



N.E.O.N.
Norwalk Economic Opportunity Now, Inc.
98 SOUTH MAIN STREET, NORWALK, CT 06854-3126

Report Number: A-01-13-21544

September 26, 2013

HHS Resolution Official
Regional Grants Officer
Office of Grants Management
Administration for Children and Families, HHS
JFK Federal Building, Room 2000
Boston, MA 02203-0001

Re: Norwalk Economic Opportunity Now, Inc.

Dear Sir/Madam:

In response to the Department of Health and Human Services (Office of Inspector General) correspondence dated July 19, 2013 addressed to the Board of Director's of Norwalk Economic Opportunity Now, Inc., of 98 South Main Street, Norwalk, CT 06854 Report Number: A-01-13-21544.

Please except the following as our position and response to the Department's recommendations as follows:

Recommendation Code:
004935100

Page: NA

Amount: NA

Resolution Agency: HHS/ACF

Recommendation:
Audit submitted untimely. An acceptable audit reporting package for the fiscal year ended December 31, 2011 was received by the Federal Audit Clearinghouse on January 28, 2013.

Office of Management and Budget Circular A-133 Audits of States, Local Governments and Non Profit Organizations (1997 revision).

Circular A-133 requires recipients of Federal funding to submit copies of the audit report within nine months after the end of the audit period.

We recommend procedures be established to ensure audits are performed and submitted in a timely manner. Circular A-133 provides the granting agency the following possibilities for sanctions when acceptable audits are not submitted in a timely manner: 1) withholding a percentage of awards until the audit is completed satisfactorily; 2) withholding or disallowing overhead costs and 3) suspending the Federal assistance agreement to the Federal Audit Clearinghouse.

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan 2) Exhibit A Norwalk Economic Opportunity Now, Inc. (NEON, Inc.) Quality Improvement Plan 3) Norwalk Economic Opportunity Now, Inc. Quality Improvement Plan issued/updated:

Recommendation Code:

299926100

Page: 5

Amount: N/A

Resolution Agency: HHS/ACF

Recommendation:

Expenses Exceed Revenue. We recommend procedures be strengthened to ensure expenses do not exceed total revenue. Federal Awards in Accordance with Circular A-133.

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan 2) Exhibit A Norwalk Economic Opportunity Now, Inc. Quality Improvement Plan 3) Norwalk Economic Opportunity Now, Inc. Phase Two 4) CTE Audits.

Recommendation Code:

004935100

Page: N/A

Report Number: A-01-13-21544

Amount: N/A

Resolution Agency: HHS/ACF

Recommendation:

2011-1, 2010-7, 2010-8 Financial Statement Preparations. This is a material weakness and a repeat finding. We recommend procedures be strengthened to ensure financial statements are properly prepared.

Recommendation Code:

209918100

Page: 12

Amount: N/A

Resolution: HHS/ACF

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Recommendation:

2011-2 Adjusting Journal Entries Review. We recommend procedures be strengthened to ensure journal entries are properly reviewed and approved by an individual other than the one who prepared them.

Recommendation Code:

209928100

Page: 13

Amount: N/A

Resolution Agency: HHS/ACF

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Recommendation:

2011-3 Lack of Segregation of Duties. We recommend procedures be strengthened to ensure adequate segregation of duties and management oversight exists over the cash receipts, online banking, accounts payable and payroll functions.

Recommendation Code:

299919100

Page: 14

Amount: N/A

Resolution Agency: HHS/ACF

Recommendation:

2011-4 Lack of Management Oversight. We recommend a formal wire transfer authorization and approval process be developed and implemented.

NEON Response

Please see attached hereto 1) N.E.ON. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Recommendation Code:

220922100

Page: 15, 24

Amount: N/A

Resolution Agency: HHS/ACF

Recommendation:

2011-5, 2010-6, Fixed Asset Schedule not Accurate. This is a repeat finding. We recommend procedures be strengthened to ensure 1) the fixed asset schedule is updated and current and 2) fixed assets purchased with Federal funds are tagged and identified.

NEON Response

Please see attached here to 1) N.E.ON. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Recommendation Code:

209928100

Page: 13

Amount: N/A

Resolution Agency: HHS/ACF

Recommendation:

2011-3, Lack of Segregation of Duties. We recommended procedures be strengthened to ensure adequate segregation of duties and management oversight exists over the cash receipts, online banking, accounts payable and payroll functions.

