



**SUFFOLK COUNTY  
OFFICE OF THE COMPTROLLER  
AUDIT DIVISION**

**Joseph Sawicki, Jr.  
Comptroller**

An Audit of the  
Islip Arts Council, Inc.  
Cultural Arts Programs  
For the Period  
January 1, 2012 through December 31, 2013

**Report No.: 2014-13  
Date Issued: October 6, 2014**

**SUFFOLK COUNTY  
OFFICE OF THE COMPTROLLER**

**Joseph Sawicki, Jr.**  
Comptroller

**Christina Capobianco, CPA**  
Chief Deputy Comptroller

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Executive Director of Auditing Services

**Audit Staff:**

Joseph S. Pecorella, CPA, Investigative Auditor  
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Edward Mitchell, CPA, Auditor

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## LETTER OF TRANSMITTAL

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August 20, 2014

Ms. Lynda A. Moran, Executive Director  
Islip Arts Council, Inc.  
50 Irish Lane  
Islip, NY 11730

Dear Ms. Moran:

In accordance with the authority vested in the County Comptroller by Article V of the Suffolk County Charter, a performance audit was conducted of the 2012 and 2013 Cultural Arts Programs provided by Islip Arts Council, Inc. (Agency), located at 50 Irish Lane, Islip, New York. The Agency's contracts to provide Cultural Arts Programs were administered by the Suffolk County Department of Economic Development and Planning and the Suffolk County Office of Films and Cultural Affairs (Department).

The audit objectives were as follows:

- To determine if all expenditures charged to the County-funded programs were proper program costs in accordance with contract provisions.
- To ensure that payments made to the Agency did not exceed contract budget amounts.
- To determine if the Agency complied with contract provisions and any applicable laws and regulations.

We conducted our audit in accordance with generally accepted government auditing standards, except for the external peer review requirement. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Further, these standards require that we understand the internal control structure of the Agency and the compliance requirements stated in laws and regulations that are significant to our audit objectives.

An audit includes examining, on a test basis, evidence supporting the transactions recorded in the accounting and operating records and applying such other auditing procedures, as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings and recommendations.

Respectfully submitted,

Office of the County Comptroller  
Division of Auditing Services

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## SUMMARY OF SIGNIFICANT FINDINGS

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**Compliance** – As a result of our audit, we determined that the Agency over reported expenditures by \$14,444 for the period January 1, 2012 through December 31, 2013. Due to the preliminary results of our audit the County withheld \$6,109 from the final claim submitted by the Agency, resulting in a total overpayment to the Agency of \$8,335 (Schedule 1, p. 12). The overpayment resulted primarily from errors in the Agency’s expenditure claims (p. 6). The following is a list of the significant audit findings:

- Payments made by the County for Contracted Services expenses duplicated payments received by the Agency from other sources (p. 6).
- The Agency did not maintain adequate documentation supporting reported expenses incurred in the performance of the contracts (p. 6).

In addition to the significant findings identified above, there were additional findings which were not deemed significant (p. 7).

**Internal Controls** – Our audit disclosed several internal control deficiencies which were not deemed significant (p. 9)

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## **BACKGROUND**

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Islip Arts Council, Inc. (also referred to as IAC or the Agency) is a non-profit organization located at 50 Irish Lane, East Islip, NY 11730. The Agency is dedicated to leadership, advocacy and excellence in the arts by presenting, producing and promoting culturally responsive, high quality programs for diverse populations in varied artistic disciplines. The Agency's goal is to facilitate these programs in response to the needs of the Long Island community.

The Agency had three contracts in 2012: two Omnibus contracts administered by Suffolk County Department of Economic Development and Planning and one Competitive Cultural Arts contract administered by Suffolk County Office of Films and Cultural Affairs. The Agency was reimbursed a total of \$57,250 for the 2012 contracts.

In 2013, the Agency had an Omnibus contract and a Competitive Cultural Arts contract and was reimbursed a total of \$52,086. All contracts provided funding for various free arts and music festivals presented by the Agency at locations such as Bayard Cutting Arboretum, Bay Shore Band Shell, Sayville Common Ground and the annual Concert in the Park, presented at Heckscher State Park.

Upon execution of a Competitive Cultural Arts contract, funding is provided to the Agency for expenditures that will be made in accordance with the contract. Funding for Omnibus contracts is not provided until expenses are incurred by the Agency and the Agency submits a Suffolk County Payment Voucher accompanied by detailed documentation in support of the expenditures made in accordance with the contract.

