

OFFICE OF THE NASSAU COUNTY COMPTROLLER



**Limited Review of
HDDIC, Inc.
(Emergency Shelter)
Compliance with the Nassau
County Living Wage Law
January 2017 – October 6, 2019**

December 30, 2020

**JACK SCHNIRMAN
COMPTROLLER**

OFFICE OF THE NASSAU COUNTY COMPTROLLER

JACK SCHNIRMAN, COMPTROLLER

Kim G. Brandeau

*Deputy Comptroller for Administration
& Operations, Audit Division*

Jeffrey R. Schoen

Deputy Comptroller/Chief Counsel

Audit Staff

JoAnn Greene, MBA, CPA

Director of Field Audit

Aurora Scifo, CPA

Assistant Director of Field Audit

Brian Fredericks

Field Auditor IV

Diana Pereira

Field Auditor II



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



OFFICE OF THE NASSAU COUNTY COMPTROLLER LIMITED REVIEW OF HDDIC (EMERGENCY SHELTER) COMPLIANCE WITH THE NASSAU LIVING WAGE LAW

WHY WE DID THIS REPORT

This audit was undertaken to determine if HDDIC, a non-profit agency providing emergency shelter services to Nassau County residents, was in compliance with the Nassau County Living Wage Law, which requires payment of a living wage, and provision of health benefits or a health benefit supplement to certain employees, and was in compliance with its Memorandum of Understanding (MOU) with Nassau County.

WHAT WE FOUND

We found that HDDIC did not always pay the living wage and was not in compliance with their MOU:

- Auditors identified underpaid wages of approximately \$8,220 to 59 employees;
- HDDIC did not keep proper compensated time off and accrual records. Auditors estimated that 69 employees were not granted 3,253 hours of earned compensated time off totaling \$52,556;
- HDDIC was not in compliance with their MOU with Nassau County. Auditors found inadequate Board oversight, insufficient accounting records and financial statements were not provided; and
- Differences in gross wages for six employees were found between the HDDIC Payroll Register and the Employee Wage and Tax Statements (“W-2s”) and could not be explained by HDDIC.

WHAT WE RECOMMEND

HDDIC should:

- Pay the 59 employees identified in the audit the \$8,220 in wages owed and provide proof of payment to the Comptroller;
- Pay the 69 employees identified in the audit the \$52,556 owed for accrued compensated time or provide accrued time to these employees and provide proof of payment or accrual postings to the Comptroller;
- Assure compliance with all provisions of the MOU, including appointing the required number of directors, providing training to board members, maintaining board minutes, retaining proper records and maintaining complete and accurate accounting records; and
- Implement a process to reconcile the payroll registers with the W-2 Forms.

WHAT WAS THE RESPONSE?

HDDIC generally agrees with the findings:

- HDDIC will pay the employees identified the wages due of \$8,220 and Auditors reiterated that proof of payment must be provided to the Comptroller’s Office.
- Although HDDIC agrees that earned compensated time off is owed for 2017 through 10/6/19, the Agency does not necessarily agree with the amount computed by the Auditors. HDDIC agreed to review their records and Auditors requested that the results of this review be provided to the Comptroller’s Office in the near future. HDDIC agreed to pay amounts determined to be owed. The Comptroller’s Office will be following up with the Agency to verify these payments to employees are made.
- HDDIC will provide the Comptroller’s Office with information about the Board directors, the board minutes and agreed to maintain proper and complete records.
- HDDIC will perform a proper reconciliation of the payroll register and the W-2 statements.

WHY IS THIS REPORT IMPORTANT?

Living Wage audits such as this provide an important check on employers and provide real results in the form of back wages and uncompensated time off being paid directly to impacted employees. The expansion of the scope of a traditional Living Wage audit to include review of an agency’s compliance with their Nassau County MOU is an important step to hold Nassau County service providers accountable. We must continue to demand accountability from employers to assure that Living Wage requirements are strictly enforced and that the County’s MOU is respected.

Executive Summary

Purpose:

The purpose of the review was to determine whether HDDIC, Inc., an emergency shelter under contract with Nassau County:

- Complied with both the Nassau County Living Wage Law and their related Memorandum of Understanding with Nassau County.
- Paid its employees, who performed work under the contract with Nassau County, the applicable Living Wage rate and provided with the Law's required compensated time off.

Introduction:

The Nassau County Living Wage Law ("Law") ensures that employees of certain companies that receive County funds are earning a living wage and are receiving health benefits or a health benefit supplement. Additionally, the law provides that full-time employees receive 12 paid days off a year, and part-time employees who work at least 20 hours per week, receive proportionate compensated days off.¹

The Summary of Findings and Recommendations as a result of this audit can be found on the next page.

¹ Miscellaneous Laws of Nassau County, Title 57 – Nassau County Living Wage Law.

