

Report to:

Village Counsel and the Board of Trustees of the Incorporated Village of Mastic Beach

and

Special Counsel to the Incorporated Village of Mastic Beach*

Regarding:

Forensic Investigation of the

Robin Hood Grant Received

by the Incorporated Village of Mastic Beach

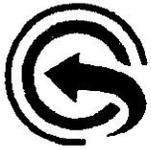
August 11, 2015

Prepared by:

Cramer CPA, P.C.

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To The Board of Trustees, Village Counsel, and Special Counsel of
The Incorporated Village of Mastic Beach:

Re.: Accountant's Report in connection with the forensic investigation
of the Robin Hood Grant Received

We have performed procedures enumerated below, which were agreed to by the Board of the Incorporated Village of Mastic Beach (the "Village") and Counsel under the terms of our engagement letter dated April 13, 2015. The purpose of this investigation was to evaluate how the grant money received from Robin Hood Foundation ("Robin Hood") was awarded and distributed to Village residents.

This engagement has been performed in accordance with Statement on Standards for Consulting Services No. 1 as promulgated by the American Institute of CPAs (AICPA). While work involved analysis of accounting records, our engagement did not constitute an audit in accordance with generally accepted auditing standards, an examination of internal controls, or any other attestation or review service in accordance with standards established by the AICPA. Had other procedures been performed, other matters may have come to our attention that may have affected the findings reported herein.

This report is intended solely for the information and use of the Board of the Incorporated Village of Mastic Beach, Village Counsel, and Village Special Counsel.

Cramer CPA, P.C.

Cramer CPA, P.C.
August 11, 2015

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II. Introduction

Cramer CPA, P.C (heretofore referred to as "Cramer") has been engaged to perform a forensic investigation of the activities related to the Incorporated Village of Mastic Beach (the "Village"). One of the areas of concern that Cramer has been requested to evaluate was how the grant money received from Robin Hood Foundation ("Robin Hood") was awarded and distributed to Village residents.

The Village was one of the locations severely damaged by Hurricane Sandy ("Sandy") on October 29, 2012. Within days of Sandy, organizations like Robin Hood began to collect money to help those in need. Eventually some of those emergency funds were granted to the Village.

In March 2013, the Village received a total grant award of \$250,000 from Robin Hood in the form of two (2) award letters. The first grant award letter was for \$200,000, and the second award letter contained a supplemental grant for \$50,000. The letters were sent to Mayor Biondi and Ms. Cappiello (a Trustee on the Village Board), respectively. In order to accept the grant, the Village had to agree to the terms and conditions set forth by Robin Hood. An authorized representative of the Village had to then send an e-mail to Robin Hood confirming acceptance. In addition, that same person had to submit the Federal Tax ID number for the Village. Once this information was received by Robin Hood, the funds would be transferred.

The Village opened a separate bank account and created a separate general ledger to be used exclusively for activities related to the grant monies received. On April 22, 2013, the Village received a wire transfer of \$250,000 from Robin Hood.

The grant award letters from Robin Hood contained explicit terms and conditions the Village was required to follow with respect to the distribution of these grant monies, which included:

The Village "must use the grant for the sole purpose of supporting the community." The funds "should be allocated to pay for the immediate needs of applicants who are year-round primary residents of limited financial means including home repairs, rebuilding and remediation and associated materials, supplies and fees; appliance and essential home contents replacement; rental, utilities and mortgage assistance, and emergency food, clothing, medical supplies or services.

Please note that this grant can only be used for the assistance of individuals, and not businesses. Funds from the Robin Hood Relief Fund may only be used to assist those with relatively limited

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means and their primary home (not secondary or vacation home), and for whom FEMA and insurance are insufficient to return them to safe and stable housing."¹

"We would expect most individual assistance support to be between \$500 and \$2,000 per household with a maximum of \$10,000 per household. Each grant to a single household between \$5,000 and \$10,000 would require specific, written approval from Robin Hood prior to the administration of the award.

We require that cash not be administered; instead, products or gift cards should be purchased and distributed, and bills (including contractors' bills) paid on behalf of victims.If your organization would like to use the funds for any other purpose, your organization must obtain written approval from Robin Hood in advance."²

The term of the \$200,000 grant ended on September 15, 2013, and the supplemental \$50,000 grant ended September 22, 2013. According to Robin Hood, if the Village intended to spend all of the grant money for the specified purpose but was unable to do so before the grant-end dates, then the Village was required to notify Robin Hood and request an extension of the terms before the grants expired. Robin Hood reserved the right to deny any extension requests and demand the return of any unused funds at the end of the grant term. This was a one-time grant and the Village would not be allowed to seek more funding from Robin Hood.

a. Robin Hood Reporting Requirements

In accordance with the award contract, the Village was required to submit a written report to Robin Hood describing, in reasonable detail, how the funds were spent, including the following information: "

- How individuals in need were identified.
- Number of individuals or families who received assistance.
- Average amounts of assistance per individual or family.
- Financial breakdown on how the funds were spent (i.e. amount spent on building supplies/home repair, amount spent on food, amount spent on shelter, etc.)
- Information on how payments were made. (i.e. how much was paid to contractors, how much was paid for bills, etc.)"³

¹ Per copies of Robin Hood grant award letters sent to Village in March 2013, received directly from Robin Hood.

