



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

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

An Audit of the
Selden Centereach Youth Association, Inc.
Juvenile Delinquency Prevention Programs
For the Period
January 1, 2015 through December 31, 2016

**Report No.: 2017-10
Date Issued: October 16, 2017**

**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER**

John M. Kennedy, Jr.
Comptroller

Frank Bayer, CPA
Executive Director of Auditing Services

Audit Staff:
Joseph S. Pecorella, CPA, Chief Auditor
Karen Maila, CPA, Principal Auditor
Stacey Quinn, CPA, Auditor

TABLE OF CONTENTS

	<u>Page</u>
LETTER OF TRANSMITTAL	1
SUMMARY OF SIGNIFICANT FINDINGS	3
BACKGROUND	5
SCOPE AND METHODOLOGY	6
AUDIT FINDINGS	
Compliance	7
Internal Controls	14
Questioned Cost	14
RECOMMENDATIONS	15
SCHEDULES	
Schedule 1 Summary of Expenditures Over (Under) Reported For the Period January 1, 2015 through December 31, 2016	17
Schedule 2 Schedule of Budgeted, Reported and Audited Expenditures - Juvenile Delinquency Prevention Program (2015 Contract) For the Period January 1, 2015 through December 31, 2015	18
Schedule 3 Schedule of Budgeted, Reported and Audited Expenditures - Juvenile Delinquency Prevention Program (2016 Contract) For the Period January 1, 2016 through December 31, 2016	19
APPENDICES	
Appendix A Response from Selden Centereach Youth Association, Inc.....	22
Appendix B Comptroller Office’s Comments on the Agency’s Response.....	24

LETTER OF TRANSMITTAL

August 15, 2017

Sylvester Bush, Executive Director
Selden Centereach Youth Association, Inc.
P.O. Box 439
Selden, NY 11784

Dear Mr. Bush:

In accordance with the authority vested in the Suffolk County (County) Comptroller by Article V of the County Charter, a performance audit was conducted of the 2015 and 2016 Juvenile Delinquency Prevention Programs (County-funded programs) provided by Selden Centereach Youth Association, Inc. (Agency), located at 1515 Middle Country Road, Suite 3, Centereach, NY, 11720. The Agency's contracts were administered by the Town of Brookhaven's Youth Bureau (Town).

The audit objectives were as follows:

- To ensure that all expenditures charged to 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 objective.

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

SUMMARY OF SIGNIFICANT FINDINGS

Compliance – As a result of our audit, we determined that the Agency over reported expenditures by \$194,851 for the period January 1, 2015 through December 31, 2016 (Schedule 1, p. 17). The overpayment resulted primarily from the Agency’s failure to maintain adequate documentation supporting reported salary expenses and the improper allocation of shared costs to the County-funded programs. The following is a list of the significant audit findings:

- The Agency did not maintain adequate documentation supporting reported salary expenses incurred in the performance of the contracts, resulting in a disallowance of \$90,236 (p. 7).
- The Agency was unable to support the allocation methods used to distribute the salary of the Program Director and Program Aides to the County-funded programs, resulting in a disallowance of \$41,295 (p. 8).
- The Agency incorrectly charged \$15,662 in salary expenses pertaining to services provided to another Agency program to the County-funded programs (p. 8).
- The Agency did not properly charge fringe benefit costs to the County-funded programs, resulting in a disallowance of \$10,881 (p. 9).
- The Agency did not properly charge Maintenance & Operations expenses to the County-funded programs, resulting in a disallowance of \$36,498 (p. 9).
- The Agency provided very few of the services required by the Juvenile Delinquency Prevention Services agreement (p. 10).
- There were numerous inconsistencies pertaining to the Salaries & Wages expense supporting documentation submitted to the Town and the original files maintained by the Agency (p. 10).

In addition to the significant findings identified above, there were additional findings which were not deemed significant (p. 12).

Internal Controls – Our audit disclosed the following significant deficiency:

- The severe lack of segregation of duties coupled with little or no oversight from the Board of Directors related to the Agency’s approval, processing, payment and recording of Agency expenditures presents increased risk that defalcation could occur without detection (p. 13).

In addition to the internal control weakness identified above, there were additional internal control weaknesses which were not deemed significant (p. 14).

