



Dutchess County Economic Development Corporation

John MacEnroe, President

20 September 2011

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

Dear Mr. Coughlan:

Dutchess County Economic Development Corporation (EDC), a private, not-for-profit corporation was audited by your office for the period 1 January 2010-31 December 2010. The organization's response is submitted herewith.

Summary of Findings:

Unlike noted in previous audits, accounting functions were now properly segregated. Additional oversight and monitoring by management was not in place to prevent the following findings:

- EDC and Tourism did not have detailed written policies and procedures for petty cash and requests for proposals.
- NYS canceled the tourism matching fund grant program for 2009/2010; However, it was awarded in 2011.
- NYS Empire Zone program ended June 30, 2010; However, EDC is responsible to continue to administer the program to businesses which were previously approved for tax credits.

Organizational response:

The EDC notes that the auditor makes valid observations and the tone of the audit was one of not only oversight but one of instruction assuring the County taxpayers that the County's investment in the agency is wise and prudent. Response to the individual findings is detailed below.



Dutchess County audit of Dutchess County Economic Development Corporation for the period of January 1, 2010 through December 31, 2010

Detailed Findings:

Control Activities:

Banking/Cash Handling

Findings:

- Since the last audit, the agency has added duty segregation for deposits. Deposits are now made by another individual.
- Management oversight and monitoring was not in place for fund transfers. Fund transfers from one bank account to another bank account were performed by the same individual who performs all major accounting duties. Bank transfers included amounts in excess of \$20,000.

Recommendation:

- We recommended the board treasurer or management appointee should review and acknowledge in writing all bank transfers to ensure oversight. *This was implemented immediately by the agency as a result of our finding according to the Director of Finance.*

Organizational response:

- The board treasurer reviews and acknowledges in writing all bank transfers.

Petty Cash

Findings:

- There were no written guidelines for petty cash usage. Procedures were informally stated according to the EDC Director of Finance, expenditures from this account are to be limited and not to exceed \$20.
- Tourism receipts were reviewed and the following exceptions noted:
 1. Expenditures were primarily for employee reimbursements for travel and meeting expenditures and should have been submitted on an employee reimbursement form.
 2. Two expenditures were in excess of the \$20.
 3. A tourism petty cash report totaling \$117.86 for the time period 6/25 – 10/12/10 did not have the required 'approved by' signature.

Recommendations:

- Formalize guidelines for petty cash usage. And distribute written policies to staff and board members.
- Petty cash usage should be in compliance with the agency's guidelines.



Organizational response:

- A formalized guideline for Petty Cash procedures will be established.

Travel and Meetings

Findings:

- Late fees were incurred totaling \$220: four months on the gas credit card for a total of \$80 and four months on the Tourism credit card for a total of \$140.

Recommendations:

- Late fees should not be incurred.

Organizational response:

- The EDC Exxon/Mobil gas credit card has been cancelled. Will use American Express Card for gas purchases. Will monitor Tourism credit card closely.

Request for Proposal (RFP) Procedures - Advertising

Findings:

- EDC/Tourism did not have detailed written guidelines for RFP procedures.
- Formal bid documentation was not on file to support the advertising award. The bid did not contain:
 1. A sign-in sheet of attendees for the RFP review.
 2. An evaluation sheet documenting review of each proposal by the team.
 3. Minutes detailing the RFP process and the supporting documentation for the subsequent award.

Recommendations:

- Formalize written guidelines for the RFP process and distribute to staff and board members.
- Documentation should be retained for each RFP award. Documents should include: who was in attendance to review the proposals, the method of evaluation, notes evaluating each vendor (where applicable) and formal award of the RFP.

Organizational response:

- Will formalize written guidelines for the RFP process.



Contract Review – EDC, Tourism, Empire Zone

Findings:

- As a requirement of the Dutchess County contract, EDC, Tourism and the Empire Zone stationary and brochures are to have the following statement:” The programs provided by this agency are partially funded by moneys received from the County of Dutchess.” The funding statement was not printed on the Dutchess County Tourism Travel Guide.

Recommendations:

- All stationary and brochures should include the statement above for compliance with the County contract.

Organizational response:

- The Dutchess County Travel Guide did state “This travel guide is published by Dutchess County Tourism, the County of Dutchess” All future brochures will state “The programs provided by this agency are partially funded by moneys received from the County of Dutchess.”

Findings:

- As noted in the last audit, the Dutchess County Tourism, a department of EDC, is assessed a \$12,000 fee which is noted as an annual administration surcharge. Once again we note that this is an overstatement of expense and revenue. All expenditures for program and administrative costs should be reflected as actual or based on all approved allocation method. This type of expenditure does not exist for any other programs that EDC lists in their EDC financials.

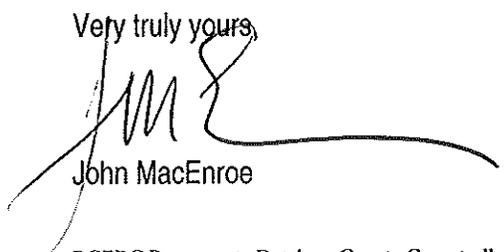
Recommendations:

- EDC cost enter – Tourism should direct costs or allocated costs for administrative functions rather than duplicating the charges through an inter-agency administrative fee which results in an overstatement of revenue and expense within the EDC financials.

Organizational response:

- Per our auditors VanNorstrand & Hoolihan, CPA’s these administration fees are not an overstatement of revenues and expenditures. Will discuss at the 10/17/11 DCEDC Operational Oversight Committee.

Very truly yours,



John MacEnroe