NEON Response

Please see attached hereto 1) N.E.ON. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan 2) Exhibit A Norwalk Economic Opportunity Now, Inc. N.E.O.N. Quality Improvement Plan.

Recommendation Code:

29991100

Page: 14

Amount: N/A

Resolution Agency: HHS/ACF

Recommendation:

2011-4, Lack of Management Oversight. We recommend a formal wire transfer authorization and approval process be developed and implemented.

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 corrective Action Plan.

Recommendation Code:

220922100

Page: 15, 24

Amount: N/A

Resolution Agency: HHS/ACF

Recommendation:

2011-5, 2010-6, Fixed Asset schedule not accurate. This is a repeat finding. We recommend procedures be strengthened to ensure 1) the fixed asset schedule is updated and current, and 2) fixed assets purchased with Federal funds are tagged and identified.

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now Inc. May 9, 2013 Corrective Action Plan 2) Exhibit A Norwalk Economic Opportunity Now, Inc. Quality Improvement Plan

Recommendation Code:

213905100

Page: 16

Amount: N/A

Resolution Agency: HHS/ACF

Recommendation:

2011-6, Payroll Process. We recommend procedures be strengthened to ensure all payroll expenses charged to Federal programs are supported with adequate documentation and the documentation is properly approved.

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Recommendation Code:

209928100

Page: 4, 17, 19-20

Amount: N/A

Resolution Agency: HHS/ACF

Recommendation:

2011-7, 2011-9, No Formal Cost Allocation Plan. This is an instance of material non-compliance. We recommend procedures be developed and implemented to ensure 1) a cost allocation plan is properly developed and documented, 2) payroll expenses charge to Federal programs are adequately supported and 3) any unallowable costs be determined and returned.

NEON Response

Report Number: A-01-13-21544

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Recommendation Code:

399908100

Page: 4, 17, 19-20

Amount: \$227,981

Resolution Agency: Pass Through Entity

Recommendation:

2011-7, 2011-9, No Formal Cost Allocation Plan. This is an instance of material non-compliance. We recommend procedures to be developed and implemented to ensure 1) a cost allocation plan is properly developed and documented, 2) payroll expenses charge to Federal programs are adequately supported and 3) any unallowable costs be determined and returned.

Recommendation Code:

213905101

Page: 4, 18

Amount: N/A

Resolution Agency: Pass Through Entity

Recommendation:

2011-8 Earmarking

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Recommendation Code:

399908100

Page: 4, 18, 19-20

Amount: N/A

Report Number: A-01-13-21544

Resolution Agency: AG

Recommendation:
2011-8 and 2011-9

NEON Response

Please see attached hereto 1) N.E.ON. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Recommendation Code:
399908100

Page: 20-21

Amount: \$561

Resolution Agency: Pass-Through Entity

Recommendation:
2011-10 Support for Expenditures

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Management Letter (ML)

Recommendation Code:
399908100

Page: 4

Amount: N/A

Resolution Agency: Footnote A

Recommendation:
Policies and Procedures – Employee carryover of unused vacation/sick time.

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Page: 4, 5

Report Number: A-01-13-21544

Amount: N/A

Resolution Agency: Footnote A

Recommendation:

Policies and Procedures – Dual signatures for check approval.

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Page: 4

Amount: N/A

Resolution Agency: Footnote A

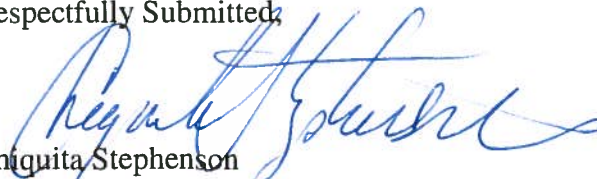
Recommendation:

Cash

NEON Response

Please see attached hereto 1) N.E.O.N. Norwalk Economic Opportunity Now, Inc. May 9, 2013 Corrective Action Plan.

Respectfully Submitted,



Chiquita Stephenson
Acting CEO/President

cc: Distribution List

NEON Board of Directors

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ACF Office of Administration
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