Questioned Cost – The County should not be funding such a large portion of the Executive Director’s salary when the Agency is providing very few of the services required by the agreement (p. 14).

BACKGROUND

Selden Centereach Youth Association, Inc. (Agency) is a non-profit organization located at 1515 Middle Country Road, Suite 3, Centereach, NY, 11720. The Agency's mission is to offer youths of the Middle Country Central School District opportunities to develop socially, creatively and educationally. Through structured workshops, counseling, tutoring, recreational and educational activities, the Agency aims to provide children with an opportunity to learn and grow as individuals in a safe and wholesome environment. The Agency also helps children, their families and others with food and clothing distributions from their food pantry.

The Agency contracted with the Town of Brookhaven (Town) to provide a Juvenile Delinquency Prevention Program in 2015 and 2016. The agreements were administered by the Town's Youth Bureau as funding was provided by Suffolk County through a Youth Bureau Single Disbursement contract. Services typically provided for this program would include counseling (formal and informal counseling, peer counseling and rap sessions); recreation and cultural programs (drop-in lounges, arts and crafts, music, sports and bilingual and bicultural programs); employment programs (career and employment counseling, job development and placement); information, referral and advocacy to assist youth in obtaining needed services; education programs (remedial and peer tutoring education workshops); and community services (youth visits to the disabled, food and toy drives). The Agency was reimbursed \$152,158 for the 2015 contract and \$138,908 for the 2016 contract.

SCOPE AND METHODOLOGY

We audited expenses claimed by the Agency for the period January 1, 2015 through December 31, 2016. In order to accomplish the objectives as stated in the Letter of Transmittal (p. 1), we performed the following procedures:

- Reviewed the County and Town contracts to determine the rules, regulations and other compliance requirements related to the audit objectives.
- Interviewed personnel from the County's Youth Bureau and the Town to obtain an understanding of the County-funded programs and the degree of oversight provided by the Town as it pertains to the County-funded programs.
- Interviewed Agency personnel responsible for preparing monthly and annual statistical reports on program activities related to the County-funded programs.
- Interviewed Agency personnel responsible for the authorization, processing, payment and recording of expenses claimed to the County-funded programs.
- Interviewed Agency personnel responsible for preparing the claim vouchers submitted to the Town for reimbursement of expenditures claimed to the County-funded programs.
- Obtained and reviewed the Agency's current Personnel Guidelines and Handbook and Whistleblower Policy.
- Reviewed Board Minutes for January 2014 through December 2016 for information relevant to the audit.
- Performed testing procedures as deemed necessary for 100% of the Salaries and Wages expenditures charged to the County-funded programs.
- Performed testing procedures as deemed necessary for 100% of the rent expenses and one judgmentally selected insurance expense included in the Maintenance & Operations expenditures charged to the County-funded programs.
- Verified that fringe benefit costs charged to the County-funded programs were based on actual costs and that all allocations were properly calculated in accordance with the program budgets.
- Reviewed documentation related to the Agency's compliance with specific contract provisions.

AUDIT FINDINGS

Compliance – As a result of our audit, we determined that the Agency over reported expenditures by \$194,851 for the period January 1, 2015 through December 31, 2016 (Schedule 1, p. 17). The overpayment resulted from the following:

The Agency did not maintain adequate documentation supporting reported salary expenses incurred in the performance of the contracts, resulting in a disallowance of \$90,236. The contract requires the Agency to retain all accounts, books, records and other documents relevant to the agreement for seven years after the final payment is made; however, our audit testing revealed the following:

- 2015 Juvenile Delinquency Prevention Services Contract - The Agency could not provide adequate documentation supporting reported salary expenses of \$89,776, as follows:
 - The Agency failed to provide time records of hours worked by employees charged to the County-funded program, resulting in a total disallowance of \$89,034. The Agency could not provide any time records for the Executive Director and two Program Aides, and only provided two timesheets for the Program Director, resulting in disallowances of \$51,012, \$966 and \$37,056, respectively.
 - There was one instance in which the original payroll journal maintained by the Agency did not support the salary expense claimed for the Family Counselor, resulting in a disallowance of \$450.
 - Employee timesheets supporting payroll expenses did not always agree to the hours and salary charged to one program. There was on instance in which a total of 38.45 hours was charged to the County-funded program; however, the Program Aide's timesheet revealed that the employee only worked 17 hours, resulting in a disallowance of \$292.
- 2016 Juvenile Delinquency Prevention Services Contract - The Agency could not provide adequate documentation supporting reported salary expenses of \$460 as follows:
 - There was one instance in which the original payroll journal maintained by the Agency did not support the salary expense claimed for the Family Counselor, resulting in a disallowance of \$348.