² Ibid.

³ Ibid.

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The written report submission and receipt deadline for the \$200,000 grant was September 30, 2013, and October 4, 2013 for the supplemental \$50,000 grant. In addition, the Village must reply to any requests made by Robin Hood for additional information.

b. Communication to the Village Residents

According to the letter provided by the Village, the following information was communicated to its residents:

"Financial assistance of amounts up to \$5,000 per household will be made available to families that qualify. The generous assistance of the Robin Hood Foundation will help ensure this program reaches as many impacted families as possible.

While this aid is intended to relieve the financial hardship incurred by families displaced by Hurricane Sandy, it is important to note that financial distress does not require the family to be in a state of poverty or destitution. However, the intent of the relief program is to assist those facing severe financial hardship caused by their displacement and damage to their home."⁴

The letter further indicated the eligibility requirements as follows.

- 1) Village residents who were still displaced from their primary home in the Village as of January 1, 2013;
- 2) Primary home must be in the Village year-round; and
- 3) Village residents who own and live in the primary residence from which they are displaced are eligible for up to \$5,000 in assistance; or
- 4) Village residents who rent and live in the primary residence from which they are displaced are eligible for up to \$2,500 in assistance; and
- 5) Assistance will be provided by way of paying bills incurred by the displaced family, not by direct cash assistance. Bills may be presented by the family for payment in an amount not to exceed the total assistance for which they are eligible.

⁴ The copy of letter provided by the Village outlined the relief efforts and the eligibility requirements.

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The Village communicated that the grant awards would be available to qualifying families on a first-come first-serve basis. It also explained that a spreadsheet of the aid distributed would be maintained, which would include the recipient's name, primary residence and contact information. In addition, the Village would retain documentation of the recipient's eligibility.

As indicated in Robin Hood's guidelines, funds were earmarked to assist only those individuals with relatively limited means. Residents qualified based on the number of family members in the home and if their annual income was no more than 250% above Poverty (based on the 2012 established poverty levels by the US Department of Health & Human Services). Heretofore referred to as "eligible income".

Table 1

Income Eligibility

<u>Family Size</u>	<u>Eligible Income (USD)</u>
1	\$ 27,925
2	37,825
3	47,725
4	57,625
5	67,525
6	77,425
7	87,325
8	97,225

c. Village Award Process

The current Village personnel were unable to locate the specific procedures that were followed to administer the grant money received from Robin Hood, as these records pre-dated their Village employment. Based on Cramer's examination of the application files, it was determined that each application was reviewed by the Award Committee. However, only those that were going to be awarded were sent to the entire Village Board of Trustees for approval. The approval letters, which listed the vendors and the amounts to be paid on the applicant's behalf, were then authorized by the Village Board of Trustees ("Trustees"). The Trustees who signed each approval letter included: Mayor Bill Biondi, Deputy Mayor Gary Stiriz, Trustee Nick Busa, Trustee Gail Cappiello and Trustee Bob Morrow, respectively. The only exception was when a Trustee was the recipient of an award, then that individual recused himself/herself from the award process. Once the awards were authorized, the Deputy Treasurer, Jennifer Brojer, made arrangements with the applicants and the vendors for payment. Cramer found that in most instances, the awarded recipients had to sign and date an acceptance letter which listed the vendors and the amounts to be paid. In addition, the applicant had to certify that the funds would be used for their primary address that was located in the Village.

III. Summary of Procedures and Findings

Over the course of the past several months, Cramer performed a forensic investigation of how the Village awarded and distributed the grant money received from Robin Hood. The procedures performed included, but were not limited to, the following: reviewing source documents and other relevant information, applying data analytics and communicating extensively with the current Village personnel.

Procedure: Cramer reviewed the Village's correspondence to its residents to determine if the communications were in accordance with the guidelines and procedures established by Robin Hood.

Findings:

- The communication that the Village disseminated was in accordance with the guidelines established by Robin Hood.
- Cramer was unable to determine if the final accounting was submitted timely to Robin Hood.

