

January 9, 2015

Mr. James Coughlan – Comptroller  
Dutchess County, New York  
22 Market Street  
Poughkeepsie, NY 12601

Dear Mr. Coughlan:

Thank you for the Draft Audit Report for BI Incorporated for the period of January 1, 2013 through August 31, 2014. BI has appreciated our partnership in operating the Community Transition Center since 2007. We look forward to other opportunities to partner with the County in the future.

BI offers the following responses to the County's Draft recommendations:

Recommendation	BI Response
In those instances where duties cannot be fully segregated, mitigating or compensating controls must be established.	BI agrees with the recommendation by the County. All purchases that can be planned ahead will be initiated by program line staff, approved by the program manager, and reviewed by the district manager and corporate finance personnel. BI is committed to improving our internal controls in this area and will continue to seek out pre-approved vendors to enhance controls.
Outside vendor accounts should be established for purchases to provide internal controls regarding the items purchased.	The majority of the expenses related to this contract were processed with established outside vendor accounts. Of the total \$483,023.02 claimed for 2013, 96% of the expenses were processed through outside vendors or employee paychecks. It is BI policy to only use non-established vendors for items that are not material and are not able to establish a pre-approved vendor. For example, the average transaction amount on the company credit card during the year was \$54.21 for 2013.

<p>Proper discretion should be used in prudently expending the scarce resources of government funds.</p>	<p>BI understands and agrees with this recommendation.</p>
<p>A clear audit trail of all funds and their applicability to the program should be maintained at the time of purchase.</p>	<p>BI agrees with this recommendation. The majority of expenses in the fulfillment of this contract were through established direct vendor invoices or employee paychecks. All expenses are supported by backup documentation submitted with each monthly invoice. BI has experience running similar types of operations across the country and our organization strives to apply current and relevant practices in our operations to maintain applicability of funds.</p>
<p>A clear audit trail of attendance for each client should be maintained with the corresponding attendance at the prescribed classes for each day with attestation from the client. Sign in and sign out sheets completed by the attendee with attestation by the oversight authority.</p>	<p>BI agrees with this recommendation. BI has established sign in and sign out procedures. Each participant has their own sign-in and sign-out sheet. Participants sign into the program by signing, dating, and entering time of arrival on their sign-in sheet which is then initialed by a staff member. Participants are required to sign out of the program each day by signing, dating, and entering time of departure on their sign-out sheet which is then initialed by a staff member. Participant entry times are then logged on the "Reporting Today" sheet. Participants also fill out a Probation Report form each day which is sent to Probation daily with the "Reporting Today" sheet. BI will ensure that these practices are followed and maintained.</p>
<p>Special activities such as community service should be documented with a listing of actual attendees to ensure accountability for any costs incurred during and for the activity.</p>	<p>BI agrees with this recommendation. A community service event log is completed for each activity listing the clients in attendance at the community service event. BI will ensure that these practices are followed and maintained.</p>
<p>Clear and concise policy and procedures, guidelines should be drafted to ensure that there is full accountability for funds expended for the categories submitted.</p>	<p>BI agrees with this recommendation. Policies and procedures will be developed to better link the activities performed in the fulfillment of the contract to the direct expenses incurred.</p>
<p>We found the listings were not complete and inaccurate as many items did not have the correct information for make, model and serial numbers.</p>	<p>BI will work with the county in the future to ensure county processes for asset inventory management are implemented at the Community Transition Center.</p>
<p>Inventory that was transferred to the program at its inception in 2007 was not consistently used or returned to</p>	<p>BI will work with the county in the future to ensure county processes for asset inventory management are</p>



the county and the listing was not updated and maintained. Prior to our on-site visit, a number of items were discarded.

implemented at the Community Transition Center.

During the audit process, a list of potentially disallowed expenses was generated by the County. BI has since provided clarification and supporting documentation for those items and we anticipate that this will resolve any outstanding issues.

We look forward to reviewing the Department's Final Audit Report and are appreciative for an opportunity to provide quality services to the County in the future. If you require any additional information and/or documentation please do not hesitate to contact me. I can be reached at 561-999-7541.

Respectfully submitted,



Blake Barras  
Divisional Vice President, Finance