- There were two instances in which the hours charged to the County-funded programs were more than the hours recorded on the employee's timesheet, resulting in a total disallowance of \$112. In the first instance a total of 8 hours was charged to the County-funded programs; however, the Program Aide's timesheet revealed only 4 hours worked by the employee, resulting in disallowance of \$54. In the second instance a total of 12 hours was charged to the County-funded programs; however, the Family Counselor's timesheet revealed only 9 hours worked, resulting in a disallowance of \$58.

The Agency was unable to support the allocation methods used to distribute the salary of the Program Director and Program Aides to the County-funded programs, resulting in a disallowance of \$41,295. The Agency could not provide any documentation or justification supporting the allocation methodology used for shared costs, as required by New York State Office of Children and Family Services (NYS OCFS) Fiscal Policies & Procedures. Therefore, we computed a reasonable basis for allocating salaries of shared staff to the County-funded programs based on our interviews and observations. The audited allocation rates resulted in a total disallowance of \$28,833 for the Program Director's salary and \$12,462 for the Program Aides' salaries, as follows:

- 2015 Juvenile Delinquency Prevention Services Contract - The Agency incorrectly allocated Salaries & Wages for the Program Director and Program Aides to the County-funded program, resulting in a disallowance of \$2,779 for the Program Director and \$1,696 for the Program Aides.
- 2016 Juvenile Delinquency Prevention Services Contract - The Agency incorrectly allocated Salaries & Wages for the Program Director and Program Aides to the County-funded program, resulting in a disallowance of \$26,054 for the Program Director and \$10,766 for the Program Aides.

The Agency incorrectly charged \$15,662 in salary expenses pertaining to services provided to another Agency program to the County-funded programs. Our audit testing revealed the following:

- 2015 Juvenile Delinquency Prevention Services Contract - The Agency incorrectly claimed salary expenses of \$1,593, as follows:
 - There were sixteen instances in which the salary reimbursed through the County-funded programs pertained to Saturday hours worked by the Agency's Family Counselor and Program Aide to provide services for the Town-funded Safe Saturday Program, resulting in a disallowance of \$1,409.

- There were nine instances in which salaries claimed to the County-funded programs pertained to the Agency's Friday Night Respite Program, resulting in a disallowance of \$184.
- 2016 Juvenile Delinquency Prevention Services Contract - The Agency incorrectly claimed salary expenses of \$14,069, as follows:
 - The salary reimbursed for the Program Supervisor pertained to the Program Supervisor for the Agency's Summer Camp Program, resulting in a disallowance of \$7,050.
 - A portion of the salary reimbursed for the Program Director pertained to the Program Director for the Agency's Spring and Summer Camp Programs, resulting in a disallowance of \$6,948.
 - There were two instances in which salaries claimed to the County-funded program pertained to the Agency's Friday Night Respite Program, resulting in a disallowance of \$71.

The Agency did not properly charge fringe benefit costs to the County-funded programs, resulting in a disallowance of \$10,881. Our audit testing revealed the following:

- 2015 Juvenile Delinquency Prevention Services Contract – There were \$7,332 of fringe benefit costs associated with disallowed Salaries & Wages expenses that were incorrectly charged to the County-funded programs; specifically FICA expenses associated with disallowed salaries of the Executive Director, Program Director, Family Counselor and Program Aides.
- 2016 Juvenile Delinquency Prevention Services Contract – There were \$3,549 of fringe benefit costs associated with disallowed Salaries & Wages expenses that were incorrectly charged to the County-funded programs; specifically FICA expenses associated with disallowed salaries of the Program Director, Program Supervisor, Family Counselor and Program Aides.

