

# McGladrey & Pullen

Certified Public Accountants

## Palm Beach County, Florida

Management Letter  
09.30.2008



**Contents**

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Management Letters

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County-Wide

Clerk and Comptroller

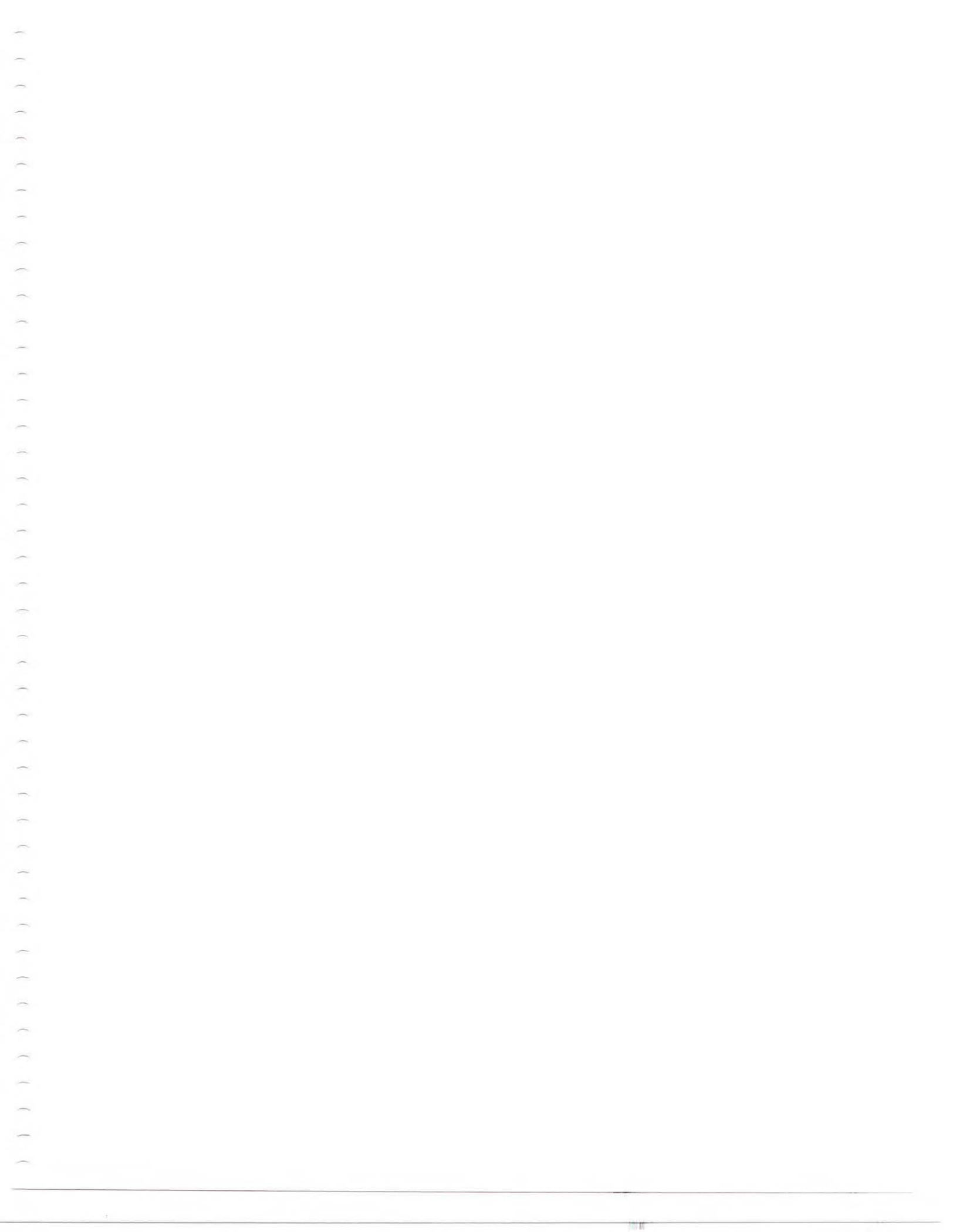
Property Appraiser

Sheriff

Supervisor of Elections

Tax Collector

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# McGladrey & Pullen

Certified Public Accountants

## Palm Beach County, Florida

Management Letter  
09.30.2008



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# McGladrey & Pullen

Certified Public Accountants

Management Letter Required By  
Chapter 10.550 of the Rules of the  
Auditor General of the State of Florida

