

AUDIT REPORT

Abilities First, Inc.

January 1, 2013 – December 31, 2013

Background and Organization

Abilities First, Inc. (Abilities First) provides programs and services to meet the needs of people of all ages with a wide range of disabilities. Programs and services include: rehabilitation, education, employment, vocational and residential support. More information can be found at their website: www.abilitiesfirstny.org

Audit Scope and Methodology

The audited period was January 1, 2013 – December 31, 2013. However, contracted terms and amounts for the pre-school program are listed based on the respective terms. For the audit period, Dutchess County Departments contracted with Abilities First for the following programs:

Department	Contract #	Term	Description	Amount
Mental Hygiene	#11-0072 – A2	January 1, 2013 – December 31, 2013	Treatment and Rehabilitation for Developmentally Disabled Individuals	\$792,473
Mental Hygiene	#11-0183 – A2	January 1, 2013- December 31, 2013	Messenger Services	\$15,000
Health Department – Pre–School (3-5 years of age)	#11-0414 - A2, A3, A4	July 1, 2013 – June 30, 2014	Preschool Special Education	\$2,700,000
Health Department	#11-0434 – A2	January 1, 2013 – March 31, 2013	Early Intervention Services	\$75,000

The review consisted of: agency detail ledgers, employee salary, contractor 1099's, bank statements, inventory and revenue. In addition, the claiming document required by NYS, the New York State Consolidated Fiscal Report (CFR) was reviewed and entries were traced to the agency's general ledger for programs funded by Mental Hygiene and the Health Department. Payments made for Pre-school and Early Intervention are based on rates established by NYS.

According to Abilities First, Inc.'s independent audit report a total of \$27,438,211 was expended in 2013. A copy of this report is on file in our office.

Summary of Findings

- A total of \$47,437 was due to Dutchess County for the Mental Hygiene program and was paid during the audit.
- Records were found in good order.
- As of April 2013, Abilities First no longer provided Early Intervention Services.

Detailed Findings

Financial Record Review

All records reviewed were found in good order. W-2s were compared to the Federal and State tax documents and no discrepancies were noted. Selected contractor 1099s were traced to expenses and no discrepancies were found. Selected transactions were verified to the bank statements. In 2013, no equipment purchases were made with county funding. A review of the fixed asset inventory was performed. Abilities First inventory was up to date and no discrepancies were noted.

Revenue reported was traced to the detail ledger. In addition, the claiming document required by NYS, the New York State Consolidated Fiscal Report (CFR) was reviewed and entries were traced to the agency's general ledger for programs funded by Mental Hygiene and the Health Department. Payments made for Pre-school and Early Intervention are based on rates established by NYS. All rates are reviewed and verified by the Health Department prior to payment.

Mental Hygiene - Shelter Workshops and Integrated Supported Employment

Contract #11-0072- A2

This contract was written for the period January 1, 2013 to December 31, 2013 in the amount of \$792,473 for the sheltered workshop and supported employment services. The sheltered workshop helps participants to develop work habits and work skills. Participants may move on to supported employment in the community. Supported employment includes job placement, job coaching and long term services necessary to retain employment. The total amount of the contract was expended.

Funding for an onsite supervised workshop and supported employment in the community is provided through the New York State Office of Mental Health (OMH), Office for People with Developmental Disabilities (OPWDD), Agency Contribution and County Tax Levy. Program revenue and expense is reported on the New York State Consolidated Fiscal Report (CFR). A total of \$1,660,111 in net operating costs was claimed and paid as follows by NYS:

Funding	Program	Funding Codes	CFR Net Operating Cost	NYS Amount Funded
OMH	Sheltered Workshop	001A (50% state funded)	\$95,736	\$47,868
	Sheltered Workshop	14	33,466	33,466
	Integrated Support	37	207,583	150,732
OPWDD	Sheltered Workshop	001 (50% state funded)	1,183,924	343,926
	Sheltered Workshop	4	<u>139,402</u>	<u>16,605</u>
	Total		\$1,660,111	\$592,597

The closeout is based on the most current NYS Funding letter. Dutchess County provides the total funding via the contract which provides an estimate of anticipated funding that will be expended by the agency and received by NYS.

Funded Revenue	NYS	NYS & County	Total Reconciliation
OPWDD	\$360,531		
OMH	<u>232,066</u>		
Total NY State Funding		\$592,597	
County Tax Levy		<u>152,439</u>	
Total NYS and County			\$745,036
Agency Contribution			258,174
Other Agency			<u>656,901</u>
			\$1,660,111

Attached as Exhibit I is a detail of Expenses and Revenues for the above programs. Exhibit II is a detail of closeouts for the time period 2009 -2012. This program funded 215 participants in the Shelter Workshop and 53 participants in the Supported Employment program.

