

Audit Report

Dutchess County Regional Chamber of Commerce, Inc.

January 1, 2013 – December 31, 2014

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Comptroller's Summary

A top priority of the Dutchess County Comptroller's Office is to assist the local government and funded agencies in managing government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller's Office assists in the oversight of the fiscal affairs of Dutchess County, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part through our audits, which identify opportunities for improving operations. This audit's results and recommendations are resources for county government officials to use in reviewing contracted service operations and offer opportunities to increase oversight and monitoring of the Dutchess County Regional Chamber of Commerce, Inc. funding to ensure compliance with all regulatory and contract requirements. This comprehensive review was conducted with cooperation from the Dutchess County Workforce Investment Board (WIB), Dutchess County Department of Community and Family Services (DCFS) and the Dutchess County Regional Chamber of Commerce, Inc. (Chamber).

Background

Dutchess County Regional Chamber of Commerce, Inc. is a not-for-profit organization committed to fostering business relationships and programs in Dutchess County. The Chamber provides services to Dutchess County through its Workforce Development Center and Youth One Stop. More information can be found on their website: www.dccoc.org

Audit Scope, Objective and Methodology

An audit was conducted of the 2013 and 2014 programs funded through county contracts. During this time period the county provided funding for six programs each year. Funding was provided through the Workforce Investment Board (WIB) for the Youth One Stop Center in addition to a summer youth program directly contracted with the WIB as pass through funding from the Dutchess County Department of Community and Family Services (DCFS). In addition, there were two contracts with DCFS which provided funding for four programs: Responsible Parent, Work Now, Youth Employment and Step Up. All programs were federally funded to the county and required compliance with federal guidelines.

A listing of the contracts follows:

<i>Contract #</i>	<i>Term</i>	<i>Description</i>	<i>Original Contract Amount</i>	<i>Entity</i>
12-0139-A2 12-0139-A3	01/01-12/31/2013 01/01-12/31/2014	Workforce Step Up Program	\$303,000.00 \$274,450.00	DCFS
13-0109 13-0109-A1	01/01-13/31/2013 01/01-14/31/2014	Workforce Development Programs -Responsible Parent/ Work Now Mentoring /YES Programs	\$359,675.00 \$388,225.00	DCFS
13-0305 13-0305-A1	08/1/13-06/30/14 07/01/14-06/30/15	Dutchess County Youth One Stop Program	\$452,062.00 \$513,922.00	WIB
Direct with WIB	06/20/13-09/30/13 06/20/14-09/30/14	Summer Youth Employment Program funded by Temporary Assistance for Needy Families (TANF)	\$23,089.27 \$30,500.00	WIB

Our review included:

- A review of selected agency expenses
- Accounting records, internal controls and state and federal funding guidelines.
- Agency inventory listings
- Program outcome statistics

Summary of Findings and Actions Taken

- There was inadequate oversight to ensure compliance with contract and federal funding guidelines.
Action: The Chamber worked cooperatively with our office and DCFS and the WIB to correct anomalies. Revised claims were submitted and reviewed. Funding departments were working with the Chamber to increase oversight and to ensure compliance.
- A total of \$7,513.42 should be returned to Dutchess County for expenditures erroneously charged to Dutchess County for the 2013-2015 audit periods.
Action: Disallowed funds were being recouped at the time of the audit report writing. A summary of all disallowances by program and funding source appears at the end of the report.

Detailed Findings

Contract Budgets/Claims

We reviewed the contract budgets for each program to the claims submitted and their respective expenses.

Findings

- Contract budgets utilized by the Chamber for claiming expenses for both DC WIB and DCFS were not consistent with the accepted RFP (Requests for Proposal). In addition, the expenses submitted for the respective line items were not consistent with the defined purposes. As a result, the budgets and respective expenses submitted by the Chamber were not in conformance with the RFP and respective budgets. This included additional job titles added during the program periods. In some cases employee salary was claimed over the contract budget. There were no formal amendments to justify the addition of job titles and funding.
- Claims included items that were unallowable based on the OMB circular, WIA regulations, best practices and local policy. Costs disallowed included:
 - ~ Entertainment for employees and for program participants that had no direct correlation to program activities or outcomes. This included amusement, diversion and social activities which included meals, rentals, transportation and gratuities.
 - ~ Activities that carried out the agency's mission versus the individual program's mission.