Executive Summary

Summary of Audit Findings and Recommendations

Audit Finding	Audit Recommendation(s)
1 74% of Employees (59 of 80) were Underpaid the Living Wage Rate Amounting to \$8,220	We recommend that HDDIC: a) pay the \$8,220 owed to the 59 employees affected by the underpayment of the Living Wage Rates (Exhibit A) and provide proof of payment to the Nassau County Comptroller's Office; and b) take the necessary steps to ensure the exact hourly living wage is paid to all employees in the future and that they apply the new rate effective on August 1 of each year.
2 86% (69 of 80) Employees Were Not Provided with or Paid for Approximately 3,253 Hours of Accrued Compensated Time Off Earned Amounting to \$52,556	We recommend that HDDIC: a) pay or provide the 69 employees the \$52,556 for earned compensated time off owed for 2017 through October 6, 2019; b) provide proof of payment or accrual postings to the Comptroller's Office; and c) maintain proper records of each employee's compensated time off accruals, usage, and payments as required by the Agency's MOU with Nassau County.
3 HDDIC is Not in Compliance with their Memorandum of Understanding with Nassau County: Auditors Found Inadequate Board Oversight, Insufficient Accounting Records and Financial Statements Were Not Provided	We recommend that HDDIC take the necessary corrective actions to ensure compliance with all provisions of the MOU with Nassau County. Specifically, HDDIC should: a) appoint the required number of directors; b) provide training to Board members; c) maintain board minutes; d) retain proper records for inspection including the Certificate of Incorporation; and e) maintain complete and accurate accounting records.
4 Differences in Gross Wages for Six Employees were Found Between the HDDIC Payroll Register and the Employee Wage and Tax Statements ("W-2s"), and Could Not Be Explained by HDDIC	We recommend that HDDIC implement a process to reconcile the payroll registers with the W-2 Forms, even though both are prepared by a third party, or require the third party to provide a reconciliation. This will ensure that complete and accurate payroll records are maintained pursuant to HDDIC's Memorandum of Understanding with Nassau County.

The matters covered in this report have been discussed with the officials of HDDIC, Inc. On November 30, 2020 we submitted a draft report to HDDIC, Inc. for their review. HDDIC, Inc. provided their response on December 18, 2020. Their response and our follow up to their response are included at the end of this report.

Table of Contents

INTRODUCTION.....	1
Background	1
Audit Scope, Objectives and Methodology.....	2
FINDINGS AND RECOMMENDATIONS	3
(1) 74% of Employees (59 of 80) were Underpaid the Living Wage Rate Amounting to \$8,220.....	3
(2) 86% (69 of 80) Employees Were Not Provided with or Paid for Approximately 3,253 Hours of Accrued Compensated Time Off Earned Amounting to \$52,556.....	4
(3) HDDIC is Not in Compliance with their Memorandum of Understanding with Nassau County: Auditors Found Inadequate Board Oversight, Insufficient Accounting Records and Financial Statements Were Not Provided	5
(4) Differences in Gross Wages for Six Employees were Found Between the HDDIC Payroll Register and the Employee Wage and Tax Statements (“W-2s”), and Could Not Be Explained by HDDIC	7
APPENDIX A	9
Amounts Due to Employees Paid Less Than the Living Wage Rate.....	9
APPENDIX B	11
Amounts Due to Employees for Earned Compensated Time Off.....	11
APPENDIX C	14
Auditors’ Follow Up Comments on HDDIC, Inc. Response.....	14
APPENDIX D	18
HDDIC, Inc. Response.....	18

Introduction

Background

The Nassau County Living Wage Law ensures that employees of certain companies that receive County funds are earning a living wage and are receiving health benefits or a health benefit supplement. Additionally, the law provides that full-time employees receive 12 paid days off a year, and part-time employees who work at least 20 hours per week, receive proportionate compensated days off.²

The Living Wage Rates applicable to the review period (2017-2019), including the health benefit supplement rates, are shown in Exhibit I below:

Exhibit I

Living Wage Law Rates				
Effective Dates		Hourly Rates		
From	To	With Health Benefits	Health Benefit Supplement	Without Health Benefits
August 1, 2016	July 31, 2017	\$13.73	\$2.05	\$15.78
August 1, 2017	July 31, 2018	\$13.98	\$2.09	\$16.07
August 1, 2018	July 31, 2019	\$14.27	\$2.14	\$16.41
August 1, 2019	July 31, 2020	\$14.51	\$2.25	\$16.76

Nassau County, acting on behalf of the Nassau County Office of Housing & Community Development (“OHCD”) and the Department of Social Services (“DSS”), entered into a Memorandum of Understanding (“MOU”) with Hope Dreams Dedication Inspiring Change, Inc. (“HDDIC”), a not-for-profit corporation, to provide housing to homeless families (adults) or single adults (male or female) seeking emergency shelter.

The current MOU, which is effective May 1, 2017 through April 30, 2022, provides program guidelines including funding, expenditures and compliance with the Nassau County Living Wage Law.

For the years 2017 and 2018, HDDIC, Inc. reimbursements for emergency shelter services were solely from DSS and totaled \$1,331,782 and \$1,443,926, respectively. They received \$1,691,634 for the full year 2019.

² Miscellaneous Laws of Nassau County, Title 57 – Nassau County Living Wage Law.

Introduction

HDDIC, Inc. operates four locations in Nassau County that provide emergency shelter to families (adults only) and single adults (male or female). During the audit period, the agency employed approximately 80 individuals.

Prior Audits

This shelter has not been previously reviewed by this Office.

Audit Scope, Objectives and Methodology

The objective of this review was to determine whether HDDIC, Inc. complied with the Nassau County Living Wage Law and related rules, and their Memorandum of Understanding (MOU) with Nassau County. Our review period was from January 1, 2017 through October 6, 2019.

