

PEOPLE, Inc.
January 1, 2009– December 31, 2010

Table of Contents

COMPTROLLER'S SUMMARY	3
Background	3
Audit Scope, Objective and Methodology	3
Summary of Findings.....	3
Detailed Findings	3
Consolidated Fiscal Report Review.....	3
Cash Handling, Bank Accounts and Board Oversight	4
Revenues.....	4
Expense Review	4
Previous Audit Review	5
Salaries & Fringe Benefits	5
Petty Cash.....	5
Credit Cards.....	5
Merchant Cards	5
Financial Report Filings	6
Addendum I	7

Comptroller's Summary

Background

PEOPLE, Inc. is a non-profit 501(c) (3) organization whose mission is to advocate for and empower individuals living with mental illness and to educate the general public about mental illness to reduce stigma and discrimination. They provide a broad range of services designed to meet comprehensive needs including: Employment Services, Peer Advocacy, Supported Housing, Rental Assistance and Community Services. Additional information is on their website: www.projectstoempower.org.

Audit Scope, Objective and Methodology

The audited period was January 1, 2009 – December 31, 2010. The agency's audited financial statements reported expenses totaling \$1,548,335 in 2009 and \$1,587,447 in 2010. Revenues totaled \$1,521,366 in 2009 and \$1,611,675 in 2010. The Dutchess County Department of Mental Hygiene (DMH) provided New York State Office of Mental Hygiene (OMH) funding totaling \$531,161 for 2009 and \$557,606 for 2010. No county funds were utilized. Programs funded were: **Supported Housing Rental Assistance and Community Services, Assisted Competitive Employment, Advocacy Services, Multicultural Initiatives**

The audit included a review of:

- New York State Consolidated Fiscal Report (CFR)
- Internal controls and accounting processes
- Selected expense reviews including Petty Cash and Merchant Cards
- Financial report filings

Summary of Findings

- ❖ Overall records were found to be in good order.
- ❖ Additional board oversight is recommended regarding selected fiscal operations for attested reviews.
- ❖ A total of \$605.11, as noted in our previous audit (2007), was repaid during this audit.
- ❖ Allocation methodologies for indirect expenses were not documented.
- ❖ Petty Cash and Merchant Card accounting should be improved.

Detailed Findings

Consolidated Fiscal Report Review

PEOPLE, Inc. had one contract with the Dutchess County Department of Mental Hygiene: Contract #09-0037 which provided funding of \$531,161 in 2009 and \$557,606 in 2010. Expenses were submitted totaling \$519,122 in 2009 and \$557,606 in 2010.

The Consolidated Fiscal Report (CFR) is the New York State required claiming document for the OMH funding. Expenses and revenues reported on the CFR for the respective programs were sampled and the sampled transactions were traced to the agency's general ledger with no exceptions being noted.

A summary of expenditures and a brief description of each program is shown at Addendum I.

Cash Handling, Bank Accounts and Board Oversight

Observations:

- The agency maintained a separation of duties for cash receipting and disbursing. The \$250 Petty Cash fund was reviewed and counted.
- The Executive Director, the Director of Community Services, the Director of Diversion Services, the Board President and Board Treasurer and one other Board member are authorized check signers.
- Bank statements and account reconciliations are to be reviewed by the Executive Director or the Board Treasurer.

Findings:

- Bank statements for 2009 and 2010 were signed but reconciliations were not signed to attest review and oversight by the Board Treasurer or the Executive Director. *Note: As of January 2011, the bank reconciliations were signed by the Executive Director.*
- Board minutes did not reflect a review of the Executive Director's expenses. It was stated by the Agency the Executive Director's expenses are reviewed by the Finance Committee and presented to the full board as part of the Finance Committee's Report.

Recommendations:

- The Executive Director and Board Treasurer should sign the bank reconciliations attesting to the review since they are both check signers.
- To enhance internal controls regarding oversight, board meeting minutes should reflect the review and approval of the Executive Director's expenses by the Finance Committee.