Actions Taken

- **Additional review was requested by the Chamber to correct the records to match the contract budgets and the respective line items. Adjustments were required to ensure the budgets were in conformance with the original accepted proposals that were submitted. During our review, the Chamber cooperatively reviewed and prepared revised expenditures in conformance with accepted budgets with DCFS and the WIB. In some cases this required budget and line item modifications. Both DCFS and the WIB in cooperation with the Chamber reviewed the expenditures and budgets for compliance and conformance with program and federal guidelines. The budget amendments which were completed during our audit review included: Expenditures for additional positions and the change in expense lines and definitions which allowed for various program expenses. Due to the large number of transactions, this process took several months to complete.**
- **Disallowances for travel and meals for staff and administrative furniture were noted in the revisions of claims by the Chamber.**

Recommendations

- Additional procedures should be implemented to ensure that contract budgets and expenditures are reviewed prior to submittal to the funding entities to ensure compliance with the budgets, expenditures, funding definitions and guidelines. In addition, contract budgets or line item changes should be submitted periodically when changes are required and a formal acceptance of the changes must be granted and evidenced.
- Additional oversight of claims should be implemented to ensure disallowable items are not claimed.

Dutchess County Department of Community and Family Services (DCFS) Contracts

Contract 13-0109 Workforce Development Programs

Observations/Findings

- Employee mileage for Chamber events and staff food was disallowed for a total of \$1,142.99 for all program areas in this contract.
- Furniture expenditures totaling \$1,377 are disallowed as the items were placed in Administrative offices.
- Advertising costs totaling \$500 and a contract over claim of \$353.01 were disallowed from the Step-Up program.

Employment Mentoring Program and Skill Enhancement and Training Program

The purpose of this program is to provide TANF individuals with comprehensive job seeking and job retention. Individuals have the opportunity to enroll in Dutchess Community College classes. Contract provisions:

- Enroll 38 eligible low-income individuals from Dutchess County
- 35 participants (90%) will remain in the program for at least 90 days
- Participants will attend employment and life skills workshops to improve employability, job retention and communication skills
- Average wage will be \$9.50 per hour or above
- One full-time employment mentor will provide case management services to the participants and will communicate regularly with employers

	Contract Target	# Enrolled	Outcome
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2013	38	53	27 Employed
2014	55	27	22 Employed

Work Now Mentoring	Contract Budget 2013	Claims	Contract Budget 2014	Claims
Salary	\$69,473.00	\$71,044.33	\$95,970.00	\$69,606.03
Fringe	17,368.00	9,167.71	21,114.00	11,523.75
Contractual	2,000.00	2,000.04	2,000.00	2,000.00
Travel	2,900.00	2,218.25	3,000.00	1,669.59
Equipment/Rental	1,850.00	5,363.28	1,850.00	5,702.26
Supplies	1,250.00	1,250.04	1,250.00	1,014.42
Client Costs	36,794.00	6,926.12	12,616.00	3,743.99
Indirect/Other	19,040.00	14,336.01	20,300.00	15,880.43
Total	\$150,675.00	\$112,305.78	\$158,100.00	\$111,140.47

Observations/Findings

- Contract budgets were not monitored and over claims resulted in several line items over budget
- Two positions claimed were not part of the original budget: receptionist/secretary
- Client costs were under budget
 - ❖ **According to discussions with the Chamber and DCFS, individuals are referred by DCFS to the funder. The number of individuals served was low in comparison to the estimated clients to be served. In some programs, referrals decreased from 2013 into 2014.**
 - ❖ **The DCFS contract amount increased in 2015 despite the decline in client response in the prior years.**

