

Contact: Brett Spielberg | Director of Public Information
Cell: 516-329-5171 | Email - bspielberg@nassaucountyny.gov
For Immediate Release - October 9, 2020

Office of the Nassau County Comptroller
Jack Schnirman – Comptroller
240 Old Country Road
Mineola, NY 11501
Tel: (516) 571-2386 / Fax: (516) 571-5900



Nassau County Comptroller Jack Schnirman Releases Audit of Bethany House Emergency Shelter

Audit uncovers significant non-compliance with County agreement resulting
in new executive leadership

Audit engaged after tip to Living Wage Hotline

MINEOLA, NY - Nassau County Comptroller Jack Schnirman announced the release of an audit of Bethany House, a non-profit agency providing emergency shelter services to Nassau County residents. The audit was initially started to examine the emergency shelter service's compliance with the County's Living Wage Law, following a tip through the Living Wage Hotline (516-571-WAGE). The subsequent review of Bethany House uncovered a violation of the organization's Memorandum of Understanding (MOU) with the County, a violation of New York State Non-Profit Law, and a minor violation of the Living Wage Law.

The audit found that in addition to violating the County's Living Wage Law:

- Bethany House failed to maintain adequate supporting documentation for over \$160,000 payments to an employee who received various stipend payments in lieu of a set salary.
- Questionable payments exceeding \$35,000 were made to Board members and employees, with no apparent reasons for these payments.
- Bethany House did not have a formalized petty cash policy and petty cash was used for over \$6,000 of unallowed expenses, such as, public relations expenses, holiday gifts of \$1,100, reimbursement for groceries purchased with an EBT card (SNAP benefits), and holiday tips of over \$750.
- Related party transactions and nepotism at Bethany House, including hiring a relative in a key position and supervising them, violating the NYS Non-Profit Revitalization Act.
- Bethany House funds were comingled with personal funds, and used for expenses not allowable with non-profit funds, such as holiday decorations, pet food expenses and genetic testing kits.

- Bethany House had some small underpayments of the Living Wage and required uncompensated time off totaling approximately \$1,300 over the audit period.

"Auditing organizations for compliance with their Memorandums of Understanding with the County is an additional action that holds County contractors accountable and ensures that residents and taxpayers get the services that they are paying for. It is a critical additional investigatory action by the Comptroller's Office that protects taxpayers," said **Nassau County Comptroller Jack Schnirman** . "While the results of this audit are troubling, I am encouraged by the fact that new leadership at this organization has already taken steps to rectify and correct these problems. Solving the problems identified in the audit allows Bethany House's executive staff to focus on the important work of this organization."

The Comptroller's Office provided recommendations to Bethany House, including a new Code of Ethics, which their new Executive Leadership is implementing to improve their operations. Additional Audit recommendations included:

- Follow guidelines for Non-Profit organizations and provide proper management oversight, specifically with regards to hiring and firing key employees, which should be documented in Board minutes.
- Cease cash payments to employees, Board members and relatives.
- Adopt a policy for the management of petty cash funds, designate a petty cash custodian who will maintain a petty cash log and cease using petty cash as an operating fund.
- Maintain adequate supporting documentation for all cash disbursements.
- Obtain proper approval before expenses are paid.
- Comply with the terms of their MOU with Nassau County.
- Reimburse employees who were underpaid the Living Wage or uncompensated time off.
- Implement a daily employee time reporting process that documents work dates, start and end times and the total hours worked by each employee every day including when an employee works for another scheduled individual who takes a day off or calls in sick.
- Properly document hours worked to support the calculation of stipend payments.

The new Bethany House management stated, "We can assure you that we take the recommendations contained in this report very seriously. We have already addressed many of the issues raised in the report and adjusted our policies and practices accordingly."

Following the audit, Bethany House has emphasized its commitment to make necessary changes to improve compliance and fiscal operations. These reforms include a biometric time system to validate hours, strict compliance with the MOU and Living Wage Law, and new policies to combat nepotism in the workplace.

The Nassau County Living Wage Law was originally enacted in 2007 to raise the minimum wage of employees of most vendors with County service contracts. It ensures that employees of certain companies that Nassau County does business with are earning the Living Wage. The Comptroller's Office continues to perform audits, respond to employee complaints and inquiries, and monitor providers that were previously reviewed to ensure that they remain in compliance with the Living Wage Law. Anyone with questions about their coverage under the County's Living Wage Law should contact the Comptroller's Living Wage Hotline at 516-571-WAGE.

Since 2007, the Comptroller's Office, working with the County's Living Wage Advisory Board, has released 47 Living Wage audit reports encompassing 37 different contractors, identifying a total of more than \$1.4 million in underpaid wages and under **accrued compensated time off in 1,890 instances. Since taking office, Schnirman has** revitalized the Committee, ensuring it holds regular quarterly meetings.

Read the full [audit here](#).

###