

# **Audit Report**

**The Council on Addiction Prevention and Education of  
Dutchess County, Inc. (CAPE)**

**January 1, 2009 – December 31, 2010**

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## Background

The Council on Addiction Prevention and Education of Dutchess County, Inc. (CAPE) was established to meet the growing need for Alcohol, Tobacco and Other Drug prevention and education services in Dutchess County.

CAPE is certified by the New York State Office of Alcoholism and Substance Abuse Services (OASAS) to provide prevention counseling and education to businesses, community organizations, schools and agencies. Additional information can be found on their website: [www.capedc.org](http://www.capedc.org).

### ***Audit Scope, Objective and Methodology***

The audited period was January 1, 2009 – December 31, 2010. Dutchess County contract funding for each year follows:

<u>Contracting Department</u>	<u>2009</u>	<u>2010</u>
Mental Hygiene	\$371,419	\$371,419
Stop-DWI	47,000	52,200
Youth Bureau	21,612	15,717
Conferences	150	900
	<u>\$440,181</u>	<u>\$440,236</u>

The audited financial statements reported operating expenses totaling \$917,615 in 2009 and \$853,906 in 2010.

The audit included review of:

- Control environment, agency expenditures, contracts, fiscal reports and accounting records.

### ***Summary of Findings***

- ❖ Original invoices were not submitted for selected payments
- ❖ Salary costs were not consistent with hours worked
- ❖ Funding was provided for two positions rather than one as indicated in the Stop - DWI contract scope
- ❖ Public funding may be reduced with the expansion of contributions and volunteer efforts for the Marathon Project.

### ***Internal Control***

One person is in charge of the accounting and personnel functions. The Board and the Executive Director have a responsibility to oversee the organization's finances and

ensure controls are in place. The agency's accounting activities were reviewed for oversight, monitoring and duty segregation.

**Observations of Significant Accounting Activities:**

- o Policies and procedures were written
- o Purchase orders were approved by the Executive Director
- o Bank statements were reviewed by the Executive Director and Treasurer
- o Payroll registers were reviewed by the Executive Director

**Control Activities**

**Personnel Expenses**

CAPE audited financial statements included \$602,796 in 2009 and \$566,615 in 2010 for Personnel Costs. Personnel expenses claimed to Dutchess County for each contract year follow:

	<u>2009</u>	<u>2010</u>
Mental Hygiene	\$400,098	\$443,809
Youth Bureau	16,811	14,299
Stop DWI	<u>45,000</u>	<u>50,000</u>
Total	<u>\$461,909</u>	<u>\$508,108</u>

Payroll preparation is out-sourced to a payroll vendor. W-2s were provided to 19 employees in 2010 and 18 in 2009.

**Observations:**

- As noted in CAPE's annual audit report, the testing of payroll allocations found the agency was not in compliance with the New York State Consolidated Fiscal report guidelines. As reported, only two of the four required time studies were performed for employees working in more than one program. *CAPE stated they are now performing more time study reports in 2011 to be in compliance with the guidelines.*

**Events**

Event expenses reported in 2009 were \$6,628 and \$15,661 in 2010. Meetings, luncheons, conferences, marathons and supplies were included in this expense category.

## Findings:

- Some expense reimbursements to the Executive Director were not sufficiently documented with an original invoice; copies of the invoice were filed as proof of expense.
- The fiscal person wrote a check for each receipt when credit purchases were incurred; when the monthly credit card statement was received all checks were sent to the credit card company resulting in numerous checks written and sent for one monthly payment.
- All of the monthly credit card statements were not filed with the monthly receipts resulting in an incomplete audit trail.

## Recommendations:

- Reimbursement payments should be supported with original invoices only. *CAPE informed us they had obtained a credit card for the Executive Director to ensure all original invoices would be obtained and retained.*
- One check per month should be written for the credit card payment with all original invoices attached and accounted for. *During the audit CAPE informed us they were now writing only one check for the monthly credit card payment.*
- Credit card statements and their corresponding receipts should be matched and available for audit review.

## ***Contract Review***

**Department of Mental Hygiene Contract #09-0051** -This contract was written in the amount of \$371,419.00 for the time periods January 1, 2009 – December 31, 2009 and January 1, 2010 – December 31, 2010. The purpose of this contract was to provide Student Assistance Counselors in participating schools (Red Hook High School, Webutuck Jr./Sr. High School, Van Wyck High School, John Jay High School, FDR High School, Haviland Middle School, Dover Plains Jr./Sr. High School, Linden Avenue Middle School, Orchard View Alternative High School, Wappingers Jr. High School, Roy C. Ketcham High School).

