

Dutchess County, New York

EIN# 14-6002566

Reports on Federal Awards

Office of Management and Budget

Circular A-133

December 31, 2008

Dutchess County, New York
Index
December 31, 2008

	Page(s)
Report of Independent Auditors on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Report of Independent Auditors on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3-5
Schedule of Expenditures of Federal Awards	6-8
Notes to Schedule of Expenditures of Federal Awards.....	9
Schedule of Findings and Questioned Costs	10-12
Summary Schedule of Prior Audit Findings	13
Management's Views and Corrective Action Plan.....	14

**Report of Independent Auditors on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Members of the
County Legislature and the County Executive
Dutchess County, New York:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dutchess County, New York (the "County") as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2009. Our report included a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Dutchess Community College, the Dutchess Resource Recovery Agency, the Dutchess County Water and Wastewater Authority and the Dutchess County Industrial Development Agency, which represents 99 percent of the total assets, net assets and net expense of the aggregate discretely presented component units, as described in our report on the County's financial statements. As described in Note 2 to those financial statements, the financial statements of the Dutchess Community College have been adjusted for the presentation of long-term liabilities and net assets included in the financial statements; and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors. This report does not include the results of the other auditors, testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 08-01 and 08-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider items 08-01 and 08-02 to be material weaknesses.

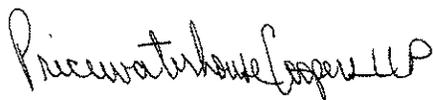
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated September 14, 2009.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County's audit committee, directors, management, the legislature, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



September 28, 2009

**Report of Independent Auditors on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

To the Honorable Members of the
County Legislature and the County Executive
Dutchess County, New York:

Compliance

We have audited the compliance of Dutchess County, New York (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008, except as described in the second paragraph of this report. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Dutchess Community College ("DCC"). Our audit, described below, did not include DCC because DCC engaged other auditors to perform a separate audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

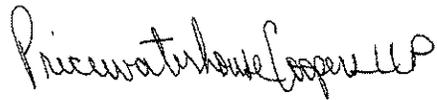
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dutchess County, New York (the "County") as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2009. Our report included a reference to other auditors. Other auditors audited the financial statements of the Dutchess Community College, the Dutchess Resource Recovery Agency, the Dutchess County Water and Wastewater Authority, and the Dutchess County Industrial Development Agency, which represents 99 percent of the total assets, net assets and net expense of the aggregate discretely presented component units, as described in our report on the County's financial statements. As described in Note 2 to those financial statements, the financial statements of the Dutchess Community College have been adjusted for the presentation of long-term liabilities and net assets included in the financial statements; and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2008 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the County's audit committee, management, the legislature, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "PricewaterhouseCoopers".

September 28, 2009

Dutchess County, New York
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-through Entity Identifying Number	CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services			
HIV Emergency Relief Formula Grants		93.914	\$ 1,191,853
Medical Reserve Corps Small Grant Program		93.008	5,000
Subtotal DHHS Direct Programs			<u>1,196,853</u>
Pass-Through Programs From NY State Office for the Aging:			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services		93.043	14,880
Centers for Medicare and Medicaid Services (CMS) - Research, Demonstrations, and Evaluations		93.779	36,545
National Family Caregiver Support		93.052	103,981
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers		93.044	(2) 296,716
Special Programs for the Aging - Title III, Part C - Nutrition Services		93.045	(2) 407,926
Nutrition Services Incentive Program		93.053	(2) 119,984
			<u>824,626</u>
Pass-Through Programs From:			
NY State Office of Children and Family Services			
Foster Care - Title IV-E		93.658	2,664,371
Adoption Assistance		93.659	24,382
Chafee Foster Care Independent Living		93.674	96,513
NY State Office of Temporary and Disability Assistance			
Child Support Enforcement - Administration		93.563	1,403,283
Low-Income Home Energy Assistance		93.568	430,519
Social Services Block Grant		93.667	4,213,504
Temporary Assistance for Needy Families		93.558	7,054,221
Pass-Through Programs From NY State Division of Alcoholism and Alcohol Abuse:			
Block Grants for Community Mental Health Services		93.958	88,601
Block Grants for Prevention and Treatment of Substance Abuse -	BINYSAPT	93.959	626,666
Pass-Through Programs From NY State Board of Elections			
Help America Vote Act		90.401	1,730,187
Disability Access Improvement	T002780	93.617	147
Pass-Through Programs From NY State Department of Health:			
Medical Assistance Program	PSSHSP	93.778	6,264,762
Public Health Emergency Preparedness	001600-06	93.069	173,606
Preventative Health and Health Services Block Grant	CO20169	93.991	1,201
	CO20121	93.991	14,857
Subtotal CFDA Number 93.991			<u>16,058</u>
HIV Prevention Activities - Health Department Based	002195-04-05	93.940	117,576
Maternal and Child Health Services Block Grants to the States	CO20604	93.994	37,734
	GAHLT0872611	93.994	8,000
	CO21548	93.994	32,627
Subtotal CFDA Number 93.994			<u>78,361</u>
Immunization Grants	CO18660	93.268	67,252
Subtotal DHHS Pass-Through Programs			<u>26,030,041</u>
Total U.S. Department of Health and Human Services			<u>27,226,894</u>

