

OFFICE OF THE NASSAU COUNTY COMPTROLLER



Audit Follow-Up

**Limited Review of Bethany House
(Emergency Shelter)
Compliance with the
Nassau County Living Wage Law**

Original Report Date: October 8, 2020

July 28, 2021

**JACK SCHNIRMAN
COMPTROLLER**

OFFICE OF THE NASSAU COUNTY COMPTROLLER

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This report is also available on our website at: <https://www.nassaucountyny.gov/Audits>



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Hon. Jack Schnirman

Nassau County Comptroller

July 28, 2021

Dear Nassau County Taxpayers:

A key priority for my Office continues to be our focus on conducting audits that achieve results.

That's why in 2018, our team implemented a policy establishing a follow-up review of our audits. Along with providing an update and making it accessible for taxpayers, this follow-up procedure ensures that audit recommendations are implemented, further increasing efficiency and accountability within our County government.

This process is not about playing "gotcha" with our audits; it's about real work getting done, focused on outcomes and results for our taxpayers.

This report provides a follow-up to the Limited Review of Bethany House, which was released on October 8, 2020. I encourage you to read the original audit and this follow-up report to evaluate both the work of this Office and Bethany House's implementation of the corrective actions recommended by our Office.

All audits are posted on our website, at www.nassaucountyny.gov/Audits.

Please feel free to reach out to our *Report It Reform It* tipline at ReportItReformIt@nassaucountyny.gov with any suggestions or questions that you might have.

Sincerely,

Honorable Jack Schnirman
Nassau County Comptroller

EXECUTIVE SUMMARY

INTRODUCTION

On October 8, 2020 the Nassau County Comptroller's Office released an audit of the Limited Review of Bethany House, a not-for-profit agency, that provides housing to homeless adult women and women with children seeking emergency shelter. The audit covered the period from January 1, 2017 through December 31, 2018. The objective of the review was to determine whether Bethany House was in compliance with the Nassau County Living Wage Law and related Rules and with the County's Memorandum of Understanding.

A copy of the *Limited Review of Bethany House* can be found online at the Comptroller's website [here](#).¹

Auditor Assessment of Progress Objectives and Methodology

Under a policy implemented in 2018, the Comptroller's Office conducts a follow-up review of audits to ensure that the recommendations made are being implemented. Our Office reviewed information provided to and reported on by Nassau County's Audits, Grants and Quality Assurance (AGQA) Team, which, with limited follow-up analysis performed by the Auditors, provides a basis for this status report.

- **The audit of Bethany House contained 9 audit findings, with a total of 26 recommendations.**
- **All of the recommendations have been implemented. This illustrates Bethany House's dedicated efforts towards strengthening its internal controls to improve the accuracy and efficiency of its operations and to decrease the risk for fraud, waste and abuse.**

We commend Bethany House for making positive strides toward implementing our recommendations.

Summary of Bethany House's Implementation of Audit Recommendations

Based on conversations with Bethany House and the limited follow-up analysis performed by the Auditors, each recommendation has been assessed by the Auditors as either Implemented (**Green**), In Process (**Yellow**), or Not Implemented (**Red**). See Exhibit I and Exhibit II on the next page for a breakdown of the stages of completion for all audit recommendations.

¹ <https://www.nassaucountyny.gov/DocumentCenter/View/30520/FA-Final-Report-Bethany-House-10-8-20>

EXECUTIVE SUMMARY

Exhibit I

Audit Follow Up Bethany House				
Summary of Department Implementation of Audit Recommendations				
Finding #	# Recommendations	Implemented ●	In Process ●	Not Implemented ●
1	3	3		
2	3	3		
3	3	3		
4	2	2		
5	4	4		
6	3	3		
7	4	4		
8	2	2		
9	2	2		
Total	26	26	0	0
Stages of Completion		100.0%	0.0%	0.0%