To achieve these objectives, we performed the following:

- Compared the payroll rate of pay for each employee with the applicable Living Wage rate.
- Calculated the compensated leave accrued for each employee, based on 20 or more hours worked in a 40-hour workweek and compared to HDDIC's records for accuracy.
- Tested compliance with the County's Memorandum of Understanding including a review of the Form 990-Return of Organization Exempt from Income Tax.

We believe our review provides a reasonable basis for the findings and recommendations contained herein.

Findings and Recommendations

AUDIT FINDING (1)

(1) 74% of Employees (59 of 80) were Underpaid the Living Wage Rate Amounting to \$8,220

Auditors tested the hourly wage rates paid to employees to the applicable living wage rate for the period January 1 2017 to October 6, 2019 and noted the following:

- In 2017, 29 employees were underpaid a total of \$938 for 7,727 hours of work. The amount underpaid per hour generally ranged from six cents to 29 cents.
- In 2018, 34 employees were underpaid a total of \$4,652 for 20,676 hours of work. The amount underpaid per hour generally ranged from six cents to 40 cents.
- In 2019 (from January 1 through October 6), 33 employees were underpaid a total of \$2,630 for 6,790 hours of work. The amount underpaid per hour generally ranged from 26 cents to 40 cents.

Our review noted that eight of the 59 employees were paid less than the Living Wage rate in all three years tested, (20) employees were underpaid in two of the three years and 31 employees were underpaid in only one year.

Auditors found these underpayments included time delays in applying the new rate instead of promptly changing the rate on August 1st each year and also not applying the correct rate (paying \$16.01 instead of \$16.07).

Appendix A shows the 2017-2019 list of underpayments for the 59 employees.

Audit Recommendations:

We recommend that HDDIC:

- a) pay the \$8,220 owed to the 59 employees affected by the underpayment of the Living Wage Rates (Exhibit A) and provide proof of payment to the Nassau County Comptroller's Office; and
- b) take the necessary steps to ensure the exact hourly living wage is paid to all employees in the future and that they apply the new rate effective on August 1 of each year.

Findings and Recommendations

AUDIT FINDING (2)

(2) 86% (69 of 80) Employees Were Not Provided with or Paid for Approximately 3,253 Hours of Accrued Compensated Time Off Earned Amounting to \$52,556

The Nassau County Living Wage Law provides that each full-time employee is entitled to 12 paid days off, while part-time employees working at least 20 hours per week receive proportionate compensated days off.

The Auditors requested but were not provided with any employee accrued compensated time off documentation showing HDDIC's calculation of compensated time off each employee earned, and how much, if any, was paid. HDDIC's Executive Administrator told the Auditors that prior to 2019, the Auditee did not keep proper records for compensated time off, and that it will be difficult to provide a calculation of compensated time off, amount paid, and proof of payment.

Therefore, Auditors calculated the estimated compensated time off that should have accrued for the audit period, January 1, 2017 through October 6, 2019 using the following methodology:

- Since HDDIC's biweekly payroll records did NOT separate the number of hours worked each week, the Auditors could not determine if employees worked at least 20 hours in each work week, thus entitling employees to proportionate compensated time off. Auditors based their determination of who was owed compensated time off and the corresponding number of compensated time off hours due, assuming a 40-hour work week; and Auditors used 80 hours as the measurement for the biweekly accrual. As a result, compensated time off was calculated for employees who worked between 40 and 80 hours per biweekly payroll.

Using this methodology, the Auditors determined the following:

- In 2017, 36 of 45 employees were estimated to not being provided with or paid for approximately 1,103 hours of accrued compensated time off amounting to \$17,536. We noted that of the nine employees who are not owed time, three were salaried employees and the other six did not work at least 40 hours in any biweekly period.
- In 2018, 37 of 46 employees were estimated to not being provided with or paid for approximately 1,294 hours of accrued compensated time off amounting to \$21,011.
- In 2019 (from January 1 to October 6) 33 of 46 employees were estimated to not being provided with or paid for approximately 856 hours of accrued compensated time off amounting to \$14,009.
- In total, from January 1, 2017 to October 6, 2019, 69 employees were estimated to not being provided with or paid for approximately 3,253 hours of accrued compensated time off amounting to \$52,556.

Appendix B includes a summary of estimated compensated time off in hours and dollars that is due to each employee.

Findings and Recommendations

Audit Recommendations:

We recommend that HDDIC:

- a) pay or provide the 69 employees the \$52,556 for earned compensated time off owed for 2017 through October 6, 2019;
- b) provide proof of payment or accrual postings to the Comptroller's Office; and
- c) maintain proper records of each employee's compensated time off accruals, usage, and payments as required by the Agency's MOU with Nassau County.