Dutchess County, New York
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-through Entity Identifying Number	CFDA Number	Federal Expenditures
U.S. Department of Transportation			
Airport Improvement Program		20.106	1,164,848
Federal Transit Capital Investment Grants		20.500	2,405,901
			<u>3,570,749</u>
Pass-Through Programs From NY State Department of Transportation:			
Federal Transit Metropolitan Planning Grants	NY-80-X16-, X17	20.505	112,892
Highway Planning & Construction	L450-1014-043	20.205	424,433
	8753.78	20.205	37,183
	8754.02	20.205	44,818
	8755.42	20.205	32,744
	8755.44	20.205	20,327
	8755.45	20.205	19,885
	8755.81	20.205	977
	8755.86	20.205	3,231
	8755.91	20.205	24,540
	8756.01	20.205	5,294
	8756.02	20.205	1,148,534
	8757.25	20.205	32,355
	8757.27	20.205	4,123
	8757.38	20.205	10,264
	8757.40	20.205	19,972
	8757.41	20.205	20,975
	8757.53	20.205	18,550
	8758.69	20.205	8,176
	8758.71	20.205	3,509
	8757.53	20.205	509,106
	8758.74	20.205	41,373
	8760.23	20.205	328,539
	8760.24	20.205	72,614
	8760.25	20.205	399
Subtotal CFDA Number 20.205			<u>2,831,921</u>
Formula Grants for Other than Urbanized Areas	C003697	20.509	58,400
State and Community Highway Safety	08-0692-9109-PL	20.600 (1)	55,866
	08-0705-9109-PL	20.600 (1)	91,190
Subtotal CFDA Number 20.600			<u>147,056</u>
Occupant Protection	08-0653-9109-PL	20.602 (1)	12,033
Safety Incentive Grants for Use of Seatbelts	08-0693-9109-PL	20.604 (1)	44,598
			<u>203,687</u>
Subtotal Pass-Through Program			<u>3,206,900</u>
Total U.S. Department of Transportation			<u>6,777,649</u>

Dutchess County, New York
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2008

Grantor/Program or Cluster Title	Pass-through Entity Identifying Number	CFDA Number	Federal Expenditures
U.S. Department of Labor			
Pass-Through Program From NY State Department of Labor -			
Trade Adjustment Assistance	80060	17.245	34,570
Workforce Investment Act Cluster:			
Workforce Investment Act - Adult Program	80060	17.258 (4)	388,426
Workforce Investment Act - Youth Activities	80060	17.259 (4)	655,631
Workforce Investment Act - Dislocated Workers	80060	17.260 (4)	592,974
			<u>1,637,031</u>
<i>Total U.S. Department of Labor</i>			<u>1,671,601</u>
U.S. Department of Agriculture			
Pass-Through Program From NY State Office of Children and Family Services-			
Food Stamp Cluster:			
State Administrative Matching Grants for Food Stamps		10.561 (3)	1,646,354
Food Stamps		10.551 (3)	16,328,894
<i>Total U.S. Department of Agriculture</i>			<u>17,975,248</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants (Entitlement Grants)		14.218	1,306,086
Supportive Housing Program		14.235	161,039
Shelter Plus Care		14.238	560,549
HOME Investment Partnerships Program		14.239	703,520
<i>Total U.S. Department of Housing and Urban Development</i>			<u>2,731,194</u>
U.S. Department of Justice			
State Criminal Alien Assistance Program		16.606	69,520
			<u>69,520</u>
Pass-Through Program From NY State Division of Criminal Justice Services:			
Violence Against Women Formula Grant	VW05548941	16.588	68,416
Subtotal Pass-Through Program			68,416
<i>Total U.S. Department of Justice</i>			<u>137,936</u>
U.S. Department of Education			
Pass-Through Program From NY State Department of Health			
Special Education- Grants for Infants and Families	CO21790	84.181	243,145
<i>Total U.S. Department of Education</i>			<u>243,145</u>
U.S. Department of Homeland Security			
Commercial Equipment Direct Assistance		97.096	31,000
Pass-Through Program From NY State Office of Homeland Security			
Law Enforcement Terrorism Prevention Program		97.074	3
Pass-Through Program From NY State Emergency Management Office:			
Emergency Management Performance Grants		97.042	98,833
Emergency Food & Shelter National Board Program	615400-016	97.024	967
Disaster Grants - Public Assistance	1692-DR-NY	97.036	11,916
Pre-Disaster Mitigation Plan		97.047	7,500
Subtotal Pass-Through Program			<u>119,216</u>
<i>Total U.S. Department of Homeland Security</i>			<u>150,219</u>
Total Expenditures of Federal Awards			<u>\$ 56,913,886</u>
(1) Highway Safety Cluster			\$ 203,687
(2) Aging Cluster			\$ 824,626
(3) Food Stamp Cluster			\$ 17,975,248
(4) Workforce Investment Act Cluster			\$ 1,637,031