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## SCOPE AND METHODOLOGY

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We audited expenses claimed by the Agency to the County for the period January 1, 2012 through December 31, 2013. In order to accomplish the objectives as stated in the Letter of Transmittal (page 1), we performed the following procedures:

- Reviewed County contracts to determine the rules, regulations and other compliance requirements related to the audit objectives.
- Interviewed personnel from the Department of Audit & Control.
- Interviewed representatives of the Department of Economic Development and Planning and the Office of Films and Cultural Affairs to obtain information concerning the Agency and to gain an understanding of the County-funded programs.
- Obtained and reviewed the Agency's current Procedures and Policy Manual.
- Reviewed Board Minutes for January 2012 through November 2013 for information relevant to the audit.
- Conducted interviews of Agency personnel responsible for the authorization, payment and recording of payroll expenses and accounts payable related to the County-funded programs.
- Obtained and reviewed the Agency's 2012 and 2013 General Ledger to determine if there were other funding sources that might overlap funding provided by the County.
- Obtained and reviewed the contracts for all grants posted to the General Ledger or reported on the Contract Agency Disclosure Forms to determine if the purpose of the funding is applicable to the programs contemplated in the County contracts.
- Performed testing procedures as deemed necessary for 100% of the expenditures reimbursed by the County.
- Reviewed documentation supporting the Agency's compliance with specific contract provisions.

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## AUDIT FINDINGS

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### Compliance

As a result of our audit, we determined that the Agency over reported expenditures by \$14,444 for the period January 1, 2012 through December 31, 2013. Due to the preliminary results of our audit the County withheld \$6,109 from the final claim submitted by the Agency, resulting in a total overpayment to the Agency of \$8,335 (Schedule 1, p. 12). The overpayment resulted from the following:

***Payments made by the County for Contracted Services expenses duplicated payments received by the Agency from other sources.*** The Agency incorrectly claimed \$6,166 in Contracted Services expenses to the County that were reimbursed by East Islip Public Library, the Reflective Garden at the Common Ground, Bay Shore Business Improvement District Management Association and Natural Heritage Trust. Our audit testing revealed the following:

- 2012 Fall Concerts & Programs Contract – The Agency incorrectly claimed \$2,553 in Contracted Services expenses to the County when the same expenses were also reimbursed by East Islip Public Library.
- 2012 Music & Arts Festival Contract - The Agency incorrectly claimed \$1,698 in Contracted Services expenses to the County when the same expenses were also reimbursed by the Reflective Garden at the Common Ground (\$1,300) and Natural Heritage Trust (\$398).
- 2013 Concert Series Contract - The Agency incorrectly claimed \$1,915 in Contracted Services expenses to the County when the same expenses were also reimbursed by East Islip Public Library (\$300), the Reflective Garden at the Common Ground (\$850) and Bay Shore Business Improvement District Management Association (\$765).

***The Agency did not maintain adequate documentation supporting reported expenses incurred in the performance of the contracts.*** Our audit testing revealed the following:

- Salary reimbursement claims for the 2013 Concert Series Program contract were not always properly calculated, resulting in a \$7,428 disallowance. The Agency claimed a fixed percentage of employees' gross wages to the County instead of using the hours allocated to the County funded program on the employees' time sheets. In addition, the Agency failed to make a reduction in the claim amounts to account for wages funded by other sources. The disallowances are as follows:

- The County reimbursed \$3,000 in wages for the Concert Coordinator; however, only \$1,020 was eligible for County reimbursement, resulting in a disallowance of \$1,980.
- The County reimbursed \$2,500 in wages for the Intern; however, only \$992 was eligible for County reimbursement, resulting in a disallowance of \$1,508.
- The County reimbursed \$10,000 in wages for the Program Director; however, only \$6,060 was eligible for County reimbursement, resulting in a disallowance of \$3,940.
- Copies of cancelled checks were not always submitted to the County: consequently, the Agency received reimbursement for two expenditures, \$200 and \$300, that were never actually incurred and resulted in a \$500 disallowance.
- Two expenses submitted to the Department were incurred prior to the grant period. The Agency was able to substitute only one of the expenses with an expense incurred during the grant period, resulting in a total disallowance of \$300.
- The Agency received \$12,500 for the 2012 Music & Arts Festival contract; however, the documentation submitted to the County only supported expenditures of \$12,450, resulting in a \$50 overpayment to the Agency.