Revenues

The recording of revenue was reviewed. All Dutchess County payments were recorded in the appropriate revenue accounts and payments were deposited in a timely manner.

Expense Review

All purchases require the Executive Director's approval. The Executive Director initials the agency's payment form for all invoices paid. Documentation for a selection of expenses was reviewed.

Finding:

- As noted in the previous audit; the agency did not have a written policy for allocating indirect expenses such as rent.

Recommendation:

- The agency should document the methodology used for allocating expenses.

Previous Audit Review

Finding:

- As noted in the previous audit (for 2007); an amount of \$605.11 was disallowed and not repaid by the commencement of this audit review. *A check in the amount of \$605.11 was made payable to and received by the Dutchess County Commissioner of Finance on February 1, 2012.*

Recommendation:

- Audit findings should be reconciled timely.

Salaries & Fringe Benefits

Payroll records including W-2's, journal entries, cancelled checks and state and federal quarterly tax reports were reviewed. An outside payroll processing company handled the agency's payroll, State and Federal tax reports. Salary and fringe allocations and procedures were also reviewed. No discrepancies were noted.

Petty Cash

The Administrative Assistant maintains \$250 in petty cash. Replenishment and reconciliation of petty cash is approved by the Executive Director and Director of Finance.

Finding:

- The "Petty Cash Request Form" did not indicate the amount of advanced funds received by an individual; only the net amount expended was recorded.
- The "Petty Cash Request Form" did not require a signature acknowledging receipt of petty cash.
- Several forms reviewed from our sample did not have an approving authority signature (*Executive Director or other authorized Supervisor*).

Recommendation:

- The "Petty Cash Request Form" should indicate the amount of funds disbursed, amount expended and amount of change returned. The form should also include a signature line noting who received the funds. Each form should also have a signature of the authorizing authority before the funds are disbursed.

Credit Cards

The Agency had one credit card; the Executive Director was the only approved user.

Merchant Cards

Merchant card purchases and procedures were reviewed. The agency procured prepaid Mobile/Exxon gas cards in \$25 denominations to purchase gasoline for the agency vehicles. Gas cards issued for the time periods of May 12 – June 15, 2010 and October 15 – November 15, 2010 were reviewed and receipts were verified to the Gas Card Logs. It was noted the Gas Cards, Receipts and Gas Card Logs were maintained in manila folders. The agency "Policy on Merchant Cards" indicates the "Merchant Card Custodian shall electronically log the receipts in

the computer, and physically file the depleted card and receipts to be kept for a four-year period.” The Gas Card Logs are reconciled, reviewed and signed by both the Executive Director and the Director of Policy & Human Resources quarterly.

Findings:

- Some gas cards and receipts were separated.
- One card logged was missing from its respective folder.
- Six gas cards, found in the May 12 – June 15, 2010 folder, were not logged on the respective Gas Card Log. However, the receipt attached to the card was for that time period.
- There was one gas card logged twice for the period October 15 – November 15, 2010.
- The agency’s policy only requires Merchant Card Records, etc. be kept for four years but the Dutchess County contract (#09-0037) requires records be retained for six years from the date of the contract’s expiration.

Recommendations:

- Gas cards should be maintained in a manner so that they will not be separated from their respective receipts.
- All gas cards records should be accurate.
- The agency should revise its records retention policy to conform to contractual requirements.

Financial Report Filings

Tax Report Filings including the 990 (Return of Organization Exempt from Income Tax), CHAR500 (Annual filing for Charitable Organizations) were filed by the agency’s accountants for 2009 and 2010.

The agency’s procedures for obtaining W-9s and 1099 issuance were reviewed. 1099s were issued as required by IRS guidelines.

No findings were noted.

Addendum I

Contract Detail

The Dutchess County Department of Mental Hygiene (DMH) administered the contract with PEOPLE, Inc. during the audit period.

Contract #09-0037-12/09 A1, A2 & A3- This contract was written in the amount of \$531,161 for the period January 1, 2009 – December 31, 2009 and \$557,606 for the period January 1, 2010 – December 31, 2010. The table below lists the programs and funding amounts.

