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Comptroller’s Summary

Background & Organization

The Corporation for Justice Management (CJM) operated the Dutchess County Community Transition Center (CTC) located at 161 Mansion Street, Poughkeepsie, NY. 12601. DC Office of Probation and Community Corrections provided this 100% county funded Day Reporting Program as an alternative to incarceration. The program provides: Educational Development, Employment Training, Life Skills, Behavior Management, Case Management and Community Service. Offenders, over the age of 16, were referred by the court to attend this day reporting program.

All accounting records were maintained at CJM’s corporate headquarters in Springfield, MA. Our review of the contracted program encompassed 2005 and 2006. In 2007, this contract was awarded to another vendor. Inventory and program records were transferred to Probation.

Audit Scope, Objective and Methodology

An audit was performed for the fiscal periods: January 1, 2005 - December 31, 2005 and January 1, 2006 - December 31, 2006. Under contract 04-0594-12/04-PR the DC Office of Probation provided $604,288.29 during 2005 and $658,995.00 during 2006. The audit included a review of:

- Contract Compliance;
- The agency’s monthly claims and original supporting documentation including payroll records and invoices;
- Detail ledgers for revenue and expenses;
- Internal controls regarding inventory, cash handling and credit cards.

Summary of Findings

- County checks were received and deposited in a timely manner.
- A total of $410.92 was over claimed due to a duplicate invoice ($84.12) and an over claim of salaries ($326.80)
• Procedures for inventory purchases and dispositions were maintained. Minor discrepancies were noted in the agency’s inventory list.

Detailed Findings

Contract Review


Contract No. 04-0594-12/04-PR-A1 with DC Probation provided funding for 2005 up to a maximum consideration of $608,046.00 for the CTC operations. The actual 2005 expenditures for the operations of the CTC claimed by CJM and expended by DC Probation was $604,288.29 for 2005. Contract No. 04-0594-12/04-PR-A2 provided funding for 2006 up to a maximum consideration of $658,995.00. The amount of 2006 expenditures claimed by CJM was in excess of the 2006 contract amount, totaling $660,341.38: Therefore, the maximum contract amount of $658,995.00 was paid by DC Probation. A detail of expenses claimed for each year is attached as Exhibit I.

The increase in the personnel costs in 2006 over 2005 was due to salary raises and the payout of accrued vacation time. The increased rental of the facilities was due to a 3% increase in the base rent and an additional yearly fee of $3,600 for additional space.

The average daily population served by this program was 49 individuals in 2005 and 46 in 2006.

Revenue

A sample of county reimbursement checks was traced to the general ledger and bank accounts. The checks were deposited in a timely manner and recorded properly in the general ledger.
Expenses

Personnel Services

During the audit period, a total of $364,818.42 was claimed for 2005 and $412,088.14 was claimed for 2006 for personnel services. Salaries claimed were compared to each employee W-2 for 2005 year. The 2006 W-2’s were not available at the time of audit. In addition, actual bi-weekly payroll printouts were reviewed and compared to monthly claims.

Finding

- The March 2005 salary claimed for one individual exceeded the documentation submitted by a total of $326.80.

Recommendation

- Claims must be justified with the documentation submitted. This discrepancy should be reconciled.

Rent

For the audit period, the agency claimed $49,143.00 in 2005 and $54,216.96 in 2006 for payments made to St. Paul’s Church for the program space rental. Rental claims were reviewed and compared to the rental agreement. No exceptions were noted.

Other Expenses

A review of selected expenses claimed and the supporting documentation was conducted. The following exceptions were noted:
Findings

- In 2006, a duplicate claim for supplies totaling $84.12 was made in May that was previously paid in April.
- In 2006, a claim for supply purchases totaling $286.25 was made; the invoice was $473.45. CJM indicated an error was made and the claim should have been for the higher amount.

Recommendations

- The $84.12 over claim should be returned to DC Probation.
- The under claiming of $187.20 should be included in the final reconciliation with DC Probation.

Internal Controls

A review of cash procedures and the handling of credit cards was conducted. The agency does not maintain a petty cash fund. Employees making small purchases are reimbursed by check from the corporate headquarters in Massachusetts. A review of invoices found no exceptions.

Vendor credit cards were used to purchase items from various vendors. These “vendor” cards included Home Depot, Staples, Exxon/Mobil, and Sam’s Club. In addition, a VISA First Bankcard is used for general purposes. No exceptions were noted in the handling of credit cards.

Inventory

A CJM employee, responsible for maintaining the agency inventory list, reviewed the inventory procedures with the audit team. Make and model numbers, County tag numbers, CTC’s own inventory numbers, item locations and disposition of the items were reviewed. Upon receipt or disposition of an item, a form was completed by CJM and sent
to Probation describing the item and/or disposition of the item. CTC’s internal inventory listing included items with values from $5.00 and up. The minimum amount of $5.00 was due to the large number of small tools that were utilized in their park maintenance community service program.

In addition to CTC’s internal listing, Probation is responsible for maintaining the county’s inventory of items, which have an original cost of at least $3,000.00.