AUDIT FINDING (3)

(3) HDDIC is Not in Compliance with their Memorandum of Understanding with Nassau County: Auditors Found Inadequate Board Oversight, Insufficient Accounting Records and Financial Statements Were Not Provided

The Memorandum of Understanding ("MOU") Agreement between HDDIC and Nassau County requires HDDIC to comply with any and all applicable federal, state and local laws³ and for HDDIC's records to be available at all times for audit and inspection by the Comptroller.⁴

Non-compliance issues noted during our review include:

- **Inadequate Board Oversight:** HDDIC has only one Director instead of the three required by Section 203 (c) of the New York State Not-for-Profit Corporation Law. An explanation was not provided by HDDIC as to why there is only one director. Auditors also requested board minutes but were not provided with a response. The duties of non-for-profit directors include providing proper oversight of the organization.

³ MOU Provision 12. (a) Compliance With Law – "The Provider shall comply with any and all applicable Federal, State and local Laws, including those relating to conflicts of interest, discrimination, and confidentiality, in connection with its performance under this Agreement. In furtherance of the foregoing, the Provider is bound by and shall comply with the terms of Appendix EE, which are attached hereto. As used in this Agreement the word "Law" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, as the same may be amended from time to time, enacted, or adopted."

⁴ MOU Provision 18. (a) Accounting Procedures; Records – "The provider shall maintain and retain, for a period of six years following the later of termination of or final payment under this agreement, complete and accurate records, documents, accounts and other evidence, whether maintained electronically or manually, pertinent to performance under this agreement. Records should be maintained in accordance with Generally Accepted Accounting Principles ("GAAP") and, if the provider is a non-profit entity, shall comply with the accounting guidelines set forth in the Federal Office of Management & Budget Circular A-122, Cost principles for Non-profit organizations. Such records shall at all times be available for audit and inspection by the Comptroller, OHCD, DSS or any other governmental authority with jurisdiction over the provision of services hereunder and/or the payment therefore, and any of their duly designated representatives."

Findings and Recommendations

HDDIC did not provide Auditors with a copy of its Certificate of Incorporation with the New York State Department of State. New York State requires that all Non-profit Organizations 501(c)(3) file their Certificate of Incorporation with the New York State Department of State. The Certificate of Incorporation would show the initial directors elected by incorporators in the Certificate of Incorporation annual meeting.

- **Insufficient Accounting Records:** HDDIC is required to file a Form 990^{5 6}. Auditors reviewed the Form 990 and requested supporting documentation for Supplies totaling \$81,932 and \$85,326 for 2017 and 2018, respectively and Meals and Entertainment expenses totaling \$38,223 and \$41,662 for 2017 and 2018, respectively. HDDIC responded "*Unfortunately, we recently had a flood in our office, and it destroyed a lot of our files. We will have to contact most of the vendors that we did business through the years and request them. Which we do not have the manpower for.*"

Auditors also requested a detailed breakdown/explanation for Other Changes in Net Assets or Fund Balances reported on HDDIC Form 990 totaling \$207,614 and \$70,489 in 2017 and 2018, respectively. Auditors noted that in both years no assets other than cash, and no liabilities were reported, and the method used to measure income and expenses was accrual accounting. Accrual Accounting method is used when revenue or expenses are recorded when a transaction occurs rather than when payment is received or made. Since the only explanation provided was vague ("This amount reflects in the change in net assets/retained earnings."), the Auditors requested the financial statements for years 2017 and 2018 to ascertain the reason for changes in net assets. As noted in the next bullet, HDDIC did not provide their financial statements.

- **Failure to Provide Financial Statements:** HDDIC did not provide a copy of its 2017 and 2018 financial statements. Form 990 - Part XII, Financial Statements and Reporting, indicated that HDDIC's financial statements were compiled or reviewed by an independent accountant on a separate basis. As HDDIC has material compliance irregularities, a copy of this report will be provided to the Nassau County Department of Social Services for their evaluation of these possible contract infractions.

Audit Recommendations:

We recommend that HDDIC take the necessary corrective actions to ensure compliance with all provisions of the MOU with Nassau County. Specifically, HDDIC should:

- a) appoint the required number of directors

⁵ Form 990 (officially, the "Return of Organization Exempt From Income Tax") is a United States Internal Revenue Service form that provides the public with financial information about a nonprofit organization. It is often the only source of such information. It is also used by government agencies to prevent organizations from abusing their tax-exempt status.

⁶ MOU Provision #4 (n) Performance Monitoring – "Upon request of DSS the Provider shall provide a final, amended or revised IRS form 990 for each year the MOU is in effect."

Findings and Recommendations

- b) provide training to Board members;
- c) maintain board minutes;
- d) retain proper records for inspection including the Certificate of Incorporation; and
- e) maintain complete and accurate accounting records.

AUDIT FINDING (4)

(4) Differences in Gross Wages for Six Employees were Found Between the HDDIC Payroll Register and the Employee Wage and Tax Statements (“W-2s”), and Could Not Be Explained by HDDIC

Auditors compared payroll register information (gross wages) for 2017 and 2018 to the corresponding W-2 Forms⁷ in order to assure the completeness and accuracy of the payroll records provided by HDDIC and noted discrepancies for four employees in 2017 and two employees in 2018 that led to the following net differences:

- The 2017 Gross Wages per the Payroll Registers were \$1,535 greater than amounts reported on the W-2 Forms.
- The 2018 Gross Wages per the Payroll Registers were \$1,153 less than amounts reported on the W-2 Forms.

