

Northeast Community Council, Inc.

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Northeast Community Council, Inc.

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 at their website: www.NECCMillerton.org.

Audit Scope, Objective and Methodology

An audit was conducted for the period January 1, 2007 – December 31, 2007. NECC's audited financial report for the period ending September 30, 2007 reported the total agency's expenses as \$419,510.00. Dutchess County contracted with NECC for a total of \$99,191.00 in 2007 to provide youth after school programs, youth summer enrichment/employment, and senior citizen medical transportation.

- Youth Bureau had three contracts amounting to \$25,215.00
- Department of Planning had one contract for \$17,000.00
- Dutchess County Workforce Investment Board had one contract for \$43,376.00 (funding provided by the DC Department of Social Services)
- United Way had one contract from the Children Services Council in the amount of \$10,000.00 (funding provided by the DC Health Department)
- Office for the Aging had one contract for \$3,600.00

The audit included a review of:

- Internal controls
- The agency's detail ledger, cost allocations, salaries and original supporting documentation.

Contract detail is attached as Addendum I.

Summary of Findings

While the majority of the agency's records were found in good order, internal controls regarding segregation of duties and board oversight of fiscal transactions should be improved. A process for the collection of IRS W-9 forms from vendors and a process for the recording of inventory should be implemented. A total of \$607.77 is due back to Dutchess County Planning for an over claim.

Detailed Findings

Internal Controls

A review of the separation of duties regarding fiscal transactions was conducted. While the agency employs five full time and up to six part time employees, the agency has only two people performing fiscal duties. (the Office Manager and the Executive Director) The Office Manager duties include: receiving and opening mail, preparing deposit slips, entering cash receipts into the ledger, making deposits, preparing expense checks and reconciling the bank accounts. In addition, this individual prepares claims to various funding sources. In 2007, the Executive Director approved purchases, signed checks, reviewed the deposit slips and financial transactions.

Findings:

The Office Manager had sole responsibility to record transactions, prepare financial documents and reconcile financial records. Oversight in regards to the approval of purchases and reviewing financial transactions was limited to the Executive Director.

Recommendation:

The Board of Directors and the Executive Director should separate job duties and provide additional oversight for fiscal processes.

Cash Handling and Bank Accounts

NECC has four bank accounts. We found bank reconciliations were completed.

Finding:

While the Executive Director stated the treasurer reviews the reconciliations quarterly, there was no indication on the bank reconciliations attesting to the review. A procedure was not in place for the treasurer to periodically receive the unopened bank statement.

Recommendation:

The board treasurer should initial bank reconciliations attesting to the review. In addition, the bank statements should periodically be delivered unopened to the treasurer for review.

Board Oversight

Board minutes were reviewed for fiscal oversight of the agency's operations.

Findings:

- Capital assets purchased were not formally approved by the board. In 2007, we noted a vehicle purchased was not formally approved.
- The budget approved by the board and monthly treasurer reports were not formally attached to the board minutes.

Recommendations:

- All capital assets and large purchases should be formally approved by the board.
- All approved budgets and financials should be noted in the minutes and formally made a part of the approved minutes.

Revenues

County Checks

Checks received by NECC were deposited into the bank account and recorded into the agency's detail ledger in a timely manner.

Expenses

Employee and Youth Stipends W-2's

A total of \$85,991.26 in employee and youth salaries were claimed to the County contracts in 2007. Salary claimed for all contracts was compared to the employee W-2s.

Finding:

One student stipend was claimed both to the Planning contract and the WIB contract. As a result, their salary was over claimed in the amount of \$607.77.

Recommendation:

NECC's over claim error was attributed to the Planning contract. NECC should repay \$607.77 to the Commissioner of Finance for contract #07-0403. A process to prevent over claims should be implemented.

Payroll

Payroll and payroll taxes are prepared by an outside vendor.

Finding:

The agency retained their quarterly NYS-45 tax forms but did not have their quarterly Federal 941 tax forms which are also provided by the payroll company.

Recommendation:

All tax forms should be retained by the agency.