The Agency did not properly allocate Maintenance & Operations expenses to the County-funded programs, resulting in a disallowance of \$36,498. Generally Accepted Accounting Principles (GAAP) requires that any expense incurred over more than one funding source or program must be charged proportionately or allocated to the program. The Agency included in Maintenance & Operations shared costs that were not allocated to any other programs. Therefore, we computed a reasonable basis for allocating rent and workers compensation insurance expenses based on our interviews and observations. Our audit testing revealed the following:

- 2015 Juvenile Delinquency Prevention Services Contract - The Agency incorrectly charged \$17,283 in shared Maintenance & Operations costs to the County-funded programs, as follows:
 - The Agency incorrectly allocated 100% of the administrative office rent expenses to the County-funded programs. Therefore, audited allocation rates were computed and used to allocate facility rental costs, resulting in a disallowance of \$16,611.
 - The Agency incorrectly allocated 100% of the Workers Compensation Insurance expenses to the County-funded program. Therefore, audited allocation rates were computed and used to allocate the insurance costs, resulting in a disallowance of \$3,287.

Note: Total disallowances of \$19,898 (\$16,611 + \$3,287) were reduced by \$2,615 to \$17,283 for allowable facility rental costs that were not charged to the County-funded program.

- 2016 Juvenile Delinquency Prevention Services Contract - The Agency incorrectly charged \$19,215 in shared Maintenance & Operations costs to the County-funded program, as follows:
 - The Agency incorrectly allocated 100% of the administrative office rent expenses to the County-funded program. Therefore, audited allocation rates were computed and used to allocate facility rental costs, resulting in a disallowance of \$19,215.

The Agency provided very few of the services required by the Juvenile Delinquency Prevention Services agreement. The County contract specifically states, “The Contractor and/or Subcontractor(s) typically provide the following services: counseling (formal and informal counseling, peer counseling and rap sessions); recreation and cultural programs (drop-in lounges, arts and crafts, music, sports and bilingual and bicultural programs); employment programs (career and employment counseling, job development and placement); information, referral and advocacy to assist youth in obtaining needed services; education programs (remedial and peer tutoring education workshops); and community services (youth visits to the disabled, food and toy drives).” Based on our analysis of the monthly reports submitted by the Agency to the Town and County and our interviews and observations, the only services provided by the Agency were minimal counseling sessions, a food pantry and volunteer opportunities. The Agency discontinued providing the services associated with its drop-in lounge several years ago.

There were numerous inconsistencies pertaining to the Salaries & Wages expense supporting documentation submitted to the Town and the original files maintained by the Agency. Our audit testing revealed the following (any resulting disallowances were noted above:

- 2015 Juvenile Delinquency Prevention Services Contract – Our audit revealed the following inconsistencies:
 - There were five instances in which the copy of the payroll journals submitted to the Town reported wages for the employee; however, there were no wages reported on the original payroll journals maintained by the Agency. The five instances were comprised of three pay periods for the Executive Director and one pay period for the Program Director and Family Counselor.
 - There were two instances in which the copy of the payroll journals submitted to the Town for the Executive Director and Program Director reported wages in excess of the wages reported on the original payroll journals and which were paid to the employees.

- 2016 Juvenile Delinquency Prevention Services Contract – Our audit revealed the following inconsistencies:
 - There were three instances in which the copy of the payroll journals submitted to the Town reported wages for the employee; however, there were no wages reported on the original payroll journals maintained by the Agency. The three instances were comprised of two pay periods for the Executive Director and one pay period for the Family Counselor.
 - There were four instances in which the copies of the payroll journals submitted to the Town for the Program Supervisor did not agree to the original payroll journals maintained by the Agency. The payroll journals submitted to the Town represented payroll from other pay periods.
 - There was one instance in which the copy of the payroll journal submitted to the Town for the Program Supervisor did not agree to the original payroll journal maintained by the Agency and actually pertained to the payroll for a completely different employee.
 - There was one instance in which the copy of the Program Supervisor's timesheet submitted to the Town did not agree to the original timesheet maintained by the Agency as part of their Before and After Care Program timesheet records. In addition, the timesheet submitted to the Town indicated the employee was Program Supervisor; however, the original timesheet clearly indicated the employee was Camp Supervisor. Furthermore, with the exception of this one timesheet, all other timesheets for this

employee, who functions as a Before and After Care Site Supervisor on a daily basis, were noticeably missing or omitted from the Before and After Care program timesheets for the period January 1, 2016 through October 24, 2016.

