



COUNTY OF DUTCHESS
DEPARTMENT OF PLANNING AND DEVELOPMENT

August 28, 2013

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

Dear Mr. Coughlan:

We are in receipt of the audit report of the Community Development and Housing section of the Dutchess County Department of Planning and Development. The audit covers the period from January 1, 2011 to May 31, 2013. I have reviewed the audit and its finding and have the following response.

As you know there were changes in the leadership of the Community Development and Housing Section in December 2012. This change gave us an opportunity to look at all our processes with the goal of streamlining implementation while insuring compliance with federal, state and county regulations. The timing of your audit gave us the opportunity to incorporate changes to address your office's concerns. We worked closely with your staff to make most of the adjustments during the course of the audit.

Duty segregation

We have made several changes to address duty segregation. The Principal Program Assistant will accept and open bids under the Senior Rehabilitation Program. The Principal Program Assistant will also log in all CDBG and HOME loan repayments. The memorandum transmitting with loan payments to Finance will be signed off by the Community Development Administrator who will reconcile the checks against the payment log. Checks for loan payments are placed in the locked file cabinet each night.

Bid Guidelines

The Department has revised its bidding requirements to remove the statement regarding rejections of bids that are more than 10% above and 20% below the county's estimate. Our bid package now states that bids will be awarded to the lowest responsible and responsive bidder.

Inconsistent Guidelines

The Department has developed Roles and Responsibilities for the Community Development Advisory Council (CDAC) and revised the Policies and Procedures for both the CDBG and HOME programs. We have clarified the CDAC's role and provided consistent standards across programs. Project amendments under both CDBG and HOME will only be permitted upon recommendation of the CDAC and approval by the County Executive. The City of Beacon has a guaranteed set-aside from the CDBG program and has not traditionally gone to the CDAC to amend their allocation. The City of Beacon will now be required to follow the same guidelines as the rest of the consortium members.

Under the HOME Program, administration of the City of Poughkeepsie's HOME set-aside was consolidated with the County's application process in January 2012. The City's HOME funds are now awarded through a regular competitive application process. The allocation of the City's HOME funds, and any amendments, will be recommended by the CDAC and approved by the County Executive.

Lack of Oversight

The Department has taken several actions to increase the timeliness of commitments and expenditures in both the CDBG and HOME Programs. In the CDBG the Department has reminded municipalities about the importance of the completing projects within the 18 month period and is monitoring projects more closely to speed implementation and minimize extension requests. The administration of Poughkeepsie's HOME funds through the County's application process increases our oversight and will minimize accumulated funds in the future.

The extension request process has been modified for both the CDBG and HOME programs. Extension requests are now approved by the Commissioner of Planning and Development with a semi-annual report to the CDAC for their review and recommended actions such as increased monitoring.

Other Findings

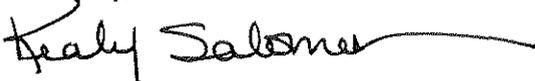
Change orders - In the Senior Rehabilitation Program there are often unforeseen conditions since we cannot remove items such as wall and roof shingles during our inspections. We do our best to anticipate issues and homeowners are made aware of this limitation. Each change order is reviewed and approved by both the Rehabilitation Specialist and the Community Development Administrator. The Department also completes an annual review of projects to identify any unusual trends and revise the process to remedy any concerns. The County will continue this process focusing on reducing change orders. Additional sheathing on roofs, which is difficult to determine until shingles are removed, is a major source of change orders. We will revise our bid package to secure a price per square foot with the initial bid. There may still be a change order if additional sheathing is needed but the cost will be clearly stated in the initial bid.

Contract execution - The Department will insure that all agreements between the County and homeowner are fully executed prior to the beginning of construction. New contract processing procedures and reduction in the number of required copies which has been implemented this year should assist in this regard. We also now require submission of executed contracts between municipalities and contractors prior to the beginning of construction to insure that such contracts are in place. The Department has also changed its policies to clearly state that only executed contracts between the municipality and contractor are acceptable.

Section 108 loan repayments - The Department attempted to send the \$133.76 to the Bank of New York but they were unable to accept it and have returned it. We asked the property owners to decrease the most recent payment by \$133.76 so our account now has the exact funds necessary for the next loan payment. The balance of \$13,400 in the Section 108 account will be allocated to a project in September 2013. All community development accounts will be reviewed by the Community Development Administrator on a quarterly basis and action taken as necessary to insure any unexpended balances are dealt with in a timely manner.

Thank you for the opportunity to comment on the audit and work with your staff to improve the implementation of our programs.

Sincerely,



Kealy Salomon

Commission of Planning and Development