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In addition to the significant findings identified above, our audit revealed the following:

***There were numerous instances in which the Agency did not maintain adequate documentation supporting reported expenses incurred in the performance of the contract.*** Our audit revealed the following:

- There was one instance in which the Agency claimed reimbursement of wages for a pay period when the employee did not have wages. There were no wages reported on the payroll journal for an employee; however, the pay period was included on the claim summary submitted to the County.
- The supporting documentation for one contracted services expense did not have enough information to determine if the expenditure was a proper program cost. This expense was subsequently disallowed as a payment duplicated by the County.

- There were several instances in which the Agency could not provide adequate supporting documentation for artistic personnel expenses. The Agency was unable to provide two Performance Agreements and one claim voucher.
- There were several instances in which the gross wages reported on the claim summary did not agree to the actual gross wages reported in the payroll journal. In one instance the gross wages were overstated and in three instances they were understated on the claim summary.
- There were numerous instances in which Agency personnel did not properly complete the Weekly Time Sheet as employees did not indicate which programs their hours were allocated to.
- There were seven instances in which the Agency indicated the Concert Coordinator, whose hourly rate was higher and whose program budget was already exhausted, assumed the responsibilities of the Intern. However, the Intern was still employed by the Agency for the pay periods claimed to the County.
- For one of the seven supplies expenses tested (14%), the Agency submitted an estimate as the supporting documentation for the expense.

***The Agency did not always furnish the County with detailed documentation in support of the payment for expenditures under the County contracts in accordance with contract provisions.*** Our audit testing revealed the following:

- The 2012 Music & Arts Festival contract required the Agency to submit detailed documentation prior to the 31<sup>st</sup> of January 2013; however, the documentation was not submitted until February 13, 2013. In addition, the documentation submitted to the Department was not in accordance with the program budget and the Agency did not resubmit documentation supporting the expenses for this contract until December 20, 2013.
- The Agency did not submit time records certified as true and accurate for personnel for whom expenditures were claimed.

***The Agency did not provide the County with declaration pages for each required insurance policy in accordance with contract provisions.*** The Agency did not furnish declaration pages to the County for Commercial General Liability and Professional Liability insurance because the insurance was provided by the Town of Islip; however, the Agency obtains their own Worker's Compensation and Employer's Liability insurance and did not furnish the declaration pages to the County.

***The Agency did not always indicate that funding was provided by the County for various concerts and festivals provided pursuant to the agreements with the County.*** The agreements with the County state, “Any book, article, report, or other publication related to the Services provided pursuant to this Contract shall contain the following statement in clear and legible print: “This publication is fully or partially funded by the County of Suffolk.” The Agency distributed printed programs to attendees of various concerts which provided information about the performer and indicated the concert they were attending was fully or partially funded by the County of Suffolk; however, the upcoming concert schedules contained in the program did not indicate that any upcoming concerts were fully or partially funded by the County. In addition, any information on the Agency’s website pertaining to the various concert series funded by the County did not indicate that any funding was provided by the County.

***The Agency failed to provide the County with proof of deposit or payment of all withholding and payroll taxes to the Federal/State governments.*** In order to be eligible to receive any salary reimbursement, the agreements require the Agency to provide such proof to the County; however, the Agency failed to include any proof with their claims submissions and was reimbursed by the County.

***The Agency did not properly complete the Contract Agency Disclosure Forms for its contracted programs.*** Our review of the three Disclosure Forms submitted by the Agency to the County in 2013 revealed that the administrative contract program expenses were overstated on all three Disclosure Forms.

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**Internal Controls** – Our review of internal controls disclosed the following deficiencies which were not deemed significant:

***Time sheets were not always approved by the Executive Director or the Treasurer.*** The Agency’s policy requires that time sheets contain the approval of both the Executive Director and the Treasurer prior to submission to QuickBooks payroll service; however, our testing revealed numerous instances in which time sheets were not properly approved, as follows:

- There were twenty-five instances in which a time sheet was lacking supervisory approval.
- There were twenty-three instances in which a time sheet was not approved by the Treasurer.
- There were four instances in which a time sheet was lacking both the supervisor’s and Treasurer’s approval.

When there is no supervisory review of the time sheets, there is an increased opportunity that employees will be paid more than they are entitled to due to either errors or fraud.

***Supporting documentation for artistic personnel expenses was not always properly completed or authorized, as follows:***

- There were six instances in which the Performance Agreements were not authorized by the Executive Director.
- There were two instances in which the Performance Agreements were not signed by the artists.
- There were three instances in which claim vouchers were not signed by the artists.

