

September 29, 2009

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

Dear Ms. Jablonski

This letter is in response to the financial audit of Nubian Directions II, Inc. (NDI) for January 1, 2008 to December 31, 2008.

Thank you for your courteous and professional staff that made the audit process painless. They were thorough, resourceful, and cooperative. The feedback and recommendations provided by your agency will contribute greatly to our ongoing efforts to strengthen our financial policies and procedures.

Our response to your audit findings and recommendations follows:

**Control Environment**

Our Board and Agency has an ongoing commitment to strengthening our accounting policies and procedures to ensure compliance with governing authorities and to maintain effective and efficient recordkeeping. We will take steps immediately to address accounting deficiencies and formalize accounting policies and procedures.

**General Accounting Records**

As recommended:

- Monthly financial reports will be compiled to provide management with the tools to monitor the agency's financial position
- All payroll transactions will be paid by contracted payroll agency. If there is an exception, payroll agency will be notified. We will review all employee payrolls. We have begun working with PayChex to review and if required amend the 2008 W-2s, Federal Form 941s and NYS-45s. All compensation will be accurately reported to the IRS and NYS and the appropriate payroll taxes paid
- Prior to a payment being made to a vendor a W-9 will be completed and retained in our files. We will issue 1099s in accordance with IRS regulations.

**Claim Documentation**

As recommended:

- Attendance records will be maintained and available at the agency to support claims.
- Nubian Directions will maintain complete attendance records for all claims. We will return \$320 to Social Services for undocumented claims as noted in your findings
- We will review our records regarding the overpayment of \$52.50 in consultation with DCWIB. Any overpayments will be returned to DCWIB.

### **Bank Accounts**

NDI management will take steps immediately to implement your recommendations as follows:

- Bank account reconciliations will be completed monthly and reviewed and initialed to attest review by agency management and/or a Board representative
- We will closely monitor account balances to eliminate overdraft fees

### **Cash Handling**

**Cash received by our organization was from earned income and was not generated from grants covered within the scope of your audit review. While we appreciate and will implement recommendations to improve receipt and journalization of cash donations, we request that your findings regarding cash handling be amended or deleted from your report altogether.**

However, your recommendations will be reviewed and implemented as follows:

- We will review and update policies and procedures for segregation of duties
- Cash receipts will be deposited to a bank account with an associated revenue entry made to the bookkeeping records
- All funds will be deposited and petty cash will be formally replenished by a check made payable to Petty Cash
- A check signer will not prepare checks. NDI's numbered checks will be used for all transactions with no checks written to cash

### **Federal and State Reporting**

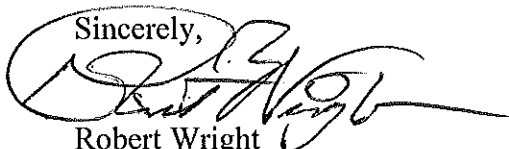
Because we use a local CPA firm to prepare our Federal and State statutory filings, we have come to rely on them to file extensions automatically and when documentation is requested and provided, Federal form 990s and CHAR500 forms are prepared for our review, signature and filing. The 2007 990 and CHAR500 forms were filed on Tuesday, September 29, 2009. The 2008 990 and CHAR500 forms are being prepared and will be filed no later than October 15, 2009.

In the future the following recommendations will be implemented:

- Filing of the Federal Form 990 will be done on an annual basis and within the time frame allotted by the IRS to avoid late filing penalties
- Filing of the NYS CHAR500 will be done on an annual basis and within the time frame allotted by the Office of the Attorney General to avoid jeopardizing the agency's tax exempt status and late filing penalties.

We look forward to working with you and your staff, as we develop additional policies and procedures to strengthen our financial management of funds donated and granted to our organization.

Sincerely,



Robert Wright  
President

CC: Board of Directors

*"Transforming Lives through Technology"*