- There were several instances in which the Agency issued manual checks for certain pay periods; however, the check number section of the payroll journal report containing the word “manual” was omitted or removed from the copy submitted to the Town. In addition, there were several instances in which the direct deposit or check number were removed or omitted from the copies submitted to the Town.

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

The Agency failed to adhere to their policy pertaining to closings for holidays and leave time as detailed in their “Personnel Guidelines and Handbook”, resulting in a disallowance of \$279. The Agency’s handbook details compensated leave time (holiday, vacation or sick) for full-time staff; however, the handbook does not indicate any compensated leave time for part-time employees of the Agency. In addition, the policy submitted by the Agency to the Suffolk County Department of Labor’s Living Wage Unit states that part-time employees do not receive vacation, sick or personal time. Our audit testing revealed the following:

- 2016 Juvenile Delinquency Prevention Services Contract – The Agency incorrectly claimed and was reimbursed \$279 for five vacation days pertaining to two part-time employees.

The Agency failed to retain all accounts, books, records and other documents relevant to the agreements in accordance with the provisions contained in the agreement. Our audit testing revealed the following:

- The Agency failed to maintain records of program activities directly related to the County-funded program. The Agency could not provide the records of clients utilizing the Food Pantry, known as Food Pantry logs, for eight (8) of twelve (12) months (67%) in 2015 and for March 2016.
- There were twenty-four instances in which the Agency could not provide original timesheets submitted to the Town in 2016. In addition, the Agency failed to provide time records of hours worked for the non-County funded Before and After Care Program by employees who also worked for the County-funded programs in 2015; therefore, we could not ensure that hours charged to the County-funded program were not for the Before and After Care Program.

- The Agency failed to maintain complete and up-to-date personnel files. The Agency failed to maintain personnel folders for two employees that provided services for the County-funded programs. In addition, the personnel folders for five of the ten employees (50%) reviewed did not contain the employee's Form W-4. Therefore, we were unable to agree the employee's social security number to the employee's Form W-2.

The Executive Director's time and attendance records were not certified by a member of the Board of Directors. Contract agencies that receive funding from the County must comply with the provision contained in County contracts which specifically states, "time and attendance records of a project director shall be certified by the Chairperson, President or other designated member of the Board of Directors". Our audit testing revealed that none of the Executive Director's timesheets were properly approved by a member of the Board of Directors. In addition, the majority of those timesheets contained mathematical errors concerning the calculation of hours worked.

The Agency failed to comply with New York State Office of Children and Family Services (NYS OCFS) Fiscal Policies & Procedures. The NYS OCFS Fiscal Policies & Procedures specifically states, "A person paid as an employee cannot also be paid as a consultant by the same employer." However, the Agency's Executive Director was issued a Form W-2 Wage and Tax Statement and a Form 1099-MISC by the Agency for 2015 and 2016. In addition, the Town conducted a site visit prior to our audit and found the Agency failed to comply with the following mandatory fiscal practices:

- Maintain a list of all funds received under each contract, including a description of the source and amounts (Cash Receipts Journal).
- Maintain a list of all funds disbursed under the grant, including payee and amount (Cash Disbursements Journal).
- Programs must not co-mingle records or funds. A recordkeeping system that maintains a separate identity for each grant or contract must be used.

The Agency could not provide any documentation to confirm these findings were rectified.

Internal Controls – Our review of internal controls disclosed the following significant deficiencies:

The severe lack of segregation of duties coupled with little or no oversight from the Board of Directors related to the Agency's approval, processing, payment and recording of Agency expenditures presents increased risk that defalcation could occur

without detection. The Agency's Executive Director authorizes all payments, is the sole signer on all accounts, determines the appropriate funding source expenditures are charged to and prepares and authorizes the claim vouchers for the County-funded programs. In addition, he is solely responsible for directing the subordinates that maintain the books and records of the Agency, resulting in an increased risk that misappropriation or fraud could occur without detection.