Procedure: To ascertain whether the funds received and the disbursements made from the bank account were properly reflected in the books and records of the Village.⁵ Cramer reconciled the bank account set up for the receipt of Robin Hood funds to the awards actually disbursed.

Findings:

- The disbursements from the Robin Hood account totaling \$251,458 did not agree to the \$267,131 worth of awards authorized by the Village. The net difference was \$15,673.⁶
- The Village voided \$38,431 of checks issued to vendors that were approved through the award process.
- The Village issued new checks totaling \$24,481 to different vendors, some of which were not authorized by the Trustees.
- The Village also disbursed \$800 worth of gift cards from a local grocery store which were not reflected as coming out of the Robin Hood bank account.

⁵ See section IV b., tables 2 and 3 for the details.

⁶ The net difference resulted from the voided checks (\$38,431) less new checks issued (\$24,481), then adding the gift cards issued (\$800) for a total of \$14,750; finally adding the outstanding check (\$923) for a total of \$15,673.

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- The net reduction to the awards (taking the voided checks, new checks and gift cards into account) totaled \$14,750, resulting in a balance of \$252,381. This amount agreed to the books and records of the Village.
- The Village authorized and paid awards in the amount of \$252,381. Bank records indicated that there was one outstanding check in the amount of \$923. The check was issued in August 2013. As of June 30, 2015 it had not cleared, thus reducing the authorized and paid awards (\$252,381) by the outstanding check (\$923) and resulting in net awards distributed of \$251,458.
- Furthermore, there was an un-reconciled difference of \$1,609 between the awards distributed per books and records of the Village (\$251,458) and the final accounting remitted to Robin Hood of \$249,849.

Procedure: Cramer conducted various analytical procedures to determine whether the spreadsheet used by the Village to track grant monies was compliant with the terms and conditions set forth by Robin Hood.⁷

Findings:

- The spreadsheet provided by the Village only contained information regarding those applicants who were awarded money but did not include information regarding any applicants who were denied money.
- The spreadsheet did not include a listing of all applicant's and/or recipient's names, primary residences and contact information in accordance with the Robin Hood requirements.
- The spreadsheet was not updated for any changes made after claims were awarded.
- The total claims awarded by the Village in the amount of \$267,131, as indicated in the spreadsheet, did not agree to the books and records of the Village which indicated that \$252,381 was disbursed, resulting in a difference of \$14,750
- The claims awarded by the Village were in excess of the grant amount received. Since this was a one-time grant and no additional funding could be sought, it raises the question as to why the Village would disburse more money than it received from Robin Hood

⁷ See sections IV.b. and c. for the details

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Procedure: Cramer re-scored the applications to determine if the Robin Hood funds were appropriately awarded based on the eligibility guidelines.⁸

Findings:

- The Village received a total of 87 applications requesting award monies from the Robin Hood grant.
- There were 56 application requests approved by the Village, for which the authorized awards totaled \$267,131.⁹
- Based on the eligibility criteria set forth by Robin Hood, 45 of the 87 applications were properly processed. There were 24 properly awarded and 21 properly denied, which represented 52% of all claims applications.¹⁰
- The amount awarded in connection with the 24 properly awarded applications was \$112,901, which represented 42% of the total amount awarded of \$267,131. The 21 properly denied application requests had no values associated with them.
- There were 42 applications improperly approved or improperly denied by the Village. A total of \$154,230 was awarded to 32 applicants, which represented 58% of the total awarded of \$267,131. The 10 erroneously denied application requests had no values associated with them.¹¹

Based on the procedures performed and the findings documented, Cramer determined that the Village did not consistently follow the guidelines set by Robin Hood, especially when it came to applying the income eligibility criteria.

The Village was supposed to maintain records of all the applications processed in one spreadsheet. It clearly did not comply with this protocol. In addition, the spreadsheet was not updated for changes to the awards after they were authorized by the Trustees. There was no reconciliation done between the award spreadsheet and the books and records of the Village. Nor does it appear that any bank reconciliations were performed. Not only did the Village authorize more money (\$267,131) than what was available from Robin Hood, there were also \$154,230 in awards improperly granted.

⁸ See section IV e. for the details.

⁹ See details in section IV.e., Table 4.

¹⁰ See details in section IV.e., Table 5.

¹¹ See details in section IV.e., Table 6.

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Even though it appears that the Village proportionately processed more applications in accordance with the guidelines, monies granted from the improperly processed applications represented almost 60% of total awards distributed.

The documents reviewed indicate that the Village had not authorized all the awards before the expiration of the term, nor was there any evidence that an extension was either received or authorized by Robin Hood. In addition, it appears that the Village did not timely file its final accounting with Robin Hood, and there was no evidence that there was an extension of time granted for this purpose.