For example, in 2017, one employee’s gross wages were \$40,376 per the sum of the payroll registers but only \$37,107 was reported as gross wages on the employee’s W-2 Form, and the difference of \$3,269 was not explained by management. At the same time, three other employees’ gross wages per their W-2 Forms were greater than the amounts in the payroll register by a combined total of \$1,734. This resulted in the \$1,535 net difference shown in the first bullet above.

When questioned via email as to the reason for these differences, the HDDIC Executive Administrator responded that:

- *“The reconciliation of payroll reports to W-2 are both reports produced by the same company. Both are external sources. By definition, that defeats the purpose of doing a reconciliation as neither report are produced by HDDIC.”*
- *“Furthermore, there will be reconciling differences between YTD payroll expense and W-2s. W-2s is based on cash paid out of the year. Our company payroll is submitted bi-weekly. Therefore, at the end of the year there is always a reconciling difference between payroll expense for the year and what was paid for the year. If you deduct the payments paid in*

⁷ A comparison for 2019 could not be done because the 2019 W-2s were not available at the time the field work was performed.

Findings and Recommendations

January that relates to the prior year you should be able to find your reconciling difference.”

Best practices would include complete reconciliation of wages to ensure accuracy before preparation of the W-2 forms.

Audit Recommendation:

We recommend that HDDIC implement a process to reconcile the payroll registers with the W-2 Forms, even though both are prepared by a third party, or require the third party to provide a reconciliation. This will ensure that complete and accurate payroll records are maintained pursuant to HDDIC’s Memorandum of Understanding with Nassau County.

Appendix A - Amounts Due to Employees Paid Less Than the Living Wage Rate

Amounts Due to Employees Paid Less Than the Living Wage Rate January 2017 through October 6, 2019				
Employee Assigned No	2017 Underpayment	2018 Underpayment	Jan - Oct 6, 2019 Underpayment	Total 2017-2019 Underpayments
1		\$ 167.08		\$ 167.08
2		\$ 95.32		\$ 95.32
3	\$ 1.59	\$ 147.30		\$ 148.89
4		\$ 52.80	\$ 127.25	\$ 180.05
5		\$ 6.40	\$ 16.20	\$ 22.60
6		\$ 301.45		\$ 301.45
7	\$ 33.44			\$ 33.44
8		\$ 169.00	\$ 111.49	\$ 280.49
9	\$ 3.84			\$ 3.84
10			\$ 188.22	\$ 188.22
11	\$ 9.00	\$ 114.12		\$ 123.12
12		\$ 13.00	\$ 16.00	\$ 29.00
13	\$ 12.18			\$ 12.18
14	\$ 63.68	\$ 18.72		\$ 82.40
15	\$ 48.43	\$ 83.06		\$ 131.49
16			\$ 57.83	\$ 57.83
17			\$ 52.96	\$ 52.96
18	\$ 0.72	\$ 399.22		\$ 399.94
19			\$ 65.24	\$ 65.24
20		\$ 104.11	\$ 156.34	\$ 260.45
21	\$ 26.50			\$ 26.50
22	\$ 23.20		\$ 126.56	\$ 149.76
23	\$ 17.28	\$ 190.60	\$ 6.40	\$ 214.28
24			\$ 91.51	\$ 91.51
25		\$ 20.04		\$ 20.04
26		\$ 119.20	\$ 159.48	\$ 278.68
27	\$ 47.14	\$ 169.80	\$ 83.75	\$ 300.69
28			\$ 5.67	\$ 5.67
29	\$ 62.09	\$ 127.63	\$ 37.97	\$ 227.69
30	\$ 7.00	\$ 279.89	\$ 35.04	\$ 321.93

Appendix A - Amounts Due to Employees Paid Less Than the Living Wage Rate

Amounts Due to Employees Paid Less Than the Living Wage Rate January 2017 through October 6, 2019				
Employee Assigned No	2017 Underpayment	2018 Underpayment	Jan - Oct 6, 2019 Underpayment	Total 2017-2019 Underpayments
31		\$ 268.07	\$ 32.00	\$ 300.07
32	\$ 12.40	\$ 5.98		\$ 18.38
33	\$ 74.50	\$ 47.31		\$ 121.81
34		\$ 115.00	\$ 202.43	\$ 317.43
35			\$ 137.90	\$ 137.90
36	\$ 25.44	\$ 357.08	\$ 57.60	\$ 440.12
37		\$ 215.18		\$ 215.18
38	\$ 55.87			\$ 55.87
39			\$ 137.62	\$ 137.62
40			\$ 0.70	\$ 0.70
41			\$ 137.84	\$ 137.84
42	\$ 2.88	\$ 30.00		\$ 32.88
43	\$ 40.64	\$ 100.96	\$ 55.19	\$ 196.79
44	\$ 32.35			\$ 32.35
45		\$ 126.37	\$ 6.40	\$ 132.77
46	\$ 87.06	\$ 9.60		\$ 96.66
47	\$ 75.25	\$ 15.27		\$ 90.52
48	\$ 11.94			\$ 11.94
49	\$ 15.48			\$ 15.48
50		\$ 70.62		\$ 70.62
51			\$ 4.73	\$ 4.73
52	\$ 108.48	\$ 138.91		\$ 247.39
53	\$ 25.81			\$ 25.81
54	\$ 6.21	\$ 235.16	\$ 102.40	\$ 343.77
55			\$ 123.06	\$ 123.06
56	\$ 7.92	\$ 337.80	\$ 44.80	\$ 390.52
57			\$ 97.39	\$ 97.39
58			\$ 12.98	\$ 12.98
59			\$ 138.95	\$ 138.95
	\$ 938.32	\$ 4,652.05	\$ 2,629.90	\$ 8,220.27

