

Robert S. Cranston, CPA

440 Route 212, P0 Box 1031

Saugerties, NY 12477

E-mail: Bob@RobertCranstonCPA.com

Tel. (845) 246-4300

Fax (845) 246-4307

MEMBER

NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

NATIONAL ASSOCIATION OF
TAX PROFESSIONALS

December 27, 2010

To the Senior Management and
The Board of Directors of
Resource Center for Accessible Living, Inc.

In performing and planning my audit of the financial statements of Resource Center for Accessible Living, Inc. for the year ended September 30, 2010, in accordance with auditing standards generally accepted in the United States of America, I considered the Organization's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

However, during my audit, I became aware of several matters that are opportunities for strengthening internal control or operating efficiency. This letter summarizes my comments and suggestions regarding those matters. (I previously reported on the Organization's internal control in my letter dated December 27, 2010.) This letter does not affect my report dated December 27, 2010 on the financial statements of Resource Center for Accessible Living, Inc.

I will review the status of these comments during my next audit engagement. I have already discussed many of these comments and suggestions with various Organization personnel, and I will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

Bank Accounts

The Organization has two checking accounts and a savings account for their use. All three accounts have as signers only the Executive Director and the Treasurer of the Board, a former Executive Director of the Organization. There is also a stamp of the Executive Director's signature, which is under the control of the fiscal administrator and is kept locked securely in her locked office. This stamp is only used by the fiscal administrator if both signers are unavailable, and only with prior knowledge and consent of one or both of the authorized signers. It should be noted that the fiscal administrator has been with the Organization for over twenty five years, and has extensive experience with proper internal control procedures as well as financial audits. In addition, the Treasurer has also experienced many years of audits while in the position of Executive Director and has been the recipient of the internal control recommendations of the auditors. While it is not ideal that the fiscal administrator have control of a check-signing stamp,

there is no indication that the stamp has been inappropriately used or used without prior approval. Every week, the financial administrator provides a list of all checks written and all other banking transactions to the executive Director, and this list is reviewed by both people. The Executive Director also receives the bank statements on all accounts every month for review, and examines the statements to ensure that no unauthorized transactions have taken place.

Cash Receipts

There are small deposits made of cash and personal checks periodically, although not on a regular basis, for receipts from the loan closet or meetings that are held in the Organization's offices. These amounts are evidenced by a hand-written log or attendance register. There does not appear to be a process of issuing duplicate receipts for every amount received, and no receipt is given to the payer. The amounts, as mentioned, are small, and are the only cash or personal checks received. It would be my recommendation that duplicate, pre-numbered cash receipts books be used to acknowledge any receipt of money from individual attendees, clients, or donors.

Medicaid Receipts

The Organization does billings to Medicaid for various programs and fees for services and client management that are performed. These services are verified by the program director responsible for the program, and submitted through the fiscal administrator to a third-party contract billing agent. The monies are received either by check or by ACH credit to the main checking account, accompanied by a list of which of the submitted claims are being paid.. In almost every instance, there are claims that are denied or under review. The fiscal administrator will make a copy of the claims denied or under review, and forward them to the program director for follow-up, dating the list and keeping a copy for herself. It is then up to the program director to do whatever is necessary to make sure that the questioned amounts are resolved and returned to the fiscal administrator for rebilling. The fiscal administrator checks weekly with the program director to make sure that all pending claims are being followed up. When pending claims have been approved for rebilling, the fiscal administrator will then do the rebilling to Medicaid, rather than send the claims to the third party agent. This system has been in place for over a year now, because it was found that some program directors were not doing the investigation to determine the cause of the denied claims, and doing the necessary work to get the bills approved for rebilling.

I wish to thank the Executive Director and the fiscal administrator for their support and assistance during my audit.

This report is intended solely for the information and use of management, the Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.



Robert S. Cranston, CPA
Saugerties, NY

December 27, 2010