

NEW HORIZONS SUPPORTED SERVICES, INC.

**GRANT AUDIT
JANUARY 2023**

OFFICE OF AUDITS AND INVESTIGATIONS
Prince George's County
Largo, Maryland

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THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

January 2023

The County Council and County Executive
of Prince George's County, Maryland

Council Resolution 51-1991, adopted June 25, 1991, requires the Office of Audits and Investigations (A&I) to perform random financial audits of grants and transfer payments appropriated in the Non-Departmental section of the County's Approved Annual Current Expense Budget.

We have examined the books and records of

NEW HORIZONS SUPPORTED SERVICES, INC.,

for the period July 1, 2018, through June 30, 2020. Our examination included such tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances.

We noted no matters involving the Prince George's County grant to New Horizons Supported Services, Inc., that led us to believe that the County grant funds were used for other than their intended purpose.

This report, in our opinion, fulfills the requirements of Council Resolution 51-1991 to perform random financial audits of grants and transfer payments made pursuant to the Non-Departmental section of the Prince George's County, Maryland, Fiscal Year 2019 and 2020 Approved Operating Budget.



Turkessa M. Green, CPA, CIA, CISA
County Auditor

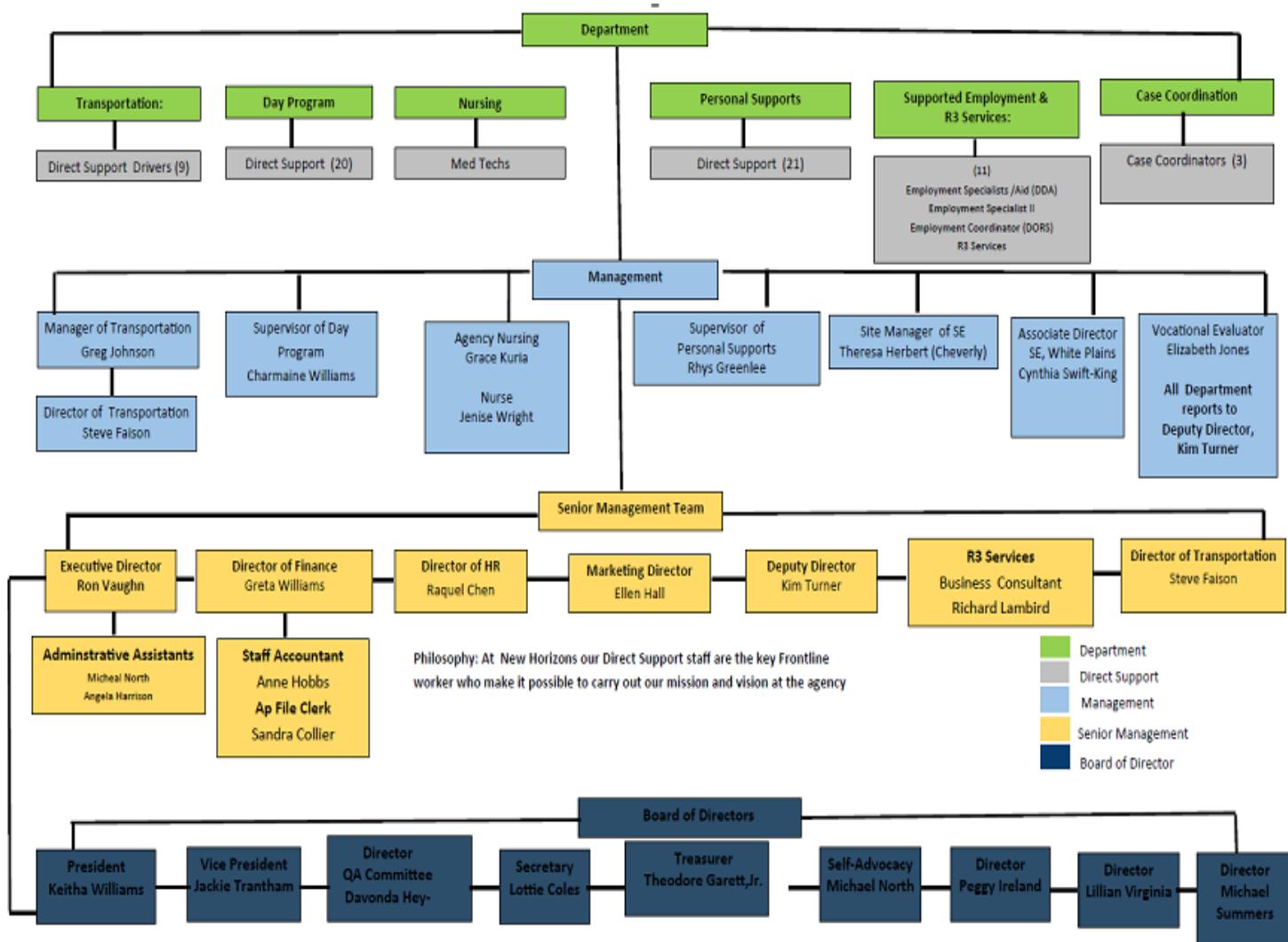


Larry V. Whitehurst Jr., CPA, MBA, CIA
Audit Manager

Wayne K. Curry Administration Building | 1301 McCormick Drive | Largo, MD 20774
VOICE (301) 952-3431; FAX (301) 780-2097; TDD (301) 925-5167

New Horizons Supported Services, Inc.

New Horizons Supported Services, Inc (NHSSI) is incorporated as a 501(c)(3) non-profit organization in the State of Maryland. NHSSI was founded in 1972 with a mission to support and empower individuals with disabilities in gaining and maintaining the skills and resources needed to maximize their potential for independence and inclusion in their community both vocationally and socially. The NHSSI office is located 16000 Trade Zone Avenue, Suite 109, in Upper Marlboro, Maryland. NHSSI is governed by a 9-member Board of Directors who conduct oversight through quarterly board meetings and compliance with policies created by the Maryland Developmental Disabilities Administration. A current overview of NHSSI's organizational chart for FY 2022 is shown below:



