

IN REACH, INC.

GRANT AUDIT
November 2015

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



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

November 2015

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 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

IN REACH, INC.,

for the period July 1, 2013, through June 30, 2014. 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 In Reach, 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 2014 Approved Operating Budget.

A blue ink signature of David H. Van Dyke, CPA.

David H. Van Dyke, CPA
County Auditor

A blue ink signature of Emmanuel C. Nwachukwu.

Emmanuel C. Nwachukwu
Auditor-In-Charge

In Reach, Inc.

The Prince George's County Government awarded In Reach, Inc., (IRI), grants totaling \$92,000 in fiscal year 2014. These awards were issued in September 2013 (\$75,000), January 2014 (\$2,000), and April 2014 (\$15,000). This funding was to be used expressly for IRI's core program functions.

In Reach, Inc., is incorporated as a 501(c) (3) non-profit organization founded in 1999. IRI is a self-supported organization that receives funds from governments, corporations, and individual contributors. IRI is a County based organization headquartered in its main office, located at 9701 Apollo Drive, Suite 380 in Largo, Maryland. IRI is governed by a ten (10) member Board of Directors with each member serving a two-year term. To support its program initiatives, IRI, under its Executive Director, utilizes the services of consultants and facilitators under contractual arrangements. The mission and vision of the organization is to prepare students for college, work and life, and envisions healthy, productive and prepared young adults in every family. IRI accomplishes its mission through a combination of efforts organized in several core strategic areas that include advocacy, outreach and public engagement, direct services, and special initiatives. These core strategic areas are integrated in the following programs that are offered by IRI:

- **The Youth Ambassadors Program** – a year-round after school college access program with a cohort of up to 30 students beginning in their sophomore year. The program engages students in a variety of opportunities to build critical life skills.
- **The Quantum Project** – a year-round after school and summer college awareness and STEM (Science, Technology, Engineering and Mathematics) career exploration program

that engages middle school students in hands-on weekly activities that reinforce the school day curriculum.

- **The Girls of Worth Literacy Club** – an after school transitional program for 5th and 6th grade girls in preparation for middle school by engaging in activities that strengthen them academically.
- **The Parent Project** - a program created to engage parents in the college process and support them as effective educational advocates for their children.

We examined the books and records maintained by In Reach, Inc., and included tests of the accounting records and other auditing procedures, as we determined necessary. Our examination included a review of expenditures and supporting documentation to ensure that payment amounts were properly approved and corresponded to related invoices. We noted no instances that led us to believe that County grant funds were used for other than their intended purpose. We did note that due to the size and structuring of IRI, the initiation and approval of expenditures was left entirely to the Executive Director presenting a lack of proper segregation of duties. We understand that small entities sometimes have an organizational structure that can limit their ability to segregate all duties completely for every process. However, as part of the audit process we are obligated to identify any and all potential internal control weaknesses. To alleviate this issue, IRI mentioned that plans are being made to have its Board of Directors play a more active role in the overall approval of expenditures. Given the above mentioned finding, we recommended the following:

IRI follow its plan and have its Board of Directors play a more active role in the approval of expenditures or create an organizational structure that supports proper segregation of duties.

IRI operates and reports on a calendar year, however our examination was conducted on a fiscal year basis. For report purposes, the attached Statement of Revenues and Expenditures is presented on a calendar year consistent with IRI operations. The Statement of Revenues and Expenditures shows the activities of the organization for the periods ending December 31, 2013, and December 31, 2014. The statement was generated from IRI's 990 tax return filings and unaudited summary accounting reports. IRI received County funding for calendar year 2013 and 2014 in the amount of \$92,000 and \$67,000 respectively. Below is a schedule of County grant funding received by IRI, by award date, which identifies the \$92,000 of grant funding examined by our office.

<u>Grant Funding Schedule by Date</u>		
<i>Amount</i>	<i>Award Date</i>	<i>County Fiscal Year</i>
2,000	1/18/2013	FY 2013
15,000	5/10/2013	FY 2013
75,000*	9/06/2013	FY 2014
2,000*	1/31/2014	FY 2014
15,000*	3/20/2014	FY 2014
50,000	10/09/2014	FY 2015

* Grant Funding Examined

IN REACH, INC.
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE PERIODS ENDING
DECEMBER 31, 2013 AND DECEMBER 31, 2014
(ACCRAUL BASIS-UNAUDITED)

	<u>2013</u>	<u>2014</u>
REVENUES:		
Community Foundation	\$ 17,500	\$ -
Prince George's County	92,000	67,000
Maryland National Park and Planning Commission	116,060	55,564
United Way, CFC Contributions	77	-
Individual Contributions	2,396	1,300
Other Income	61	15,100
Special Events Contributions	4,700	475
Total Revenues	\$ 232,794	\$ 139,439
EXPENDITURES:		
Salaries	\$ 33,881	\$ 56,269
Fringe Expenses	4,269	10,756
Rent	-	20,160
Insurance	1,537	2,413
Meetings and Functions	65,605	46,589
Bank Service Charges & Fees	61	1,484
Pubs/Subs/Dues	2,053	4,330
Registrations	645	3,707
Outreach/Public Education	14,532	926
Special Initiatives	12,752	3,804
Direct Services - GOW	1,013	750
Direct Services - QP	10,048	1,470
Management/Admin	-	700
Direct Services - YA	11,107	-
Fund Development	3,427	-
Direct Services - Literacy	1,823	-
Dating Violence	3,555	-
Partnership Development	182	-
Transportation Services	2,350	3,325
General Office & Adminstrative Expenses	18,312	40,874
Total Expenditures	\$ 187,152	\$ 197,557
Excess Revenue Over/(Under) Expenditures	\$ 45,642	\$ (58,118)