To the Honorable Members of the Board  
Of County Commissioners  
Palm Beach County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Palm Beach County, Florida (the County) as of and for the year ended September 30, 2008, and have issued our report thereon dated March 16, 2009. We did not audit the financial statements of the Solid Waste Authority, a major enterprise fund, which represents 31% of the total assets and 47% of total revenues of the business-type activities. We did not audit the financial statements of the Westgate Belvedere Homes Community Redevelopment Agency, a discretely presented component unit, which represents 31% of the total assets and 47% of the total revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Housing Finance Authority, a discretely presented component unit, which represents 50% of the total assets and 13% of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Solid Waste Authority, Westgate Belvedere Homes Community Redevelopment Agency, and Housing Finance Authority, is based on the reports of the other auditors. Our report does not address their respective internal control or compliance.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 16, 2009, should be considered in conjunction with this management.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

The Rules of the Auditor General (section 10.554(1)(i)1) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. During the course of our audit of the financial statements of the County we noted that appropriate action had been taken upon certain recommendations and suggested accounting procedures as outlined in the prior year's Management Letter. Those comments have not been repeated. Prior year comments that were not implemented or were only partially implemented in the current year have been repeated in Appendix B to this report.

As required by the Rules of the Auditor General (section 10.554(1)(i)2), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined the County complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)3) require that we address in the management letter any findings and recommendations to improve the County's financial management, accounting procedures, and internal controls. These recommendations are disclosed in Appendix A to this report.

The Rules of the Auditor General (Section 10.554(1)(i)4) require disclosure in the management letter of the following matters, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs whether there were violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. These matters are disclosed in Appendix A of this report.

The Rules of the Auditor General (Section 10.554(1)(i)5) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal control or schedule of findings and questioned costs and are not cleared inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred or are likely to have occurred; (2) improper expenditures or illegal acts; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit. These matters are disclosed in Appendix A of this report.

The Rules of the Auditor General (Section 10.554(1)(i)6) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.a), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in the Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the County is not in a state of financial emergency as a consequence of the conditions described by Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b), we determined that the annual financial report for the County for the fiscal year ended September 30, 2007, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.c) and 10.556(7), we applied financial assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provide by same.

This management letter is intended solely for the information of the County Commission, and management of the County, federal and state awarding agencies, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

West Palm Beach, Florida  
March 16, 2009

Palm Beach County, Florida

Appendix A – Current Year Recommendations to Improve  
Financial Management, Accounting Procedures  
and Internal Controls

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No.	Current Year's Observations
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Office of Financial Management & Budget	
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ML 08-1	OFMB: Internal Service Fund Net Assets
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Appendix A – Current Year Recommendations to Improve  
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CURRENT YEAR COMMENTS AND RECOMMENDATIONS

Office of Financial Management & Budget

ML 08-1 – OFMB: Internal Service Fund Deficits and Surpluses

Criteria: Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

Condition: As part of our testing in fiscal year 2008 we noted that three of the internal service funds being used by the County were accumulating large net asset balances. A fourth fund internal service fund had a net asset deficit.

Cause: The surpluses were caused by less than expected expenditures in the respective funds. The deficit was caused by the fund not effectively operating on a cost reimbursement basis.

Effect: The following internal service funds had a surplus of net assets: Fleet management (\$39,932,959), Combined Insurance Fund (\$37,481,682), and Information Support Services (ISS) (\$6,160,458). A fourth internal service fund, the Graphics fund, had a net asset deficit of \$261,449.

Recommendation: We recommend the County develop and implement budgetary actions that would allow for those internal service funds with surpluses to charge less to the other funds until their surplus is not longer in existence. We also recommend the County develop and implement budgetary actions that would increase the charges for services for the Graphics fund to relieve the net asset deficit.

Management Response: Management concurs with the comment and recommendation. The County has budgeted in FY 2009 & 2010 to reduce the amount of contributions from the other funds into the Fleet Management and Combined Insurance funds resulting in a spend down of the excess fund net assets. Management has addressed the deficit in the graphics fund by making a decision to collapse the graphics fund into the general fund as a department in fiscal year 2009 since it primarily serves the general fund and is not effectively operating on a cost reimbursement basis. Since the ISS fund provides services primarily to the departments of the general fund, the County intends to collapse the ISS fund into the general fund in fiscal year 2010.