Responsible Parent Initiative (RPI) Program

The purpose of this program is to assist TANF parents in danger of or currently on sanction with self-sufficiency issues and to help them move into compliance with DCFS regulations. Contract provisions:

- Serve 30 sanctioned, in danger of sanction, or 60-month individuals from Dutchess County
- Enroll 25 sanctioned, in danger of sanction, or 60-month individuals from Dutchess County
- 80% of program participants will end their compliance issues with the DCFS employment unit within 180 days
- 60% of sanctioned individuals will end their sanctions favorably with the DCFS, 80% will have sanctions removed within the first six months
- 75% of appropriate individuals enrolled in the Responsible Parent program will complete volunteer work or if eligible be placed in the Work Now Mentoring Program
- 20 program participants (80%) will remain sanction free for 90 days
- Clients and/or their children are referred to appropriate mental health agency with RPI follow-up services when appropriate.
- Participants will attend life, empowerment, self-sufficiency and employment skill workshops throughout program year to improve the ability to obtain employment and transition from TANF services, as well as obtain self-sufficiency.

	Contract Target	# Enrolled	Outcome
2013	30	24	9 sanctions ended
2014	25	28	14 sanctions ended

Responsible Parent Program	Contract Budget 2013	Claims		Contract Budget 2014	Claims
Salary	\$57,372.00	\$52,737.02		63,247.50	\$55,372.09
Fringe	11,475.00	10,726.00		12,649.50	15,321.27
Contractual	1,400.00	1,400.04		1,400.00	1,400.00
Travel	2,400.00	669.81		2,100.00	1,177.97
Equipment/rental	1,650.00	3,563.27		1,650.00	2,626.65
Supplies	725.00	725.04		728.00	537.94
Client Costs	9,878.00	1,140.98		11,400.00	1,890.11
Indirect/Other	14,100.00	10,710.08		13,900.00	8,196.93
Total	\$99,000.00	\$81,672.24		\$107,075.00	\$86,522.96

Observations

- Contract budgets were not monitored and claims resulted in over budgets
- Salary for a receptionist and an additional mentor was claimed and was not part of the original budget.
- Client costs were under budget.

Youth Employment Services (YES) Program

The YES Program is operated through a partnership between Dutchess County, the DCFS and the Chamber. The YES program was started in January of 2006 to bring together DCFS and the chamber in an effort to link disadvantaged at-risk youth with academic and employment opportunities, and other support services. Each participant must complete:

- o Meetings with legal guardian, participant, and guidance counselors at high schools to identify areas of study needing academic improvement and to address attendance issues.
- o Meetings with out-of-school youth and those identified by participant as adult household members to address both the academic (HSE –High School Equivalency) and employment needs of the youth enrolled.
- o Enrollment in 5 days/week HSE study program at Dutchess Community College for out of school students without a high school diploma or GED/HSE.
- o One on one tutoring for all in school students
- o Short term internships with area business, either paid or unpaid, to provide exposure to careers of interest to the student.
- o Workshop series on personal leadership, decision making, budgeting, medical and dental well-being and care, interviewing techniques and hands-on practice, dressing for success, and communication skills building.
- o Field trips to local cultural attractions, including art theater, environmental, trade/technical colleges to expose students to new activities and events that may be of interest.
- o College tours – program participants in grades 11 and 12 as well as out-of-school youth will participate.

	Contract Target	# Enrolled	Outcome
2013	38	25	18 internships
2014	22	22	10 internships

Youth Employment & Skill Enhancement	Contract Budget 2013	Claims		Contract Budget 2014	Claims
Salary	\$53,004.00	\$52,331.13		\$63,500.00	\$61,867.57
Fringe	12,721.00	12,698.45		15,875.00	14,381.12
Contractual	1,500.00	1,500.00		1,500.00	1,500.00
Travel	2,400.00	1,579.00		1,800.00	1,537.00
Equipment/Rental	1,675.00	4,038.36		1,675.00	3,300.11
Supplies	900.00	900.00		900.00	546.74
Client Costs	22,450.00	15,616.49		23,150.00	14,493.04
Indirect/Other	15,350.00	11,393.57		14,650.00	10,685.65
Total	\$110,000.00	\$100,057.00		\$123,050.00	\$108,311.23

Observations/Findings

- Contract budgets were not monitored and over claims were made in the Equipment/rental budget category.
- Salary claimed was not part of the original budget.