2009	Assisted Competitive Employment	Advocacy Services	Multicultural Initiatives	Supported Housing Rental Assistance	Supported Housing Community Services	Total Programs
Personal Services	\$ 12,941	\$ 93,591	\$ 12,551		\$ 63,962	\$183,045
Fringe Benefits	2,181	13,608	2,112		18,691	36,592
Other than Personal Services	<u>7,828</u>	<u>22,866</u>	<u>5,490</u>		<u>44,749</u>	<u>80,933</u>
Total Operating Costs	\$22,950	\$130,065	\$ 20,153		\$127,402	\$300,570
Equipment	\$220	\$646	\$156		\$1,197	\$2,219
Property	2,976	8,628	2,082	\$127,869	16,067	157,622
Agency Administration	<u>4,759</u>	<u>24,334</u>	<u>4,114</u>		<u>25,504</u>	<u>58,711</u>
DMH-2 Total	<u>\$30,905</u>	<u>\$163,673</u>	<u>\$26,505</u>	<u>\$127,869</u>	<u>\$170,170</u>	<u>\$519,122</u>

2010	Assisted Competitive Employment	Advocacy Services	Multicultural Initiatives	Supported Housing Rental Assistance	Supported Housing Community Services	Total Programs
Personal Services	\$11,389	\$112,771	\$10,489		\$56,206	\$190,855
Fringe Benefits	3,883	22,925	3,821		15,416	46,045
Other than Personal Services	<u>7,057</u>	<u>19,527</u>	<u>2,957</u>		<u>30,683</u>	<u>60,224</u>
Total Operating Costs	\$22,329	\$155,223	\$17,267		\$102,305	\$297,124
Equipment	\$131	\$434	\$44		\$849	\$1,458
Property	3,942	10,765	1,915	\$169,247	16,081	201,950
Agency Administration	<u>4,503</u>	<u>28,384</u>	<u>3,279</u>		<u>20,908</u>	<u>57,074</u>
DMH-2 Total	<u>\$30,905</u>	<u>\$194,806</u>	<u>\$22,505</u>	<u>\$169,247</u>	<u>\$140,143</u>	<u>\$557,606</u>

Description of Programs:

Supported Housing Rental Assistance and Community Services: Rental assistance is provided to consumers via a rent stipend. The consumer is expected to contribute an established percentage of their income towards the cost of rent and utilities; the agency pays the difference directly to the landlord. Consumers are assisted in locating and securing housing of their choice and in accessing the support services necessary to live successfully in the community. The agency reported 224 people received rental assistance and community services in 2009 and 279 people received rental assistance and community services in 2010.

Assisted Competitive Employment: This program provides individualized services to assist individuals with psychiatric labels in obtaining or inquiring about employment. The agency reported 246 people received employment services in 2009 and 71 people received employment services in 2010.

Advocacy Services: Peer advocates work with individuals in protecting and promoting their rights, resolving complaints and grievances and foster self advocacy skills which help them gain access to desired services or treatment. The agency reported 20,735 people received advocacy services in 2009 and 3,595 people received advocacy services in 2010.

Multicultural Initiatives: This is a Multi-Cultural outreach program that serves mental health consumers with multi-cultural backgrounds and those who under-utilize established mental health services. The programs offers assistance in developing alternative programs designed to address the unmet needs of mental health consumers. The agency reported 1,511 people received multicultural services in 2009 and 936 people received multicultural services in 2010.

Note, as stated by the Agency's Executive Director: There is a significant difference in units of service from 2009 to 2010 due to the agency's realization that they had a large amount of duplicated numbers that did not necessarily have any substantial meaning. The intent of the change was to address engagement of unique individuals being served as opposed to the number of interactions of service. The logic models of 2010 begin to address more outcome driven results that promote wellness and progress in one's recovery. The Agency is continuing to evolve their outcome reporting as the county and State of New York move toward health homes and outcome driven services.