Palm Beach County, Florida

Appendix B – Prior Year Recommendations to Improve  
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<u>No.</u>	<u>Prior Year's Observations</u>	<u>Observation is Still Relevant</u>	<u>Observation Addressed or No Longer Relevant</u>
ML 07-1	DOA - Investment in Corporate Securities		X
ML 07-2	Risk Mat - Documentation of Review of Claims Reserves		X
ML 07-3	Risk Mat - Data Provided to the County's Actuary	X	
ML 07-4	Risk Mat - Reimbursement Checks for Workers'		X
ML 07-5	WUD - Construction in Progress	X	
ML 07-6	WUD - Approval of Journal Entries		X
ML 06-1	ISS - Application Security	X	
ML 06-2	ISS - Data Security	X	

Palm Beach County, Florida

Appendix B – Prior Year Recommendations to Improve  
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ML 07-3 Risk Management – Data Provided to the County’s Actuary

Prior Year Observation: The workers’ compensation data provided to the County’s actuary was inaccurate. The report, with the data, provided to the actuary contained an additional number of days than the County’s fiscal year. The report was run from 10/01/06 through 10/16/07, when the County’s fiscal year end is 09/30/07, thus providing the actuary with an additional 16 days of data from fiscal year 2008.

Prior Year Recommendation: We recommend the County implement policies and procedures to ensure the data reported to actuary are accurate.

Prior Year Management Response: Existing procedure in this Department is for the Fiscal Manager to report data to the actuary at the end of each fiscal year period. A report is requested of the ISS Department limiting the data to the period of 10/1 to 9/30. However, it is apparent that staff failed to notice that the data provided to the actuary for the most recent fiscal year completed contained data through 10/16/07 (the date the report was completed by ISS). Although the payment amounts for the timeframe are considered immaterial in the large scope of the self-insured liability associated with the workers’ compensation and property/casualty, we agree with the recommendation that a policy and procedure should be implemented to ensure the data reported to the actuary are strictly contained within the reporting period. This policy will be implemented immediately.

Current Year Status: In the current year, it was noted that the data provided to the actuary contained the right time period, however, it did not contain a complete listing of recoveries received by the County. Therefore, the observation is still relevant.

Current Year Management Response: Programming changes were implemented by ISS to ensure data reported are strictly contained within the reporting period. These changes were in response to the above-captioned Management Letter comment for the prior fiscal year, as data submitted for that year were not contained within the reporting period. The programming changes corrected this error, and data submitted for the latest reporting period were contained within that period. However, for the current period, the data was missing historical claims information upon submission.

An internal PPM requiring department director sign-off before data is submitted to the actuary was considered but not put into place. It is the inherent duty of the department’s fiscal manager to ensure the accuracy of the data prior to submission, and failure to properly meet this responsibility is a matter to be resolved within the provisions of the County’s Merit Rules. Additionally, the Director has recommended outsourcing the administration of its workers’ compensation program to a third party administrator. This cost saving transition will include the replacement of the current information system with an improved system designed by experts in the field of workers’ compensation. It is anticipated the new program will be in place by 10/1/09.

Palm Beach County, Florida

Appendix B – Prior Year Recommendations to Improve  
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ML 07-5 Water Utilities Department – Construction in Progress

Prior Year Observation: The Water Utilities Department ("WUD") has a number of control procedures in place related to construction projects but the review or approval process is not always documented.

Prior Year Recommendation: We recommend that WUD modify its procedures to provide evidence of the reviews that take place throughout the project's process.

Prior Year Management Response: WUD concurs with the comment and will implement a procedural change to correct this comment.

Current Year Status: WUD has been working together with the County Information Support Services Department and has developed an application to better track construction projects and project related data and approvals. The system is project driven and maintains a history of approvals and actions taken throughout the life of a project. However the system is not integrated into the WUD accounting system and WUD separately reconciles and updates the construction work in process in the general ledger system. There is currently no formal process to ensure a proper review of this reconciliation and update process is done in the WUD system. Journal entries created based on the reconciliation are reviewed but the current review performed does not include going back to the source data used in the reconciliation process and currently relies on the accuracy of the reconciliation performed without independent verification.

Current Year Recommendation: We recommend that WUD modify its procedures to provide evidence of the reconciliation of the construction work in progress activity to ensure its completeness and allow for a review of the reconciliation process and related detail.

Current Year Management Response: The Water Utilities Department concurs with the audit finding relating to the need for a monthly reconciliation between the Department's Capital Project System and Advantage. The Department will have an approved written procedure for reconciling the two systems by August 1, 2009.

Palm Beach County, Florida

Appendix B – Prior Year Recommendations to Improve  
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ML 06-1 ISS – Application Security

Prior Year Observation: There were aspects of security management that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Board information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues which included the following:

- Certain important security features available in the application software had not been utilized;
- Certain Board of County Commissioner (Board) staff had the capability to perform incompatible duties. We noted an instance of questionable employee access privileges that should be made more restrictive by the Board to enforce an appropriate segregation of duties. This issue was immediately addressed and corrected;
- An active application user account that may have had excessive privileges. This item has been reviewed and corrected.