Dutchess County, New York
Notes to Schedule of Expenditures of Federal Awards
December 31, 2008

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the primary government of Dutchess County, New York ("the County"), an entity as defined in the basic financial statements and does not include Dutchess Community College ("DCC"), Dutchess County Resource Recovery Agency, Dutchess County Water and Wastewater Authority, Dutchess County Industrial Development Agency, and Dutchess County Soil and Water Conservation District (the "Component Units"). The information in this schedule was prepared on the accrual basis of accounting and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Pass through entity identifying numbers were included on the schedule where available.

2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided the following to subrecipients:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Temporary Assistance for Needy Families	93.558	\$ 1,946,785
HIV Emergency Relief Formula Grants	93.914	994,923
Low Income Home Energy Assistance	93.568	283,672
Block Grants for Community Mental Health Services	93.958	23,911
Block Grants for Prevention and Treatment of Substance Abuse	93.959	609,971
Medical Assistance Program	93.778	37,500
Food Stamp Cluster	Various	285,932
Community Development Block Grant (Entitlement Grants)	14.218	1,837,030
Supportive Housing Program	14.235	196,643
Shelter Plus Care	14.238	577,704
Home Investment Partnership Program	14.239	711,271
Workforce Investment Act Cluster	Various	1,044,233
Selective Traffic Enforcement Program	20.600	91,130
Buckle Up New York	20.604	44,598
Total		<u>\$ 8,685,303</u>

Dutchess County, New York
Schedule of Findings and Questioned Costs
December 31, 2008

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified Yes

Significant deficiencies identified that are not considered to be material weaknesses None

Noncompliance material to financial statements No

Federal Awards:

Internal control over major programs:

Material weaknesses identified No

Significant deficiencies identified that are not considered to be material weaknesses None

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings required to be reported in accordance with Section 510(a) of Circular A-133 No

Identification of Major Programs, Program or Cluster Title CFDA Numbers

Medical Assistance Program 93.778

Foster Care - Title IV -E 93.658

Food Stamp Cluster 10.551

10.561

Workforce Investment Act Cluster 17.258

17.259

17.260

Help America Vote Act 90.401

Dollar threshold used to distinguish between Type A and Type B programs \$1,707,417

Auditee qualified as a low risk auditee? No

Dutchess County, New York
Schedule of Findings and Questioned Costs
December 31, 2008

II. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Auditing Standards.

08-01 Review of the Department of Social Services Revenue and Receivables (Material Weakness)

A. During the course of our audit, we identified an error in the recording of revenue for the Department of Social Services which resulted in an audit adjustment to increase revenue by \$5.2 million. The individual preparing the journal entry did not recognize that the incorrect amount was posted and an internal control did not exist to prevent or detect the error.

We recommend the County implement a more robust journal entry review process for the Department of Social Services to ensure each entry recorded is reviewed by a supervisory level employee independent of the preparer of the journal entry.

B. During the course of our audit, we identified that the County did not record the reserve for uncollectible accounts related to the Department of Social Services accounts receivable at December 31, 2007. This resulted in an audit adjustment of approximately \$8 million to reduce the Department of Social Services revenue and record the reserve for uncollectible accounts on the Department of Social Services accounts receivable. Additionally, upon review of the reserve calculation provided by the Department of Social Services, we noted several adjustments that were required in order to properly consider all information necessary to accurately calculate the reserve at December 31, 2007.

We recommend the Department of Social Services calculate the reserve for uncollectible accounts at December 31, 2007 and Finance review the reserve calculation and ensure it is recorded in the general ledger.

2008 Update

During the course of our audit, we identified a \$5.8 million credit balance in the Department of Social Services accounts receivable detail related to the State of New York. Management investigated the credit balance in accordance with their policies and procedures and concluded that the credits were advances from New York State related to their Child Welfare program. However, upon further investigation with representatives from the New York State Office of Child and Family Services, the County determined the State had provided additional funding to subsidize the short fall in Federal funding in 2007 and 2008. We concluded that the recording of the funding was appropriate, however required reclassification from the State accounts receivable to the Federal accounts receivable within the Department of Social Services accounts receivable detail.