Appendix B - Amounts Due to Employees for Earned Compensated Time Off

Amounts Due to Employees for Earned Compensated Time Off January 2017 through October 6, 2019								
Employee Assigned No	2017		2018		Jan - Oct 6, 2019		Grand Total	
	Unpaid Accrued Hours	Amount Unpaid	Unpaid Accrued Hours	Amount Unpaid	Unpaid Accrued Hours	Amount Unpaid	Unpaid Accrued Hours	Total Amount Due
1	99	\$ 1,576.61	43	\$ 706.58	3	\$ 42.41	145	\$ 2,325.60
2			18	\$ 296.06			18	\$ 296.06
3			7	\$ 112.23			7	\$ 112.23
4			19	\$ 302.62			19	\$ 302.62
5			6	\$ 99.96	56	\$ 915.75	62	\$ 1,015.71
6			50	\$ 815.25			50	\$ 815.25
7	29	\$ 454.39					29	\$ 454.39
8	32	\$ 503.18					32	\$ 503.18
9					11	\$ 175.69	11	\$ 175.69
10			13	\$ 217.71	53	\$ 869.81	66	\$ 1,087.53
11	2	\$ 32.63					2	\$ 32.63
12					41	\$ 685.09	41	\$ 685.09
13	11	\$ 174.77					11	\$ 174.77
14					2	\$ 30.29	2	\$ 30.29
15	4	\$ 70.45	12	\$ 194.19			16	\$ 264.64
16			18	\$ 302.91			18	\$ 302.91
17	4	\$ 69.91					4	\$ 69.91
18	7	\$ 103.40					7	\$ 103.40
19					8	\$ 131.09	8	\$ 131.09
20	51	\$ 817.49	86	\$ 1,402.25	17	\$ 254.11	155	\$ 2,473.85
21	59	\$ 939.64	9	\$ 142.38			68	\$ 1,082.02
22	13	\$ 201.34					13	\$ 201.34
23					4	\$ 66.81	4	\$ 66.81
24					4	\$ 66.64	4	\$ 66.64
25			79	\$ 1,281.29			79	\$ 1,281.29
26					14	\$ 231.35	14	\$ 231.35
27			6	\$ 99.20	9	\$ 154.48	15	\$ 253.68
28					4	\$ 60.58	4	\$ 60.58
29	33	\$ 533.94					33	\$ 533.94
30	84	\$ 1,331.59	93	\$ 1,506.65	15	\$ 226.49	192	\$ 3,064.73

Note: The assigned numbers for employees in Appendix B do not match the numbers assigned to employees in Appendix A.

Appendix B - Amounts Due to Employees for Earned Compensated Time Off

Amounts Due to Employees for Earned Compensated Time Off								
January 2017 through October 6, 2019								
	2017		2018		Jan - Oct 6, 2019		Grand Total	
Employee Assigned No	Unpaid Accrued Hours	Amount Unpaid	Unpaid Accrued Hours	Amount Unpaid	Unpaid Accrued Hours	Amount Unpaid	Unpaid Accrued Hours	Total Amount Due
31	12	\$ 188.36	30	\$ 491.05			42	\$ 679.41
32					39	\$ 637.20	39	\$ 637.20
33			2	\$ 37.94			2	\$ 37.94
34			11	\$ 177.20	15	\$ 257.76	26	\$ 434.96
35	4	\$ 63.78	4	\$ 59.33			8	\$ 123.11
36	19	\$ 305.29	2	\$ 29.66	2	\$ 36.35	23	\$ 371.31
37	3	\$ 53.39	94	\$ 1,524.61	50	\$ 794.48	147	\$ 2,372.48
38			50	\$ 816.98	82	\$ 1,349.96	132	\$ 2,166.94
39	41	\$ 657.81	36	\$ 584.73			78	\$ 1,242.54
40	7	\$ 105.04					7	\$ 105.04
41			8	\$ 137.44	32	\$ 529.86	40	\$ 667.30
42					62	\$ 1,027.51	62	\$ 1,027.51
43	17	\$ 265.96					17	\$ 265.96
44	19	\$ 308.11	76	\$ 1,238.80	14	\$ 235.55	110	\$ 1,782.46
45			30	\$ 490.89			30	\$ 490.89
46	46	\$ 726.90					46	\$ 726.90
47					43	\$ 716.79	43	\$ 716.79
48	94	\$ 1,500.84	96	\$ 1,555.53	21	\$ 319.01	211	\$ 3,375.38
49					39	\$ 639.28	39	\$ 639.28
50			17	\$ 265.49			17	\$ 265.49
51	20	\$ 313.50	11	\$ 177.98	2	\$ 30.67	32	\$ 522.15
52	6	\$ 99.03					6	\$ 99.03
53	19	\$ 306.02					19	\$ 306.02
54	79	\$ 1,254.97	77	\$ 1,244.18	8	\$ 129.12	164	\$ 2,628.27
55	62	\$ 987.18	9	\$ 148.69			71	\$ 1,135.87
56	5	\$ 76.38					5	\$ 76.38
57	25	\$ 394.15	67	\$ 1,087.63			92	\$ 1,481.78
58			4	\$ 71.82			4	\$ 71.82
59			6	\$ 106.02	42	\$ 685.58	48	\$ 791.60
60	85	\$ 1,350.43	30	\$ 474.61			114	\$ 1,825.04

Note: The assigned numbers for employees in Appendix B do not match the numbers assigned to employees in Appendix A.