Prior Year Recommendation: We recommend management implement the following corrective actions:

- Appropriate application security control features to enhance security over its data and programs;
- Review and enhance established procedures that periodically review the duties and access capabilities of staff and implement, to the extent practicable, proper segregation of duties and access levels to ensure that personnel are performing only those duties established for their respective jobs and positions.

Prior Year Management Response:

Information Support Services (ISS) Response: Management concurs with the recommendation and has contacted the application vendor who indicates that enabling identified security features will not adversely effect operations. ISS is in the process of determining the actions required to implement the recommendation.

Clerk Response: Management concurs with the recommendation. Current procedures require that at least once per year, Department Directors review their staff's access to the Financial and Payroll systems to validate the users in their departments and their access levels, to ensure that there is segregation of duties and appropriate access granted. Existing procedures will be reviewed to improve the frequency and scope of the reviews so that discrepancies, if any, can be found and corrected promptly.

Current Year Status: Observation is still relevant and resolution is pending conversion and testing of security features.

Current Year Management Response: As previously reported password encryption was activated but problems were experienced and reported to the system vendor. Repairs were provided, however, it was subsequently identified that encryption was not indicated on all of the application's pages (currently, only the login pages seem to be secured). As a result, management has contacted the system vendor in January 2009 to confirm that encryption is enabled on all application pages.



Appendix B – Prior Year Recommendations to Improve  
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ML 06-2 ISS – Data Security

Prior Year Observation: There were aspects of security management that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Board information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues which included the following:

- Certain important security features available in the database software had not been utilized;
- Instances of active database user accounts they may not be required to perform existing operations.

Prior Year Recommendation: Management should implement the following corrective actions:

- Activate the identified database security control features to enhance security over its data and programs;
- The policies and procedures should be reviewed periodically and updated as needed for organizational and system-related changes to help ensure that management requirements are met by Board staff when performing assigned tasks.

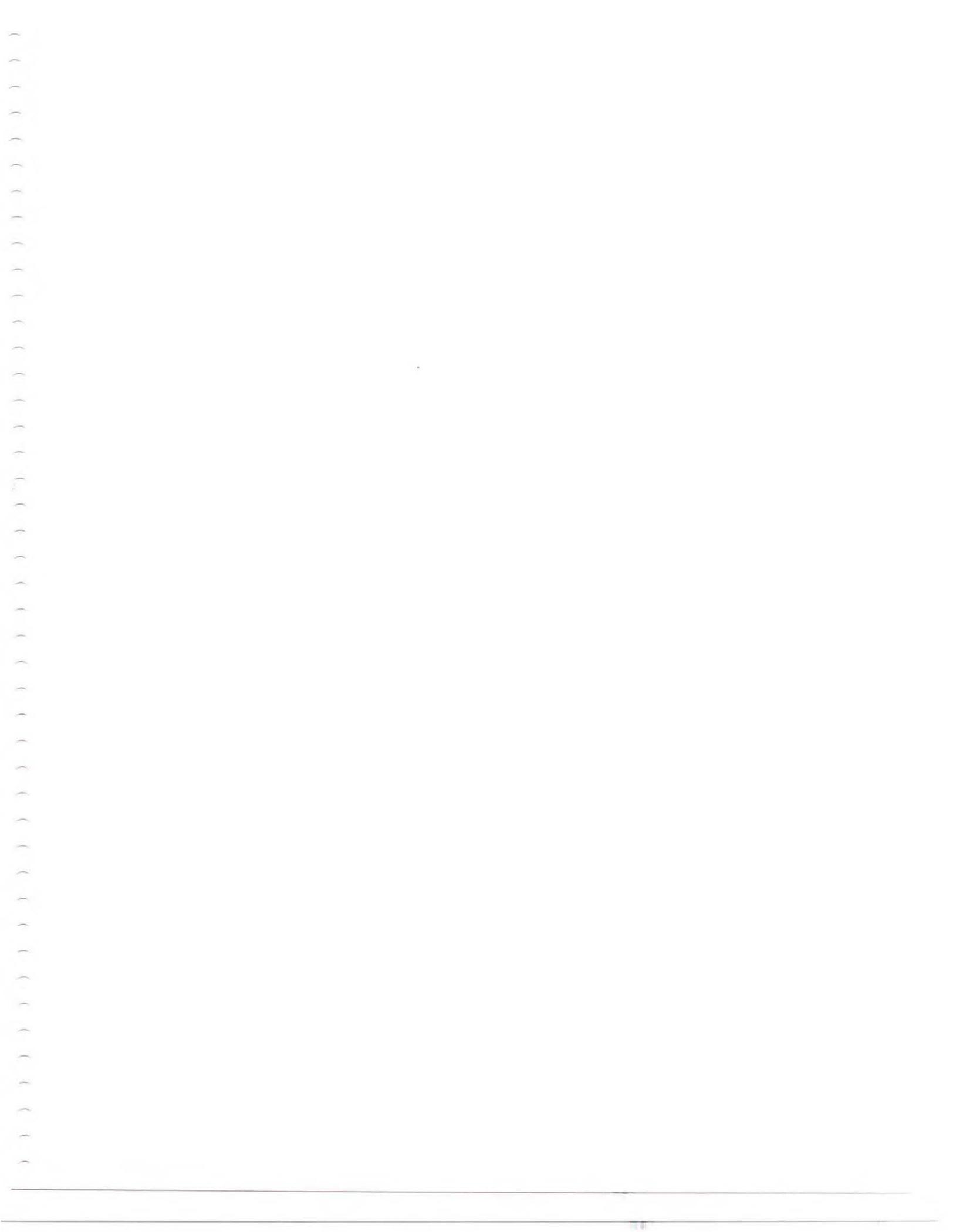
Prior Year Management Response:

