

May 5, 2009

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

Dear Ms. Jablonski:

We have received and reviewed your audit of the Division of Mass Transit (Mass Transit) for the period January 1, 2007 through December 31, 2008. We appreciate the opportunity to respond to the audit findings. Aware of some of these issues, the Request for Proposals we issued in mid-2008 for the transit management contract included new reporting requirements. During the 2008 budget process we also requested new County staff positions to improve the monitoring and oversight of the contract, and the transit services. However, the County Transit Administrator position was not authorized or funded until the 2009 budget. We are currently in the process of interviewing candidates for the Transit Administrator.

We are working with our new transit management company, First Transit, Inc., to establish and maintain appropriate internal controls in all areas of the operation. As you know, both Planning and Mass Transit staff are engaged with your office to address all issues identified in the audit.

- In January Planning & Development clarified the roles of both the County and the transit manager (now First Transit) for General Financial Procedures. The procedures will be reviewed and updated as necessary.
- The transit management contract includes a list of required monthly and quarterly reports that must be prepared and submitted to Planning & Development by the transit manager. In addition, the Department periodically monitors various aspects of the operation to ensure on-going compliance with required activities.
- First Transit is integrating its policies and procedures into the existing policy manual for Mass Transit. The result will be a comprehensive procedure manual that addresses the areas outlined in the audit report including procurement, contract management, cash management, payroll, maintenance and parts management, and revenue claims and reconciliation.
- First Transit is reviewing and modifying existing job descriptions to ensure they address the concerns outlined in the audit, and current job responsibilities. Some job descriptions have changed in the last five months, and will continue to evolve as First Transit establishes appropriate separation of duties and supervisory controls.

Dutchess County
Department of
Planning and
Development

William R. Steinhaus
County Executive

Roger P. Akeley
Commissioner

Kealy Salomon
Assistant Commissioner

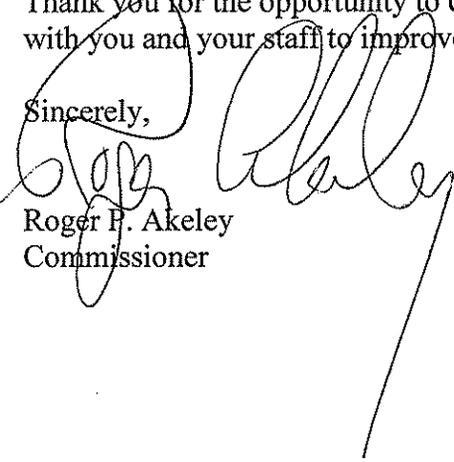
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- The organization chart has been updated to reflect new positions, job duties, and supervisory responsibilities.
- Mass Transit is now using the RTA (Turley) software for all maintenance activities, including parts inventory, vehicle maintenance (including preventive maintenance), safety inspection schedules, and fuel usage. RTA is also being used to document work for outside clients (e.g. Office for the Aging).
- Mass Transit will be upgrading its ADP Payroll agreement to provide enhanced features for completing the weekly payroll process.
- Payroll review includes the use of spreadsheet to ensure accurate accounting of holiday and weekly minimums for union employees. Processes to ensure proper accounting for time worked, benefit time used, and paid time have been successfully implemented. The use of manual checks is strictly limited, and there are enhanced requirements for documentation and approval.
- The General Manager conducts weekly meetings with key management personnel to disseminate procedures and policies, designate work and provide training (or retraining) as necessary.
- First Transit continues to review all of its financial control processes. Controls have been established to correct previous problems and to address potential future issues.
- The cash handling procedures have been upgraded to ensure appropriate controls, including: repair of vault room and surveillance cameras, improved controls for vault access by money counters and third party couriers, reconciliation sheet to track funds sent and received by bank, and segregation of duties between those who count and those who reconcile.
- Mass Transit is implementing the GFI farebox software to track ridership and reconcile fare collections. The purchase of the remaining 21 fareboxes will allow full implementation of this process by year-end.
- Planning & Development will review all federal and state revenue claims, and quarterly status reports will be completed by the transit manager to ensure prompt and accurate invoicing.
- Planning & Development continues to meet with the General Manager and other Mass Transit staff on a regular basis. These meetings routinely include monitoring activity. A summary of the meetings is documented and filed.

Thank you for the opportunity to comment on the audit. We look forward to working with you and your staff to improve the operations at the Division of Mass Transit.

Sincerely,


Roger F. Akeley
Commissioner