Consultants

Consultant payments claimed to the county contracts and the procedures for the issuance of Federal 1099's was reviewed. Consultants were properly issued 1099's.

Finding:

NECC did not have a W-9 – Request for Taxpayer Identification Number and Certification form on file for all vendors.

Recommendation:

NECC should implement a process requiring all outside vendors to complete and remit this form prior to payment of services.

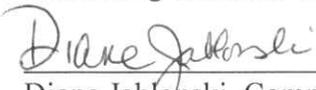
Inventory

Finding:

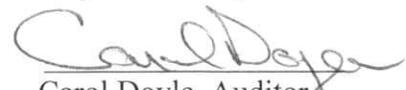
NECC did not maintain a detail inventory listing of items including desks, tables and computers.

Recommendation:

A detail inventory listing should be maintained to identify all items of value to ensure a full accounting of assets. In the event of theft, fire or other loss, this listing is necessary.



Diane Jablonski, Comptroller



Carol Doyle, Auditor

Addendum I

Office for the Aging

Contract #07-0627- This contract written for the period July 1, 2007 – December 31, 2007 in the amount of \$4,000.00 provided: \$3,600.00 in funding with a \$400.00 required contractor match. The purpose of this contract was for the Northeast Community Council to provide medical transportation to the senior citizen residents of Dutchess County. A total of \$3,600.00 was paid on this contract, based on miles traveled. The contractor matched the required \$400.00 and no discrepancies were noted.

Department of Planning and Development

Contract #07-0403- This contract was written for the period March 1, 2007 – February 29, 2008 in the amount of \$17,000.00. The purpose of this contract was to provide for the Youth/Family Enrichment Program, entailing the Partnership with Schools and Business and summer camp.

Funds are 100% provided through the Federal Community Development Block Grant Program. NECC claimed a total of \$17,126.30 as follows. The contract maximum of \$17,000.00 was paid.

Personnel	\$13,282.25
FICA	1,278.71
Operating	2,565.34
Total	<u>\$17,126.30</u>

Youth Bureau

Contract #07-0250- This contract was written for the period March 1, 2007 – December 31, 2007 in the amount of \$1,000.00. Funds provided for the “North East to New Orleans” project. Youth from the Webutuck Central School District traveled to New Orleans in partnership with Bard College students to conduct a survey. Funds were used towards plane fare to New Orleans for five youth participants.

Contract #05-0136- This contract was written for the period January 1, 2007 – December 31, 2007 in the amount of \$5,000.00. Funds provided for the “BRYTE After-school program”. For the first part of the year, the program covered middle-schoolers participating in a school-aged child care program; from September – December the contract was modified to a club format. Middle School youth participated in planning and implementing the after-school activities. A total of \$5,000.00 was paid towards salaries.

Contract #05-0222- This contract was written for the period January 1, 2007 – December 31, 2007 in the amount of \$19,215.00. The purpose of this contract was to help subsidize youth employment in community businesses. A total of \$19,215.00 was claimed and paid on this contract as follows:

Personnel/Youth Stipends	\$17,024.02
FICA	1,252.03
Operating	938.96
Total	\$19,215.01

Workforce Investment Board

Contract #07-0216- This contract was written for the period June 1, 2007 – September 31, 2007 in the amount of \$43,376.00 with an additional incentive of \$1,125.00 for a maximum of \$44,501.00. Funds provided for a summer youth employment program for 23 youth.

Youth Stipends	\$31,002.80
Program Expenses	7,188.38
Educational Expenses	129.75
Administrative Expenses	5,055.13
One incentive	225.00
Total	\$43,601.06

A total of 21 youth were served.

United Way

Contract #07-0143- This contract was written for the period January 1, 2007 – December 31, 2007 in the amount of \$10,000.00. Funds provided for the AwareKids! 2007 program which is a childhood obesity grant funded through the Dutchess County Health Department via the Dutchess County Children’s Services Council. A total of \$9,857.00 was paid as follows:

Personnel	\$8,103.80
FICA	548.20
Consultants	1,205.00
Total	\$9,857.00