

July 25, 2008

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Diane Jablonski
 Comptroller - Dutchess County
 22 Market Street
 Poughkeepsie, NY 12601

Dear Ms. Jablonski,

We are in receipt of the audit findings, the result of your office's review, for the period of January 1, 2007 through December 31, 2007.

Following is our response:

Separation of Duties:

As small agency with only a few staff members, this is a challenge for us. However, our Board Treasurer is experienced in financial management and he will do the following:

- Monthly verification/reconciliation: The Treasurer will not only confirm the reconciliation of the bank statements, but will also review the checks that were issued that month.
- The Executive Director will initial all bank deposits made by the fiscal administrator.
- The Executive Director will initial to indicate review of the payroll statement from the vendor Paychex, at each pay period to ensure that someone other than the fiscal administrator is verifying accuracy of payroll distribution.

We will continue to explore ways to address the issue of separation of duties, and will talk to other small agencies about the controls they have in place.

Cash Handling & Banking:

- We have begun the process of moving funds to ensure our assets are protected by the \$100,000. limit under FDIC at each bank.
- Checks will be ordered/purchased with watermark to prevent forgery, as soon as the current supply is depleted.

One-to-one Basic Literacy
 Tutoring for Adults

Certified Tutor Training

Conversation Groups

English as a Second
 Language

Workforce Development

Family Literacy
 Programming

Project READ

Reading to Children

Drop-in Learning Centers

Annual Community
 Spelling Bee

Nationally Accredited
 and a member of
 ProLiteracy America, Inc.

Affiliated with
 Literacy New York

Senator Stephen Saland
 Honorary Chair



A United Way
 Funded Program

- Signature will be blacked out with permanent magic marker, or removed on Voided checks.

Posting expenses to cost centers:

- We will institute a review process to ensure expense entries are made appropriately.

Revenues:

- Revenues that were claimed but not yet received were not accrued. The agency will overview, and discuss with the Treasurer, the possibility of recording on an accrual basis.

Tax Filing:

- The fiscal administrator will research and print out the IRS regulations for the requirements for 1099 filings, and will meet with the Executive Director and Finance Committee to determine compliance, and change any procedures if required.

We would like to thank the Comptroller and her staff for taking the time to visit our agency and discuss our program prior to the audit. We also thank Auditor Cordelia Shemain for her thorough inspection and her helpful suggestions.

We appreciated all the positive comments made during and after the audit about our in-house financial management and bookkeeping.

Sincerely,



Margaret Pfaff
Executive Director

CC: Marisol Rodriguez
Robert Burnswick, Treasurer