NHSSI has various program offerings, however prior to being accepted into one of NHSSI's programs each prospective client goes through a 10-step process. The process generally starts with a scheduled tour and concludes with an established program start date. A listing of all NHSSI's programs is outlined below:

- Employment Services - This program provides each individual with job placement in Prince George's, Charles, and surrounding counties upon the completion of a vocational assessment. The vocational assessment, which is conducted in real or simulated work environments, are conducted to help to determine the strengths, needs, interests, and preferences of the individual so that they can be placed in the proper job/work environment. After job placement each individual is provided with training and support development to ensure successful placement.
- Day Program - This program provides each individual with a day filled with activities in a community setting to assist them in growing and achieving their potential. The program focuses on person-centered support by giving each individual the opportunity to interact with peers and staff in a way that promotes individualized development.
- Personal Support -This program develops a strategic plan with specific targeted outcomes for each participant based upon lifestyle-related goals. The program is designed to work with an individual in his/her home or in the community with the assistance from one-on-one support by trained Direct Support Professionals.
- Community Development Services - This program develops an individual plan for each participant which is designed to train and enhance competencies needed to help them become independent and successful. Each participant receives support up to five (5) days per week, six (6) hours per day for 220 days annually.

In 2019, NHSSI programs supported over 576 adults with disabilities across five (5) counties, including 103 adults that participated in the Vocational Day Supports Program.

NHSSI also provides support to business and government customers through two specific service offerings listed below. Some of NHSSI's disabled clients help support these business services.

- Bee Bowl Services- This business arm quickly provides much needed pre-painted bee traps to customers around the world. This service opportunity was developed through a chance encounter with a U.S Geological Survey biologist and conservation ecologist, Sam Droege.
- R3 Services- This business arm provides various services such as eRecycling, data destruction, full cycle document management to businesses and government clients within a defined service area.

