



*Housing with compassion...  
Development with a vision*

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Mr. James L. Coughlan, Comptroller  
Office of the Comptroller  
Dutchess County  
22 Market Street  
Poughkeepsie, NY 12601

Dear Mr. Coughlan:

We have received the Dutchess County audit report for the period of January 1, 2009 through December 31, 2010 and would like to respond to the comments that were noted.

Gannett House rates

Hudson River Housing has been operating the Gannett House emergency housing program since 1982. Our services include emergency housing for individuals and families, case management services, 3 nutritious meals/day which are prepared on premises, transportation, 24 hr front desk/on-site security, and some recreational activities. We have worked very closely with the Dutchess County Department of Social Services over the years to negotiate fair and equitable rates for these services. Our rates are very comparable to other providers in our area for similar services. As a reference, we are including the published rates of other service providers in the area. Our rates at \$143/day are slightly higher than C.H.I. Vanderbuilt at \$125/day and Pathways Community Services at \$129/day but we offer a more comprehensive array of services including transportation and intensive case management.

As noted in your report, we have openly discussed and reported that any excess income derived from the Gannett House program is used to fund other Hudson River Housing human service programs; primarily our Dutchess County Coalition for the Homeless program. This program historically and consistently runs at a significant annual deficit of approximately \$200,000/yr. We provide emergency shelter and food for up to 60 homeless individuals 365 days/year as well as transportation from and to the City of Poughkeepsie. This program is extremely costly to run but we still do so at well below the national cost average for homeless shelters. The funding that we do receive from the

County as well as other sources, although very vital, is not adequate to cover the program costs and we therefore rely heavily on the Gannett program to support it.

We would be happy to discuss the funding structure of these two programs and any other program that we run with the various Dutchess County Departments involved in order to achieve a more balanced solution to meet the needs of our homeless community.

#### River Haven Respite Contract with DSS

Although this was not deemed a finding in the report, we would like to comment on observations noted regarding our DSS River Haven Respite contract. We provide 24 hour crisis intervention and immediate access to residential respite care for adolescents, 365 days/year. The County's payment for these services is \$255,500 annually and is based on a daily cost of \$175 per bed. River Haven has available at least 4 of its 12 beds, should the County seek respite care for an adolescent deemed to be in need. Typically, the youth referred by the County would otherwise be at risk of placement through the child welfare and juvenile justice systems. River Haven is also used as an alternative placement for early release from a non-secure detention facility or other much more costly placements; saving the County money.

It is difficult to predict the need for this type of service. In some cases, the need for respite care changed even after a youth had arrived at River Haven and Case Managers were able to facilitate a successful re-unification of the youth with their family. Through the respite contract, the County has ready access to services and at least 4 shelter beds for adolescents at all times. In order to ensure this availability, HRH continued to incur the cost of operating and staffing the River Haven Program 24/7. While on average fewer than 4 beds were occupied by "eligible" youth during the period reviewed, on many given nights during the same period River Haven provided respite care for many more eligible youth than the 4 it was contractually obligated to serve.

In recent years, the County's use of this service has spiked without a change in the cost to the County. In 2011, River Haven provided 1612 respite care bed days for youth eligible under the contract, an average 4.4 eligible youth daily. During the first 6 months of 2012, an average of 4.7 eligible, young people have received respite care daily.

#### Bank Transfers

Several years ago, the Board of Directors authorized the Chief Financial Officer to initiate bank transfers as part of the normal banking operations. These transfers are easily traceable from one bank statement to the other as well as through the general ledger and have the approval of our Independent Auditing firm. We feel we have adequate approvals and controls in place regarding transfers. However, we have agreed and already have adopted the suggestion to use a "wire transfer form" each time a transfer is initiated.

### Consolidated Fiscal Report

HRH has contracted with the Department of Mental Hygiene for over 14 years and has been successfully filing the Consolidated Fiscal Report with the agency and NYS Office of Mental Health since the contract began. In 2012, we were informed by DMH that we were now required to amend our 2009 and 2010 reports to include the entire program operations, not just the portion funded under our DMH contract. We immediately began the procedure to amend the reports. As of this audit date, the reports have been submitted and accepted by the Department of Mental Hygiene. We are not in agreement that this should be a finding due to the fact that we have corrected any issues that were brought to our attention and have resolved them. Our staff is adequately trained on completing this report and will continue to seek training as regulations change.

### Dual Signatures for Checks over \$10,000

Hudson River Housing instituted a policy requiring that all checks of \$10,000 or more be dually signed. During the audit period, there were approximately 150 checks processed totaling \$10,000 or more. We noted that 3 checks were processed during this period with only the signature of the Executive Director; which equates to less than 2% of all checks written. We will ensure that we continue to adhere to this policy.

### Salary Adjustments/Bonuses

The Board of Directors of Hudson River Housing occasionally approves minimal year-end bonuses to staff to supplement annual gross wages. We have many staff members that are 100% dedicated and funded under certain grants. Many of our funding sources allow salary adjustments of this type to be charged to a grant source if there are enough funds remaining on the budget line to cover them. We were not aware that this supplemental salary adjustment could not be charged to the Mental Hygiene contract and will adjust the claim accordingly.

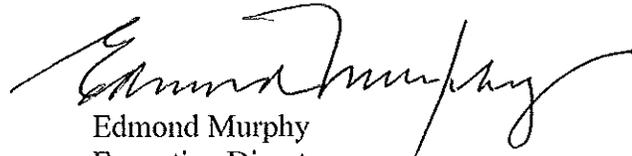
### Cyber Theft

Unfortunately, Hudson River Housing was the victim of a cyber attack on our bank account in 2010. We had what we believed to be the most adequate controls in place to prevent such an occurrence including the most current firewall protection and anti-virus software protection that was recommended to us by our computer consultants. We were told that this breach may have been the result of a virus that infiltrated our system through a seemingly benign e-mail attachment. We worked very closely with law enforcement, our financial institution, and our computer consultants and were able to recoup over half of the funds. We will continue discussions with the appropriate parties in an effort to recover more funds if possible.

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We would like to thank Dutchess County for its support of our agency over the years and during this audit. The audit team was courteous, professional, and made the overall experience a truly productive one.

Sincerely,

A handwritten signature in black ink, appearing to read "Edmond Murphy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Edmond Murphy  
Executive Director