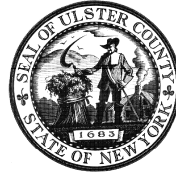




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COMPTROLLER UNCOVERS FLAWS IN SOCIAL SERVICE PROGRAM

Poor Internal Controls May Have Contributed to Missing Money

KINGSTON, NY (August 27, 2009)... Comptroller Elliott Auerbach has released his audit of the Ulster County Department of Social Services' Medicaid Spend-Down Program. The report identifies a lack of written policies and procedures on file for staff to follow, duties not sufficiently segregated to provide appropriate checks and balances, inadequate safeguards for cash collection, deposits not made timely, receipts not always issued and a failed receipting system.

"We found a significant lack of management oversight to insure that this Program, which is designed to handle tens of thousands of dollars in client monies, is run efficiently and effectively," said Auerbach.

Early in his first term as County Comptroller, Elliott Auerbach learned of a February 2008 reported theft of \$1,320.00 from twenty-one client accounts which prompted his audit of the Program.

"In the course of this audit my staff uncovered an additional \$3,424.30 in cash receipts from another fifty-three client accounts not deposited," explained the Comptroller. "DSS lacks both a system and a secure collection facility and is finally addressing those issues nearly eighteen months after reporting the theft."

The audit also found that the Medicaid Spend-Down accounts entered into NYS's Welfare Management System are not reconciled against Ulster County's accounting system and the DSS Accounting Department's subsidiary record of each client's history.

"When accounts are not reconciled we cannot be sure all transactions have been properly recorded and this is not acceptable practice," said Auerbach.

“It was also troubling to learn that the required recertification process instituted by the New York State Department of Health was not followed,” said Auerbach. The audit found that client identification and citizenship were not always being verified based on reports received from the Federal Social Security Administration.

A survey of Medicaid employees, included in the report, disclosed that case workers feel that case loads are excessive, resulting in a suffering morale. Employees also cited slow and cumbersome technology resources and ineffective allocation of duties as key concerns.

While acknowledging that the County’s financial management system is grossly inadequate and contributes to some of the challenges cited in the audit, the Comptroller stated his expectation “that departments have a responsibility to insure appropriate care, custody and control of client and County funds.”

The Medicaid Spend-Down Program is a pay-in plan unique to New York State that provides coverage for medical related expenses for Medicaid eligible individuals.

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The mission of the Ulster County Comptroller’s Office is to serve as an independent agency of the people and to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.