When Performance Agreements and claim vouchers are not properly signed and authorized, there is an increased opportunity that payments will be made for services that may not have been provided.

***All seven of the supplies expense document packages tested lacked sufficient packing slip documentation or notations that the purchased items were received.***

Verification of the accuracy of receiving slips to the actual goods received will detect shipping errors and ensure that payment will only be made for quantities ordered and received.

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## RECOMMENDATIONS

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- The Agency should ensure funding provided by the County is not duplicated by payment from other funding sources by maintaining detailed schedules for each program funded by the County. The schedules should include all funding sources, the amount of funding provided and the details of the expenditures the funds will be applied to. The funding source should be noted on any invoices or documentation related to the expense. Furthermore, prior to submitting claims to the Department, the schedule and supporting documentation should be reviewed to ensure that funding from other sources was not applied to any expenditures included in the claim.
- The Agency should furnish the County with detailed documentation in support of the payment for expenditures under the contract in accordance with the provisions contained in the contract. The detailed documentation should always include copies of paid checks and properly completed and certified time records for all claims for salary reimbursement.
- A quality assurance review of claims should be performed by Agency personnel before the claims are submitted to the Department to ensure the accuracy and completeness of the claims. The review should include steps to ensure that claims for salary reimbursement have been properly calculated, all expenses were incurred during the grant period, supporting documentation is complete and contains sufficient information to confirm it is a proper program cost and invoices have packing slips attached or notations indicating the items were received.
- The Executive Director and Treasurer should review and approve all time sheets prior to submission to the QuickBooks payroll service.
- Declaration pages for each required policy of insurance should be furnished to the County prior to the execution of the contract.
- The Agency should include the statement, “This publication is fully or partially funded by the County of Suffolk,” in any book, article, report, or other publication related to the Services provided pursuant to the County contract.
- Proof of deposit or payment of all withholding and payroll taxes to the Federal/State governments should be submitted with all claims for salary reimbursement.
- The Agency should ensure that all Contract Agency Disclosure Forms are properly completed before they are submitted to the Department of Audit & Control.

## **SCHEDULES**

Note: The accompanying schedules are an integral part of this report and should be read in conjunction with the Letter of Transmittal (p.1)

Schedule 1

Islip Arts Council, Inc.  
Summary of Expenditures Over (Under) Reported  
For the Period January 1, 2012 through December 31, 2013

<u>Notes</u>	<u>Contract</u>	<u>Amount Over (Under) Reported</u>
	2012 Fall Concerts & Programs Contract (Schedule 2)	\$ 2,553
	2012 Music & Arts Festivals Contract (Schedule 3)	1,948
	2012 Salute to the Armed Forces Concert Contract (Schedule 4)	-
	2013 Exhibitions & More Program Contract (Schedule 5)	-
	2013 Concert Series Program Contract (Schedule 6)	<u>9,943</u>
	Total Amount Over Reported	14,444
(1)	Less: Amount withheld by the County	(6,109)
	Total Amount of Overpayment	<u><u>\$ 8,335</u></u>

See Notes to Schedules (p. 19).

Schedule 2

Islip Arts Council, Inc.  
Schedule of Budgeted, Reported and Audited Expenditures  
2012 Fall Concerts & Programs Contract  
For the Period January 1, 2012 through December 31, 2013

<u>Notes</u>	<u>Budget Category</u>	<u>Amount Budgeted</u>	<u>Amount Reported</u>	<u>Audit Allowance</u>	<u>Amount Over (Under) Reported</u>
(2)	Contracted Services	<u>\$ 4,750</u>	<u>\$ 4,750</u>	<u>\$ 2,197</u>	<u>\$ 2,553</u>
	Total Expenditures	<u><u>\$ 4,750</u></u>	<u><u>\$ 4,750</u></u>	<u><u>\$ 2,197</u></u>	<u><u>\$ 2,553</u></u>

See Notes to Schedules (p. 19).

Schedule 3

Islip Arts Council, Inc.  
Schedule of Budgeted, Reported and Audited Expenditures  
2012 Music & Arts Festivals Contract  
For the Period January 1, 2012 through December 31, 2013

<u>Notes</u>	<u>Budget Category</u>	<u>Amount Budgeted</u>	<u>Amount Reported</u>	<u>Audit Allowance</u>	<u>Amount Over (Under) Reported</u>
	Program Staff	\$ 3,600	\$ 3,600	\$ 3,600	\$ -
(3)	Contracted Services	<u>8,900</u>	<u>8,900</u>	<u>6,952</u>	<u>1,948</u>
	Total Direct Expenditures	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ 10,552</u>	<u>\$ 1,948</u>

See Notes to Schedules (p. 19).