Although no adjustment was required to the financial statements, this error materially impacted both the 2007 and 2008 Schedule of Expenditure of Federal Awards as the Schedule reported Federal expenditures related to the Child Welfare program that were State funded. Therefore, we recommend a more rigorous review be performed on material credit balances to identify potential classification errors.

Management Response

Following these findings are Management's Views and Corrective Action Plan.

Dutchess County, New York

Schedule of Findings and Questioned Costs

December 31, 2008

08-02 Financial Reporting (Material Weakness)

Upon review of the County's 2007 financial statements, we identified errors in both the government wide financial statements in accordance with GASB 34 as well as in the fund financial statements which required several correcting entries to be recorded during the audit. While we recognize the County only prepares government wide financial statements annually, it is important that all financial statements are complete and accurate.

We recommend the County dedicate the appropriate level of internal resources or consider outsourcing the financial statement preparation process. In addition, the following recommendations should be considered:

- Create a checklist of closing entries required to be recorded on both the fund and government wide financial statements.
- Consider additional training on GASB 34 to ensure the requirements of the standard and its applicability to the County's financial reporting are met.
- Implement formalized review procedures of the financial statements to ensure they are complete and accurate.

2008 Update

Upon review of the County's 2008 financial statements, we identified errors in the government wide and fund financial statements in accordance with GASB 34. These errors were consistent in nature with those identified in the 2007 financial statements in the comment above. Additionally in 2008, in review of deferred revenue for property taxes, management utilized reports that included cash collections for 2009 property taxes. This resulted in an adjustment to increase deferred revenue by \$3,188,000. Additionally, management did not record an adequate reserve on property taxes which resulted in an increase in the reserve of \$2,239,000.

During 2008, the County began implementing procedures to remediate the deficiencies in internal controls, however, due to the material adjustments noted above, our recommendation from the 2007 audit remains.

Management Response

Following these findings are Management's Views and Corrective Action Plan.

III. Federal Awards Findings and Questioned Costs

None noted.

Dutchess County, New York
Summary Schedule of Prior Audit Findings
December 31, 2008

07-01 Eligibility

Medical Assistance Program, 93.778 Award Year 2007

Criteria:

CFR 42 part 435-406 states that for an individual to be eligible for Medicaid they must provide proof of citizenship.

Condition:

Of the thirty participants tested for eligibility, two individuals did not have the required proof of citizenship in their files.

Cause:

When the individuals applied to Medicaid, the case worker did not obtain the required proof for citizenship to include in the file.

Effect:

It is possible that the individuals are not US citizens and are receiving Medicaid when they are not eligible.

Questioned costs:

The questioned costs associated with the two individuals who did not have the required proof in their Medicaid files were \$60,440.

Recommendation:

We recommend that case files be reviewed and that a checklist be used to ensure that all required information is obtained prior to an individual being deemed eligible for Medicaid. It is also recommended that the County investigate and determine if the applicants were eligible for Medicaid, and if they were not, then the questioned costs associated with these individuals should be returned to Medicaid.

2008 Update:

Based on the results of our audit procedures, this recommendation was appropriately addressed.

**Dutchess County, New York
Management's Views and Corrective Action Plan
December 31, 2008**



Dutchess County
Office of the
Commissioner
of Finance

Dutchess

William R. Steinhaus
County Executive

Pamela Barrack
Commissioner

Corinna C. Wu
First Deputy

Carmela Morley
Deputy

September 28, 2009

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**RE: Management's Views and Corrective Action Plan for Dutchess County
OMB Circular A-133 Compliance for the Year Ended December 31, 2008**

I. Findings

08.01 Review of the Department of Social Services Revenue and Receivables (Material Weakness)

08.02 Financial Reporting (Material Weakness)

II. Management's Response and Corrective Action Plan

08.01 - Management's Response

The department investigated the cash payment from the State and determined that all claims were properly categorized given the information we had available from New York State at the time. The Child Welfare Services' cash payment format required by the State is not broken out in detail. Based on our review, this "additional" cash payment from the State was determined to be simply a bottom line adjustment based on the State's description reflected as "advance". The State has now made a tool available to us that we can use to estimate the amount of Child Welfare Services' receivables to expect. This will aid us in making sure receivable numbers are recorded correctly.

The other piece of knowledge that will prevent this from happening in the future is the fact that settlement letters from New York State labeled as "advances" are not always advanced money, but can be adjustments to previous claims submitted. Now that we know this, settlement letters from NYS labeled in this manner will be treated as any unlabeled claims and will be researched and recorded against the proper receivable.

08.02 - Management's Response

We are continuing our internal processing and restructuring of our Accounting Section. We are implementing and improving our process.

III. Responsible Individual

Pamela Barrack, Commissioner of Finance