

Audit Report

DC Regional Chamber of Commerce
January 1, 2007– December 31, 2007

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Comptroller's Summary

Background

Dutchess County Regional Chamber of Commerce (Chamber) is a not-for-profit organization committed to promoting business in Dutchess County. It also serves the community by providing recipients of TANF (Temporary Assistance to Needy Families) with employment mentoring and intensive case management programs. Additional information is on their website: www.dutchesscountyregionalchamber.org

Audit Scope, Objective and Methodology

The audited period was January 1, 2007 – December 31, 2007. The Agency's audited Financial Statements for 2007 were not available at the time of the audit. Dutchess County reimbursements for 2007 expenses amounted to \$286,178.68. Funds were provided per the table below:

Contract #	Term	Contract Amt	Amount Paid
02-0375 SS	1/1/07-12/31/07	\$252,603.00	\$217,830.52
06-0053-SS	1/1/07-12/31/07	96,878.00	68,348.16
TOTAL		<u>\$349,481.00</u>	<u>\$286,178.68</u>

The audit included review of:

- Internal controls;
- Contract review;
- The agency's cost allocations, salaries and original supporting documentation.

Contract detail is attached as Addendum I.

Summary of Findings

The Chamber's records and county claims were found to be in good order. However, increased documentation is necessary for credit cards. Internal controls regarding separation of accounting duties were not in place.

Detailed Findings

Internal Controls

No individual should have authority over all aspects of a transaction. The agency's internal controls for daily operations were reviewed. This included the receipt of money,

bank deposits, approval of purchases, check disbursements, bank reconciliations, payroll and claim processing.

Accounting System

Accounting systems are used to process transactions and produce the agency's primary financial documents including the balance sheet and the profit and loss statement. These reports are used for monitoring program revenue and expenses.

Finding:

The Chamber has two Accounting Systems; one to record the Chamber's activities and the other to record the activity of programs funded by Dutchess County. The two systems are not interfaced resulting in entry of selected revenue and expense information in both systems. The financial statements have information consolidated from both systems.

Recommendation:

The Chamber should consider using one Financial Accounting System to record all its operations and use cost centers to manage Dutchess County programs.

Cash Handling and Banking

Deposits, canceled checks, and bank reconciliations were reviewed. Monies received from Dutchess County were deposited timely. Monthly bank reconciliations were completed and verified to the general ledger. Signators to the bank accounts include designated board members, the President and CEO and the Executive Vice President and Chief Financial Officer. One signature is required and checks are physically signed.

Finding:

A separation of duties is not maintained – specifically:

- The Executive Vice President and Chief Financial Officer handles cash receipts, disburses funds, is authorized to sign checks, borrow funds and reconcile bank accounts.
- Bank reconciliations were not reviewed and initialed by the President and Chief Executive Officer or Board member.

Recommendation:

The agency should strengthen internal controls by seeking ways to separate duties. For example:

- The cash receipt function should be separated. In addition, the individual responsible for receiving/disbursing funds and recording the transactions should not be a signator to the bank account or have authority to borrow funds.
- A Board member should review and initial bank reconciliations to compensate for the agency's limited number of staff.

Purchasing and Payment Processing

Original invoices were reviewed. Records were readily accessible.

Finding:

A separation of duties is not maintained – specifically:

The Executive Vice President and Chief Financial Officer makes purchases, approves invoices for payment, processes the payment, records the transaction in the general ledger, prepares financial statements, is authorized to sign checks, and reconciles the bank account.

Recommendation:

The agency should strengthen internal controls by seeking ways to separate purchasing and payment duties.

Credit Cards

The Agency has two credit cards, one is in the name of the President and Chief Executive Officer and the other is in the Executive Vice President and Chief Financial Officer’s name.

Finding:

Payments made on credit card statements were not always supported with receipts. The President and Chief Executive Officer does not provide receipts to support credit card purchases.

Recommendation:

All credit card purchases should be supported with original receipts.

Claims

Claims were verified to the appropriate program cost center in the dedicated accounting system. Client files were reviewed: files were well organized, case work was documented, referral from DSS was present and the client application was signed.

Contracts

Contracts were reviewed for compliance. Below are expense details.

Contract #	06-0053 SS Youth Employment Services	SS 02-0375 Responsible Parent Program	SS 02-0375 Mentoring Program	Total All Contracts
Personnel	\$40,284.79	\$56,916.37	\$92,808.84	\$190,010.00
Fringe Benefits	7,217.94	13,205.10	17,385.39	37,808.43
Non Personnel Services:				
Contractual/Consultant	2,000.04	2,000.04	3,000.00	7,000.08
Travel/Per Diem	621.24	198.87	1,222.56	2,042.67
Equipment	999.96	2,108.84	3,750.00	6,858.80
Supplies	1,328.67	1,500.00	3,249.66	6,078.33
Other Expenses	<u>15,895.52</u>	<u>6,918.89</u>	<u>13,565.96</u>	<u>36,380.37</u>
Total	<u>\$68,348.16</u>	<u>\$82,848.11</u>	<u>\$134,982.41</u>	<u>\$286,178.68</u>

See Addendum 1 for additional contract detail.

Revenues

Payments made by Dutchess County were recorded in the appropriate revenue accounts.

Expenses

The agency's budget was approved by the Board of Directors.

Personnel Services

Fringe Benefits/Payroll tax

The Chamber has a contract with a Professional Employer Organization (PEO); in this relationship they are co-employers sharing certain responsibilities and liabilities.

Employees of the Chamber are co-employees with the PEO; their W2's were issued with the PEO as employer. Total salaries reported were verified to W2s. Salaries allocated to various programs were based on grants received.

The PEO has the responsibility and liability for filing and paying Federal and State payroll taxes on the co- employees.

Tax Filing

CHAR 500, Annual Filing for Charitable Organizations

IRS 990 Information Return

The Chamber's fiscal year is July to June. The reports for June 2007 were not completed at the time of the audit.

IRS Form 1099-Miscellaneous Income

The IRS requires Form 1099-Miscellaneous Income Statements be issued to individuals/businesses that receive payment of \$600.00 or more in a calendar year for services provided. The agency issued 1099s.


Diane Jablonski, Comptroller


Cordelia Shemain, Auditor

Addendum I – Contract Detail

Department of Social Services

Contract #06-0053

This contract was written for \$96,878.00 with a term of January 1, 2007 to December 31, 2007. Funds supported a Youth Engagement Program (YES) which provided employment mentoring services to youth. A total of 26 TANF eligible youth were served. An amount of \$68,348.16 was claimed and paid.

Contract # 02-0375

This contract was written for \$252,603.00 with a term of January 1, 2007 to December 31, 2007. Funds were provided for employment mentoring to Dutchess County recipients of TANF. The programs funded were Job Mentoring with \$141,402.00; and Responsible Parent Initiative with \$111,201.00. A total of \$217,830.52 was claimed and paid for this contract; \$134,982.51 was for the Job Mentoring program and \$82,848.01 for the Responsible Parent Initiative program.

In the Responsible Parent Initiative program: 29 individuals were enrolled; 27 received intensive case management; 10 completed assignments, were placed in employment and remained sanction free for 90 days.

In the Job Mentoring Program 54 individuals received job placements and 42 job placements were retained.