



Robert E. Antonacci II, CPA
Comptroller

COUNTY OF ONONDAGA

Office of the
County Comptroller

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The Honorable County Executive
The Chair of the County Legislature
The Chair of the Ways and Means Committee
The Chair of the County Health Committee
The Administrator for Human Services
The Chief Fiscal Officer
The Commissioner of the Department of Mental Health
The Clerk of the County Legislature

An agency audit of ARISE Child and Family Service, Inc has been completed. The audit was limited in scope to net deficit funding received through the Onondaga County Department of Mental Health. The period of the audit covered calendar year 2008.

We conducted our audit in accordance with Generally Accepted Auditing Standards, Government Auditing Standards issued by the Comptroller General of the United States, the provision of the Office of Management and Budget (OMB) Circular A-133 and the Audits of State and Local Governments. Generally Accepted Auditing Standards require we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial records. An audit includes assessing the accounting principles used and significant estimates used by management, as well as evaluating the overall financial records in compliance with established policies and procedures. It is the responsibility of the Agency to ensure the financial records are accurate, complete and that established policies are adhered to.

The findings and recommendations are included in the attached report.

Sincerely,

Robert E. Antonacci II, CPA

ONONDAGA COUNTY COMPTROLLER
ARISE Child and Family Service, Inc
Limited Scope Audit Report
For calendar year 2008

Audit Scope

Audit was limited to reconciliation of the Consolidated Fiscal Report (CFR) to the Agency's general ledger. Substantive testing was limited to Agency expenditures reported on the CFR receiving Net Deficit funding through the Onondaga County Department of Mental Health for 2008.

Organization

ARISE Child and Family Service, Inc is a center for independent living that provides direct and referral services, consulting, and counseling programs by and for people with disabilities in the Central New York community.

Revenue and Support

ARISE receives revenue and support primarily from state and local government agencies, as well as from Medicaid at various approved rates. The following lists the net deficit funding through the County Mental Health Department.

	<u>OASAS</u> Net Deficit Funding		<u>OMH</u> Net Deficit Funding
CT01508 (2008 contract)	\$141,069	CT30908 (2008 contract)	\$240,391
Payments	34,441	Payments	222,306
Remaining Bal @ 9/28/09	\$106,628	Remaining Bal @ 9/28/09	\$18,085
CT14509 (2009 contract)	\$35,543	CT23109 (2009 contract)	\$247,539
Payments	35,543	Payments	183,855
Remaining Bal @ 9/28/09	\$0	Remaining Bal @ 9/28/09	\$63,684

\$106,628 in net deficit funding through OASAS was cut in 2008 by NYS. This occurred due to the Agency's untimely submission of Consolidated Fiscal Reports for 2007. Ultimately, the State did provide funding to the Agency for 2007 and the 2008 funding does not have to be withheld as a recoupment for 2007 payments made to the Agency. The 2009 net deficit funding was also reduced from \$142,171 to \$35,543 in 2009 by

OASAS due to statewide cuts. It appears the Agency has submitted all of the required CQR's for 2009 as of 9/29/2009 in a reasonable time-frame.

It is recommended the Agency continue to submit all required reports in order to obtain reimbursement and funding levels provided by New York State.

Agency comment:

ARISE Child and Family Service, Inc. (ARISE) agrees with the recommendation and is committed to the process of submitting all required reports in order to obtain reimbursement and funding levels provided by any and all funders.

ARISE experienced extenuating circumstances in 2007 when we had a new Director of Finance. The timeliness of the submission of the 2007 CFR was affected.

With training, experience and longevity, the 2008 CFR and all 2009 CQRs have been filed on time. In order to assure these outcomes and at considerable expense, the Director of Finance engaged a consulting firm to assist with the timelines of the County's requirements for submission of the CFR in 2008.

ARISE also identified staff shortage in the Business Office due to the rapid growth experienced by the agency. A Staff Accountant has since been hired to provide additional assurance that the ARISE Business Office will meet funders' expectations.

ARISE has been notified by the Onondaga County Department of Mental Health that the remaining 2007 and 2008 OASAS funding identified above as being cut will be received by ARISE by the second week of November 2009.

Expenditures

OMH - Contractual Expenditures

Contractual expenditures for two Board Certified Psychiatrists were randomly selected for testing. Invoice 052108 totaling \$9,700 for Psychiatrist A, for the time-period 5/12/08 to 5/21/08 and invoice 121208 totaling \$5,600 for Psychiatrist B for the time-period 12/4/08 to 12/12/08 were selected. Expenditures for the above invoices were allocated to the general ledger program codes and ultimately reported on the Consolidated Fiscal Report, appear to have been guesstimated or arbitrarily determined. Client enrollment in a specific program can easily be determined in the client system in order to accurately record program expenditures. The following is the effect on the relevant program expenditures.

Psychiatrist A				
Program Code	\$ amount charged	\$ amount that s/b charged	\$ amount Diff	% Diff
222	4,050	679	-3,371	-83%
225	4,050	6,790	2,740	68%
282	1,500	2,134	634	.42%
310	0	97	97	100%
273	<u>100</u>	<u>0</u>	<u>-100</u>	-100%
	<u>\$9,700</u>	<u>\$9,700</u>		
Psychiatrist B				
Program Code	\$ amount charged	\$ amount that s/b charged	\$ amount Diff	% diff
310	560	1,273	713	127%
225	0	3,648	3,648	100%
222	4,592	424	-4,168	-91%
273	0	0	0	0%
282	0	255	255	100%
315	<u>448</u>	<u>0</u>	<u>-448</u>	-100%
	<u>\$5,600</u>	<u>\$5,600</u>		

Although the general ledger program codes were incorrectly charged, it appears to not have an effect on the amount of net deficit funding received.