Appendix B - Amounts Due to Employees for Earned Compensated Time Off

Amounts Due to Employees for Earned Compensated Time Off January 2017 through October 6, 2019								
Employee Assigned No	2017		2018		Jan - Oct 6, 2019		Grand Total	
	Unpaid Accrued Hours	Amount Unpaid	Unpaid Accrued Hours	Amount Unpaid	Unpaid Accrued Hours	Amount Unpaid	Unpaid Accrued Hours	Total Amount Due
61	30	\$ 467.87					30	\$ 467.87
62	9	\$ 146.37					9	\$ 146.37
63			39	\$ 633.82	30	\$ 495.22	69	\$ 1,129.04
64					47	\$ 781.03	47	\$ 781.03
65	4	\$ 65.54					4	\$ 65.54
66	2	\$ 37.08	63	\$ 1,030.26			66	\$ 1,067.34
67	66	\$ 1,052.44	71	\$ 1,147.56	2	\$ 39.49	139	\$ 2,239.49
68					34	\$ 551.96	34	\$ 551.96
69					51	\$ 841.37	51	\$ 841.37
	1,103	\$17,535.80	1,294	\$21,011.50	856	\$14,008.77	3,253	\$52,556.07

Note: The assigned numbers for employees in Appendix B do not match the numbers assigned to employees in Appendix A.

Appendix C – Auditors’ Follow Up Comments on HDDIC, Inc. Response

Appendix C contains an analysis of the HDDIC, Inc.’s Responses to the Draft Audit report and the Auditors’ Follow Up Comments. HDDIC, Inc.’s full response letter as submitted is included in Appendix D.

AUDIT FINDING (1)

(1) 74% of Employees (59 of 80) were Underpaid the Living Wage Rate Amounting to \$8,220

Audit Recommendations:

We recommend that HDDIC:

- a) pay the \$8,220 owed to the 59 employees affected by the underpayment of the Living Wage Rates (Exhibit A) and provide proof of payment to the Nassau County Comptroller's Office; and
- b) take the necessary steps to ensure the exact hourly living wage is paid to all employees in the future and that they apply the new rate effective on August 1 of each year.

HDDIC’s Response to Recommendation 1

- a) *“Also we agree to pay the full amount of \$8,220.00 to underpaid employees by 2/15/2021.”*
- b) *“HDDIC will assure that all employees receive the mandatory Living wage increase annually.”*

Auditors’ Follow Up Comments to HDDIC’s Response

- a) We concur with HDDIC’s response to pay the full amount of the \$8,220 wage underpayments to the fifty-nine employees. We reiterate that HDDIC provide the Comptroller’s Office with proof of payments made to the employees, and the Comptroller’s Office will be following up with the Agency to confirm repayment.
- b) We are pleased that HDDIC will assure that all employees will be paid the exact amount of the effective Living Wage rate, which occurs on August 1st of every year.

Appendix C – Auditors’ Follow Up Comments on HDDIC, Inc. Response

AUDIT FINDING (2)

(2) 86% (69 of 80) Employees Were Not Provided with or Paid for Approximately 3,253 Hours of Accrued Compensated Time Off Earned Amounting to \$52,556

Audit Recommendations:

We recommend that HDDIC:

- a) pay or provide the 69 employees the \$52,556 for earned compensated time off owed for 2017 through October 6, 2019;
- b) provide proof of payment or accrual postings to the Comptroller’s Office; and
- c) maintain proper records of each employee’s compensated time off accruals, usage, and payments as required by the Agency’s MOU with Nassau County.

HDDIC’s Response to Recommendation 2

“HDDIC agrees that there is outstanding earned compensated time off owed for 2017 through 10/6/19, but we believe that the numbers may vary. We requested the records from our previous payroll provider. In Addition, we will search our email database for all time off requests by employee’s. We believe that this task can be completed by 1/15/2021. If we owe the full \$52,566.00, we will request a 12 month repayment period.”

Auditors’ Follow Up Comments to HDDIC’s Response

- a) We concur with HDDIC’s response and request that the results of the review that HDDIC expects to be completed in the near future be provided to the Comptroller’s Office for review. A 12-month repayment period as suggested by HDDIC is excessive. The Comptroller’s Office will be following up with the Agency to resolve this matter and verify that the employees have been properly compensated.
- b) We reiterate that HDDIC provide proof of payments to each employee to the Comptroller’s Office.
- c) We reiterate that HDDIC maintain proper records of each employee’s compensated time off accruals, usage, and payments as required by the Agency’s MOU with Nassau County.

