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October 21, 2010

James L. Coughlan, Comptroller  
County of Dutchess  
22 Market Street  
Poughkeepsie, NY 12601

Dear Mr. Coughlan:

This letter is in response to the financial audit of Cornell Cooperative Extension Dutchess County (CCEDC) for January 1 – December 31, 2009.

First, I'd like to commend your staff for the thoroughness of their audit and working with us cooperatively. In addition, the meetings with you and your staff were much appreciated, providing feedback and recommendations in a professional manner – recommendations that will contribute to our ongoing goal of improving and strengthening our financial management systems and procedures. Please convey my personal thank-you to each of them.

Our responses to your audit findings and recommendations are as follows:

***COMPTROLLER'S SUMMARY***

In accordance with Cornell Cooperative Extension's statewide "Financial Operations Resource Manual" (FORM), Cornell Cooperative Extension Dutchess County utilizes ACCPAC, a state-wide accounting system all CCE County Associations are required to use. FORM provides operational responsibilities, procedures, policies and reference materials for all CCE Associations.

Cornell Cooperative Extension's Report on 2009 Financial Review of CCEDC (*dated May 14, 2010*) concluded "that the annual financial statements and supporting documentations submitted by the association were prepared using generally accepted accounting principles and the association provided documentation supporting balances on the statement of financial position."

Currently, we are engaged in a systems-wide transition to a new Chart of Accounts. We anticipate that this change will address your concerns with tracking matching funds, effective January 1, 2011. In addition, with our CCEDC Board, discussions are taking place regarding tracking program revenue and expenses in a way that addresses your concerns.

## ***DETAILED FINDINGS***

### ***CONTROL ENVIRONMENT***

Our CCEDC Board's Finance Committee has been in discussions re: your recommendation for additional segregation of duties. Plans are to involve staff and board members to design additional oversight procedures. As stated previously, we anticipate that the implementation of the new Chart of Accounts will address the tracking of match funds.

### ***COMMUNICATIONS***

Thank you for your feedback re: the strength of our internal organizational communication. Per your findings and recommendations, our CCEDC Board's Finance and Personnel Committees have begun discussions to address our benefit time accounting and cell phone policies. We anticipate new procedures and/or policies will be designed and Board approved by the end of 2010. Upon approval, all staff (including supervisors) will receive training.

### ***RISK ASSESSMENT***

Per your recommendation, and as previously stated, our CCEDC Board's Finance Committee discussions are taking place regarding duty segregation as well as tracking program revenue and expenses.

### ***CONTROL ACTIVITIES***

#### ***Revenue and Cash Receipting practices***

Thank you for your positive feedback regarding the additional policies and procedures that were designed and implemented. Per your finding, immediate steps were taken to implement the accounts receivable software module "printing deposit slip". In addition, our CCEDC Board's Finance Committee plans to further discuss your oversight procedure recommendation.

#### ***Banking***

No recommendations were made.

#### ***Restricted Funds***

Per your findings and recommendations, the CCEDC Board's Finance Committee plans to conduct an in-depth review of all designated accounts. In addition, the CCEDC Board's Finance Committee has specifically discussed the barn fundraising (currently in its beginning stages) and does plan to recommend setting up a separate bank account during the next few months. It is also important to note that all current designated accounts are approved annually by our Board with expenses and revenues tracked in accordance with FORM fund accounting procedures.

#### ***Expenses***

No recommendations were made.

***Personal Services including Benefit time review***

No recommendations were made.

***Benefit time review***

Per your recommendations, and as previously stated, our CCEDC Board's Personnel Committee has begun discussions re: designing and implementing new procedures to be followed by training for all staff (including supervisors).

***Cell phone expense reimbursement***

Thank you for your finding and recommendation. In accordance with one of our CCEDC program's risk management procedures that addresses staff's personal safety, it is required that those staff members carry a cell phone at all times. Our CCEDC Board's Finance Committee is aware and appreciative of your recommendation and plans to design and implement a cell phone reimbursement policy in accordance with IRS requirements as soon as possible.

On behalf of our CCEDC Board of Directors and staff, we appreciate your recommendations, and will be developing additional policies and procedures that will be incorporated in to current policies and procedures.

Again, thank-you for your feedback and the opportunity to respond to your audit.

Sincerely,



Linda R. Keech  
Executive Director

cc: N. Vogel, L. Cadwallader, E. Dwyer, L. Rich, J. Borchert