IV. Detailed Procedures Performed

a. Review of Grant Documents and Requirements

Cramer obtained copies of the grant award letters the Village received directly from Robin Hood. Cramer then reviewed the Village's correspondence to its residents, which included a letter stating the purpose of the grant and its eligibility requirements, as well as an application to receive an award from Robin Hood. The Village's letter appears to be in accordance with the guidelines established by Robin Hood.

b. Robin Hood Bank Account Analysis

The purpose behind reviewing the banking records of the account set up for the grant money received from Robin Hood was to ascertain that the funds received and the disbursements made from the bank account were properly reflected in the books and records of the Village.

The Village provided Cramer with electronic copies of the bank statements for this account together with hard copies of the detailed transactions. The details from the bank statements were summarized from April 1, 2013 (the date of inception) through March 31, 2015. The deposits totaled \$257,487, the disbursements (checks and withdrawals) totaled \$251,457, which net to a remaining balance in the account of \$6,030. As of June 30, 2015, the balance remained unchanged.

The deposit total of \$251,457 included the grants from Robin Hood of \$250,000, refunds of unused funds by two applicants totaling \$4,210, a \$500 money order refund that was not accepted by a specific retail store, and an additional \$2,777 from a fund raiser in January 2014.¹²

¹² The fund was supposed to be established for the grant award money, no other funds should have been comingled in the bank account. Plus the additional funding was received after the expiration dates of the Robin Hood grants.

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The disbursements per the bank statements totaled \$251,457, however, according to the excel spreadsheet that the Village maintained to track the Robin Hood activity ("Awards Spreadsheet"), the amount awarded was \$267,131.¹³ The difference of \$15,674 indicated that the Village awarded more money than it had to disburse. Upon reconciling the difference, Cramer discovered that it was made up of various transactions.

The majority of the difference was the result of changes requested from award recipients to pay different vendors than originally awarded and approved by the Trustees. As per the awards spreadsheet, the Village voided \$38,431 of checks issued and issued new checks totaling \$24,481 to different vendors. The net change resulted in a reduction to the awards in the amount of \$13,950. A further reduction in the amount of \$800 was made for gift cards from the local grocery store given to some award recipients. The money used for the gift cards does not appear to have come out of the Robin Hood bank account. Cramer is unable to determine how these gift cards were paid for. As a result of these findings, the revised awards disbursed totaled \$252,381. Cramer reconciled the revised amount to the disbursements per the bank records, see Table 3 below.

Upon further investigation of these changes, Cramer found at least seven instances where the award recipient changed vendors to be paid by the Village after the application was approved by the Trustees and the funds were awarded. This may have resulted in certain expenses being paid without Trustee approval. Included in these seven, were three Vendor changes that were clearly not authorized by the Trustees, and of these three, one was made on behalf of a Trustee.

¹³ The total amount granted to the Village was only \$250,000.

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Table 2

Subsequent Changes Made to the Awarded Claims

Awarded Claims per the Award Spreadsheet		\$ 267,131
Less: Gift Cards Given Out From Local Grocery Store		(800) (a)
Less: Voided Payments to Vendors After Awards Approved		
Bobs Furniture	1,301	
M & T Mortgage	1,405	
Charles W. Southard Jr	1,650	
Dave Miller's Building	3,000	
East End Design & Management	3,000	
East Siders	4,985	
Diers Electric Inc.	7,300	
Home Depot	15,790	
		(38,431) (b)
Add: New Payments to Vendors After Awards Approved		
Raymour & Flanigan	11,194	
Lowe's	4,986	
CCR Siding	3,000	
Bed Bath & Beyond	1,500	
Target	1,500	
Wells Fargo National Bank	1,301	
Kohl's	1,000	
		24,481 (c)
Revised Disbursements of Awarded Claims		252,381
Less Reconciling items:		
Outstanding check	(923)	
Un-reconciled difference	(1,609)	
		(2,532)
Final Accounting Submitted to Robin Hood		<u>\$ 249,849</u>

(a) This refers to gift cards that were given to some recipients of Robin Hood awards. The money used for the gift cards does not appear to have come out of the Robin Hood bank account. Cramer was unable to determine how these gift cards were paid for

(b) These are checks awarded and authorized by the Trustees that were consequently voided because the recipients changed the vendor for which the funds were originally going to be utilized.

(c) This represents checks to the new vendors that recipients wanted to pay with the award money.

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According to the "final accounting" submitted to Robin Hood by the Village, the net amount of the grant money spent was \$249,849. After Cramer electronically compared the documents and performed additional procedures, there was an un-reconciled difference of \$2,532 between the final amount reported to Robin Hood and the revised disbursements of \$252,381. The significant of this is that the Village spent more than the grant received from Robin Hood. Where did the money come from and was the Board authorized to spend it?

