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October 20, 2006

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

Re: Audit Response

Audit Dates: March 1, 2004 – June 30, 2006

Dear Diane,

The following is our response to the Audit Report for the above-mentioned audit period submitted with your letter dated September 28th 2006:

Finding: Detail ledger cost centers were not in agreement with the agency's general ledger.

Response: The Agency's books are on an accrual basis and the Program's detail cost centers are recorded on a cash basis. Also the Agency does not make allocations of certain overhead expenses to the programs during the year.

Finding: A total of \$3,367.25 is due back to the County. The Institute overclaimed personnel expenses totaling \$2,045.25 and a laptop totaling \$1,322.00.

Response: After review of the result of the finding, the Institute agrees with these findings. The staff accountant who was responsible for preparing the worksheet for the personnel expenses made errors resulting in an overclaim of the personnel expenses. Regarding the laptop, two different vouchers were submitted in 2005 for laptops. The second laptop that was vouchered for ended up not getting ordered and was not adjusted off of subsequent vouchers in the contract period.

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Finding: Expense reimbursements to contractors and employees of the Institute were paid late.

Response: This was a problem in past periods. The Institute made procedural changes to minimize this problem. Expenses are now being paid prior to submitting vouchers for reimbursement. We have also requested an advance for the Healthy Families contract so as to have funds available for prompt payment.

Finding: There was not a signed rental agreement for 2004 for the Beacon Center.

Response: There was a signed rental agreement prior and subsequent to the 2004 period. Neither the landlord nor the Institute could produce a copy of the rental agreement for 2004.

Finding: The 2005 & 2006 agreement was signed by an individual who did not have authorization, as required by agency guidelines.

Response: The 2005 lease was signed by the Program Coordinator and the signed lease was in her possession. The 2006 lease is signed by administration and is properly signed.

Finding: The inventory listing for each program was not maintained properly.

Response: It was brought to our attention, as a result of the audit, that the Program's inventory listing was not consistent with the official listing maintained in the Finance Department of the Institute. We believe that the Institute's list is accurate, up to date and that the depreciation has been handled appropriately.

It was a pleasure to work with Carole Doyle during the audit process. We understand that the audit is a tool used by the auditing agency to substantiate processes and reporting but in addition to this we utilize the results of the audit to improve our processes.

Sincerely,



Ellen Werner
Chief Financial Officer

Cc: Dr. John Anderson, President & CEO
Fred Morina, Controller