Services included assessment and referral of students to treatment programs and presentations on alcohol, tobacco and other drugs to students, school personnel and parents. School districts served provided additional funding as follows:

<u>School contributions</u>	<u>2009</u>	<u>2010</u>
Dover	\$22,491	\$22,491
Hyde Park	22,491	22,491
Red Hook	69,615	69,613
Wappingers	66,253	62,940*
Webutuck	0	38,457
Total	<u>\$180,850</u>	<u>\$215,992</u>

\*CAPE reported the Wappingers School district counselor position was vacant for a period of time resulting in a reduced bill to the District by CAPE

Contract funding for each year provided net deficit funding of the programs from the New York State Office of Alcoholism and Substance Abuse Services (OASAS), Dutchess County and the participating school districts.

The Consolidated Fiscal Report (CFR) is the required New York State Claiming document. Net Deficit Funding portion of the CFR as reported for 2009 and 2010 is shown below for the program supported by Dutchess:

	<u>2009</u>	<u>2010</u>
Salary	\$400,098	\$443,809
Fringe	68,889	71,105
Operating/other	111,786	95,251
Administration	24,030	35,519
Total Expense	604,803	645,684
Less Revenue (including School Revenue)	(233,384)	(277,931)
<b>Net Deficit Funding</b>	<b><u>\$371,419</u></b>	<b><u>\$367,753</u></b>

<u>CFR - Net Deficit Funding</u>	<u>2009</u>	<u>2010</u>
NYS OASAS	\$351,952	\$348,478
County Tax Levy	19,467	19,275
Total	<b><u>\$371,419</u></b>	<b><u>\$367,753</u></b>

**Observations:**

The staff assigned are paid a stated amount per year and shall be paid in accordance with the Agency's usual payroll schedule over a 12-month period. Also, samples of the agency's 'letter of appointments' with the Student Assistance Counselor and the Student Assistance Counselor Supervisor were provided by the Executive Director with the following information:

- The counselor 'shall not ordinarily be expected to report to work during summer months, or other days, when NY public schools are not in session'
- The supervisor 'shall be expected to work through the end of June 2010... and shall not ordinarily be expected to work during July through the third week of August, or other days, when NY public schools are not in session...salary is based on a 35-hour work week.'

Both 'letters of appointment' stated there may be occasions where the employee will be expected to work while schools are not in session if necessary to conduct Agency business...salary is based on a 35-hour work week.

The agency provided our office with *unsolicited* letters (testimonials) from various school districts acknowledging the 'outstanding work', 'invaluable', 'excellent' services offered despite 'state funding cutbacks' and 'bare bones budgets'.

**Finding:**

- The formalization of agreed upon compensated absences for hours not worked are not a prudent use of public funds.

**Recommendation:**

- Personnel costs should be incurred for hours worked. Funding from the six counselor positions for the additional two months could fund at least one more position which would provide further resources for prevention and intervention services or savings could be realized and reduce costs by making payment for hours worked. All hours should be fully accounted for using time sheets.

**Dutchess County Youth Bureau Contracts #08-0014 & #10-0149**

Funding was provided for the Marathon Project to reduce childhood obesity, school dropout and substance abuse. The Marathon Project is an innovative distance running program that pairs adult mentors with at-risk youth in the Hudson Valley region. The Poughkeepsie, Beacon and Millerton school districts participated in this program in 2009 and 2010.

This contract was 100% funded through the New York State Office of Children and Family Services through the Dutchess County Youth Bureau. These NYS funded contracts require a 50% match from the agency. Contributions for this program were received from a pledge which was restricted to the Council's Marathon Project.

Year	Total expenses claimed	County paid	Students served
2009	\$35,924	\$17,962	25*
2010	\$31,434	\$15,717	40*

\*statistics provided to Youth Bureau - agency annual report statistics were higher to reflect other funding

**Observations:**

The Executive Director stated via e-mail the primary funder for this project was a private funder and there was some use of volunteers. The contract page for each year for students proposed to be served and the areas is included as Addendum I and II.

**Finding:**

- Based on the numbers served and the limited school districts served; we question why this project is publically funded for the limited areas and numbers served.

**Recommendation:**

- The agency should reduce reliance on public funding, improve resource distribution to other schools and a larger number of individuals served, increase volunteer efforts through contributions of time and monies. The expansion of the project with other funders and more volunteers would prove to be a cost-effective way to reduce costs and expand efforts to other schools.

**Youth Bureau Contract #09-0550** - This contract was written in the amount of \$3,650 for the period December 1, 2009 to March 31, 2010. The purpose of this contract was to fund a survey for the Red Hook and Rhinebeck school districts to search institute profiles of student life. The total amount of the contract, \$3,650, was paid for 35 survey packs and reports. This contract was 100% County funded.

**Dutchess County STOP-DWI Contract #07-0229** - This contract was written in the amount of \$47,000 for the period January 1, 2009 – December 31, 2009 and \$52,200 for the period January 1, 2010 – December 31, 2010. The purpose of this contract was to provide funding for the salary for an Alcohol and Highway Safety Educator to provide educational presentations in schools and community groups. In addition, funding was provided for the SADD (Students Against Destructive Decisions) conference.

