



Dutchess County
Department of
Risk Management

Dutchess

William R. Steinhaus
County Executive

Linda S. Way
Director

MEMORANDUM

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To: Diane Jablonski, Comptroller

From: Linda S. Way, Director of Risk Management 

Date: December 5, 2008

Re: Trust & Agency Audit

Thank you for the opportunity to review and respond to the audit done on the Trust & Agency accounts as of September 2007.

I cannot comment on the outstanding balances that were transferred from the former financial system to the LOGOS financial system for the accounts used by the Office of Risk Management. My office did not have access to the balances and/or transactions posted to these accounts under the former financial system. Therefore, we were not able to review or reconcile the accounts.

During 2008, as the employee benefits area has become more familiar with the LOGOS system, OCIS has developed a number of Crystal reports that allows us to review, discover and correct any differences we find in the Trust & Agency accounts. Hopefully as we continue to use and learn the LOGOS system any issues will be discovered and corrected quickly.

If you have any questions regarding my response, please contact me.



December 12, 2008

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

Dear Ms. Jablonski,

Thank you for the opportunity for Finance and the Department of Social Services to respond to your office's audit. We appreciated the professionalism and efficiency of the auditor.

The following are our responses to each of your recommendations:

Response to the Finding: In 2007 Finance had changes in personnel. The Account Clerk responsible for Bank Recons had left for a job in DSS and the position remained vacant. We had also hired a temporary accountant who recorded the receipts in the correct T&A liability ledger account, but deposited in the general T&A account instead of DSS T&A accounts. We subsequently corrected this error in 2008. Our liability was recorded correctly.

In the DSS Trust Report Audit, the auditor incorrectly included the amount of \$4,351.52 in the T201 account. This account is not a DSS account.

The subsequent adjustment of \$1,281.10 in May, 2008 was made by Finance based on a catch-up reconciliation.

This is the composite of audit finding for \$3,070.42 per Comptroller's audit. See shaded information below.

Dutchess
County
Office of the
Commissioner
of Finance

William R. Steinhaus
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Pamela Barrack
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See the table below:

		<u>ASSET</u>	<u>LIABILITY</u>	
	NY -Recovery Trust			
T200NYRT		-41,565.68	-6,734.23	T051
T201		73,287.83	452,877.12	T053
T202BART		168.55	40,071.88	T054
T202BAT		444.27	61,399.15	T056
				Disbursement was charged to T053 which should be T056
T202NYBT		9,032.36		
T202NYREC		35,600.51		
		Sep-07	<u>76,967.84</u>	<u>547,613.92</u>
T201	Cemetery Trust portion	-4,351.52		
T200NYRT	April 08 adjustment	473,716.50		
T200NYRT	May 08 adjustment	1,281.10		
			<u>547,613.92</u>	<u>547,613.92</u>



Audit: Due to the \$473,716.5 being deposited in the incorrect bank account, clients did not receive interest earning on their funds for the period of time monies were deposited into the incorrect bank account.

Response to the Finding: Since the ledger accounts of SSI were recorded properly in Finance and reconciled with DSS, all interest was credited correctly to the T053 account and all clients were properly credited with interest and paid.

Audit: The reconciliation worksheet prepared by Finance was not provided to DSS on a timely basis.

Response to the Finding: Finance always keeps the control account. Finance provides DSS with interest earnings and DSS distributes this interest to all clients on a prorated basis. For the Burial trust accounts, Finance provides the information to DSS when received from the Bank.

Audit: Recommendation – Finance.

Response to the Finding: The \$3,070.42 was due to two factors –

- Auditor incorrectly included Cemetery Trust portion of \$4,351.52. That is not a DSS trust fund. Cemetery Trust is reported to State Comptroller as Unexpendable Trust fund (TN). This amount has remained constant for the past few years.
- There was a correction adjustment in May 2008 for \$1,281.10 done by Finance.

Audit: Finance should correct the interest reported to DSS.

Response to the Finding: Finance staff has always provided the interest amount to DSS. The ledger account was correctly recorded. No correction needed.

Audit: The reconciliation worksheet should be prepared and provided to DSS on a monthly basis.

Response to the Finding: Finance has been providing DSS ledger transaction and balance on a quarterly basis. Going forward, Finance is going to deposit the DSS Representative Payee's money into the DSS Recovery Trust Account only. DSS maintain the reconciliation of the details for the clients. Finance does not keep clients' list as these are confidential in nature. DSS will reconcile the ledger balance to the client's balance and let Finance know if there is any variance.

Audit: DSS Finding

A process was not in place for DSS to reconcile to Finance's records

Response to the Finding: DSS showed \$299,782.19 as of September 2007. DSS did indeed reconcile all client accounts. Each and every transaction was and continues to be reviewed three times by separate personnel.

Audit: DSS does not have a process to verify all funds received for clients and reported in the T053 computer program were deposited in the DSS collection bank account and transmitted to Finance. DSS should develop a system to log in all funds received and transmitted to Finance. Client's funds recorded in the T053 client report by DSS should be reconciled to the applicable amounts transmitted to Finance.

Response to the Finding: Separate deposits are being made so that the deposit for the T53 accounts can be matched to the funds added to the client accounts. The total of all deposits is then confirmed to the deposit report on our State cash management system.

The DSS trust account is broken down as follows:

DSS Confirmed Amt's	
277,665.04	T053
17,526.76	T054 - Savings
4590.39	CD's
299,782.19	TOTAL

DSS reconciliation			
DSS Social Security	299,573.79		Auditor's identified amount.
	208.40		Interest earnings for DSS Representative payees not included in comptroller's audited report
	299,782.19		
MA Paying 9/2007	189,032.96		DSS collection account collection for MA pay-In. This is not required to earn interest. Finance will move to General fund. Finance advised auditor that MA pay-in flows through the T053 Ledger account.
Burial Trust and minor accounts	40,071.88		This is an interest earning account in which various CD and savings interest is deposited. This information was provided to the auditor during audit. Banking maintains separate savings and CDs and provided the auditor with the details.
Pre 1993 differences	18,478.37	T053	This account will be moved to the General fund. Finance informed auditor of this unknown difference during audit.
	174.24	T054	Deposited into T053 in error 7/06 from DSS collection report. It should be recorded in General fund account A6129 as a revenue. Going to General fund.
	74.28	T053	The only unidentified amount. DSS will identify.
	247,831.73		
	547,613.92		

Response to the Finding: The reported \$248,040.13 is a combination of \$247,831.73 and \$208.40. The only unidentified amount is \$74.28. DSS assigned their DSS Representative Payees, Burial Trust, MA Pay-in and DSS Misc. trusts to various DSS personnel. Had the auditor verified the details with each of the various personnel, the auditor would have had all the details as noted above.

The \$174.24 was a check cut from T053 which should have been deposited into the General fund but was incorrectly deposited into T053 by Finance.

DSS understands Finance is responsible for balancing the bank accounts. DSS is responsible to reconcile and distribute interest in the SSI and burial trust accounts.

Finance did not reconcile the ledger accounts with cash accounts. Finance reconciles the T&A gross assets and liabilities.

DSS has subsequently requested Finance to change the title on the bank account to "Commissioner of Finance in trust for Recovery Trust." Finance has agreed to keep only DSS Representative Payee accounts in this bank account, separating it out of the rest of DSS trust cash accounts. The other interest earning accounts are already in interest earning CDs and Savings Accounts.

This will provide for a more concise audit trail for reconciliation.

Thank you for the opportunity to respond to your findings.

Yours truly,



Pamela Barrack
Commissioner of Finance



Robert Allers
Commissioner of Social Services