Exhibit II

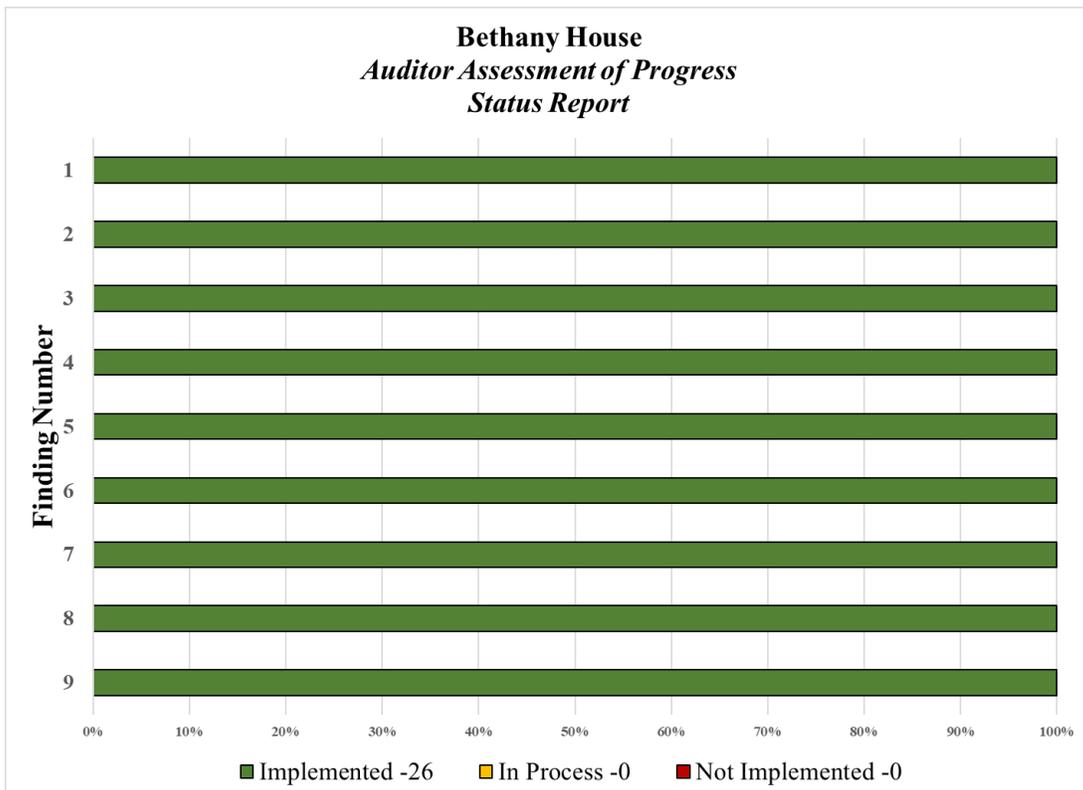


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Summary of Original Report Finding and Recommendations

We found that Bethany House violated the terms of their MOU with Nassau County by not maintaining adequate accounting records and not complying with various Federal and State regulations.

Major Findings of the Original Report

Specific findings in the original report included:

- Bethany House failed to maintain adequate documentation to support over \$160,000 in stipend payments.
- Questionable payments exceeding \$35,000 were made to Board members and employees, with no apparent reason 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, and initiating a fundraising contract with a Board Member's relative.
- 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 compensated time off totaling approximately \$1,300 over the audit period.

Major Recommendations of the Original Report

We made specific recommendations to Bethany to improve their financial operations, including the following:

- Use charitable funds in accordance with the Code of Federal Regulations, Chapter II, Part 230² making only allowable expenditures that fulfill their mission.
- 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.

² Code of Federal Regulations, Chapter II, Part 230, Cost Principles for Non-Profit Organizations.

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- 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.
- Institute a Code of Ethics policy which states a Director, Officer or key employee should not hire or supervise relatives.
- 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.

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Summary of Assessment of Audit Recommendations

Exhibit III below shows the audit findings and recommendations. The recommendations have been individually color coded to denote the Auditors' status assessment of each recommendation: Implemented (**Green**), In Process (**Yellow**), or Not Implemented (**Red**).

Exhibit III

Summary of Assessment of Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
1	Stipend Payments were Improperly Invoiced, Authorized and Paid; Bethany House Failed to Maintain Adequate Supporting documentation	We recommend: a) Bethany House implement a daily employee time reporting process that documents work dates, start 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; b) Bethany House properly document hours worked to support the calculation of stipend payments; and c) Bethany House comply with the terms of their MOU with Nassau County.
2	Questionable Payments Exceeding \$35,000 were made to Bethany House Board Members, Employees and Relatives of the Founder/Former Executive Director from a Bank Account in the Religious Order's Name, Listing the Bethany House Address	We recommend: a) Bethany House use charitable funds in accordance with the Code of Federal Regulations, Chapter II, Part 230 making only allowable expenditures that fulfil their mission; b) cash payments immediately cease to employees, Board members and relatives; and c) Bethany House should abide by the terms of their MOU with Nassau County.
3	Bethany House's Board of Directors Did Not Comply With NYS Not-For-Profit Law; The Founder/Former Executive Director Has Too Much Influence Over the Board of Directors	We recommend: a) the Board of Directors of Bethany House follow guidelines for Non-Profit organizations and provide proper management oversight, specifically with regards to hiring and firing key employees; b) all key hiring and firings be properly documented in Board minutes; and c) comply with the terms of their MOU with the County.
4	Bethany House Has Not Exercised Proper Stewardship of Funds by Not Following Federal Guidelines: Certain Costs are Not Allowable with Not for Profit (Charitable) Funds	We recommend: a) Bethany House use charitable funds in accordance with the Code of Federal Regulations, Chapter II, Part 230, making only allowable expenditures that fulfil their mission; and b) Bethany House comply with the terms of their MOU with the County.