ISS Response: Management concurs with the auditor's first recommendation and will activate the identified security feature in both databases once testing in the development databases is complete. Additionally, ISS will increase auditing on critical tables in both applications and enable password parameters where supported by the applications. Management also concurs with the second recommendation and has confirmed operational accounts, has removed stale accounts, and is working with the Clerk and Comptroller's Office to finalize a procedure for maintaining user accounts. Additionally, user roles have been adjusted to minimize privileges, unnecessary database links have been removed, and table privileges will be granted to a role established for each application where applicable.

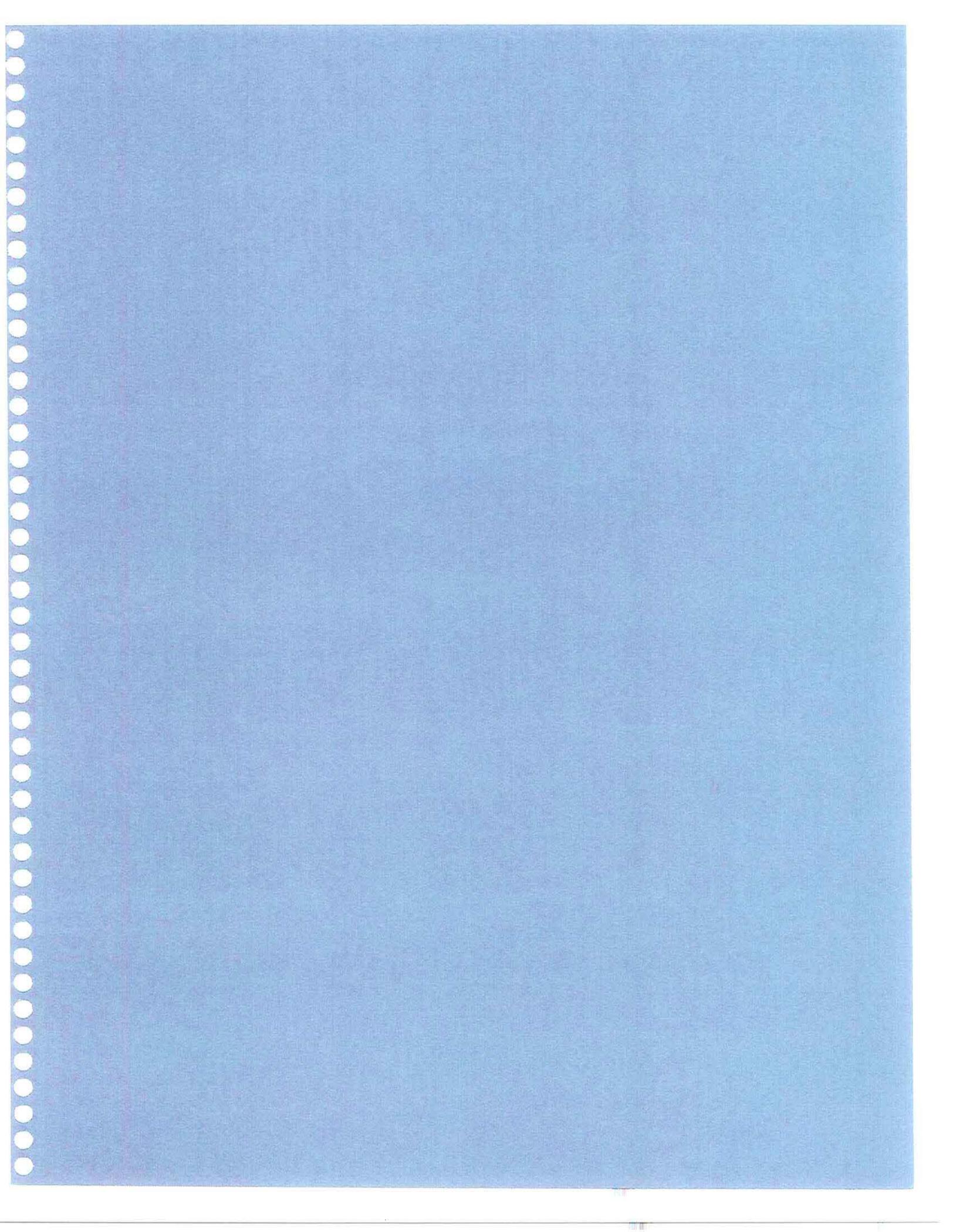
Clerk Response: This issue is the responsibility of ISS and no action is required by the Clerk and Comptroller.