Table 3

Reconciliation of Disbursements of Awarded Claims to the Bank

Revised Disbursements Per Above	\$ 252,381
Less: Outstanding Check Issued in August 2013	(923)
Disbursements Per The Bank	<u>\$ 251,458</u>

Cramer was unable to locate any documents related to gift cards purchased by the Village and disseminated to the awarded claimants. There seems to have been no accountability related to the gift cards. Several questions remain unanswered in this regard, including: what was the value of the gift cards purchased by the Village? Where were the gift cards to be used? To whom were the gift cards given? Was there a spreadsheet or manual log used to track all the information regarding the gift cards including the name of the retail establishment, the date purchased, the check number or any other reference that the Village purchased the gift card, the serial number of the gift card, or who (applicant name or number) the gift card was given to? Lastly, were the awarded claimants required to turn in receipts as proof that the gift cards were used for the intended purposes?

c. Awards Spreadsheet - Determining the Total Number of Applicants

The purpose of this analysis is to ascertain whether all the applicants were included in the Awards Spreadsheet

As indicated above, the Village was required to provide Robin Hood with specific reporting details outlining the distribution of monies granted. The Village utilized an Awards Spreadsheet to maintain all the relevant information regarding the applicants, as required by Robin Hood. Cramer found that the Awards Spreadsheet did not have a listing of all applicant's and/or recipient's names, primary residences and contact information, as the Village stated it would in its communication to the

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community. However, the Spreadsheet did contain limited information pertaining to each applicant on individual pages. Each individual page was identified with a unique, non-sequential application number, but did not contain the applicant's name or property address. The select information was inconsistent, but generally included some of the following details: a listing of vendors who would be paid out of the awarded funds and the categories for which the vendor was to be classified when reporting the results to Robin Hood.¹⁴

The Awards Spreadsheet file also included tabs labeled "checks cut" with specific dates. These pages included the vendor names, the amounts to be paid and the application numbers, but did not include check numbers or dates. Another tab labeled "total awards" only listed category totals to be reported to Robin Hood. The final tab in the spreadsheet was a check register which listed checks that were supposedly issued on behalf of the applicants to vendors. The problem with this worksheet was that it did not contain any reference to the recipients' application numbers nor did the totals agree to the total awards tab or the cumulative total of the checks cut tabs. Finally, the spreadsheet only contained limited information for applicants who were awarded Robin Hood funding. The Awards Spreadsheet did not contain information on the applications that were denied.

Based on this information and the data provided by current Village personnel, Cramer independently compiled a listing of all the applicants based on the source documents.

The Village maintained separate paper file folders for most of the award applicants (some applications were in a pile of papers and not organized in any specific manner). Cramer summarized the relevant information from each application into an excel spreadsheet, hereinafter referred to as the "Claims Spreadsheet". Those details included but were not limited to each applicant's name, application reference number, village address, temporary address, number of family members and income support, and correspondence or hand written notes written by the Village.¹⁵

After compiling the Claims Spreadsheet, Cramer confirmed that all the awarded applications were accounted for by electronically comparing the applicants to the Awards spreadsheet. In total, the Claims Spreadsheet included information on 87 applicants. Based on discussions with current Village personnel, an extensive search was performed to locate all physical applications, supporting materials, and correspondence submitted. Therefore, for purposes of this forensic investigation, documentation is considered to be a complete population of applicants.

¹⁴ See Exhibit I for a sample of page from the Awards Spreadsheet

¹⁵ See Exhibit II for the Village's blank application form.

d. Awards Spreadsheet - Disbursements for Claims

The purpose of this analysis was to determine if the amounts awarded per the Claims Spreadsheet agreed to the amounts reflected in the Awards Spreadsheet.

Even though Robin Hood granted the Village \$250,000, the Village awarded and paid a total of \$267,331 according to the Awards Spreadsheet. More specifically, it showed the details of \$266,131 in checks, plus an additional \$800 given out in gift cards to the local grocery store.

During the electronic comparison of the Claims Spreadsheet and Awards Spreadsheet, Cramer discovered that there were two applicants for whom the application numbers were transposed (typed incorrectly) in the check register. According to the hard copy of the applications and the Claims Spreadsheet, the first number 8760 was incorrectly typed as 8670; and the second number 394012562 was incorrectly typed as 394012652.

e. Eligibility

As part of the forensic investigation of Robin Hood, Cramer re-scored the applications to determine if the Robin Hood funds were appropriately awarded based on the eligibility guidelines stated above.

Estimated income¹⁶ from the Claims spreadsheet was electronically compared to the eligible income based on the number of family members for each applicant, as illustrated in the table above. If the difference indicated that the applicant's estimated income was in excess of the eligible income, then the applicant should have been denied an award.