INTRODUCTION

Summary of Assessment of Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
5	Bethany House Does Not Have a Formalized Petty Cash Fund and Is Using Petty Cash Inappropriately; Over \$6,000 in Unallowed Petty Cash Expenses Incurred	<p>We recommend:</p> <ul style="list-style-type: none"> a) The Bethany House Board of Directors adopt a policy for the management of petty cash funds. This should include dollar limits for reimbursements, required supporting documentation such as receipts for all petty cash reimbursements, detailing the purpose of expenses and the party to whom money was paid; b) designate a petty cash custodian who will maintain a petty cash log; c) cease using petty cash as an operating fund; and d) Bethany House should comply with the terms of their MOU with Nassau County.
6	Internal Control Weaknesses with the Non-Profit's Cash Disbursements Result in Increased Risk for Fraud	<p>We recommend:</p> <ul style="list-style-type: none"> a) Bethany House maintain adequate supporting documentation for all cash disbursements; b) proper approval is obtained before the expense is paid; and c) the check or check stub contain the associated invoice number and/or date to ensure a proper audit trail.
7	Related Party Transactions and Nepotism at Bethany House Violate the New York State Nonprofit Revitalization Act	<p>We recommend;</p> <ul style="list-style-type: none"> a) The Board of Directors immediately institute a Code of Ethics policy which states a Director, Officer or key employee should not hire or supervise relatives; b) the Board of Directors investigate comparable not-for-profit salary guidelines for the Chief Operating Officer position; c) Bethany House hire fundraisers that comply with NYS laws; and d) Bethany House comply with the terms of their MOU with Nassau County.
8	Twenty-One Part-time Employees Were Not Granted 77 Hours of Earned Compensated Time Off Totaling \$1,243	<p>We recommend that Bethany House:</p> <ul style="list-style-type: none"> a) pay the 21 employees the \$1,243 for earned compensated time off owed and provide proof of payment to the Comptroller's Office; and b) immediately update their Employee Handbook to reflect the proper compensated time off policy reflected in the Nassau County Living Wage Law.
9	Three Employees Were Underpaid a Total of \$75.96	<p>We recommend that Bethany House:</p> <ul style="list-style-type: none"> a) pay the three employees the amount owed to them; and b) provide proof of payment to the Comptroller's Office.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Auditor Assessment of Recommendation Implementation Progress

This section provides details on the audit report findings, recommendations, progress reports from Bethany House, that were provided to and reported on by the Nassau County Office of Management and Budget's (OMB) Audits, Grants and Quality Assurance (AGQA) Team and the Comptroller's Office Field Auditors' analysis of the recommendation implementation. The recommendation implementation status also includes a color-coded bullet to indicate its progress.

Finding 1 Title	Stipend Payments were Improperly Invoiced, Authorized and Paid; Bethany House Failed to Maintain Adequate Supporting Documentation
Finding 1 Recommendations	<p>We recommend:</p> <p>a) Bethany House 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;</p> <p>b) Bethany House properly document hours worked to support the calculation of stipend payments; and</p> <p>c) Bethany House comply with the terms of their MOU with Nassau County.</p>
Bethany House's Response to October 8, 2020 Report	<p>a) <i>"Bethany House has implemented a biometric time keeping system to validate hours. Employees clock in and out and/or enter their time worked into the time tracking software. The organization is also documenting when an employee works for another scheduled individual who takes a day off or calls in sick."</i></p> <p>b) <i>"The stipend will be immediately reduced. Calculations to support stipend payments through to December 31, 2020 will be properly documented. All stipend payments will terminate on December 31, 2020."</i></p> <p>c) <i>"Bethany House staff and board have reviewed and agree to strictly comply with the tenets and terms of the MOU with Nassau County. Administrative and management staff as well as board members will be provided with a review to ensure that they thoroughly understand the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU."</i></p>
Auditors' Follow-Up Comments	a) We are pleased that Bethany House has implemented a biometric time keeping system to validate hours including when an employee

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>works for another scheduled individual who takes a day off or calls in sick.</p> <p>b) We are pleased that stipend payments are being reviewed and will be properly documented.</p> <p>c) We are pleased that Bethany House and the Board has reviewed and understands the precepts of the MOU and agrees to comply with the tenets and terms of their MOU with Nassau County.</p>
<p>Bethany House’s Corrective Action Plan As of 10/23/20 according to the Nassau County’s OMB AGQA Team</p>	<p><i>1.a) “Bethany House established a biometric time keeping system for all employees, which will track when they clock in and clock out, and when shifts are swapped between employees.”</i></p> <p><i>1.b) “The use of Stipend payments, a practice called into question in the report, will no longer be used.”</i></p> <p><i>1.c) “Bethany House staff and Board have reviewed and agree to strictly comply with the tenets and terms of the Memorandum of Understanding (MOU) with Nassau County. Administrative and management staff as well as Board members have been provided with a review and have acknowledged their understanding of the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU.”</i></p>
<p>Nassau County (OMB) (AGQA) Team’s Validation</p>	<p><i>1.a) “Observed the existence and employee usage of Biometric time keeping system. Biometric time keeping function is noted in Employee Handbook. Reviewed Board Membership and Key Staff acknowledgments evidence review of Employee Handbook.”</i></p> <p><i>1.b) “Obtained and reviewed policy to discontinue use of stipend payments. Also, reviewed Board Members and Key Staff policy review acknowledgments.”</i></p> <p><i>1.c) “Reviewed acknowledgments from each board member having reviewed the MOU and agreeing to comply with MOU requirements.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>Auditors reviewed the memorandum created by the Nassau County OMB AGQA Team and believe it is sufficient to assess the progress made by Bethany House.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Auditor Assessment of Progress

- 1.a) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.