Schedule 4

Islip Arts Council, Inc.  
Schedule of Budgeted, Reported and Audited Expenditures  
2012 Salute to the Armed Forces Concert Contract  
For the Period January 1, 2012 through December 31, 2013

<u>Notes</u>	<u>Budget Category</u>	<u>Amount Budgeted</u>	<u>Amount Reported</u>	<u>Audit Allowance</u>	<u>Amount Over (Under) Reported</u>
	Contracted Services	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>
	Total Direct Expenditures	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>

See Notes to Schedules (p. 19).

Schedule 5

Islip Arts Council, Inc.  
Schedule of Budgeted, Reported and Audited Expenditures  
2013 Exhibitions & More Program Contract  
For the Period January 1, 2012 through December 31, 2013

<u>Notes</u>	<u>Budget Category</u>	<u>Amount Budgeted</u>	<u>Amount Reported</u>	<u>Audit Allowance</u>	<u>Amount Over (Under) Reported</u>
	Program Staff	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
	Total Direct Expenditures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>

See Notes to Schedules (p. 19).

Schedule 6

Islip Arts Council, Inc.  
Schedule of Budgeted, Reported and Audited Expenditures  
2013 Concert Series Program Contract  
For the Period January 1, 2012 through December 31, 2013

<u>Notes</u>	<u>Budget Category</u>	<u>Amount Budgeted</u>	<u>Amount Reported</u>	<u>Audit Allowance</u>	<u>Amount Over (Under) Reported</u>
(4)	Program Staff	\$ 17,500	\$ 17,441	\$ 10,013	\$ 7,428
(5)	Contracted Services	29,250	27,503	24,988	2,515
	Equipment	1,250	1,250	1,250	-
	Supplies	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
	Total Direct Expenditures	<u>\$ 50,000</u>	<u>\$ 48,194</u>	<u>\$ 38,251</u>	<u>\$ 9,943</u>

See Notes to Schedules (p. 19).

**Notes to Schedules**

- (1) The County withheld \$6,109 from the final payment of the 2013 Concert Series Program Contract because of potential disallowances disclosed at the onset of the audit (p. 3).
- (2) The Agency incorrectly claimed \$2,553 in artistic personnel expenses to the County when the same expenses were also reimbursed by East Islip Public Library (p. 6).
- (3) The Agency incorrectly claimed \$1,948 in Contracted Services expenses to the County as follows:

<u>Description</u>	<u>Amount</u>
Artistic personnel expenses duplicated by the Reflective Garden at the Common Ground (p. 6)	1,300
Artistic personnel expenses duplicated by Natural Heritage Trust (p. 6)	398
Artistic personnel expense never incurred (p. 7)	200
Insufficient documentation to support amount claimed to the County (p. 7)	<u>50</u>
Amount Over Reported	<u>\$ 1,948</u>

- (4) The Agency over reported Program Staff salaries as follows:

<u>Description</u>	<u>Amount</u>
Salary reimbursement for Concert Coordinator (p. 7)	1,980
Salary reimbursement for Intern (p. 7)	1,508
Salary reimbursement for Program Director (p. 7)	<u>3,940</u>
Amount Over Reported	<u>\$ 7,428</u>

**Notes to Schedules**

(5) The Agency over reported Contracted Services expenses as follows:

<u>Description</u>	<u>Amount</u>
Artistic personnel expenses duplicated by East Islip Public Library (p. 6)	\$ 300
Artistic personnel expenses duplicated by the Reflective Garden at the Common Ground (p. 6)	850
Artistic personnel expenses duplicated by Bay Shore Business Improvement District Management Association (p. 6)	765
Artistic personnel expense never incurred (p. 7)	300
Artistic personnel expense incurred prior to the grant period (p. 7)	<u>300</u>
Amount Over Reported	<u>\$ 2,515</u>

## **APPENDICES**

## APPENDIX A



September 15, 2015

Frank A. Bayer, CPA  
Executive Director of Auditing Services  
H. Lee Denison Building  
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P.O. Box 6100  
Hauppauge, NY 11788-0099

### Board of Directors

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*Museum Exhibitions Director*

Jay Schuck  
*Museum Curatorial Assistant*

The Islip Arts Council has reviewed the revised audit from the Suffolk County Office of the Comptroller and agrees with the findings as reported. As a result of the comprehensive audit, the Islip Arts Council has made a number of procedural changes to reflect the recommendations made by the auditors.

