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Syracuse City Auditor

Ida Benderson Senior Center
Performance Audit
May 2006

Department of Audit
City Of Syracuse

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REPORT OF THE ELECTED CITY AUDITOR

To the: Honorable Mathew J. Driscoll, Mayor
Members of the Common Council
City of Syracuse, New York

The Department of Audit is responsible for reviewing the activities of all the departments of the City in accordance with generally accepted government auditing standards. Those standards require that we assess risk in determining the subject matter for audit.

As required under Article V, Section 5-501, of the Charter of the City of Syracuse and in conformity with Chapter 2.09 of the Government Auditing Standards, a performance audit of the *Ida Benderson Senior Citizen Center* (Ida Benderson Center) was conducted. The examination was administered in accordance with the Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States and Standards for the Professional Practice of Internal Auditing, as circulated by the Institute of Internal Auditors.

These standards require that we plan and perform the examination to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under examination. It was not our objective to, and we do not, express an opinion on the financial statements of the City of Syracuse, New York or provide assurance as to either the City's internal control structure or the extent of its compliance with statutory and regulatory requirements and guidance of the Office of the State Comptroller.

The management of the City of Syracuse, New York is responsible for the City's financial affairs and for safeguarding its resources. This responsibility includes establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that resources are safeguarded against loss from unauthorized use or disposition; that transactions are executed in accordance with management's authorization and are properly recorded; that appropriate financial records are prepared; that applicable laws, rules and regulations are observed; and that appropriate corrective action is taken in response to audit findings.

This report is intended solely for the information of the Mayor and Common Council of the City of Syracuse, New York yet it is understood to be a matter of public record and its distribution is not limited. Further information regarding this audit is available at the City of Syracuse's Audit Department upon request. The Audit Department would like to thank the personnel who assisted and cooperated with us during the audit.

Scope:

Our review was limited to conducting a review of the systems and policies with reference to fixed assets and perishables obtained through public monies. A review was conducted to determine if sufficient checks and balances, records and other systems are in place so as to minimize fraud and theft.

The actual review included examining the expenditures, receipts, purchase orders, items on hand, counts of food items ordered versus served, and systems in place to process the information.

We interviewed various members of the Ida Benderson Center as well as volunteers from the Office of Aging.

Background:

The Auditor received communication from citizen(s) alleging activities of theft and or of fraudulent activity at the Ida Benderson Senior Citizen Center. The communication was unsigned (anonymous). This communication was reviewed and evaluated to determine if it warranted a review of the Center. The Department determined that an allegation of theft of public resources mandated that an audit be conducted in accordance with Generally Accepted Government Auditing Standards.

A Performance Audit of the systems in place at the Ida Benderson Center was conducted. This was conducted to probe the systems in place to insure a sound check and balance system exists with regard to public property. A performance audit provides an independent assessment of the performance and management of government programs against objective criteria or an assessment of best practices and other information. Performance audits provide information to improve program operations, facilitate decision making by parties with responsibility to oversee or initiate corrective action and contribute to public accountability.

The Ida Benderson Center serves a senior citizen population that traditionally is less affluent. The Ida Benderson Center has a list of eligible members who may participate in the services offered. The Center has a Director, a Program Director and two Recreation Leaders on staff.

The Ida Benderson Center offers breakfast and lunches to its members on a daily basis. Typically 35 breakfasts are delivered by Catholic Charities and served on a daily basis. The Ida Benderson staff will notify Catholic Charities how many lunches it will require a week in advance.

Upon arrival, individuals must sign in at the front desk and then are given access to the facilities. The Center uses the sign in sheets as a counter against the meals served. This system serves to validate the meals served and thereby minimizes waste, is made available to Catholic Charities for their records and insures that meals are served to 'qualified' seniors (seniors who are registered as eligible at the Ida Benderson Center).

In addition, a daily 'site sheet' is filled out by the Ida Benderson Center which lists the date, the food items served at what temperature, the number of food items handed out versus the number of meals shipped by Catholic Charities. This can be cross-referenced to the sign in sheet showing the number of individuals who came for a meal. For example, on May 2, 2006, 60 individuals signed in. The Daily Site Sheet shows that 60 meals were delivered and 60 meals were disbursed.

