



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

**John M. Kennedy, Jr.
Comptroller**

A Limited Scope Desk Review of
Family Service League, Inc.
Payroll and Employee Reimbursements
For the Period
January 1, 2009 through December 31, 2012

**Report No. 2015-08
Date Issued: August 10, 2015**

SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER

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LETTER OF TRANSMITTAL

July 21, 2015

Ms. Karen Boorshtein.
President and CEO
Family Service League, Inc.
790 Park Avenue
Huntington, NY 11743

Dear Ms. Boorshtein:

In accordance with the authority vested in the County Comptroller by Article V of the Suffolk County Charter, a limited scope desk review was conducted of Family Service League, Inc. (the Agency) under contract with various Suffolk County Departments for the period January 1, 2009 through December 31, 2012 to provide services at numerous locations throughout the County. The Agency's administrative office is located at 790 Park Avenue, Huntington, New York 11743.

We previously reviewed the Agency's payroll and other employee reimbursement expenditures for the period January 1, 2007 through December 31, 2008 (Audit Report No. 2013-07). The audit resulted in material adjustments relating to payroll transactions claimed in excess of Agency paid amounts and claims for Agency wages and other employee reimbursements for persons no longer providing services to the County Program. We determined that our objective is to verify that each payroll and employee reimbursement billing submitted by the Agency is properly classified, valued and the result of the Agency's performance in accordance with a County contract.

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

As a result of our limited scope desk review, for the period January 1, 2009 through December 31, 2012, it was determined that the Agency was overpaid by Suffolk County in the amount of 26,915. However, it should be noted that the issuance of this report does not preclude the Comptroller's Office from performing a full audit of the Agency's Programs for the period January 1, 2009 through December 31, 2012 at some future date.

Respectfully submitted,

Office of the County Comptroller
Division of Auditing Services

SUMMARY OF SIGNIFICANT FINDINGS

County Funding – Our review of the Agency’s billings for the period January 1, 2009 through December 31, 2012 disclosed that the Agency was overpaid in the amount of \$26,915 as follows:

- The Agency charged the County \$1,902 for wages and \$146 in corresponding FICA expenses relating to terminated employees who were no longer providing services under the County contract (p.5).
- The Agency charged the County \$23,028 for wages which exceeded the employees' total compensation for the year tested along with \$1,719 in corresponding FICA expenses (p.6).
- The Agency claimed one expense totaling \$120 that was incurred prior to the beginning of our review period (p.6).

GENERAL INFORMATION

Family Service League, Inc. (the Agency), located at 790 Park Avenue, Huntington, New York 11743 is a not-for-profit corporation exempt from income taxes under Section 501 (c) (3) of the U.S. Internal Revenue Code. The Agency's mission is to help individuals, children and families to mobilize their strengths and improve the quality of their lives at home, in the workplace and in the community.

The Agency's major program areas include behavioral health services which provide counseling services, for individuals, families and communities affected by mental illness addiction or crisis situation; family services that offer a wide range of services that improve the quality of life for families and individuals and help them through times of personal crisis; and youth, senior and intergenerational services provide educational counseling and recreational opportunities for at-risk youth and address the special needs of senior citizens and their caregivers. Funding for the Agency's programs is provided by government contracts, program fees, public support, fundraising, and various other income sources.

The Agency has several contracts with the County's Department of Social Services (DSS), Department of Health Services (DHS), Youth Bureau (Youth), Department of Aging (Aging) and the Department of Probation (Probation). In order to receive payment for services rendered, the Agency claims expenditures to the various County departments on either a monthly or a quarterly basis depending upon the specific contract terms. The Agency prepares a payment voucher and submits the voucher, along with supporting documentation, to the appropriate County department. The claims are reviewed by department personnel to ensure that the amounts claimed by the Agency are proper. The departments then send the voucher to Audit & Control where final payment approval is given.

SCOPE AND METHODOLOGY

The objective of the desk review is identified in the Letter of Transmittal (p. 1).

To accomplish our objective, we performed the following procedures:

- Obtained and reviewed the Agency's current procedures applicable to the processing of payroll and employee reimbursement transactions.
- Reviewed claims schedules submitted to various Departments.
- Obtained schedules of wages paid from the Agency.
- Obtained Agency prepared W-2's for each employee whose salary was claimed to the County.
- Verified the Agency did not claim wages to the County in excess of amounts actually paid to the employee per the W-2.
- Obtained a listing of all employees terminated from the Agency during the review period.
- Randomly selected sixteen (16) terminated employees for testing.
- Verified the Agency did not charge the County for terminated employees after all accrued leave time was paid.
- Obtained a listing of all employee reimbursement expenses for the review period.
- Reviewed all employee reimbursement expenditures and verified that those expenditures were reimbursed only to employees whose corresponding payroll was charged to the County and that the transactions were accurately and properly charged to the County.
- Randomly selected ten (10) employee reimbursement transactions for testing.
- Reviewed supporting documentation for the ten selected transactions. Verified the accuracy of the amounts claimed to the County and confirmed the expense related to the County program.

FINDINGS AND RECOMMENDATIONS

County Funding

The Agency is reimbursed by the County for expenditures in accordance with services provided as stipulated in contracts between the Agency and Suffolk County.

As a result of our review, we determined that during the period January 1, 2009 through December 31, 2012, the Agency claimed \$18,893,377 in payroll and employee reimbursement expenditures. Our review revealed the Agency incurred \$18,866,462 in allowable payroll and employee reimbursement expenditures resulting in an overpayment of \$26,915. Findings related to the Agency's billing of payroll and employee reimbursement expenditures relating to the various County contracts are as follows:

The Agency charged the County \$1,902 for wages and \$146 in corresponding FICA expenses relating to terminated employees who were no longer providing services under the County contract. We noted 2 employees who were claimed to the County for pay periods occurring after the employee separated from the Agency and after all accruals due to the employee had been paid. These employees were no longer providing services to the County Program. This finding is similar to the findings noted in our previous audit of the Agency (Report No. 2013-07).

Recommendation

The Agency should only submit claims for employees providing services to the County in the performance of the various County contracts.

The Agency charged the County \$23,028 for wages which exceeded the employees' total compensation for the year tested along with \$1,719 in corresponding FICA expenses. We disallowed all amounts charged to the County relating to excess employee total compensation. This finding is similar to the findings noted in our previous audit of the Agency (Report No. 2013-07).

Recommendation

The Agency should only claim amounts actually paid to employees providing services to the County in the performance of the various County contracts.

The Agency claimed one expense totaling \$120 that was incurred prior to the beginning of our review period. We disallowed this expense because it was not reported in the proper period.

Recommendation

The Agency should claim all Program expenses incurred in the proper period.

APPENDIX

APPENDIX A

Exit Conference Report

The Agency did not request a formal exit conference; however we did receive an email from the Agency's Chief Financial Officer indicating that the Agency would not dispute the audit findings and the report should be finalized.