During the audit period, one item was purchased in excess of $3,000.00 as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Date of Purchase</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004 Ford E350 Van</td>
<td>Feb. 2006</td>
<td>$16,566.00</td>
</tr>
</tbody>
</table>

**Findings**

- The 2004 Ford E350 and a 2003 Ford E350 Van were on the agency’s inventory list but not on the DC inventory list.
- Equipment purchased was classified as supplies. In 2005, this included two cell phones. In 2006, this included two printers and a piece of photographic equipment.
- In 2005, tables and chairs were purchased from the DC YWCA for $390 without an invoice.
- In 2005, two cell phones purchased for $443.83 included sales tax totaling $33.83.
- CJM’s inventory list was incomplete with data fields missing information including original cost, purchase date and serial numbers.
- The agency’s inventory list did not include 10 used computers donated by DC Community College. CJM personnel stated the donated computers were being presented to program participants to award achievement.

**Recommendations**

- The two automobiles should be added to the DC inventory.
- Purchase of equipment should be properly classified to provide an audit trail for inventory.
- Purchases should be accompanied by an original invoice from the vendor.
- Sales tax should not be paid due to the non-profit status of the organization.
- The agency’s inventory list should be maintained with all appropriate information.
- Donated items should be recorded on the inventory and dispositions completed.

Douglas Lee, Auditor

Russell J. Liebler, Auditor

Diane Jablonski, Comptroller
## Exhibit 1

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages</td>
<td>$280,629.55</td>
<td>$316,990.88</td>
</tr>
<tr>
<td>Fringe @ 30%</td>
<td>84,188.87</td>
<td>95,097.26</td>
</tr>
<tr>
<td><strong>Subtotal Personnel Costs</strong></td>
<td>$364,818.42</td>
<td>$412,088.14</td>
</tr>
<tr>
<td><strong>Other Than Personnel Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental of CTC Building</td>
<td>49,143.00</td>
<td>54,216.96</td>
</tr>
<tr>
<td>Facility Costs (Net of Rental)</td>
<td>3,433.85</td>
<td>2,777.11</td>
</tr>
<tr>
<td>Supplies</td>
<td>45,033.56</td>
<td>42,830.88</td>
</tr>
<tr>
<td>Contractual Expenses</td>
<td>5,647.40</td>
<td>4,365.03</td>
</tr>
<tr>
<td>Travel/ Training</td>
<td>2,261.79</td>
<td>886.40</td>
</tr>
<tr>
<td>Other</td>
<td>45,016.32</td>
<td>35,599.31</td>
</tr>
<tr>
<td>Equipment</td>
<td>10,113.74</td>
<td>21,446.06</td>
</tr>
<tr>
<td><strong>Subtotal OTPS</strong></td>
<td>$160,649.66</td>
<td>$162,121.75</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td>$525,468.08</td>
<td>$574,209.89</td>
</tr>
<tr>
<td>Indirect Costs @ 15% *</td>
<td>78,820.22</td>
<td>86,131.49</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>$604,288.30</td>
<td>$660,341.45</td>
</tr>
<tr>
<td><strong>TOTAL CONTRACT AMOUNT</strong></td>
<td>$608,046.40</td>
<td>$658,995.00</td>
</tr>
<tr>
<td><strong>TOTAL COSTS TO DC PROB.</strong></td>
<td>$604,288.30</td>
<td>$658,995.00</td>
</tr>
</tbody>
</table>

*Indirect costs were budgeted and claimed at the rate of 15% of total costs. Indirect costs included agency overhead such as management, accounting, clerical and information technology.
April 2, 2007

Diane Jablonski, Comptroller
Dutchess County Office of the Comptroller
22 Market Street
Poughkeepsie, NY 12601

Re: Corp. for Justice Management

Dear Ms. Jablonski:

Thank you for providing the audit for the above named agency. I have had an opportunity to review the report and appreciate the opportunity to comment on the findings.

As noted in the audit, county checks were received and deposited in a timely manner and inventory purchases and dispositions were maintained. The county has recouped $84.12 due to a duplicate invoice. All recommendations have either been implemented or are in the process of being implemented.

Thank you for the courtesy and consideration extended to both the employees of the Corporation for Justice Management and this department during the course of the audit.

Sincerely,

Mary Ellen Still
Director

http://www.dutchessny.gov
March 22, 2007

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

Dear Ms. Jablonski:

I am writing to comment on the Audit report of Corporation for Justice Management’s program with Dutchess County. My responses to the Summary of Findings follows:

Finding 1: County Checks were received and deposited in a timely manner.
Response: We are happy we are in compliance.

Finding 2: A total of $410.92 was over claimed due to duplicate invoice ($84.12) and an over claim of salaries ($326.80).
Response: We agree that we4 billed the County twice for an invoice in the amount of $84.12; once in April and May. We agree to repay the County $84.12.

We do not agree that there was an over claim of $326.80 in Payroll. On the March 25, 2005 payroll register, we had $1,038.46 for regular pay and $718.95 in retro pay that included pay of $392.15 and 326.80 for FY04 and FY05 respectively. In the reconciliation of payroll register to amount claimed, the auditor did not include $718.95. Therefore, we do not feel that we claimed too much in wages.

Finding 3: Procedures for inventory purchases and disposition were maintained.
Minor discrepancies were noted in the agency’s inventory list.
Response: We agree with your findings.

If you have any additional questions or need further clarification, please call me at 413-272-2243 or email me at jmotto@partnersforcommunity.org.

Sincerely,

[Signature]

John D. Motto, CPA
Chief Financial Officer