

August 22, 2008



Ms. Diane Jablonski – Comptroller
Dutchess County
22 Market Street
Poughkeepsie, NY 12601

Dear Ms. Jablonski:

Thank you for the opportunity to respond to the audit findings for the Dutchess County Community Transition Center operated by BI Incorporated.

Monthly Claim Review

Audit Findings	Monthly claims submitted to Dutchess County were not signed off by the local Program Director to certify all expenses were true and correct
Recommendations	All claims should be certified by the local Program Director to attest that direct costs, other than the administrative fee, are true and correct.
BI Incorporated Response	During the preparation of the monthly invoice, the claim details are reviewed by the local Program Director for accuracy prior to submittal to BI's Corporate Controller for certification. The audit recommendations have been implemented beginning with the July 2008 claim. The claim and all supporting documentation are forwarded to the local Program Director. The Program Director will review the monthly claim with the Deputy Director of Probation before submission for payment. The monthly claim will be signed off by both the local Program Director as well Deputy Director of Probation.

Personnel Services

Audit Findings	Claims exceeded two employee W-2 amounts by \$450.87. Over claims were due to data entry errors and two voided payroll checks that were not adjusted and reconciled on subsequent claims.
Recommendations	BI must claim actual expenses paid. Claim adjustments must be made for voids and errors. A total of \$450.87 must be paid back for the over claims.
BI Incorporated Response	BI acknowledges the findings and recommendations.

	During the course of the contract year, there was one data entry error of as well as two voided checks that were not properly credited back to the County. BI will remit \$450.97 to the county for these over claims.
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Rent

Audit Findings	Rental claims were not adjusted to reflect actual payments made by BI for rent. Based on the rental contract agreement and supported by cancelled checks, BI paid \$55,842.96 for rent. BI claimed a total of \$56,217.12 resulting in an overpayment of \$374.16.
Recommendations	Only actual expenditures are claimable. A total of \$374.16 must be repaid for rent.
BI Incorporated Response	BI acknowledges the findings and recommendations. BI had billed the rent expense according to GAAP (Generally Accepted Accounting Principles). GAAP calls for rent expense to be recorded in the company's books as the average of the rent cost over the life of the lease. BI agrees to remit \$374.16 and to bill the county in the future based upon actual rental payments made.

Gift Cards

Audit Findings	An inventory ledger was not maintained to fully account for cards when purchased, distributed and remaining on hand. While the program did maintain a gift card distribution with names, amounts and signatures, dates the cards were distributed and card serial numbers were not included.
Recommendations	Gift card procedures should include a full accounting of the purchase including the serial numbers, date of purchase, all distribution information and a running balance of gifts cards remaining.
BI Incorporated Response	BI acknowledges the findings and recommendations. The gift card ledger has been modified to include serial numbers as well as purchase and distribution dates.

Thank you for your thorough review of our records, controls and processes. It was a pleasure working with your staff and their courtesy and professionalism were much appreciated.

Sincerely,



Michael Hankerd
Corporate Controller