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United Way of the
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July 27, 2015

Mr. James L. Coughlan
Comptroller
County of Dutchess
22 Market Street
Poughkeepsie, New York 12601

Dear Mr. Coughlan,

The management of Grace Smith House again would like to thank the staff and management of the Comptroller's office for their professionalism, expert advice and help throughout this process. During the course of the audit, GSH was proactive in addressing and implementing many of the changes prior to the release of the Audit Report. We appreciate this is acknowledged throughout the report. Between the audit and receipt of the audit report, Grace Smith House hired two independent financial contractors to examine and make suggestions for updating our financial policies. Their recommendations, which we are in the process of implementing, should satisfy some of the concerns outlined in the County's findings.

Summary of Findings and Recommendations

"Weaknesses were identified in Claiming and Petty Cash practices. Petty Cash Practices were changed during our review. Additional oversight and monitoring claim processes should be put in place to ensure accurate records and timely claims." As noted in the Audit Report, this process has undergone a complete review and changes were made within 48 hours of our discussion with the audit team. Since the completion of the audit, in addition to following the County Comptroller's Office suggestions, we have implemented additional best practices in the handling of cash at the recommendation of our independent consultants.

"Management should continue to develop comprehensive operating procedures for key accounting activities ..." We hired two financial consultants to review our policies, to bring a fresh perspective and take a detailed review of procedures and policies related to the areas of weakness identified by the County at the time of the audit. The changes resulting from the recommendations of these two independent sources are in the process of final implementation. We believe this will result in strong, comprehensive operating procedures for our accounting activities.

"Disallowance totaling \$8,076.08 were noted based on the review of actual expenses claimed in comparison to the contract program budgets. If budget modifications are completed, these disallowances may be reduced or eliminated." Budget claims compared to the contract program budgets have been documented / resubmitted as appropriate in detail at both the contract segment as well as the individual line item basis. A formal request for budget modification has been made for the affected contracts. Finalization of the revised "Attachment 'H's" are in process. The LSHV segments of contract #12-0142-12/12-SS-A5 have been reviewed with LSHV executive management. A budget modification request is in the process of being made by LSHV to Grace Smith House Management. GSH will review and take appropriate actions with the County to formally request Budget changes as appropriate.

“Additional attention is necessary to design duty segregation for the claiming process.” & “Additional oversight by multiple individuals should alleviate claim reimbursement errors.” We acknowledge that with additional staff, we could strengthen our review and reduce errors, and we will determine a long term employee solution as soon as funding conditions allow. In the interim, however, we have hired temporary bookkeeper from a reputable staffing agency for the construction of current grant claims and vouchers, which has allowed for the separation of claim/voucher construction, review, and final approval roles to be distinctly separate processes and people. We hope to hire a permanent employee as soon as budgetary concerns allow replacing the current temporary position. A review and update of the detailed in-house documentation has been undertaken. This has resulted in improved formatting of our vouchering aid documents to increase the consistency of the documents for each grant and grant period. These changes increase the ease of data entry into the documents and have increased the use of automated calculations. These improvements will increase the quality of these reports that are used in the claim/vouchering process.

“Timely submission of claim reimbursements will ensure cash flow.” The additional hours provided by the temporary staff person will reduce the backlog in the agency’s finance operations. Additionally, multiple processes have been in place to schedule for improved timeliness of grant submission.

“GSH should obtain W-9s from all providers of services prior to payment and retain copies for audit purposes.” Our current process is to obtain these documents at or before the time of service. A formal review of all vendor documentation is being conducted to make sure that former/current vendors are updated as appropriate.

Once again, we thank the County for the professionalism, advice, and assistance throughout the audit process. We believe that this process and the changes we have implemented as a result of the audit have resulted in stronger, more efficient, and effective processes and procedures by which we manage Grace Smith House finances.

If you have any questions or require further clarification, please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Michele Pollock Rich", followed by a horizontal line.

Michele Pollock Rich
Executive Director

cc: William Stickle