Current Year Status: Observation is still relevant and resolution is pending conversion and testing of security features.

Current Year Management Response: As previously reported, the role change, database link, and related issues have been resolved. The auditing of critical vendor tables has not been implemented due to the impacts to the system performance. Previous efforts with the application vendor have not resulted in any significant improvements in performance. The Clerk and Comptroller's Office is now working with the vendor to reconfigure their security approach and they are considering transitioning from object based auditing to page based auditing which could improve performance adequately to implement vendor table auditing. Password parameters have not been enabled for read-only credentials in the application's production database. As previously reported, a number of alternatives were considered, most of which, were too complicated or costly to implement given the limited access of the users. However, another alternative is now feasible due to changes in the identity management environment implemented over the last year. Work is now underway to demonstrate the functionality of the alternative to use two services to provide password parameters to the report users in the application's database. ISS and the Clerk and Comptroller's Office have established procedures for maintaining user accounts in the financial and timekeeping systems and databases.







# McGladrey & Pullen

Certified Public Accountants

## Palm Beach County, Florida Clerk & Comptroller

Management Letter  
09.30.2008



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# McGladrey & Pullen

Certified Public Accountants

## Management Letter Required By Chapter 10.550 of the Rules of the Auditor General of the State of Florida

To the Honorable Sharon R. Bock  
Clerk and Comptroller  
Palm Beach County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Clerk & Comptroller, Palm Beach County, Florida (the "Clerk"), as of and for the year ended September 30, 2008, and have issued our report thereon dated June 15, 2009, which was prepared to comply with State of Florida reporting requirements.

We have issued our Independent Auditor's Report on Internal Control Over Financing Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report dated June 15, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial report have been addressed in Appendix B to this report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Clerk's financial management, accounting procedures and internal controls. The recommendations to improve the Clerk's financial management, accounting procedures and internal controls have been addressed in Appendix A to this report.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statements amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Sections 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Clerk's financial statements.

Section 10.554(1)(i)8.a., Rules of the Auditor General, requires a statement as to whether or not the Clerk complied with the budget certified by the Florida Clerk of Court Operations pursuant to Section 28.35, Florida Statutes. In connection with our audit, we noted no instances of noncompliance.

Section 10.554(1)(i)8.a., Rules of the Auditor General, requires a statement as to whether or not the Clerk complied with the performance standards developed and certified pursuant to Section 28.35, Florida Statutes. In connection with our audit, we noted no instances of noncompliance.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Clerk, management of Palm Beach County, Florida Clerk & Comptroller's Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

*McGladrey & Pullen, LLP*

West Palm Beach, Florida  
June 15, 2009

Clerk & Comptroller  
Palm Beach County, Florida

Appendix A – Current Year Recommendations to Improve  
Financial Management, Accounting Procedures  
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No.	Current Year's Observations
ML 08-1	A Shared Enterprise Resource System ID is in Use
ML 08-2	Password History Setting Enables Alternating Passwords
ML 08-3	Lack of Transferred Employee Access Review Documentation
ML 08-4	Cash Reconciliations and Close Outs
ML-08-5	Disposition of Unclaimed Property

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CURRENT YEAR COMMENTS AND RECOMMENDATIONS

08-1 A Shared Enterprise Resource System ID Is In Use

Criteria: The Clerk should ensure use of I.T. systems and resources are linked to User Accounts that, in every instance, can be traced back to an individual employee.

