank accounts. It was noted in the agency's board minutes that their outside auditor recommended duty segregation.
- We noted periodic reviews by a board member/finance committee did not appear to be completed for bank reconciliations.

Recommendations:

- ✓ Monthly financials should be attached to the board minutes.
- ✓ Duty segregation should be addressed.
- ✓ We recommend periodic bank reconciliation reviews by a finance committee board member should be conducted with an attestation of the review.

Revenues

County Checks

Payments made by Dutchess County and the WIB were traced to NECC's deposit slips and bank account. All deposits were made in a timely manner.

Expenses

Claims

Claims were reviewed in accordance with the various contract documents which provided the budget and line item information as part of the payment requirements.

Finding:

- With the exception of Public Transit funding, contract expenditures were submitted in accordance with the budget documents and payment provisions. We performed a review with assistance from the Department of Public Works & Public Transit Division of the contract payments and budgets for three years. We noted claims for budget line items were not consistent with the attached contract budgets.

Action:

- ✓ A request was made to NECC to review the anomalies and present an adjusted budget and claim to reflect the costs to their correct line items and to provide explanations for the changes in various line items. *The review process was being completed by Public Works & their Public Transit Division as this report was being written. There were no disallowances noted.*

Employee and Youth Stipends W2s

A total of \$141,941.62 in employee and youth stipend salaries was claimed to the County contracts for 2014. Salary claimed for all contracts was compared to the employee W2s.

Findings:

- Salaries for two youth stipends were claimed two times to Planning Contract #14-0275 resulting in an over claim of \$126.88.
- The hours claimed for one student to Planning Contract #14-0275 were overstated resulting in an over claim of \$36.00.

Recommendation:

- ✓ A total of \$162.88 is due back to the County. The agency needs to implement a review process to prevent over claims.

IRS Form 1099-Miscellaneous

The IRS requires payments of \$600 or more to vendors be reported on IRS Form 1099 Misc. We reviewed the claims against the County contracts for consultants and the 1099s issued.

Finding:

- NECC did not issue a 1099 to their accountant.

Recommendation:

- ✓ NECC should issue all required 1099s per IRS regulations.

Contract Funding

DCFS - Division of Youth

Contract #13-0207-A1 – Community Partnership with Schools and Businesses (CPSB)

This contract was written for the time period January – December 2014 in the amount of \$5,000. CPSB is a workforce development program for high school youth (ages 14-20) to become paid interns at local businesses. The full amount of the contract was claimed and paid.

Contract #13-0224 - Teen Team Leadership Program

This contract was written for the time period January – December 2014 in the amount of \$11,601. This program brings teens together in two groups (middle and high school aged) for positive peer interaction, support and fosters a sense of belonging in the greater community. The groups engage in community service projects, recreational events and learning activities. A total of \$10,901 was claimed and paid.

Department of Planning and Development

Contracts #13-0238 and #14-0275 – CPSB and Food Access Program Initiative

These contracts provided Dutchess County Agency Partner grant funding for two programs. The terms of these contracts were April 1, 2013 – March 31, 2014 and April 1, 2014 – March 31, 2015. The CPSB program received \$40,000 and the Food Access Program received \$27,180 for a total of \$67,180 for each of the contract terms.

The CPSB program is a workforce development program for high school youth (ages 14-20) to become paid interns at local businesses. A total of \$38,712.63 was claimed and paid for this program for the 2013-2014 contract term and \$35,588.82 for the 2014-2015 contract term.

The Food Access Program Initiative coordinates various nutrition and food access programs in the northeast part of the County. Food Access projects in Millerton and Amenia include the Farm & Food Education Program, the Webutuck School Garden and NECC Community Garden. A total of \$26,609.02 and \$27,180 was claimed and paid for this program respectively for each of the contract years.

Contract #13-0339 – Youth Enrichment Program

This contract provided \$20,000 of Community Development Block Grant (CDBG) funds to support the salaries of staff for various youth programs such as the Family Support Program, the Teen Leadership Team and the Community Partnership with Schools & Business Program. Monies were also used towards the Teen Team program travel and activity costs. The term of this contract was March 1, 2013 – February 28, 2014. The full amount of this contract was claimed and paid.

Contract #14-0377 – Youth Development Programs

This contract provided \$25,000 of CDBG funds to support the salaries of staff for various youth programs such as the Teen Leadership Team and the Community Partnership with Schools & Business Program. Monies were also used towards the Teen Team program travel and activity costs. The term of this contract was March 1, 2014 – February 28, 2015. The full amount of this contract was claimed and paid.

Department of Public Works – Division of Public Transit

Contract #11-0334-A2 – Dial-A-Ride Services

This is a multi-year contract for the time period January 2013 to December 2015 for a total of \$225,000. These funds are used by NECC to hire a full time Mobility Manager to facilitate transportation connections and market and purchase as appropriate Dial-A-Ride services for senior citizens, people with disabilities and the general public in the northeast area of the County. A total of \$148,452.41 has been paid to NECC through March 2015.

Office for the Aging

Contract #10-0043-A4 – Senior Medical Transportation

This contract written for the time period January – December 31, 2014 to provide senior medical transportation to residents aged 60 and over. The contract amount of \$8,778 is comprised of \$7,450 from the County, \$828 required contractor match and \$500 in client contributions. The full amount of this contract was claimed and paid.

Dutchess County Workforce Investment Board (WIB)

Contract #14-0224 – Summer Youth Employment Program

Funding for this contract passed through DCFS to the WIB. The WIB provided \$55,000 in TANF funding to eligible youth for the summer youth employment program at the NECC. The term of this contract was June 20, 2014 – September 30, 2014. A total of \$50,263.99 was claimed and paid for this contract.