



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

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

An Audit of the
Independent Group Home Living, Inc. (IGHL)
For the Period
January 1, 2015 through December 31, 2016

**Report 2017-21
Date Issued: March 6, 2019**

**SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER**

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Comptroller

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LETTER OF TRANSMITTAL

November 5, 2018

Independent Group Home Living, Inc.
Walter Stockton, Chief Executive Officer
221 Sunrise Service Road
Manorville, NY 11949

Dear Mr. Stockton:

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 2015 and 2016 agreements with Independent Group Home Living, Inc. (Agency), located at 221 Sunrise Service Road, Manorville, New York, to maintain the TWA Flight 800 Memorial at Smith Point County Park. The Agency's contracts were administered by the Suffolk County Parks Department (Department).

The audit objectives were as follows:

- To determine if all expenditures charged to the County-funded program 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 performance audit in accordance with generally accepted government auditing standards. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,

Office of the County Comptroller
Division of Auditing Services

SUMMARY OF SIGNIFICANT FINDINGS

Questioned Costs – Our audit disclosed the following Questioned Costs:

- The Agency was unable to provide sufficient documentation detailing when the two employees charged to the County-funded program worked on the project (p. 5).

- The Agency was unable to provide sufficient documentation supporting fringe benefit expenses charged to the County-funded program (p. 5).

BACKGROUND

Independent Group Home Living, Inc. (Agency) is a non-profit organization located at 221 North Service Road, Manorville, NY 11419. Their primary mission is to provide programs, services and support for people with intellectual disabilities so they can realize their full potential as human beings and become contributing members of their community.

The Agency entered into agreements with the Suffolk County Parks Department in 2015 and 2016 to have IGHL Foundation, Inc. (an affiliated not-for-profit organization which solicits contributions on behalf of the Agency) maintain the TWA Flight 800 Memorial at Smith Point County Park. County funding was used to reimburse salaries and fringe benefits for two employees assigned directly to this program. The Agency received \$42,673 in 2015 and \$45,000 in 2016.

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 contracts to determine the rules, regulations and other compliance requirements related to the audit objectives.
- Interviewed Agency personnel responsible for the maintenance of the TWA Flight 800 Memorial at Smith Point County Park to obtain an understanding of the nature of the work performed and the Agency's procedures for documenting attendance.
- Interviewed Agency personnel to obtain an understanding of the procedures utilized for processing payroll related to the two employees responsible for the maintenance of the TWA Flight 800 Memorial at Smith Point County Park.
- Performed testing procedures for 100% of the expenditures charged to the County- funded program.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

AUDIT FINDINGS AND RECOMMENDATIONS

Questioned Costs – Our audit disclosed the following Questioned Costs pertaining to Personnel Service and Fringe Benefit expenses:

The Agency was unable to provide sufficient documentation detailing when the two employees charged to the County-funded program worked on the project. The Agency provided Form W-2s, payroll registers and time sheets for these two employees which evidenced that both employees worked for the Agency. In addition, the auditors interviewed both employees during their tour of the TWA Flight 800 Memorial site and observed that the site was being maintained. However, the Agency could not provide a time and activity log which detailed when these two employees worked on the County-funded program. In addition, employee time sheets only show daily hours worked and not the project the employee worked on; therefore, we could not ensure the accuracy of the Personnel Service expenses charged to the County-funded program.

When adequate supporting documentation is not provided by the Agency, there is an increased risk that the Agency could be overpaid for expenses charged to the County-funded program.

Recommendation – The Agency should utilize a time and activity log for the employees whose salaries are being charged to the County-funded program. The log should document the hours each employee works on a particular project and support the hours being charged to the County-funded program.

We were unable to ensure the accuracy of fringe benefit expenses charged to the County-funded program. The Agency had an approved fringe benefit rate of 33.4% in 2015 and 9.5% in 2016. In 2015, the Agency budgeted \$12,519 and received \$5,192, and in 2016 the Agency budgeted and received \$4,275 for fringe benefit expenses pertaining to the two employees charged to the County-funded program. Fringe benefit documentation originally submitted by the Agency to the Department did not support the expenses claimed to the County-funded program. However, the Agency produced additional documentation supporting the allocation of fringe benefit expenses upon audit. Although the approved fringe benefit rates appear reasonable, the Agency could not provide sufficient documentation detailing when the two employees worked on the TWA Flight 800 Memorial site; therefore, we could not determine if fringe benefit expenses for these employees were properly allocated to the County-funded program.