In addition to the significant internal control weaknesses identified above, our audit revealed the following:

Employee time sheets were not always complete, accurate, signed by the employee and properly approved by the designated supervisor. Our audit testing revealed the following:

2015 Juvenile Delinquency Prevention Services

- Seven timesheets pertaining to one of the Program Aides were not signed by a supervisor.

2016 Juvenile Delinquency Prevention Services

- The majority of the Program Director's timesheets were not signed by the employee.
- Two Program Aide timesheets were not signed by the employee and two timesheets were not signed by a supervisor.

When there is no supervisory review of the time sheets, there is an increased opportunity for errors or fraud to occur, possibly resulting in employees being paid more than they are entitled.

Questioned Cost – The County should not be funding such a large portion of the Executive Director's salary when the Agency is providing very few of the services required by the agreement. It appears the only services provided for the County-funded program are minimal counseling sessions, a food pantry, and volunteer opportunities. The Drop-in Lounge, which was a substantial component of the program, has not been in operation for a number of years.

RECOMMENDATIONS

- The Agency should furnish the Town 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. In addition, the Agency should ensure that it is able to support its allocation methods used to distribute any shared expenses between the Agency's programs.
- A quality assurance review of claims should be performed by Agency personnel before the claims are submitted to the Town 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 all photocopies are an accurate reflection of the original documents.
- The Agency should ensure that all shared costs are properly allocated and the method of allocation is documented.
- The Agency should ensure it is providing all services required by the contract.
- The Agency should adhere to or revise their "Personnel Guidelines and Handbook" concerning compensated leave time.
- The Agency should retain all accounts, books, records and other documents relevant to the contract in accordance with the requirements contained in the agreement.
- The Agency should ensure that all of the Executive Director's time and attendance records are approved by a member of the Board of Directors.
- The Agency should comply with all fiscal policies and procedures mandated by NYS OCFS and also ensure that persons paid as employees are not also paid as consultants.
- A board member should be designated to review accounting records, bank statements, check images and financial reports on a regular basis to ensure that fraud or significant errors are not occurring or undetected.

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

Selden Centereach Youth Association, Inc.
Summary of Expenditures Over (Under) Reported
For the Period January 1, 2015 through December 31, 2016

<u>Contract</u>	<u>Amount Over (Under) Reported</u>
2015 Juvenile Delinquency Prevention Program (Schedule 2)	\$ 120,459
2016 Juvenile Delinquency Prevention Program (Schedule 3)	<u>74,392</u>
Total Amount Over Reported	<u>\$ 194,851</u>

See Notes to Schedules (p. 20)

Schedule 2

Selden Centereach Youth Association, Inc.
Schedule of Budgeted, Reported and Audited Expenditures
2015 Juvenile Delinquency Prevention Program
For the Period January 1, 2015 through December 31, 2016

<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>
(1)	Salaries & Wages	\$ 103,007	\$ 102,914	\$ 7,070	\$ 95,844
(2)	Fringe Benefits	<u>7,806</u>	<u>7,873</u>	<u>541</u>	<u>7,332</u>
	Total Personnel Services	110,813	110,787	7,611	103,176
	Contracted Services	2,490	2,490	2,490	-
(3)	Maintenance & Operations	38,881	38,881	21,598	17,283
	Total Expenditures	<u>\$ 152,184</u>	<u>\$ 152,158</u>	<u>\$ 31,699</u>	<u>\$ 120,459</u>

See Notes to Schedules (p. 20)

Schedule 3

Selden Centereach Youth Association, Inc.
Schedule of Budgeted, Reported and Audited Expenditures
2016 Juvenile Delinquency Prevention Program
For the Period January 1, 2015 through December 31, 2016

<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)	Salaries & Wages	\$ 96,956	\$ 96,956	\$ 45,328	\$ 51,628
(5)	Fringe Benefits	<u>7,016</u>	<u>7,016</u>	<u>3,467</u>	<u>3,549</u>
	Total Personnel Services	103,972	103,972	48,795	55,177
(6)	Maintenance & Operations	34,936	34,936	15,721	19,215
	Total Expenditures	<u>\$ 138,908</u>	<u>\$ 138,908</u>	<u>\$ 64,516</u>	<u>\$ 74,392</u>