<i>2009</i>	<i>Contract Budget</i>	<i>Expended and Claimed</i>
Alcohol/Highway Safety Educators	\$45,000	\$45,000
SADD Conference	2,000	2,000
<b>Total 2009</b>	<b>\$47,000</b>	<b>\$47,000</b>

<i>2010</i>	<i>Contract Budget</i>	<i>Expended and Claimed</i>
Alcohol/Highway Safety Educators	\$50,000	\$50,000
SADD Conference	2,200	2,200
<b>Total 2010</b>	<b>\$52,200</b>	<b>\$52,200</b>

**Finding:**

- While the contract scope provided for one person to be funded as the full-time Alcohol and Highway Safety Educator, CAPE claimed and was paid for two Educators in 2009 and 2010.

**Recommendation:**

- The contract scope should be consistent with the contract payments. The Stop DWI Coordinator stated it was the intent to pay two and the contract would be amended.

CAPE reported the following outcomes:

In 2009, 100 students and advisors attended the SADD conference and the educators worked with 28 schools, colleges and other organizations and groups.

In 2010, CAPE reported 135 students and advisors attended the SADD conference and the educators worked with 38 schools, colleges and other organizations and groups.

These contracts are 100% county funded through DWI fines.

***County Revenue Contract***

**Sheriff's Office Contract #09-0362** - This contract provided funding from NYS OASAS for Enforcing Underage Drinking Laws. The goal was to reduce underage drinking by targeting susceptible youth through law enforcement and education efforts for the time period May 1, 2009 – June 30, 2009 (prom/graduation). CAPE paid a total of \$12,872.72 to the Sheriff's Office for law enforcement services, alcohol prevention and education and overtime patrols.

***Other County Expenditures***

The 2010 CAPE conference titled "Taking Control: Winning the Opiate Battle" was held October 22, 2010. A total of \$920.00 was paid by the following county departments for

employee attendance at the conference and meetings. In 2009, \$182 was paid for attendance at conference and meetings.

	<u>2009</u>	<u>2010</u>
Probation	\$150	\$510
Mental Hygiene	14	330
Stop DWI	18	
District Attorney		30
Youth Bureau		20
Social Services		30
	<u>\$182</u>	<u>\$920</u>

Addendum I

Attachment A - Customer Demographics Projection 2009

Agency The Council On Addiction Prevention and Education of DC Program The Marathon Project

Please estimate the number of customers you expect to serve in a calendar year. If you do not track a specific demographic, please try to estimate the numbers, and put an asterisk beside the number so we know it is an estimate. Do NOT use percent; use numbers served.

Total Number of Customers that will be Served ("TOTALS" in all areas below MUST match this number): 25

Region	Zip Code	Area	# Served	Region	Zip Code	Area	# Served	Region	Zip Code	Area	# Served
African American	7	October English		0-4	Male	13		Income		Disability	
Asian/Pac. Islander		English	25	5-9	Female	12		Refer to 2C in the Narrative questions		Physical	
Native American		Unknown		10-15	Unknown			Low		Mental	
Hispanic	4			16-20				Other than Low		None	
White	5			21-54				Unknown		Unknown	25
Multiracial	2			55+							
Unknown	2			Unknown							
<b>TOTAL RACE</b>	<b>25</b>	<b>TOTAL LANGUAGE</b>	<b>25</b>	<b>TOTAL AGE</b>	<b>25</b>	<b>TOTAL GENDER</b>	<b>25</b>	<b>TOTAL INCOME</b>		<b>TOTAL DISABILITY</b>	<b>25</b>
N. East	12501	Arlington		S. East	12522	Dover Plains		Pok Area	12602	Pokeypsic P.O. Boxes	
N. East	12514	Clinton Corners		S. East	12531	Holmes		Pok Area	12669	Pleasant Valley	
N. East	12545	Killbuck	5	S. East	12540	Excelsville		Pok Area	12601	Foughkeepsie Ctr	10
N. East	12565	Pine Plains		S. East	12545	Millbrook		Pok Area	12603	Foughkeepsie Town	
N. East	12592	Wassala		S. East	12554	Pawling					
N. East	12507	Barrytown		S. East	12570	Saugerties					
N. East	12528	Hyde Park		S. East	12582	Storrtville					
N. East	12571	Road Hook		S. East	12585	Verbank					
N. East	12572	Rhinebeck		S. East	12594	Yonkers					
N. East	12574	Rhinecliff		S. East	12508	Edison	10				
N. East	12578	Sale Point		S. East	12524	Fishkill					
N. East	12583	Stearnsburg		S. East	12533	Hopewell Junction					
N. East	12583	Troy		S. East	12537	Hudsonville					
				S. East	12596	Highland Falls					
<b>TOTAL FOR ALL AREAS</b>											<b>25</b>