AUDIT FINDING (3)

(3) HDDIC is Not in Compliance with their Memorandum of Understanding with Nassau County: Auditors Found Inadequate Board Oversight, Insufficient Accounting Records and Financial Statements Were Not Provided

Audit Recommendations:

We recommend that HDDIC take the necessary corrective actions to ensure compliance with all provisions of the MOU with Nassau County. Specifically, HDDIC should:

- a) appoint the required number of directors;
- b) provide training to Board members;
- c) maintain board minutes;
- d) retain proper records for inspection including the Certificate of Incorporation; and
- e) maintain complete and accurate accounting records.

HDDIC’s Response to Recommendation 3

“HDDIC will Provide the requested outstanding for the following:”

- a) *“HDDIC will provide the outstanding 2017 & 2018 names and addresses of the requested”*
- b) *“HDDIC with assistance of HME Consulting will provide Annual Board Member training”*
- c) *“HDDIC will Provide 2017 & 2018 Board Minutes”*
- d) *“HDDIC agrees to maintain proper records”*
- e) *“HDDIC agrees to maintain complete and accurate accounting with the assistance of HME Consulting, inc. and will complete Yearly A-133 Single Audit with independent CPA Firm”*

Appendix C – Auditors’ Follow Up Comments on HDDIC, Inc. Response

Auditors’ Follow Up Comments to HDDIC’s Response

We are pleased that HDDIC will be adhering to the terms of the contract ensuring compliance with all provisions of the MOU. Auditors’ comments on HDDIC’s response to each recommendation are as follows:

- a) HDDIC should provide the Comptroller’s Office with the names and addresses of the directors.
- b) We concur with HDDIC’s response that they will provide annual board member training with assistance of HME consulting.
- c) HDDIC should provide the Comptroller’s Office with the board minutes.
- d) We concur with HDDIC’s response and are pleased that they have agreed to maintain proper records.
- e) We concur with HDDIC’s response to maintain complete and accurate accounting records.

AUDIT FINDING (4)

(4) Differences in Gross Wages for Six Employees were Found Between the HDDIC Payroll Register and the Employee Wage and Tax Statements (“W-2s”), and Could Not Be Explained by HDDIC

Audit Recommendation:

We recommend that HDDIC implement a process to reconcile the payroll registers with the W-2 Forms, even though both are prepared by a third party, or require the third party to provide a reconciliation. This will ensure that complete and accurate payroll records are maintained pursuant to HDDIC’s Memorandum of Understanding with Nassau County.

HDDIC’s Response to Recommendation 4

“HDDIC agrees with the differences found in the payroll register. We will have proper Payroll register reconciliation with the assistance of ADP & HME Consulting, Inc.”

Auditors’ Follow Up Comments to HDDIC’s Response

We concur with HDDIC’s response to obtain the assistance of ADP & HME Consulting, Inc. to ensure a proper payroll register reconciliation is generated. We reiterate the importance of identifying differences between the payroll records and the W-2 Wage and Tax Statements to ensure they are explained and resolved where necessary.

Appendix D – HDDIC, Inc. Response



December 18, 2020

Office Of Nassau County Comptroller
240 old Country Road
Mineola, New York 11501

Subject: Exit Letter Response

Dear JoAnn Greene,

HDDIC will work with HME consulting to address the following recommendations:

(1) 74% of the Employees (59 of 80) were underpaid The Living Wage rate amounting in \$8,220.00

Answer:

HDDIC will assure that all employees receive the mandatory Living wage increase annually. Also we agree to pay the full amount of \$8,220.00 to underpaid employees by 2/15/2021.

(2) 86% (69 of 80) employees were not provided with or paid for approximately 3,253 hours of accrued compensated time off earned amounting to \$52,556.00

Answer:

HDDIC agrees that there is outstanding earned compensated time off owed for 2017 through 10/6/19, but we believe that the numbers may vary. We requested the records from our previous payroll provider. In Addition, we will search our email database for all time off requests by employee's. We believe that this task can be completed by 1/15/2021. If we owe the full \$52,556.00 we will request a 12 month repayment period.

(3) HDDIC is not in compliance with their Memorandum of Understanding with Nassau County: Auditors Found Inadequate Board Oversight. Insufficient Accounting Records and Financial Statements were not provided

Scanned with CamScanner

Appendix D – HDDIC, Inc. Response

Answer:

HDDIC will Provide the requested outstanding for the following:

- a) Appoint the required number of directors (HDDIC will provide the outstanding 2017&2018 names and addresses of the requested)
- b) Provide training to Board members(HDDIC with assistance of HME Consulting will provide Annual Board Member training)
- c) Maintain Board minute (HDDIC will Provide 2017& 2018 Board Minutes)
- d) retain proper records for inspection including the Certificate of incorporation; and(HDDIC agrees to maintain proper records)
- e) Maintain complete and accurate accounting records(HDDIC agrees to maintain complete and accurate accounting with the assistance of HME Consulting, inc. and will complete Yearly A-133 Single Audit with independent CPA Firm)

(4) Audit Findings six employees were found between the HDDIC Payroll register and the Employee wage and tax statements (w-2's) and could not be explained by HDDIC

Answer:

HDDIC agrees with the differences found in the payroll register. We will have proper Payroll register reconciliation with the assistance of ADP & HME Consulting, Inc.

Regards,



Russell Bramwell

CEO

Scanned with CamScanner