The Prince George's County Council appropriates funds to support nonprofit organizations throughout the County in the form of grants. The Non-Departmental budget included funds to fulfill grant requests received from County nonprofit organizations. These grants are awarded in

two forms, Non-Departmental grants which are grants designated and allocated by the Prince George's County Council as a whole; and Special Appropriation grants, which are designated and allocated by each Council member individually. Both grants are to be used to support citizen/community-based programs and services that help address the human, social, education, recreation and other service needs of the County's citizens and communities.

The Local Development Council offers the Local Impact grants, which are funds that are a portion of gaming revenue dedicated by law for use primarily in the communities in immediate proximity to National Harbor. These grants are awarded through a formal application process.

The Prince George's County Government awarded NHSSI six (6) grants totaling \$60,500 in fiscal years 2019 and 2020. These awards were issued from December of 2018 through August of 2020. A summary of the grants awarded is as follows:

<u>Disbursement Date</u>	<u>Grant Type</u>	<u>Grant Award Amount</u>
12/31/2018	Special Appropriation	\$ 2,500
2/26/2019	Special Appropriation	2,000
6/17/2019	Local Development	50,000
5/8/2020	Special Appropriation	2,500
7/23/2020	Special Appropriation	1,000
8/20/2020	Special Appropriation	2,500
Total Amount Awarded		\$ 60,500

Note: NHSSI also received funding during the audit period from The Prince George's County via a grant provided to the Prince George's County Provider Council to support Development Disabilities Administration (DDA) service providers located in the County. These grants funds were not included in the scope of this audit.

NHSSI special appropriation grant funding was to be utilized to support its program related staffing and transportation costs for adults with intellectual and developmental disabilities within specific County Districts. The District Four FY 2020 special appropriation funding was approved to be repurposed for sanitization of its Upper Marlboro and Cheverly Maryland locations prior to their reopening.

NHSSI local development grant funding approved usage is outlined later in this report.

OBJECTIVE, SCOPE AND METHODOLOGY

The objectives of our audit were to: (a) assess the adequacy of the system of internal and management controls over grant funds received and expended; (b) assess whether grant related transactions occurred in a manner consistent with the organization's grant request application and other generally accepted business practices; and (c) identify factors inhibiting satisfactory performance in these areas and make recommendations to protect the County's interest concerning the grant funds.

The scope included all transactions related to the receipt and disbursement of the total grant funds received from July 1, 2018, through June 30, 2020.

The criteria used to evaluate the audit evidence gathered included:

- The grant applications submitted by New Horizons Supported Services, Inc.;
- The organization's accounting policy and procedure manual;
- The United States General Accountability Office Standards for Internal Control publication (GAO-14-704G) (09/14);
- Maryland Nonprofit's Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector; and
- Internal Revenue Code (IRC)/Internal Revenue Service (IRS) guidelines.

The audit included correspondence with key personnel of New Horizons Supported Services, Inc. and detailed tests including:

- An examination of the organization's monthly bank statements;
- A review of the organization's Federal Form 990 returns for 2018 and 2019;
- A review of available grant receipt and expenditure documentation; and
- A review of available minutes for meetings held by the Board of Directors.

We examined the books and records maintained by New Horizons Supported Services, Inc. and included tests of the accounting records and other auditing procedures, as we determined necessary. Consideration was given to the fact that the records of the organization were reviewed and included in the scope of the financial audit conducted by Mullen Sondberg Wimbish & Stone, PA for the periods ending June 30, 2019 and June 30, 2020, and no discrepancies or irregularities were disclosed. Our examination included a review of expenditures and supporting documentation to ensure that payment amounts were properly approved and corresponded to related invoices/receipts. **We noted no instances that led us to believe that County grant funds were used for other than their intended purpose.** However, we did note the following finding.

All of NHSSI's repurposing grant expenses were incurred between 7/10/2020 and 9/8/2020, which was prior to the LDC approval date.