- 1.b) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.

- 1.c) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 2 Title	Questionable Payments Exceeding \$35,000 were made to Bethany House Board Members, Employees and Relatives of the Founder/Former Executive Director from a Bank Account in the Religious Order’s Name, Listing the Bethany House Address
Finding 2 Recommendations	<p>We recommend:</p> <p>a) Bethany House use charitable funds in accordance with the Code of Federal Regulations, Chapter II, Part 230 making only allowable expenditures that fulfil their mission;</p> <p>b) cash payments immediately cease to employees, Board members and relatives; and</p> <p>c) Bethany House should abide by the terms of their MOU with Nassau County.</p>
Bethany House’s Response to October 8, 2020 Report	<p>a) <i>“Bethany House agrees to use charitable funds in accordance with the Code of Federal Regulations, Chapter II, Part 230, Cost Principles for Non-Profits.”</i></p> <p>b) <i>“Cash payments to employees, board members and relatives have ceased and will not be used at any time in the future.”</i></p> <p>c) <i>“Bethany House staff and board have reviewed and agree to strictly comply with the tenets and terms of the MOU with Nassau County. Administrative and management staff as well as board members will be provided with a review to ensure that they thoroughly understand the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU.”</i></p>
Auditors’ Follow-Up Comments	<p>a) We are pleased that Bethany House has agreed to comply with the Code of Federal Regulations, Chapter II, Part 230, Cost Principles for Non- Profit Organizations.</p> <p>b) We commend Bethany House for recognizing the need to cease making cash payments to employees, Board members and relatives.</p> <p>c) We are pleased that Bethany House and the Board has reviewed and understands the precepts of the MOU and agrees to comply with the tenets and terms of their MOU with Nassau County.</p>
Bethany House’s Corrective Action Plan as of 10/23/20 according to Nassau County’s OMB AGQA Team	<p>2.a) b) <i>“Effectively immediately, Bethany House eliminated the use of cash payments to employees, Board members and others and have closely aligned its bookkeeping methods in this area with Federal regulations pertaining to the use of Charitable Funds.”</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>2.c) <i>“Bethany House staff and Board have reviewed and agree to strictly comply with the tenets and terms of the Memorandum of Understanding (MOU) with Nassau County. Administrative and management staff as well as Board members have been provided with a review and have acknowledged their understanding of the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU.”</i></p>
<p>Nassau County OMB’s AGQA Team Validation</p>	<p>2.a) b) <i>“Obtained and reviewed Bethany House’s cash disbursement policy and updated Financial Manual. Also, reviewed Board Members and Key Staff policy review acknowledgments.”</i></p> <p>2.c) <i>“Reviewed acknowledgments from each board member having reviewed and agreed to comply with MOU requirements.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>Auditors reviewed the memorandum created by the Nassau County OMB AGQA Team and believe it is sufficient to assess the progress made by Bethany House.</p>
<p>Auditor Assessment of Progress</p>	<ul style="list-style-type: none"> ● 2.a Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented. ● 2.b) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented. ● 2.c) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 3 Title	Bethany House's Board of Directors Did Not Comply with NYS Not-for-Profit Law; The Founder/Former Executive Director Has Too Much Influence Over the Board of Directors
Finding 3 Recommendations	<p>We recommend:</p> <p>a) the Board of Directors of Bethany House follow guidelines for Non-Profit organizations and provide proper management oversight, specifically with regards to hiring and firing key employees;</p> <p>b) all key hiring and firings be properly documented in Board minutes; and</p> <p>c) comply with the terms of their MOU with the County.</p>
Bethany House's Response to October 8, 2020 Report	<p>a) "Bethany House Board is committed to following the guidelines for Non-Profit organizations and to providing management oversight, specifically regarding the hiring and firing of key employees. The Bethany House Board will adhere to the appropriate meeting rules of order and related meeting documentation going forward."</p> <p>b) "The Bethany House Board is committed to improving documentation around key decisions in board meeting minutes."</p> <p>c) "Bethany House staff and board have reviewed and agree to strictly comply with the tenets and terms of the MOU with Nassau County. Administrative and management staff as well as board members will be provided with a review to ensure that they thoroughly understand the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU."</p>
Auditors' Follow-Up Comments	<p>a) We are pleased that Bethany House is committed to following the guidelines for Non-Profit organizations and providing proper management oversight. We commend Bethany House on agreeing to adhere to the appropriate rules of order and related meeting documentation.</p> <p>b) We are pleased that the Bethany House Board of Directors is committed to improving documentation regarding key decisions discussed at Board meetings and noted in their minutes.</p> <p>c) We are pleased that Bethany House and the Board has reviewed and understands the precepts of the MOU and agrees to comply with the tenets and terms of their MOU with Nassau County.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