DCFS Contract #12-0139 Step-Up Employment Mentoring Program

The contract program description states “The DCRCC will operate the Step-Up Employment Mentoring Program which provides job ready TANF-eligible individuals with comprehensive job seeking and job retention services, as well as, provide employment mentoring services to job ready TANF eligible older youth.”

	Contract Target	# Enrolled	Outcome
2013	30	20	12 employed
2014	25	15	11 employed

	Contract Budget 2013	Claims		Contract Budget 2014	Claims
Salary	\$99,688.00	\$96,708.35		\$64,338.00	\$64,754.27
Fringe	17,944.00	12,744.27		12,868.00	12,601.54
Contractual	4,016.00	4,016.00		4,016.00	4,007.48
Travel	4,320.00	1,740.40		1,970.00	1,458.00
Equipment/Rental	6,987.00	6,500.27		2,400.00	4,440.91
Supplies	1,536.00	2,990.29		1,536.00	894.27
Client Costs	142,584.00	22,626.64		159,000.00	*(10,147.79)
Indirect/Other	25,925.00	18,550.08		28,322.00	17,139.72
Total	\$303,000.00	\$165,876.30		\$274,450.00	\$95,148.40

*Prior period adjustment to unclaimed employer wage subsidy contracts

Observations/Findings

- In 2014 one claim was overpaid by \$353.01. This is due back to DCFS.
- Contract budgets were not monitored. Categories were over the original budget. Advertising expense in the amount of \$8,392 was claimed but not part of the budget. \$500 was disallowed after discussions with DCFS.
- Client costs were minimally expended. Wage subsidies were claimed in 2013, and returned in 2014 unused.

Workforce Investment Board Contract #13-0305 One Stop Program

One Stop Program Contract #13-0305 provides for the One Stop Center helping low income youth age 14-21. The program provides internships, supportive mentors, workplace skills development, exposure to various colleges and trainings. In addition the One Stop center provides services for DCFS contract programs. Below are the statistics provided by the WIB as of the audit report writing.

WIA Common Measures Summary Report

PY 2013 Quarter 4
 Dutchess County Cumulative to
 PY2013 Annual Report

Performance Items	Program Group	Negotiated Standard	Outcomes Building to the Annual Report			
			Actual Performance Outcome	Num.	Den.	% of Goal
07/01/2013 - 06/30/2014	Total Youth (14-21) Participants		114			
	Younger Youth (14-18)		54			
	Older Youth (19-21)		60			
	Out-of-School Youth		84			
	In-School Youth		30			
04/01/2013 - 03/31/2014	Total Youth (14-21) Exiters		43			
	Younger Youth (14-18)		12			
	Older Youth (19-21)		31			
	Out-of-School Youth		42			
	In-School Youth		1			
*Placement in Employment or Education	Youth (14-21)	68.7	65.4	17	26	95.2%
10/01/2012 - 09/30/2013						
*Attainment of Degree or Certificate	Youth (14-21)	63	75	33	44	119.0%
10/01/2012 - 09/30/2013						
*Literacy and Numeracy Gains	Youth (14-21)	53	62.5	15	24	117.9%
07/01/2013 - 06/30/2014						

Note from WIB: Each of the above measures has its own parameters and may or may not be earned in the same year of enrollment because it is based on either the date of exit from the program or 12 months from enrollment.

***Placement in Employment or Education** - # of youth participants who are employed (including the military) or enrolled in post-secondary education and /or advanced training/occupational skills training in the first quarter after the exit quarter.