Finding/Observation

Total approved funding amounted to \$745,036. The 2013 quarterly contracted payments requested and paid to Abilities First amounted to \$792,473 resulting in an overpayment of \$47,437. During the audit, this amount was paid back to DMH.

Mental Hygiene - Messenger Contract

Contract #11-0183 – A2

This contract, written for the period January 1, 2013 to December 31, 2013 in the amount of \$15,000, provided trainees from its Work Training Center for messenger services. The trainees gather, sort and deliver interoffice mail to county departments. A total of \$15,000 was claimed and paid for this service.

Health Department – Early Intervention & Pre-School Program

The 2013 Pre-School and Early Intervention Programs funded through the County reported a total of \$2,533,216 expended on the agency’s Consolidated Fiscal Report.

	Pre-School	Early Intervention	Total
Personnel Services	\$1,336,385	\$21,122	\$1,357,507
Vacation Accruals	240	-5,194	-4,954
Fringe	448,074	6,642	454,716
Repairs and Maintenance	20,118		20,118
Utilities	9,704		9,704
Telephone	5,113		5,113
Transportation	2,995		2,995
Staff Travel	5,324	846	6,170

Equipment Expenses	710		710
Contracted Services	34,382		34,382
Supplies and Maintenance	18,525		18,525
Insurance	5,700	612	6,312
Other Professional Services	36,348		36,348
Equipment leased	13,455		13,455
Property	290,409		290,409
Other	10,140	74	10,214
Agency Administration	<u>268,170</u>	<u>3,322</u>	<u>271,492</u>
Total Expenses	\$2,505,792	\$27,424	\$2,533,216

Health Department Contract Payments

Contract #11-0434 – A2 – Early Intervention

For the period January 1, 2013 to March 31, 2013 Abilities First had contract #11-0434-A2 in the amount of \$75,000 but claimed only \$8,954 before ending the program as follows:

Related Services (Speech, Physical Therapy, Hearing)	\$1,690
Service Coordination	<u>7,264</u>
Total	\$8,954

Observation/Finding

NYS took over the fiscal payments for Early Intervention Services to contracted agencies on April 1, 2013.

Due to a reduced number of referrals, in addition to the program running at a loss, effective April 2013 Abilities First discontinued their Early Intervention Program.

Contract #11-0414 – A2/A3/A4 - Pre-School

This contract was written for the period July 1, 2013 to June 30, 2014 in the amount of \$2,700,000. It provided preschool special education services pursuant to the Education Law to children with disabilities. NYS determines the rates based on the CFRs for the respective agencies. The Dutchess County Health Department reported payments as follows:

1/1/2013 – 12/31/2013	
Tuition	\$1,849,078
Related Services	68,530
Pre-School Evaluations	39,292
Total	\$1,956,900

Dutchess County is responsible for approximately 40.5% (\$792,544.50) of preschool special education costs. New York State provides the balance of funding which is approximately 59.5%. For the 2012-

2013 school year 70 children were enrolled in the pre-school program and for 2013-2014, 76 children were enrolled.

Expense and Revenue- Shelter Workshop and Integrated Support EXHIBIT I

	Sheltered Workshop	Integrated Support
Personnel Services	\$646,990	\$124,281
Vacation Accruals	2,798	-192
Fringe	248,317	40,014
Repairs and Maintenance	11,312	337
Utilities	24,347	602
Telephone	2,473	1,225
Transportation	518,843	20,074
Staff Travel	5,866	1,418
Equipment Expenses	940	62
Sub-Contract	19,780	
Participant Wages/Fringe	245,480	
Supplies and Maintenance	27,972	1,237
Insurance	14,598	2,234
Food	1,032	44
Equipment	9,973	6,023
Property	128,783	6,204
Other	13,674	1,160
Agency Administration	244,717	26,695
Total Expenses	\$2,167,895	\$231,418

Mental Hygiene Close-outs

EXHIBIT II

Income Sources	2009	2010	2011	2012	2013
OPWDD	\$388,572	\$356,962	\$360,531	\$360,531	\$360,531
OMH	249,249	250,899	248,470	216,296	232,066
County Match	<u>162,335</u>	<u>162,335</u>	<u>152,439</u>	<u>152,439</u>	<u>152,439</u>
Total	\$800,156	\$770,196	\$761,440	\$729,266	\$745,036
Contract Payments	<u>803,944</u>	<u>571,889</u>	<u>745,236</u>	<u>725,610</u>	<u>792,473</u>
Close-out Due From/ (to) DC	(\$3,788)	\$198,307	\$16,204	\$3,656	(\$47,437)

All close-outs have been settled and there are no monies due to or from Dutchess County.