If the applicants estimated income was less than or equal to the eligible income, then the other factors were considered. In total, Cramer re-scored all 87 applications.

f. Findings Based on Re-Scoring

Cramer found that only 45 out of the 87 or 52% of the applications were properly awarded or properly denied. The remaining 42 applications, representing 48% of the total applications, were found to have been improperly awarded or improperly denied. The total amount awarded of \$267,131 per the

¹⁶ The estimated annual income was either computed by multiplying the monthly income reported by the applicant by 12 months or relying on the tax return or w-2 support provided.

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Awards Spreadsheet, included \$112,901 or 42% of properly awarded claims and \$154,230 or 58% of improperly awarded or denied based on the eligibility criteria, as illustrated in the table below.

Of the 87 awarded applications, two were for Trustees who received a combined total of \$8,053 in awards from Robin Hood in the amounts of \$5,000 and \$3,053, respectively. Based on the eligibility requirements set forth by the Village, one of them did not qualify to receive an award.

Table 4

Summary of Claims Re-Scored Applications

	<u>Applicants</u>		<u>Amount Awarded</u>	
	<u>Number</u>	<u>Percent</u>	<u>Amount (US\$)</u>	<u>Percent</u>
Property - Awarded or Denied	45	52%	\$ 112,901	42%
Improperly - Awarded or Denied	42	48%	154,230	58%
Total Status of Awards	87	100%	\$ 267,131	100%

The following table is a summary of the claim applications that were processed correctly by the Village in accordance with the eligibility criteria. Specifically, 24 out of the 45 or 53% of the applications were awarded. The total amount that was awarded based on the Award Spreadsheet was \$112,901. The remaining 21 claim applications were appropriately denied based on the applicants not meeting the eligibility criteria.

Table 5

Properly - Awarded or Denied

	<u>Applicants</u>		<u>Amount Awarded</u>
	<u>Number</u>	<u>Percent</u>	
Awarded	24	53%	\$ 112,901
Denied	21	47%	-
	45	100%	\$ 112,901

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Cramer determined that based on the eligibility criteria, the Village inappropriately awarded or denied 42 applications representing 48% of the total applications Cramer categorized these applications into three groups:

- The first group (A) consists of those applicants who were not eligible to receive awards, yet the Village awarded \$142,875 to them. This amount represents 69% of the erroneously awarded funds and 53% of the overall monies paid out on behalf of Robin Hood.¹⁷
- The second group (B) consists of those applicants who did not submit sufficient documentation to be eligible, but nonetheless received grants. These 3 applicants represent 7% of the erroneously processed claims and 13% of all applicants. This group received a total of \$11,355 in awards, which represents 7% of the erroneously processed claims and 4% of the overall monies paid out on behalf of Robin Hood.¹⁸
- The third category (C) details those claims that based on the applications and the lack of supporting documentation should have received awards, but nonetheless denied. In total there were 10 applicants in this group representing 24% of the erroneously processed claims and 11% of the overall applications processed by the Village.¹⁹

Table 6

	<u>Applicants</u>		<u>Amount Awarded</u>
	<u>Number</u>	<u>Percent</u>	
Improperly Awarded – based on eligibility criteria (A)	29	69%	\$ 142,875
Improperly Awarded - missing appropriate documents (B)	3	7%	11,355
Improperly Denied – based on eligibility criteria C	10	24%	-
	<u>42</u>	<u>100%</u>	<u>\$ 154,230</u>

¹⁷ See details in section IV.e., Table 9

¹⁸ See details in section IV.e., Table 10

¹⁹ See details in section IV.e., Table 11

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The following table is a detailed list of the claims that were awarded based on the Village appropriately applying the eligibility criteria.

Table 7

<u>Properly Awarded Claims</u>		
Application Number	Mastic Address	Amount Awarded
1		\$ 10,000
2		5,314
3		5,050
4		5,000
5		5,000
6		5,000
7		5,000
8		5,000
9		5,000
10		5,000
11		5,000
12		5,000
13		5,000
14		5,000
15		4,999
16		4,985
17		4,850
18		3,850
19		3,800
20		3,053
21		3,000
22		3,000
23		3,000
24		3,000
		<u>\$ 112,901</u>

*

The Incorporated Village of Mastic Beach
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The following table is a detailed list of the claims that were denied based on the Village appropriately applying the eligibility criteria.

