

March 16, 2012

James L. Coughlan
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Office of the Comptroller
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Dear Mr. Coughlan,

I am writing to you in response to your audit of the PEOPLE, Inc. for the period January 1 2009 through December 31, 2010. The following is our corrective action plan addressing each finding in your audit report.

Cash Handling, Bank Accounts and Board Oversight

Finding:

- Bank statements for 2009 and 2010 were signed but reconciliations were not signed to attest review and oversight by the Board Treasurer or The Executive Director.

Recommendation:

- The Executive Director and Board Treasurer should sign the bank reconciliations attesting to the review since they are both check signers.

Response:

- As of January 2011, the bank reconciliations were signed by both the preparer (Director of Finance) and the Executive Director.

Finding:

- Board minutes did not reflect a review of the Executive Director's expenses. It was stated by the Agency the Executive Director's expenses are reviewed by the Finance Committee and presented to the full board as part of the Finance Committee's Report.

Recommendation:

- To enhance internal controls regarding oversight, board meeting minutes should reflect the review and approval of the Executive Director's expenses by the Finance Committee.

Response:

- PEOPLE accepts the recommendation. The Executive Director's expenses were reviewed by the Finance Committee and signed by the Board Treasurer, but were not presented to the full board. PEOPLE will present

it to the full board as part of the Finance Committee's Report starting 2012.

Expense Review

Finding:

- As noted in the previous audit, the Agency did not have a written policy for allocation indirect expenses such as rent.

Recommendation:

- The Agency should document the methodology used for allocating expenses.

Response:

- PEOPLE will document the methodology used for allocating indirect expenses as part of the fiscal policy.

Finding:

- As noted in the previous audit (for 2007), an amount of \$605.11 was disallowed and not repaid by the commencement of this audit review. A check in the amount of \$605.11 was made payable to and received by the Dutchess County Commissioner of Finance on February 1, 2012.

Recommendation:

- Audit findings should be reconciled timely.

Response:

- PEOPLE will reconcile audit findings no later than 60 days.

Petty Cash

Finding:

- The "Petty Cash Request Form" did not indicate the amount of advanced funds received by an individual: only the net amount expended was recorded.
- The "Petty Cash Request Form" did not require a signature acknowledging receipt of petty cash.
- Several forms reviewed from our sample did not have an approving authority signature (Executive Director or other authorized Supervisor).

Recommendation:

The "Petty Cash Request Form" should indicate the amount of funds disbursed, amount expended and amount of changes returned. The form should also include a signature line noting who received the funds. Each form should also have a signature of the authorizing authority before the funds are disbursed.

Response:

- PEOPLE has revised the "Petty Cash Request Form" during this audit and followed the procedures that were recommended.

Merchant Cards

Finding:

- Some gas cards and receipts were separated.
- One card logged was missing from its respective folder.
- Six gas cards, found in the May 12-June 15, 2010 folder, were not logged on the respective Gas Card Log. However, the receipt attached to the card was for that time period.
- There was one gas card logged twice for the period October 15 – November 15, 2010.
- The Agency's policy only requires Merchant Card Records, etc. be kept for four years but the Dutchess County contract (#09-0037) requires records be retained for six years from the date of the contract's expiration.

Recommendation:

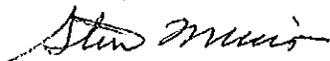
- Gas cards should be maintained in a manner so that they will not be separated from their respective receipts.
- All gas cards records should be accurate.
- The Agency should revise its records retention policy to conform to contractual requirements.

Response:

- PEOPLE will review gas cards management with the staff who keeps the gas cards records and improve the records keeping.
- PEOPLE will revise the records retention policy to conform to contractual requirements.

Thank you for your assistance and recommendations for improving our accountability and overall accounting system. If you have questions concerning this response, please contact Amy Zhang or me at (845) 452-2728.

Sincerely,



Steve Miccio
Executive Director
PEOPLE, Inc.

cc: Board Directors
Russell Liebler
Michele Cavaliere