<p>Bethany House’s Corrective Action Plan As of 10/23/20 according to Nassau County’s OMB AGQA Team</p>	<p>3.a) b) <i>“Bethany House has reviewed with the Comptroller’s Office and its legal counsel the regulations regarding Not-For-Profit Agencies as they pertain to the employment or termination of employees, as well as the record keeping and documentation requirements for Board actions, are committed to ensuring strict adherence to these regulations.”</i></p> <p>3.c) <i>“Bethany House staff and Board have reviewed and agree to strictly comply with the tenets and terms of the Memorandum of Understanding (MOU) with Nassau County. Administrative and management staff as well as Board members have been provided with a review and have acknowledged their understanding of the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU.”</i></p>
<p>Nassau County OMB’s AGQA Team Validation</p>	<p>3.a) b) <i>“Reviewed Board documentation evidencing termination of prior and appointment of new Board Members. Also, noted “LI People on the Move” Newsday reporting of new Board Members. Additionally, reviewed Bethany House correspondence with Cerini & Associates requesting ongoing not-for-profit and board membership best practices training for board and senior staff.”</i></p> <p>3.c) <i>“Reviewed acknowledgments from each board member having reviewed and agreed to comply with MOU requirements.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>Auditors reviewed the memorandum created by the Nassau County OMB AGQA Team and believe it is sufficient to assess the progress made by Bethany House.</p>
<p>Auditor Assessment of Progress</p>	<ul style="list-style-type: none"> ● 3.a). Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented. ● 3.b) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented. ● 3.c) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 4 Title	Bethany House has not Exercised Proper Stewardship of Funds by Not Following Federal Guidelines: Certain Costs are Not Allowable with Not for Profit (Charitable) Funds
Finding 4 Recommendations	<p>We recommend:</p> <p>a) Bethany House use charitable funds in accordance with the Code of Federal Regulations, Chapter II, Part 230, making only allowable expenditures that fulfil their mission; and</p> <p>b) Bethany House comply with the terms of their MOU with the County.</p>
Bethany House’s Response to October 8, 2020 Report	<p>a) “Bethany House agrees to use charitable funds in accordance with the Code of Federal Regulations 2 CFR Part 230, Cost Principles for Non-Profits making only allowable expenditures that fulfill the Bethany House mission.”</p> <p>b) “Bethany House staff and board have reviewed and agree to strictly comply with the tenets and terms of the MOU with Nassau County. Administrative and management staff as well as board members will be provided with a review to ensure that they thoroughly understand the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU.”</p>
Auditors’ Follow-Up Comments	<p>a) We commend Bethany House for agreeing to use charitable funds in accordance with the Code of Federal Regulations, Chapter II, Part 230, Cost Principles for Non-Profit organizations.</p> <p>b) We are pleased that Bethany House and the Board has reviewed and understands the precepts of the MOU and agrees to comply with the tenets and terms of their MOU with Nassau County.</p>
Bethany House’s Corrective Action Plan as of 10/23/20 according to Nassau County’s OMB AGQA Team	<p>4.a) <i>“Bethany House agrees to use charitable funds in accordance with the Code of Federal Regulations 2CFR Part 230, Cost Principles for Non-Profits making only allowable expenditures that fulfill the Bethany House mission. Bethany House has updated their Finance and Business Manual and agrees to work with Cerini and Associates Law firm to provide ongoing training for Board and senior staff. Board of Directors has created numerous committees and assignments to monitor and work towards fulfilling their financial obligations.”</i></p> <p>4.b) <i>“Bethany House staff and Board have reviewed and agree to strictly comply with the tenets and terms of the Memorandum of Understanding (MOU) with Nassau County. Administrative and management staff as well as Board members have been provided with</i></p>