Condition: Palm Beach County-Clerk of Courts utilizes two Database Administrators, who share an Enterprise Resource System ID.

Effect: Failure to assign unique IDs leads to a lack of accountability in regards to actions taken while logged onto IT systems.

Cause: The Oracle PeopleSoft application uses the Oracle SYSADM ID to run all processes. The Clerk's two Database Administrators only use the Oracle Enterprise Manager Grid and UNIX to monitor and manage PeopleSoft processes. There is a shared Grid account for installation and maintenance of Oracle products and we are in the process of configuring the Grid, which includes creation of separate accounts.

Recommendation: Management should perform the following:

- Ensure that all system activity can be traced back to unique User Accounts.

Management Response: Management concurs with the auditor's recommendation. Separate accounts will be created once configuration of the grid has been completed.

08-2 Password History Setting Enables Alternating Passwords

Criteria: The County of Palm Beach-Clerk of Courts should ensure that security settings provide adequate system protection

Condition: Palm Beach County-Clerk of Courts Windows Active Directory Password Security settings have a history of one password remembered.

Effect: With a password history of one, users would be able to alternate between the uses of two different passwords. This reduces the strength of the password security system in place.

Cause: The Clerk & Comptroller's primary password security mechanism is Microsoft's Active Directory system. Many current and all future applications will be Active Directory compliant. There are currently many 3<sup>rd</sup> party applications in place that are not as of yet Active Directory capable, requiring employees to remember multiple passwords. It was felt that at the time that the requirement to have more than two different passwords on multiple systems with different rules, would make it extremely difficult for employees to remember their passwords.

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Recommendation: Management should perform the following:

- Increase the number of passwords remembered by the Active Directory system. This will reduce the ease with which passwords can be reused.

Management Response: Management concurs with the auditor's observations. The impact of changing the number of passwords remembered will be reviewed and recommended changes made if there is no significant impact on operations.

08-3 Lack of Transferred Employee Access Review Documentation

Criteria: The County of Palm Beach-Clerk of Courts should ensure that a documented audit trail exists for initial setup, and subsequent alteration of User Access privileges.

Condition: While the Palm Beach-Clerk of Courts Security Administrator receives notification from HR of any transferring employees, we were unable to verify that the appropriate access review or update was conducted.

Effect: Lack of proper documentation reduces the ability of management to rely on established Controls in place, since verification of process execution, and thus success, is not possible.

Cause: The Clerk's office has recently implemented the first phase of a new ERP system and is in the process of implementing the second phase. Security changes are manually tracked using a spreadsheet matrix and can be verified using system security reports.

Recommendation: Management should perform the following:

- Ensure that review of all Transferred Employee's access is documented

Management Response: Management concurs with the auditor's recommendation and will work towards implementing a security review process that will ensure security access is reviewed at least twice annually.

08-4 Cash Reconciliations and Close Outs

Criteria: In accordance with the documented cash receipt procedures, the cashier closeout form must be signed/initialed by two (2) individuals to provide evidence of proper review and reconciliation.

Condition: We noted that six (6) of the twelve (12) closeout sheets selected for testing had either no signature or one (1) signature documented as evidence of review. Also we noted some instances where the closeout occurred the following day instead of at the end of the cashiers shift.

Cause: Lack of proper oversight/review of established controls.

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Effect: Cash could be understated due to misappropriation by cashiers, which is not detected in the review and reconciliation process.

Recommendation: We recommend that the cashier closeout forms be completed on the same day that activity took place and that the control procedure which requires two (2) signatures be applied in all situations as stated in the cash receipt procedures.

Management's Response: Management concurs with the auditor's recommendation. However, it is not feasible to implement the recommendation that cashier closeout forms be completed on the same day that activity took place due to operating hours and employee work schedules. Controls are in place to ensure the safekeeping of the cash until the cashier cash counts may be completed. These controls are contained in the Clerk's Cash Handling Procedures and include securing cash drawers in the department's dual lock safe under the custodianship of non-cashiering staff.

The Clerk's cashing handling procedures require dual signatures on the daily cashier closeout report. Clerk's Accounting will send to Directors, Managers, Supervisors and Closeout cashiers a reminder of this procedure. These reports will be reviewed as received and for those that do not have the required two signatures Accounting will request completed documentation from the department.

#### 08-5 Disposition of Unclaimed Property

Criteria: Florida Statute 717.113 requires that all intangible property held for the owner by any court, government or governmental subdivision or agency that has not been claimed by the owner for more than one (1) year after payable or distributable is presumed unclaimed. Per Florida State Statute 717.117 (3), unclaimed intangible property must be reported to the State by May 1<sup>st</sup> of each year.