The Agency should ensure expenditures are properly classified to the actual program code clients are enrolled in. This will provide accurate cost center or program expenditure information to the Agency and ensure accurate expenditure reporting on the CFR.

Agency comment:

During the 2009/2010 budget process conducted in May 2009, the agency identified the need to code expenditures properly according to the actual programs served, particularly as this matter relates to the contracted psychiatrist services. The Clinic now has a reporting mechanism in place that allows the director to code the psychiatrists' fee according to the clients served within each program.

OMH – Supplies

13% or \$2,667 of OMH – supplies were randomly selected for testing.

An expenditure randomly selected was for a 50 pint Goldstar dehumidifier costing \$198.91 excluding sales tax. Review of the authorization documents revealed that approval was only given to purchase a Haier 30 pint capacity dehumidifier costing

\$124.84 excluding sales tax. It should be noted the actual dehumidifier purchased was physically located at Shea Middle School.

Internal controls need to be strengthened by the Agency to ensure only items approved in accordance with Agency policies and procedures are purchased and paid for by the Agency.

Agency comment:

ARISE agrees that the purchase order should have been modified to account for the increase in expense due to the larger humidifier purchase. With the vast amount of checks cut in an \$11 million agency, it is a challenge to have 100% accuracy when comparing Purchase Orders to the actual expense. We will continue to compare POs with invoices as part of the ongoing internal audit process that is inherent when the Accounts Payable Administrator reviews documentation and the Director of Finance compares the documentation as backup to the check.

Invoice 81101 paid by check #35974 dated 11/21/08 in the amount of \$865.52, included an expenditure for \$29.99 that was ultimately charged to the Link program. This was for the purchase of a coffee maker on 10/1/08 to be used at Dr. Weeks School for Community Health Clinic and ARISE staff meeting. It should be noted that the coffee maker is still at the school being used by the ARISE staff.

Purchase of a coffee maker with program funds to be utilized for personal use by staff should not take place. Staff should utilize a coffee maker purchased with personal funds and not program funds. This coffee maker does not have a direct benefit to students at Dr. Weeks School.

Agency comment:

ARISE agrees with the recommendation that an item that is intended for personal use by staff should not be funded with program funds. In this case, staff who completed the Purchase Order erred in identifying the coffee pot as for "staff meetings." In fact, the coffee pot is used regularly by parents who visit the program staff, and by other school personnel.

OMH – Payroll

There are approximately 365 employees at ARISE. Testing was done for five employees on two separate pay periods in 2008. The payroll is processed using a window-based program from ADP. Testing of the payroll was done to verify adherence to the organization's policies and to ensure the accuracy of the pay rates and allocations to programs and grants.

Per the “Payroll and Related Policies” section of the Agency manual maintained by ARISE, all changes made to allocations and salary/hourly pay rates require signatures by the appropriate department Director, Director of Human Resources, Director of Finance and the Executive Director. It was noted for the five employees randomly selected for testing on the 09/26/2008 pay period, at least one required signature was missing from the Payroll Change Form for two of the employees tested. Employee 1 was missing the signature of the Director ILC, C&F, or Satellite. Employee 2 was missing two signatures, one for the Director ILC, C&F Service and the Executive Director’s signature. No exceptions were noted for five employees tested for the pay period ending 05/09/2008.

It is recommended payroll changes not be input by either Payroll or Human Resources without properly authorized “Payroll Change Forms”

Agency comment:

ARISE agrees with the recommendation that payroll changes not be input by either Payroll or Human Resources without properly authorized “Payroll Change Forms”.

We appreciate the finding that ARISE had continued to use a basic template for payroll change forms that included signatures not only for the Directors of Finance and Human Resources as well as the Executive Director, but also for the Department Manager and the program directors of various program departments. Upon further review, we recognize the need to update our Payroll Policy and related forms to eliminate the need for the signatures of the Department Manager and the program directors of various program departments. We will continue to require signatures of the Directors of Finance and Human Resources as well as the Executive Director.

Supporting documentation for a change to the allocation could not be located for one employee tested on the 09/26/2008 pay period.

It is recommended ARISE adhere to their policy requiring written documentation for all changes made to allocation to programs/grants. Adjustments should not be made without written authorization. In addition, as stated in the policy, documentation relating to changes of payroll data should be maintained in the employee’s personnel files.

Agency comment:

ARISE agrees with the finding and affirms that documentation of changes of payroll data will be maintained in employees’ personnel files. In addition, the Payroll Policy has been updated to reflect that fact.

Payroll expenditures are charged to various program codes. Per “Appendix J” of the CFR Claiming Manual”, “Allocating Expense for Shared Program/Site” Providers must maintain appropriate documentation reflecting the hours used in the allocation. This

documentation includes payroll records or time studies. It appears that the allocations are based on programs the employee may have worked on previously. It does not appear that time studies or actual hours are used on a regular basis. It could not be determined by our review of the payroll processing if verification is made to ensure that the payroll is correctly allocated and charged to the general ledger for the various program accounts. This is especially true for employees that work for multiple programs.

It is recommended that to be in compliance with the CFR requirements, reviews be done of actual hours worked or time studies on a regular and on-going basis of the programs that employees are working for.

Agency comment:

ARISE agrees to implement a time study process, updated periodically, based upon actual hours worked in each program to give more credence to the labor allocations used.