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	<p><i>a review and have acknowledged their understanding of the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU.”</i></p>
<p>Nassau County OMB’s AGQA Team Validation</p>	<p><i>4.a) “Obtained and reviewed Bethany House’s cash disbursement policy and updated Financial Manual. Also, reviewed Board Members and Key Staff policy review acknowledgments. Further, reviewed Bethany House correspondence with Cerini & Associates requesting ongoing not-for-profit and board membership best practices training for board and senior staff.”</i></p> <p><i>4.b) “Reviewed acknowledgments from each board member having reviewed and agreed to comply with MOU requirements.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>Auditors reviewed the memorandum created by the Nassau County OMB AGQA Team and believe it is sufficient to assess the progress made by Bethany House.</p>
<p>Auditor Assessment of Progress</p>	<ul style="list-style-type: none"> ● 4.a). Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented. ● 4.b) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 5 Title	Bethany House Does Not Have a Formalized Petty Cash Fund and Is Using Petty Cash Inappropriately; Over \$6,000 in Unallowed Petty Cash Expenses Incurred
Finding 5 Recommendations	<p>We recommend:</p> <p>a) The Bethany House Board of Directors adopt a policy for the management of petty cash funds. This should include dollar limits for reimbursements, required supporting documentation such as receipts for all petty cash reimbursements, detailing the purpose of expense and the party to whom money was paid;</p> <p>b) Bethany House designate a petty cash custodian who will maintain a petty cash log;</p> <p>c) Bethany House cease using petty cash as an operating fund; and</p> <p>d) Bethany House should comply with the terms of their MOU with Nassau County.</p>
Bethany House’s Response to October 8, 2020 Report	<p>a) “Bethany House has adopted a petty cash policy. (attachment #1)”</p> <p>b) “Designated petty cash custodians have been assigned to maintain petty cash logs. This custodial responsibility will be added to the job description of each respective custodian. Each custodian’s compliance with this responsibility will be addressed in their respective annual performance review.”</p> <p>c) “Bethany House will cease the use of petty cash as an operating fund as detailed in the attached petty cash policy”</p> <p>d) “Bethany House staff and board have reviewed and agree to strictly comply with the tenets and terms of the MOU with Nassau County. Administrative and management staff as well as board members will be provided with a review to ensure that they thoroughly understand the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU.”</p>
Auditors’ Follow-Up Comments	<p>a) We commend Bethany House for adopting a formalized petty cash policy.</p> <p>b) It appears Bethany House has strengthened their petty cash practices by designating petty cash custodians who will maintain petty cash logs.</p> <p>c) We are pleased that Bethany House has agreed to cease using petty cash as an operating fund.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>d) We are pleased that Bethany House and the Board has reviewed and understands the precepts of the MOU and agrees to comply with the tenets and terms of their MOU with Nassau County.</p>
<p>Bethany House’s Corrective Action Plan As of 10/23/20 according to Nassau County’s OMB AGQA Team</p>	<p>5.a) b) c) <i>“Bethany House has adopted a strengthened petty cash policy.”</i></p> <p>5.d) <i>“Bethany House staff and Board have reviewed and agree to strictly comply with the tenets and terms of the Memorandum of Understanding (MOU) with Nassau County. Administrative and management staff as well as Board members have been provided with a review and have acknowledged their understanding of the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU.”</i></p>
<p>Nassau County OMB’s AGQA Team Validation</p>	<p>5.a) b) c) <i>“Obtained and reviewed Bethany House’s petty cash policy. It incorporates internal controls dollar limits for reimbursements and mandatory signed Petty Cash request forms requiring payee, date of purchase, amount, business purpose and description of purchase. Petty cash policy also requires original sales receipts and provides a list of prohibited uses of funds. The updated petty cash policy includes a provision requiring cash funds to be kept in a locked drawer only accessible to the petty cash custodian, as named by the Director of Finance. The custodian will maintain a petty cash log. To prevent the petty cash fund from being used as an extension of the operating account, the petty cash policy requires that, when petty cash funds are depleted, a petty cash request form is submitted to the Director of Finance for replenishment. Lastly, obtained and reviewed acknowledgments from relevant senior staff and Board members confirming their understanding and receipt of the new petty cash policy.”</i></p> <p>5.d) <i>“Reviewed acknowledgments from each board member having reviewed and agreed to comply with MOU requirements.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>Auditors reviewed the memorandum created by the Nassau County OMB AGQA Team and believe it is sufficient to assess the progress made by Bethany House.</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Auditor Assessment of Progress

- 5.a). Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.
- 5.b) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.
- 5.c) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.
- 5.d) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 6 Title	Internal Control Weaknesses with the Non-Profit's Cash Disbursements Result in Increased Risk for Fraud
Finding 6 Recommendations	<p>We recommend:</p> <p>a) Bethany House maintain adequate supporting documentation for all cash disbursements;</p> <p>b) proper approval is obtained before the expense is paid; and</p> <p>c) the check or check stub contain the associated invoice number and/or date to ensure a proper audit trail.</p>
Bethany House's Response to October 8, 2020 Report	<p>a) & b) "Bethany House will adhere and strictly enforce our cash disbursement policy as outlined in our finance manual. Cash disbursements will not be made without proper supporting documentation and proper approval. We will maintain adequate supporting documentation for all cash disbursements."</p> <p>c) "Bethany House will ensure that all checks and check stubs contain the associated invoice number and/or date."</p>
Auditors' Follow-Up Comments	<p>a) We commend Bethany House for agreeing to enforce the cash disbursement policies outlined in their finance manual.</p> <p>b) We are pleased that Bethany House will ensure cash disbursements contain proper documentation and approval prior to being paid.</p> <p>c) We are pleased that Bethany House has agreed to strengthen controls and ensure a proper audit trail exists.</p>
Bethany House's Corrective Action Plan As of 10/23/20 according to Nassau County's OMB AGQA Team	<p>6.a) b) <i>"Bethany House will adhere and strictly enforce its cash disbursement policy as outlined in the finance manual. Cash disbursement will not be made without proper supporting documentation and approval. They will maintain adequate supporting documentation for all cash disbursements."</i></p> <p>6.c) <i>"Bethany House will ensure that all checks and check stubs contain the associate invoice number and/or date."</i></p>
Nassau County OMB's AGQA Team	<p>6.a) b) <i>"Obtained and reviewed Bethany House's Finance and Business Manual, newly adopted by the Board of Directors. To reduce the risk of fraud, all disbursements, except petty cash will be made by check and will be accompanied by supporting documentation."</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>6.c) <i>“Bethany House’s Finance and Business Manual includes language that requires all checks to be written in three (3) parts; the original check to be sent out for payment, one copy filed numerically with supporting documentation attached, and one copy filed by vendor name along with all supporting documentation. Reviewed Board Members and Key Staff acknowledgments evidencing their receipt and review of the Finance and Business Manual.”</i></p>
Post Audit Follow-Up Analysis	<p>Auditors reviewed the memorandum created by the Nassau County OMB AGQA Team and believe it is sufficient to assess the progress made by Bethany House.</p>
Auditor Assessment of Progress	<ul style="list-style-type: none">● 6.a). Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.● 6.b) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.● 6.c) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 7 Title	Related Party Transactions and Nepotism at Bethany House Violate the New York State Nonprofit Revitalization Act
Finding 7 Recommendations	<p>We recommend:</p> <p>a) the Board of Directors immediately institute a Code of Ethics policy which states a Director, Officer or key employee should not hire or supervise relatives;</p> <p>b) the Board of Directors investigate comparable not-for-profit salary guidelines for the Chief Operating Officer position;</p> <p>c) Bethany House hire fundraisers that comply with NYS Laws; and</p> <p>d) Bethany House comply with the terms of their MOU with Nassau County.</p>
Bethany House’s Response to October 8, 2020 Report	<p>a) “The Bethany House Board of Directors will adopt a Code of Ethics for Board Members (attachment #2). This policy specifically addresses that any director, officer or key employee may not be involved in the hiring or supervision of any relative or involved in any manner concerning decisions regarding compensation, conflict, discipline, or termination.”</p> <p>b) “The Bethany House Board of Directors will investigate the responsibilities and compensation for Chief Operating Officers in Non-Profit settings and adjust the compensation for the current Bethany House Chief Operating Office accordingly within the 20/21 fiscal year. In addition, the Bethany House Board of Directors will conduct a review of compensation for all Bethany House employees to ensure equity relative to responsibilities, education, experience, and seniority.”</p> <p>c) “When and if Bethany House hires a professional fund raiser as an employee or on a consultant basis the organization will comply with all fundraising and credentialing protocols, regulations, and New York State laws.”</p> <p>d) “Bethany House staff and board have reviewed and agree to strictly comply with the tenets and terms of the MOU with Nassau County. Administrative and management staff as well as board members will be provided with a review to ensure that they thoroughly understand the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU.”</p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

