Audit Report

Dutchess County Soil and Water Conservation District

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Comptroller's Summary

Background/Organization

The Dutchess County Soil and Water Conservation District (SWCD) established in 1945 and authorized by State statute, coordinates state and federal conservation programs on a local level. The SWCD provides education and technical assistance on managing soil, water and related natural resources to municipalities, farmers, business owners and homeowners. Additional information is available on the Dutchess County Soil and Water's website: www.dutchessswcd.org

Audit Scope, Methodology and Objective

An audit was conducted of the Dutchess County Soil and Water Conservation District for the period January 1, 2007 through December 31, 2007. During the audited period, Dutchess County appropriated $270,055.00 to the SWCD. The Dutchess County Department of Planning and Development is responsible for the distribution and oversight of these funds. SWCD uses a cash basis for accounting.

The audit included a review of:

- Annual Report of the Treasurer to New York State
- Claiming documents
- Payroll records, 1099s
- Internal Controls including cash handling
- Revenues and Expenditures, Inventory, Petty cash

Summary of Findings

Documentation supporting the year-end reports was not reviewed and verified to agency ledgers prior to submittal to ensure accurate reporting. Internal controls regarding segregation of duties and oversight should be improved. Recommendations from the prior audit regarding grant management have been implemented.

Detailed Findings

Internal Controls

A good system of internal controls includes reliable financial reporting and adequate segregation of duties.

Financial Statements and Segregation of Duties

Included in the Office Manager's tasks are the preparation and maintenance of all financial records. This includes the recording and preparation of receipts, disbursements and reconciliation of funds; as well as, the preparation and maintenance of financial reports.

The 2007 SWCD Annual Report of the Treasurer to New York State (Annual Report) is the required NYS and Dutchess County document detailing SWCD's consolidated financial information. In addition, the Department of Planning requires the Dutchess County Contract Agency Final Reconciliation Statement. *Both statements were revised as a result of this audit.* Attached as Exhibit I is a summary of SWCD's Revenues and Expenses for the period ending December 31, 2007.

Findings

- The original Annual Report of the Treasurer to New York State submitted to the State Soil and Water Conservation Committee, dated February 4, 2008 reported $976.00 more in expenses compared to the agency's detail ledger. A review of the agency's records revealed the following:
  - -Adjusting entries were made after the reporting period.
  - -Adjusting entries made in the computer system were not printed out to provide an audit trail.
  - - The report was not reviewed and compared to the detail ledger by anyone other than the Office Manager.
  - - The $976.00 was a result of posting errors including duplicate entries.

- The original Dutchess County Contract Agency Final Reconciliation Statement submitted to the Planning Department justified $254,110.46 in expenses for the 2007 appropriation resulting in a shortage of $15,944.54. The original reconciliation did not include allowable fringe benefits.

Recommendations

- SWCD must institute review processes to provide accurate reports and supporting documentation. Specifically:
  - -SWCD must establish final cut off dates for the preparation of year end reports. Soil and Water should have all expenses, revenues and adjustments posted by this date.
  - - All adjusting entries must be printed to provide an accurate audit trail.
  - -A monthly review of the Office Manager's entries to the detail ledger should be conducted by someone other than the Office Manager to assist in the prompt reconciliation of records as well as to provide a necessary separation of duties.
  - - Reports must be reviewed by the Executive Director and appropriate board personnel for accuracy to the detail ledger.

Revenue and Expense Review

County Appropriation

The 2007 Dutchess County funding for Soil and Water was $270,055.00 as shown below. The claimed expenses for personnel services and fringe benefits were allocated by the SWCD to the following programs.

Agriculture Environment Management Program	$129,626.00
Community Environmental Management Program	113,424.00
Dry Hydrant Program	16,203.00
Education Programs	10,802.00
Total	$270,055.00

Salaries were compared to the W-2's and quarterly Federal and State tax submittals. Fringe benefit expenses were traced to the detail ledger. No discrepancies were noted.

Bank Statements

Soil and Water maintains five bank accounts. The bank accounts were reconciled through December 2007. Periodically, a board member receives the unopened bank account from the mail, reconciles the account and affixes their signature. No discrepancies were noted.

Inventory

Soil and Water maintains an inventory listing of equipment purchases. This inventory listing was compared to the agency's detail ledger. Purchases made in 2007 included two computers and a copier. All items were located.

Finding:
One computer purchased through a NYS grant was not recorded on the inventory. The inventory was updated during the audit.

Recommendation:
Soil and Water should develop a system to provide equipment purchases to the employee assigned to recording inventory. This same error occurred in the last audit.

Petty Cash

Soil and Water maintains a $50.00 petty cash drawer. The petty cash disbursements were reviewed and the petty cash was counted. No discrepancies were noted.

Prior Audit Recommendation

In our previous audit, grant recordkeeping was incomplete regarding the recording of accounts receivable, cash receipts and claim reconciliation. SWCD has implemented grant accounting procedures which included the recording of grant terms, claim dates, cash receipts and related grant supporting documentation.

Carol Doyle, Auditor

Diane Jablonski, Comptroller

Exhibit I - SWCD Revenue and Expense Statement

Dutchess County Soil & Water Conservation District

Revenue and Expense Statement
For The Year Ending 2007

	Audited 2007
Revenue	
Dutchess County	$251,243.87
Fees for Services, Other Reimbursement	85,758.02
Federal/State grants/Other Agreements	263,655.59
Total Revenue	$600,657.48
Expense	
Personnel Services	$350,594.61
Fringe Benefits	91,920.05
Supplies/Utilities/Operations	77,545.31
Travel/Training	26,990.33
Equipment	13,685.64
Other	254.96
Grants Special Projects	21,324.97
Total Expenses	$582,315.87
Net Gain/(Loss)	$18,341.61

Source: SWCD Annual State Committee Report and Detail Ledger

DUTCHESS COUNTY SOIL AND WATER CONSERVATION DISTRICT
2715 Route 44, Suite 3
Millbrook, NY 12545
Phone (845) 677-8011 ext. 3 Fax (845) 677-8354

April 22, 2008

Hon. Diane Jablonski, County Comptroller
22 Market Street
Poughkeepsie, New York 12601

Dear Ms. Jablonski:

The Directors and staff have reviewed a copy of your Draft Audit Report for Dutchess County Soil and Water Conservation District for the year January 1 through December 31, 2007 at our April 16, 2008 District Board Meeting.

We find the report to be fair. We continue to incorporate the procedures recommended by the Comptroller's Office into our bookkeeping routine. We will continue to follow and review past recommendations by your Office, so as to keep an accurate accounting of our programs. The District continues to use the Audit Reports as a Risk Management Tool for the District's operations.

We thank you and your staff for a professional job in auditing our books and for the Audit Report with the findings and recommendations that always serve as further education in our bookkeeping procedures.

Sincerely,

Edwin J. Hoxsie III
Executive Director

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