***Attainment of a Degree or Certificate** - # of youth participants who attain a diploma, HSE (High School Equivalency), or certificate by the end of the third quarter after the exit quarter

***Literacy & Numeracy Gains** - # of youth participants who increase one or more educational functioning levels one year from the date of first youth program service

	Contract Budget 7/1/13 – 6/30/14	Claims		Contract Budget 7/7/14 – 6/30/15	Claims Up to 12/31/14 (6 months)
Salary	\$227,615	\$220,104.22		\$318,290	\$125,030.44
Fringe	52,352	44,679.92		64,272	21,416.76
Purchase of Service	139,087	124,854.21		98,660	39,101.42
Supplies & Materials	26,408	35,196.05		26,100	6,865.96
Travel	6,600	4,673.89		6,600	2,591.03
Total	\$452,062	\$429,508.29		\$513,922	\$195,005.61

Observations/Findings

- Contract claims and line items were not consistently claimed to the contract budgets.

- A total of \$4,140.42 was found not in compliance with the OMB circular, WIA regulations, best practices and local policy. Items included staff meals, mileage to Chamber and unapproved events, furniture for an administrative office.

DCFS/Workforce Investment Board Summer Youth Employment Contract

Funding passed through the DCFS to the WIB which provided the following contract funding to the Chamber for summer youth employment to TANF eligible youth.

	Contract Target	# Enrolled	Outcome
2013	15	11	11
2014	15	16	16

	Contract Budget 2013	Claims		Contract Budget 2014	Claims
Youth Stipends	\$16,885.25	\$16,892.51		\$24,921.60	\$24,879.36
Personnel Services	2,811.62	3,306.22		3,659.31	2,744.34
Administration	\$3,392.40	2,375.25		1,694.09	611.89
Employee Mileage		163.25			
Youth Misc.		234.17			993.50
Transportation/Training				225.00	
Total	\$23,089.27	\$22,971.40		\$30,500.00	\$29,229.09

Observations

- ❖ There were no discrepancies noted in the claiming and W2's were issued to the youth correctly.

Personnel Services

A total of \$333,606 in 2013 and \$528,026 in 2014 was claimed and paid for salary. Salary charged to the contracts was compared to employee W-2's and no discrepancies were noted.

Inventory

A physical inventory was performed at the Chamber for the funded programs which included items transferred to the Chamber from the last program provider and additional items the Chamber purchased with program funding. All items listed on the inventory were located.

Finding

Furniture purchased in the amount of \$1,377 claimed to DCFS and \$629 claimed to WIB was located in the administrative offices and not in the direct program locations. These funds are due back and are included in the disallowances.

Recommendation

Expenditures for equipment and furniture must be in the locations of the actual programs. Administrative purchases should be made from administrative funds.

Bank Statements

A sample of cash receipts were traced to the bank account deposits. No discrepancies were noted. As part of the audit the Chamber's banking policies were reviewed which included check signing procedures, cash receipts, internal controls and timely deposits.

Finding

The procedure states the President of the Chamber will periodically review and initial bank reconciliations but there was no attestation to this review.

Recommendation

Attestation of the review should be noted by the President and it is recommended the Finance Committee of the Board also review and initial bank reconciliations periodically.

IRS Form 1099-Misc

The IRS requires issuance of Form 1099 to individuals/businesses that receive payment of \$600 or more in a calendar year for services provided.

Finding

The Chamber did not issue all 1099's in accordance with the IRS guidelines.

Recommendation

A 1099 should be issued to the vendors who were required to receive them in 2014.

Summary of Disallowances

DCFS	2013	2014	Total
Contract 12-0139 Step Up Program	\$230.50	\$1,322.81	
Contract 13-0109 Work Now	556.00	409.69	
Responsible Parent	-0-	395.25	
YES Program	<u>81.00</u>	<u>377.75</u>	
Total DCFS	\$867.50	\$2,505.50	\$3,373.00
WIB	7/1/13 – 6/30/14	7/1/14 - 6/30/15	
Contract 13-0305 One Stop Youth Center	\$3,406.69	\$733.73	
Total WIB			<u>\$4,140.42</u>
Grand Total			<u>\$7,513.42</u>