<p>Auditors' Follow-Up Comments</p>	<p>a) We are pleased that Bethany House has amended their Code of Ethics policy to ensure any director, officer, or key employee not be involved in the hiring and supervision of any relative or be involved in any decisions regarding compensation, conflict, discipline or termination.</p> <p>b) We are pleased that Bethany House's Board of Directors will conduct a review of compensation for all Bethany House employees, including the Chief Operating Officer, to ensure that all salaries are comparable to other similar Non-Profit organizations.</p> <p>c) We are pleased that Bethany House has agreed to comply with New York State laws regarding fundraising protocols.</p> <p>d) We are pleased that Bethany House and the Board has reviewed and understands the precepts of the MOU and agrees to comply with the tenets and terms of their MOU with Nassau County.</p>
<p>Bethany House's Corrective Action Plan As of 10/23/20 according to Nassau County's OMB AGQA Team</p>	<p>7.a) <i>"Bethany House has drafted and adopted a strong Board of Directors Code of Ethics, including a prohibition on Directors, Officers and Key Personnel from having a direct role in the hiring, supervision, compensation or discipline of a relative."</i></p> <p>7.b) <i>"Bethany House Board has committed to reviewing typical salary and compensation packages for key positions within the Not-For-Profit community and to make appropriate adjustments for the 2020- 21 fiscal year."</i></p> <p>7.c) <i>"Bethany House has agreed to comply with New York State laws regarding fundraising protocols and will examine ways to ensure this is done going forward."</i></p> <p>7.d) <i>"Bethany House staff and Board have reviewed and agree to strictly comply with the tenets and terms of the Memorandum of Understanding (MOU) with Nassau County. Administrative and management staff as well as Board members have been provided with a review and have acknowledged their understanding of the precepts of the MOU and their respective responsibility to adhere to and abide by the terms of the MOU."</i></p>
<p>Nassau County OMB's AGQA Team Validation</p>	<p>7.a) <i>"Obtained and reviewed Bethany House's Code of Ethics which requires each Board Member to fully disclose at the earliest opportunity, information that may result in a perceived or actual conflict of interest. Also, reviewed all Board Members' acknowledgments evidencing their receipt and review of the Code of Ethics."</i></p>