See Notes to Schedules (p. 20)

Notes to Schedules

(1) The Agency over reported Salaries & Wages expenses as follows:

<u>Description</u>	<u>Amount</u>
Insufficient documentation to support hours worked by the Executive Director for the County-funded program	51,012
Insufficient documentation to support hours worked by the Program Director for the County-funded program	37,056
Insufficient documentation to support hours worked by Program Aides for the County-funded program	966
Insufficient documentation to support salary expense claimed for the Family Counselor	450
Insufficient documentation to support the number of hours charged to the County-funded program	292
Inequitable allocation of Program Director's salary to County-funded program	2,779
Inequitable allocation of Program Aides' salary to County-funded program	1,696
Friday Night Respite Program salaries incorrectly charged to County-funded program	184
Safe Saturday Program salaries incorrectly charged to County-funded program	<u>1,409</u>
Amount Over Reported (p. 18)	<u>\$ 95,844</u>

(2) The Agency over reported Fringe Benefit costs as follows:

<u>Description</u>	<u>Amount</u>
Fringe Benefit costs associated with disallowed salaries	<u>7,332</u>
Amount Over Reported (p. 18)	<u>\$ 7,332</u>

(3) The Agency over reported Maintenance & Operations expenses as follows:

<u>Description</u>	<u>Amount</u>
Inequitable allocation of rent expenses to the County-funded program	16,611
Inequitable allocation of insurance expenses to the County-funded program	3,287

Allowable unclaimed rent expense	<u>(2,615)</u>
Amount Over Reported (p. 18)	<u>\$ 17,283</u>

(4) The Agency over reported Salaries & Wages expenses as follows:

<u>Description</u>	<u>Amount</u>
Inequitable allocation of Program Director's salary to County-funded program	26,054
Inequitable allocation of Program Aides' salary to County-funded program	10,766
Summer Camp Supervisor's salary incorrectly charged to County-funded program	7,050
Spring and Summer Camp Director's salary incorrectly charged to County-funded program	6,948
Insufficient documentation to support salary expense claimed for the Family Counselor	348
Insufficient documentation to support the number of hours charged to the County-funded program	112
Salaries & Wages expense incorrectly reimbursed for employees ineligible for compensated leave time	279
Friday Night Respite Program salaries incorrectly charged to County-funded program	<u>71</u>
Amount Over Reported (p. 19)	<u>\$ 51,628</u>

(5) The Agency over reported Fringe Benefit costs as follows:

<u>Description</u>	<u>Amount</u>
Fringe Benefit costs associated with disallowed salaries	<u>3,549</u>
Amount Over Reported (p. 19)	<u>\$ 3,549</u>

(6) The Agency over reported Maintenance & Operations expenses as follows:

<u>Description</u>	<u>Amount</u>
Inequitable allocation of rent expenses to the County-funded program	<u>19,215</u>
Amount Over Reported (p. 19)	<u>\$ 19,215</u>

APPENDIX A



"Prevention Starts Here"

Selden Centereach Youth Association

1515 Middle Country Rd. • Suite 3 • Centereach, NY 11720
P.O. Box 439 • Selden, New York 11784
scyal@optonline.net • scyainfo.com

Tel: 631-732-2186
Fax: 631-732-2187

BOARD OF DIRECTORS

Doreen Feldmann
Chairperson

Melba Canet-Pabon
Treasurer

Mary Lewis
Member

Janie Robinson
Member

Margaret Butler
Member

Paul Bush
Executive Director

October 9, 2017

Office of the County Comptroller
P.O. Box 6100
Hauppauge, NY 11788-0099

Attn.: Joseph S. Pecorella, Jr., CPA

Re: Selden Centereach Youth Association
Youth Services Agreement

Dear Mr. Pecorella,

PROGRAMS:

Helping Hand
Food Pantry

Holiday Assistance

Before & Aftercare
Pre K - 5 School Program

Middle School
After School Program

Counseling

Teen Tutoring

SCYA Summer Fun
Day Camp

Drop In Lounge:
Recreation

Youth Employment

Volunteer/Community
Service Opportunities

Work Study

Safe Saturdays
Grades 1 -5

This letter shall serve as Selden Centereach Youth Association's response to your September 25, 2017 correspondence regarding the above-referenced agreement and the County's draft audit report of the 2015 and 2016 contract years.