According to the Prince George's County Local Development Council (LDC) grant, NHSSI local development grant funding was initially to be utilized to help 60 low-income, disabled adults (ages 21-50) participate in community-based activities within the MGM impact area. Specifically, the grant would cover the costs of staffing, activities, travel, and technology in

addition to the purchase of a handicap accessible 8-passenger van. However, due to the pandemic, on 7/27/2020 NHSSI requested to repurpose \$10,000 of remaining grant funds to install protective shields in 33 vehicles, to purchase PPE, and for cleaning and sanitization of duct work within its facilities. NHSSI received approval to repurpose the remaining grant proceeds on 9/16/2020. All organizations that received approval for repurposing grant funding were required to submit a report no later than thirty (30) days after receiving approval providing an update on the activity or project for which the funds were repurposed, exactly how the funds were spent, and the status of any unused funds. NHSSI complied with this requirement by submitting their report on 10/15/2020. These specific repurposing expenses were reviewed and included in audit testing even though they were incurred after the 6/30/2020 audit period.

According to instructions released by the LDC an eligible organization's request to repurpose its funds may be approved only by a majority (51 percent or more) of the LDC members as long as official quorum has been established. Once the request is approved, the LDC Chair will draft a letter notifying the organization, the Office of the Prince George's County Executive, the County Council, and the Office of Management and Budget of the approval.

According to NHSSI representatives the organization was under the impression that upon receiving approval, LDC grant funds could be retroactively applied to expenses already incurred. As a result of incurring expenses prior to receiving approval NHSSI ran the risk of utilizing grant funds for purposes that are not allowed or having to utilize other funding to support these expenses.

We recommend in the future that NHSSI wait until written approval to repurpose grant funds is received prior to incurring expenses.

Overall Audit Rating	Total County Grant Funding	
	\$	60,500

- No Significant Findings Noted – Opportunities for Improvement Identified
- Some Deficiencies Noted – Eligible for Funding
- Significant Deficiencies Noted – Ineligible for Funding

The attached Statement of Activities (**Schedule 1**), as audited by their independent auditors, shows the activities relating to the New Horizons Supported Services, Inc., for the periods ending June 30, 2019, and June 30, 2020.

NEW HORIZONS SUPPORTED SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE PERIODS ENDING
JUNE 30, 2019 AND JUNE 30, 2020
(ACCRUAL BASIS)

	<u>2019</u>	<u>2020</u>
REVENUES:		
Fees and Grants	\$4,804,584	\$3,940,701
Service Fees/Contract Income	352,703	311,530
Other Income	60,310	55,712
Contributions	23,211	22,458
Total Revenues	<u>\$5,240,808</u>	<u>\$4,330,401</u>
EXPENDITURES:		
Salaries/Wages	\$3,238,514	\$3,453,522
Payroll Taxes	270,384	288,235
Fringe Benefits	265,432	265,486
Depreciation	260,011	285,792
Repairs and Maintenance	204,817	191,360
Insurance	178,468	145,653
Equipment Rental	74,939	132,008
Gas and Oil	195,871	120,110
Rent	122,832	117,062
Consulting	76,701	64,675
Communications	53,263	55,290
Utilities	67,863	54,478
Operating Supplies	46,598	49,819
Travel	44,575	47,053
Janitorial Supplies	28,323	46,089
Human Resources	25,034	26,854
Accounting and Legal	30,708	26,740
Payroll Processing	22,049	25,679
Purchase of Service	2,701	24,835
Bad Debt	14,245	21,274
Interest	24,945	19,036
Dues and Subscriptions	13,881	16,191
Staff Development/Training	19,613	11,796
Program Activities	10,581	9,813
Public Relations	7,639	5,595
Security	5,630	4,226
Miscellaneous	8,632	6,099
Adjustment	(19,389)	(15,565)
Total Expenditures	<u>\$5,294,860</u>	<u>\$5,499,205</u>
Excess Revenue Over/(Under) Expenditures	<u>(\$54,052)</u>	<u>(\$1,168,804)</u>