Table 8

<u>Properly Denied Requests</u>			
<u>Application Number</u>	<u>Mastic Address</u>	<u>Status Based on Income Eligibility</u>	<u>Status per Award Spreadsheet</u>
1		Denied	Denied
2		Awarded	Denied (a)
3		Denied	Denied
4		Denied	Denied
5		Denied	Denied
6		Denied	Denied
7		Awarded	Denied (a)
8		Denied	Denied
9		Denied	Denied
10		Denied	Denied
11		Denied	Denied
12		Denied	Denied
13		Denied	Denied (b)
14		Denied	Denied
15		Denied	Denied
16		Denied	Denied
17		Denied	Denied
18		Denied	Denied
19		Denied	Denied
20		Awarded	Denied (c)
21		Awarded	Denied (d)

- (a) The application packet was incomplete, appropriate follow up was done by the Village
- (b) This was an additional application filed to supplement a previous application. The Village processed it as a new claim and denied it stating that it was a rental property. However, the original request was erroneously awarded.
- (c) The property was not the applicant's primary residence; therefore, it was appropriately denied.
- (d) This was an additional application filed to supplement a previous application which was awarded. It appears that the rationale for the denial was based on a note found in the file that stated "no damage noted upon inspection 9/2013". This was inconsistent with the original application which was awarded. If the first application was approved, how could there be a note indicating no damage? According to the analysis performed by Cramer, both the original claim and this one should have been denied since the applicant did not meet the eligibility requirements.

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The following table is a detailed list of the applicants who were not eligible to receive awards, yet the Village awarded them based on improperly applying the eligibility criteria. Cramer determined that these applicants should not have received awards.

Table 9

Not Eligible and Received Awards
Status of claim based on income eligibility - DENIED

<u>Application Number</u>	<u>Mastic Address</u>	<u>Estimated Income Per Claims Spreadsheet</u>	<u>Eligible Income based on family size</u>	<u>Income in excess of Eligible Income</u>	<u>Amount Awarded per Award Spreadsheet</u>
		a	b	c = a - b	
1		\$ 143,227	\$ 47,725	\$ 95,502	\$ 10,000
2		121,826	57,625	64,201	10,000
3		97,123	37,825	59,298	9,800
4		102,144	87,325	14,819	5,400
5		108,243	57,625	50,618	5,100
6		55,233	27,925	27,308	5,100
7		55,601	27,925	27,676	5,100
8		62,368	37,825	24,543	5,006
9		75,619	27,925	47,694	5,000
10		87,727	37,825	49,902	5,000
11		120,687	37,825	82,862	5,000
12		69,091	37,825	31,266	5,000
13		46,720	27,925	18,795	5,000
14		39,897	37,825	2,072	5,000
15		73,797	67,525	6,272	4,977
16		64,359	47,725	16,634	4,975
17		94,055	37,825	56,230	4,923
18		61,339	27,925	33,414	4,800
19		103,477	37,825	65,652	4,622
20		101,232	37,825	63,407	4,308
21		98,095	57,625	40,470	4,208
22		79,957	27,925	52,032	4,056
23		170,203	27,925	142,278	3,665
24		68,984	37,825	31,159	3,275
25		114,545	47,725	66,820	3,060
26		85,680	47,725	37,955	3,000
27		93,080	57,625	35,455	3,000
28		83,361	57,625	25,736	3,000
29		85,991	47,725	38,266	1,500
					\$ 142,875

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The following table is a detailed list of the applicants who, based on the applications and the lack of supporting documentation, should not have received awards.

Table 10

Missing Support Yet Awarded Funds

<u>Application Number</u>	<u>Mastic Address</u>	<u>Status of claim Award Spread-sheet</u>	<u>Amount Awarded per Award Spread-sheet</u>
1		Awarded	\$ 4,955
2		Awarded	3,400
3		Awarded	3,000
			<u>\$ 11,355</u>

The following table is a detailed list of the applicants who based on the applications and the supporting documentation should have received awards

Table 11

Erroneously Denied Award Requests

<u>Application Number</u>	<u>Mastic Address</u>	<u>Reason for denial per hard copy of files</u>	<u>Notes based on observations from files per Cramer</u>
1		Not Owner/No Damage Reported	Applicant was a renter and was entitled to receive consideration for funding up to \$2,500 based on the Robin Hood guidelines.
2		No FEMA # and never reported damage	Denied because applicant did not contact FEMA or was not inspected for damage. However, applicant received both insurance money and FEMA funds; therefore there would have been damage and inspections would have occurred.
3		Never submitted supporting Documents - requested 2 times - received response- 10/22 wants to pay his business	The applicant is a business owner and the adjusted gross income on the tax return for 2012 showed
4		Not Owner/No Damage Reported	A Post-it note stated - No Damage, not showing ownership". The applicant indicated the receipt of FEMA money as a homeowner. However, tax records per Brookhaven indicated different owner, yet applicant paid the taxes. Does not appear follow up was done.