When adequate supporting documentation is not provided by the Agency, there is an increased risk that the Agency could be overpaid for expenses charged to the County-funded program.

Recommendation – The Agency should ensure that adequate documentation supporting payroll and fringe benefit expenses is submitted to the Department and must submit a year end fringe benefit reconciliation which reconciles actual to reported fringe benefit expenses.

APPENDICES

APPENDIX A



November 9, 2018

VIA OVERNIGHT MAIL

Frank Bayer, C.P.A.
Office of the Suffolk County Comptroller
H. Lee Dennison Building
100 Veterans Memorial Highway
P.O. Box 6100
Hauppauge, New York 11788

Re: Independent Group Home Living, Inc./
TWA Flight 800 Memorial at Smith Point County Park

Dear Mr. Bayer:

Thank you for the opportunity to review the unofficial report of your Audit of Independent Group Home Living, Inc. ("IGHL") for the period January 1, 2015 – December 31, 2016 as it specifically relates to the IGHL Foundation, Inc.'s contract with the County to maintain the TWA Flight 800 Memorial at Smith Point County Park. The contract provided for reimbursement of salaries and fringe benefits for two employees assigned directly to the memorial maintenance at Smith Point County Park. You will note that for two employees, the total funds received was \$42,673 in 2015 and \$45,000 in 2016.

The Agency disagrees with the conclusion that the Agency "could not provide a time activity log" which detailed the services of two employees at the County funded program. In fact, the Agency did supply a time and activity log, which was kept by the employees, but admits that their timekeeping was partially incomplete.

The Audit also questions the absence on the timesheets of the actual "hours worked and not the project the employee worked on". However, this answer was supplied by Executive Director Frank Lombardi during his interview wherein he stated that the employees did not specifically indicate their location because their normal assignment was the Monument itself. Therefore, there was no need to indicate any other service elsewhere. Nonetheless, we appreciate

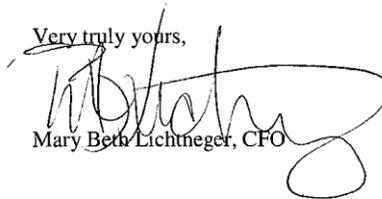
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the time and activity log recommendation for the employees and will have implemented them consistent with the attendance tracking system used by the Suffolk County Parks Department at Smith Point Beach.

With regard to the allegation of the fringe benefit expense, we do appreciate the Comptroller noting that the "approved fringe benefit rates appear reasonable" as it was based on both the employees' routine assignment to the Monument project and our production of the appropriate documentation supporting the allocation of fringe benefit expenses to the two employees charged to the County-funded program.

Again, we thank the Comptroller for the thoroughness of this Audit and its recommendations for improvement.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mary Beth Lichtegeger", written over a horizontal line.

Mary Beth Lichtegeger, CFO

/cl

cc: Brian T. Egan, Esq., IGHL Counsel
Frank Lombardi, COO, IGHL
Walter Stockton, CEO, IGHL



APPENDIX B

Comptroller Office's Comments on the Agency's Response

Auditee: Independent Group Home Living, Inc. (IGHL)

The Agency submitted a written response to the audit report (Appendix A, p. 7). Our assessment of the agency's response is as follows:

Finding 1:

The Agency was unable to provide sufficient documentation detailing when the two employees charged to the County-funded program worked on the project.

Agency's Response:

The Agency contends in its response that it supplied a time and activity log which was kept by the employees, but admits that their timekeeping was partially incomplete.

Comptroller's Response:

The Comptroller's Office disagrees with the Agency's assertion that it provided time and activity logs kept by the employees. The Agency only provided Form W-2s, payroll registers and time sheets for these two employees which evidenced that both employees worked for the Agency and did not provide the auditors with time and activity logs which detailed when these two employees worked on the County-funded program. However, we are pleased that the Agency has agreed to implement the time and activity log recommendation. No modification of the audit report for this finding is warranted.

Finding 2:

We were unable to ensure the accuracy of fringe benefit expenses charged to the County-funded program.

Agency's Response:

The Agency did not dispute the finding in its response.

Comptroller's Response:

No modification of the audit report for this finding is warranted.