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>7.b) <i>“A review of multiple Board meeting minutes evidenced discussions over salary and compensation packages for key positions with focus on benefiting Bethany House’s financial condition. An example was an adjustment to reduce the Executive Director’s salary and work schedule.”</i></p> <p>7.c) <i>“A review of Board meeting minutes evidenced the creation of several board subcommittees - Finance/Business, Audit/Compliance, Program Development/Communications, Quality Improvement, Facilities and Business Operations. The Program Development/Communications Committee main focus will be to engage in proper fundraising activities.”</i></p> <p>7.d) <i>“Reviewed acknowledgments from each board member having reviewed and agreed to comply with MOU requirements.”</i></p>
<p>Post Audit Follow-Up Analysis</p>	<p>Auditors reviewed the memorandum created by the Nassau County OMB AGQA Team and believe it is sufficient to assess the progress made by Bethany House.</p>
<p>Auditor Assessment of Progress</p>	<ul style="list-style-type: none"> ● 7.a). Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented. ● 7.b) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented. ● 7.c) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented. ● 7.d) Based on Auditors review of the AGQA Validation of the corrective actions, the recommendation appears to have been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 8 Title	Twenty-One Part-time Employees Were Not Granted 77 Hours of Earned Compensated Time Off Totaling \$1,243
Finding 8 Recommendations	We recommend that Bethany House: a) pay the 21 employees the \$1,243 for earned compensated time off owed and provide proof of payment to the Comptroller’s Office; and b) immediately update their Employee Handbook to reflect the proper compensated time off policy reflected in the Nassau County Living Wage Law.
Bethany House’s Response to October 8, 2020 Report	a) “The 21 employees not granted earned compensation for time-off will be paid for the earned compensation owed October 1, 2020. Proof of payment will be provided once the checks have been issued.” b) “The Bethany House Employee handbook has been updated to include the proper compensated time off policy reflected in the Nassau County Living Wage Law”.
Auditors’ Follow-Up Comments	a) We are pleased that Bethany House has agreed to compensate employees who were not granted earned compensated time off. b) It appears that Bethany House has amended their Employee Handbook to reflect proper compensated time off policies in accordance with the Nassau County Living Wage law.
Bethany House’s Corrective Action Plan As of 10/23/20 according to Nassau County’s OMB AGQA Team	8.a) <i>“As discovered in the review, employees who were not properly compensated for earned time off or paid at a living wage rate will be paid promptly.”</i> 8.b) <i>“The Bethany House Employee Handbook (page 31) has been updated to reflect the proper compensated time off policy as reflected in the Nassau County Living Wage Law.”</i>
Nassau County OMB’s AGQA Team Validation	8.a) <i>“Did not perform additional validation. Accepted as proof of completion Comptroller’s satisfaction of Bethany House’s evidence of payment.”</i> 8.b) <i>“Obtained and reviewed Bethany House Employee Handbook for evidence of updated.”</i>
Post Audit Follow-Up Analysis	8.a) Auditors requested proof of reimbursement to those employees who did not receive payment for accrued compensated time off. On September 30, 2020, Bethany House submitted proof of payment to the

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

	<p>Auditors for these employees. Auditors reviewed the payments to ensure accuracy.</p> <p>8.b) Auditors note the Nassau County OMB AGQA Team has reviewed Bethany House's updated Employee Handbook.</p>
Auditor Assessment of Progress	<ul style="list-style-type: none">● 8.a) We are pleased that Bethany House paid the 21 employees the \$1,243 owed to them for earned compensated time off in a timely manner.● 8.b) Based on Auditors review of the February 17, 2021 AGQA Memorandum, the recommendation appears to have been implemented.

AUDITOR FOLLOW-UP ASSESSMENT OF PROGRESS

Finding 9 Title	Three Employees Were Underpaid a Total of \$75.96
Finding 9 Recommendations	<p>We recommend that Bethany House:</p> <p>a) pay the three employees the amount owed to them; and</p> <p>b) provide proof of payment to the Comptroller’s office.</p>
Bethany House’s Response to October 8, 2020 Report	<p>a) Bethany House recognizes that three employees were paid slightly below the Living Wage rate for a short period of time. All three employees will receive payment for the related underpayment on October 1, 2020.”</p> <p>b) “Proof of payment will be provided to the Comptroller’s office once the associated checks are issued.”</p>
Auditors’ Follow-Up Comments	<p>a) We are pleased that Bethany House has agreed to compensate employees who were paid below the Nassau County Living Wage rate.</p> <p>b) We reiterate the need for Bethany House to provide proof of payment to these employees to the Comptroller’s office.</p>
Bethany House’s Corrective Action Plan as of 10/23/20 according to Nassau County’s OMB AGQA Team	<p>9.a) <i>“As discovered in the review, employees who were not properly compensated for earned time off or paid at a living wage rate will be paid promptly.”</i></p> <p>9.b) <i>“Bethany House provided copies of payroll checks and payroll records to the satisfaction of the County Comptroller’s Office.”</i></p>
Nassau County OMB’s AGQA Team	<p>9.a) b) <i>“Did not perform additional validation. Accepted as proof of completion Comptroller’s satisfaction of Bethany House’s evidence of payment.”</i></p>
Post Audit Follow-Up Analysis	<p>9.a) b) Auditors requested proof of reimbursement to those three employees who did not receive the living wage rate of pay. Bethany House submitted proof of payment to the Auditors for the three employees on September 30, 2020. Auditors reviewed the payments to ensure accuracy.</p>
Auditor Assessment of Progress	<p>● 9.a) We are pleased that Bethany House acknowledged three employees were paid below the Living Wage rate for a short period of time.</p> <p>● 9.b) Bethany House provided the Auditors proof of payment to all three employees that were paid below the Living Wage rate.</p>

END OF REPORT