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Table 11 (continued)

Erroneously Denied Award Requests

<u>Application Number</u>	<u>Mastic Address</u>	<u>Reason for denial per hard copy of files</u>	<u>Notes based on observations from files per Cramer</u>
5		<u>No damage reported; never called for inspection</u>	<u>Based on application, applicant received both insurance money and FEMA funding therefore an inspection had to have occurred</u>
6		<u>Not Primary Residence</u>	<u>Primary residence was confirmed, based on 2013 tax assessment provided by the Town of Brookhaven.</u>
7		<u>No damage reported; never called for inspection; Possible rental</u>	<u>Based on the 2013 Village tax assessment provided by the Town of Brookhaven. The property was not a rental. It appears that no follow up was done with this applicant by the Village.</u>
8		<u>Not returning to Home</u>	<u>There was nothing in application packet to indicate that client was not returning to home Applicant partially paid a contractor to clean up hurricane debris.</u>
9		<u>Renter</u>	<u>Applicant was a renter and was entitled to receive consideration for funding up to \$2,500 based on the Robin Hood guidelines.</u>
10		<u>No damage reported; never called for inspection</u>	<u>Based on the file, it seems that the Village never followed up with the applicant to request an inspection be performed.</u>

V. Conclusion

Cramer performed a forensic investigation to evaluate how the funds received from Robin Hood were awarded and distributed. Based on the procedures performed and the findings documented, it can be determined that the Village did not consistently follow the guidelines set by Robin Hood.

The Village was supposed to maintain records of all the applications processed in one spreadsheet. It clearly did not comply with this protocol. In addition, the spreadsheet was not updated for changes to the awards after they were authorized by the Board. There was no reconciliation done between the award spreadsheet and the books and records of the Village. Nor does it appear that any bank reconciliations were performed. The Village authorized more money (a total of \$267,131) than what was available from Robin Hood (a total of \$250,000). There was no accountability in connection with the purchasing, issuing and oversight of the gift cards. There were \$154,230 in awards improperly granted based on the guidelines. The documents reviewed showed that the Village did not authorize all the awards before the expiration of the term nor was there any evidence that an extension was authorized by Robin Hood. Some of the issues noted relate to activities of specific Trustees who did not follow the guidelines explicitly set by Robin Hood. Finally, the Village did not timely file its final accounting with the Robin Hood, and there does not seem to be any evidence that there was an extension of time granted.

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Exhibit I – Sample of Individual Page from Awards Spreadsheet

FEMA #		Total Household income		
		Amount	# members in household	
Quote/Bill From	<u>NEEDS</u>	Amount		
	Appliances			
	Architect/Engineer			
	Contractor			
	Household Items			
	Furniture			
	Utility			
	Yard/Maintenance			
	Items			
	Other			
	Total	\$0.00		
	Reviewed By	J.B.	G.C.	S.D.
		<input type="text"/>	<input type="text"/>	<input type="text"/>
	Approved By			

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Exhibit II – Sample Robin Hood Award Application

Would you be available for interview, TV, Radio, Print?

Address: Village of Mastic Beach
PO Box 521, Mastic Beach, NY 11951

HURRICANE SANDY REQUEST FOR ASSISTANCE

FEMA #				DATE	
Name		Age	Email		
Main Address		City		Zip	
Temporary Address (if any)		City		Zip	
Home Phone		Cell Phone		TEMPORARY PHONE	
NUMBER OF FAMILY MEMBERS	ADULTS	CHILDREN	Social Security #		

Monthly Gross Income for all household members
\$ _____
\$ _____
\$ _____

Insurance (circle)	None	Homeowner	Flood Building	Flood Contents	Renters Insurance
Insurance Claim (circle)	Denied	Pending	Received Amount		\$ _____
Received reimbursement/assistance from FEMA?	No	Yes		Amount	\$ _____
SBA Loan	No, did not apply	Yes, denied	Yes, Received	Amount	\$ _____
Received reimbursement/assistance from	No	Yes			_____

Other sources (List Below)

Agency	Amount	\$

Brief description of how you were impacted by the disaster and what are your recovery needs. Please identify specific bills or costs if possible.

I certify that the above information is complete and accurate; and I agree to cooperate fully with the case managers responsible for reviewing this application, and to provide any additional documentation requested in furtherance of that review. I agree to have the information on this application entered into the Coordinated Assistance Network (CAN) database.

Client's Signature	Date
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REQUIRED ATTACHMENTS PROOF OF INCOME: ATTACH COPY OF 2012 W2, INCOME TAX FORMS OR 1099 FOR ALL HOUSEHOLD MEMBERS. COPIES OF ESTIMATES AND BILLS.