Seniors are supposed to pay \$2.25 per meal. However, due to the fact that a vast majority of the seniors have little money, minor donations are accepted. This can range from \$2.25 to a few pennies to nothing per senior. No one is turned away. These funds are tallied by two-individuals on a daily basis and a deposit slip is filled out. The funds are then sent onto Catholic Charities.

In addition, the Ida Benderson Center offers other activities to the population it serves. This includes a cooking class, Monday night dinners, supplemental meals (should they run out of food from Catholic Charities they will prepare quick lunches), snacks in the afternoons and drinks.

For those items, Parks and Recreation (Ida Benderson falls under the Parks Department) allots a total of \$7,500.00 in discretionary spending for this specific center. This may be spent on one item or many depending on the needs of the center.

Parks and Recreation keeps two charge cards on hand. One with Wegmans and one for Walmart. The staff must sign out the charge card and then may go to one of those stores to purchase items for the Ida Benderson Center. Upon return, the staff must sign in the items purchased. The staff has an internally created sheet that allows them to list the items purchased, the date, the store and the name of the person who purchased the items. A 3rd staff member who did not go to the store then signs the sheet verifying the information is correct. The cards and the receipts are then sent back to the Department of Parks and Recreation.

For other items a Limited Purchase Order (LPO) is filled out. The staff will call Parks and ask for an LPO. Parks will then cut a check to a specified vender for a specific item and give to the Ida Benderson Center the LPO which specifies the amount and the item. This is then presented to the store limiting the staff to acquire only the item specified.

FINDINGS:

1) Theft:

Staff told the Audit Department that items have been stolen or are missing including a DVD player and fryer, among other items. Staff felt that it could have been ‘individuals accessing the facility after hours’.

The Ida Benderson Center must securely lock up the facilities and keep a log of individuals who have access and the hours that those individuals accessed the facility. This will eliminate any internal theft situations arising again.

2) No accounting of Fixed Assets:

The staff indicated that they do not have an accounting of fixed assets including furniture, electronics, items in the kitchen including more expensive cooking devices, etc.

Best Efforts:

1) No written Policy and Procedures:

Staff should create a policy and procedure manual detailing job responsibilities, services provided, policies and methodology for those services, et al. The policy manual should incorporate the check and balance systems that the Center has in place and be sufficient so that should a 3rd party walk into the facility they could provide similar services to the population without relying on existing staff.

Conclusion:

The Auditor received allegation of theft at the Ida Benderson Center. Specifically, the individual(s) alleged that staff members at the Ida Benderson Center were taking assets belonging to the Center for their personal use.

The staff has set up internal controls that provide a strong check and balance system for an operation of limited means and limited staffing. The staff works together to counter-sign for items as they arrive. These forms are kept in a clearly marked binder and are available for review. The Auditor conducted a surprise audit and arrived unannounced. Records and paperwork supporting transactions were made available to the Auditor on the spot and those records that were missing were delivered to the Department of Audit within two-hours.

A review of the record keeping, the controls, the inventory and the systems makes the likelihood of theft to be very low.

Personal Impairments

Section 3.07 of the Government Auditing Standards by the Comptroller General of the United States (US General Accounting Office) requires auditors to determine if there is any personal impairment to conducting a specific audit. A personal impairment could be caused by “financial interest that is direct, or is significant/material though indirect, in the audited entity or program.

The City Auditor has in the past years supported various programs at the Ida Benderson Center via donations. Specifically 1) The Auditor has personally donated over \$1,500.00 to the Ida Benderson Center for its 2005 Summer Day Camp. 2) The Auditor directed one of his private businesses (The Funding Source) to donate \$500.00 to the Ida Benderson Center for the purpose of purchasing food for a special dinner. 3) The City Auditor directed the staff of one of his private businesses and paid them to serve a meal to the seniors at the Ida Benderson Center.

The Auditor determined that no personal impairment exists that would limit the ability to conduct a fair Performance Audit of the Ida Benderson Center since no funds of the Auditor were at stake and the Auditor, as benefactor to the Ida Benderson Center, would want to insure that there is a sound check and balance system protecting contributions. This would not conflict with his role as City Auditor protecting public monies as both interests are aligned.

Philip J LaTessa
Syracuse City Auditor
May 25, 2006

Subsequent event:

Attached is management response.