Due to the exceedingly short time frame to respond set forth in your correspondence, we are unable to address the draft audit findings in detail. Given adequate time, we would respond specifically to those findings.

As a general matter, SCYA disputes the draft audit findings. As you know, SCYA has contracted with the Town of Brookhaven for many years to provide youth services. During that time, monthly vouchers submitted to the Town with required original backup documentation were reviewed and approved for payment.

Your draft audit report notes that these contracts "were administered by the Town's Youth Bureau," which provided oversight and technical assistance to remain in compliance with the contract. SCYA remained in compliance through the years with the Youth Bureau's assistance and oversight. We were only alerted by the Youth Bureau in the closing months of the 2016 contract year that additional documentation may be required.

The draft audit report states \$120,459 was disallowed from \$152,188 in payments made to SCYA in the 2015 contract year and \$74,392 was disallowed from \$138,908 in payments made in the 2016 contract year. These amounts reflect a disallowance of more than two-thirds of the payments processed and approved by the Town during these years.

A Community, not for profit, tax-exempt organization supported by Suffolk County Youth Bureau, Brookhaven Town Youth Bureau, and the New York State Office of Children and Family Services.

Joseph S. Pecorella

(2)

October 9, 2017

Your auditors disallowed categories of expenses due to a lack of original documentation. Pursuant to long-standing practice, those originals were required to be submitted to the Town and presumably remain available from the Town. Your auditors further disallowed expenses evidenced in accordance with generally accepted accounting procedures.

As discussed above, no red flags were raised by the Town regarding the submitted vouchers until the end of 2016. In fact, the Town continued to process and approve vouchers for services provided in 2017. We have been informed by the Town that SCYA's 2017 payments were withheld at the County's direction (see attached August 30, 2017 letter).

To the extent your draft audit report is accurate, it appears the Town's failure to ensure that its contract vendors follow all relevant rules, regulations and obligations required by the County has been extremely detrimental to SCYA. We are hopeful the appropriate Recommendations included in the draft audit report are shared with the Town.

Kindly inform me if the County will provide adequate time for SCYA to respond to specific findings in the draft audit report.

Very truly yours,



SYLVESTER BUSH
Executive Director

Attachment

APPENDIX B

Comptroller Office's Comments on the Agency's Response

Auditee: Selden Centereach Youth Association, Inc.

The Agency submitted a written response to the audit report (Appendix A, p. 22). Our assessment of the Agency's response is as follows:

The Agency contends in its response that due to the short time frame to respond they are unable to address the draft audit findings in detail and given adequate time they would respond specifically to those findings. On July 6, 2017 we met with the Agency's Executive Director at agency headquarters to discuss our audit findings and to confirm that the Agency was unable to provide any documentation cited as missing in our findings. The Executive Director was provided with a preliminary report of the findings and was advised to begin preparing a response to the draft audit report based on those findings. On July 19, 2017 the Executive Director, on behalf of the Agency's Board of Directors, requested documents that supported our preliminary findings. On July 21, 2017 we responded that the reasoning and rationale was included with the preliminary findings and that we would provide any additional information for a specific finding, if requested. However, the Agency never responded with any specific findings that required additional supporting documentation.

The Agency's written response was received on October 9, 2017 and on October 10, 2017 the Comptroller's Office offered the Agency an additional 7 days to amend its response and to address each finding separately. The Agency's Executive Director responded on October 11, 2017 that his accountant would require a minimum of two months to amend the Agency's response; therefore, the original response would not be changed. Based on the timeline detailed above, the Comptroller's Office contends that the Agency had approximately three months to prepare a detailed response which addressed each finding separately. In addition, the majority of disallowances were the result of missing time records for 2015 and the improper allocation of shared costs, which could not be disputed in a detailed response.

The Agency also contends that we disallowed categories of expenses due to a lack of original documentation that was submitted to the Town. However, the missing original documents that resulted in a substantial disallowance were time and attendance records which were not submitted to the Town in 2015 or 2016 as the Town did not require original time and attendance records in 2015 or 2016.

Therefore, no modification of the audit report is warranted.