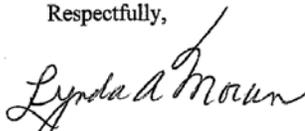
1. We have contracted a new auditing firm that is more familiar with the operations of a small not-for-profit organization. This change has already resulted in modifications made to our weekly employee time sheets that now correctly allocate hours to each specific program as well as adjustments in space allocation from the Town of Islip which now correctly includes the museum space and museum store as a program expense rather than an administrative expense as incorrectly allocated by our former auditing firm.
2. In 2013 we implemented a new approval policy for time sheet reporting and began having the treasurer sign each weekly time sheet. Beginning in 2015, the Second Vice President will also have the authority to sign the payroll forms in the absence of the Treasurer to insure that every time sheet is signed by a member of the Board, in addition to the Executive Director.
3. In 2014, Suffolk County Omnibus Grant, **all** County funding was allocated only to the Heckscher Park free concert. No county allocations were requested for **any Islip Arts Council staff**. In addition, no county funding was utilized for any other Islip Arts Council performance series, exhibits or events in 2014.
4. The Board of Directors of the Islip Arts Council is in the process of being reconfigured. The Executive Director will continue to oversee the operations of the Islip Arts Council and in the future should the Executive Director be replaced we will proceed with our strategic planning for succession and continuance. We will now have a President/CFO to oversee the financial operations of the Council and take an active role in developing the Suffolk County Omnibus Grant and the expenses charged against the grant from the annual Heckscher Park Free Concert. In addition, the Board will be adding a 2<sup>nd</sup> Vice President to assist the board in meeting additional administrative tasks including membership and fund raising efforts.
5. We have conducted a thorough review of our Quick Books program and our CPA has made numerous modification to improve the accuracy of the data input and the resulting reports to the Board of Directors
6. We will continue to make modifications as recommended by the Office of the Comptroller to come into full compliance.

Islip Arts Council, 50 Irish Lane, East Islip, NY 11730 \*631-224-5420 \*631-224-5009 (fax)

www.isliparts.org  
Tax ID 501c3 11-254 8822

The majority of the disallowance of funding from our 2012-2013 grants was the total of \$7,428 that resulted from wages for the Concert Coordinator, Intern and Program Director. In the Project Summary, unfortunately, the Islip Arts Council included very specific grant allocations assigned to very specific program staff for the East Islip Library, Bayard Cutting and Bay Shore concert series. While we may have exceeded the grant allocation for program staff, we knew well before the final funding submissions that the staff wasn't utilized as stated on the project summary. In fact, the Islip Arts Council attempted to amend the project summary prior to the final submissions, but was informed that the deadline had passed and we were too late for any amendments. In hindsight, had the Islip Arts Council allocated the total 2013 grant totally to the Heckscher Park free concert, we would have been allowed to allocate the entire costs of the stage and sound system toward the grant and the staffing disallowance (\$7,428) would have been allowed for the technical costs of the concert. This correction was made in the 2014 Project Summary when all \$50,000 of the grant were applied only to the costs of the Artistic Personnel, Technical (stage rental and sound system), marketing, portable toilets, fireworks and supplies. No program staff was included in this years' grant.

Respectfully,



Lynda A. Moran  
Executive Director



James J. Cassara  
President & Treasurer

**APPENDIX B**

**Exit Conference Report**

**Auditee: Islip Arts Council, Inc.**

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On September 10, 2014 an exit conference was held at the request of the Agency to discuss the draft audit report. Those in attendance were as follows:

<u>Name</u>	<u>Title</u>	<u>Organization</u>
Lynda A. Moran	Executive Director	Islip Arts Council, Inc.
James J. Cassara	President and Treasurer	Islip Arts Council, Inc.
Frank Bayer, CPA	Executive Director	Audit & Control
Joseph S. Pecorella, CPA	Investigative Auditor	Audit & Control
Karen Maila, CPA	Senior Auditor	Audit & Control

Audit findings and recommendations were discussed at the exit conference. The Agency subsequently submitted a response to the report, attached as Appendix A (p. 22). In its response the Agency concurred with the audit findings and has taken corrective action in response to our audit. Therefore, no modification of the audit report is warranted.

We extend our gratitude to Islip Arts Council for their cooperation during the audit and for taking corrective action to address the deficiencies identified in our report.