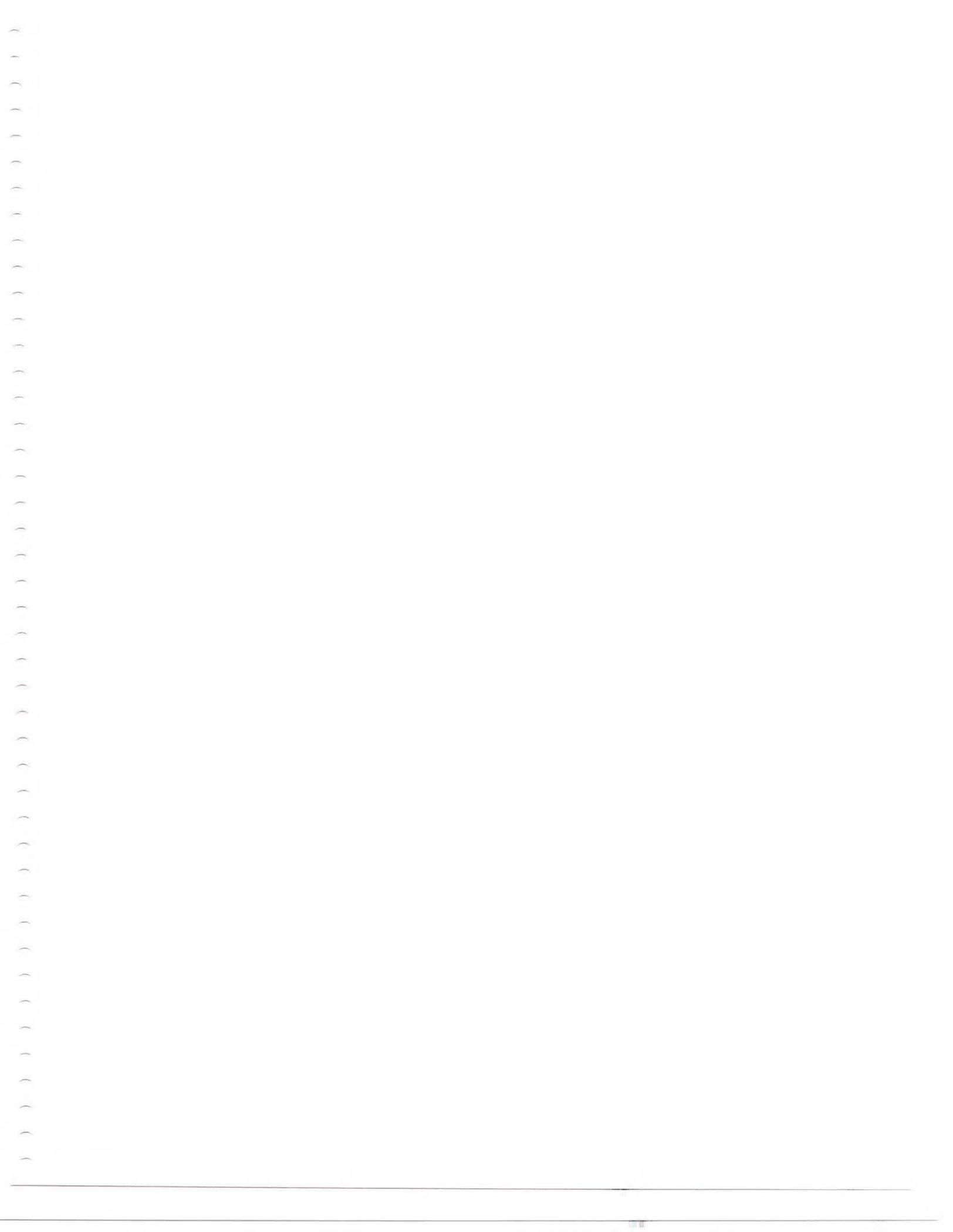
Condition: We noted in some of the Clerk's bank accounts there were unclaimed checks outstanding over one (1) year that had not been remitted to the State

- Overpayments account - the oldest outstanding check dated 10/29/97;
- Disbursements account with the oldest outstanding check dated 1/28/97;
- Civis account with the oldest check dated 6/3/03; and
- Circuit Registry account with the oldest outstanding check dated 2/25/05.

Cause: Lack of oversight/review of outstanding check listing annually.

Effect: The Clerk may not be in compliance with State Statutes.

Recommendation: We recommend that the Clerk establish procedures to ensure the timely remittance of unclaimed property to the State. Each of the accounts should be reviewed annually to ensure that all amounts that should be remitted are remitted by the May 1 deadline.



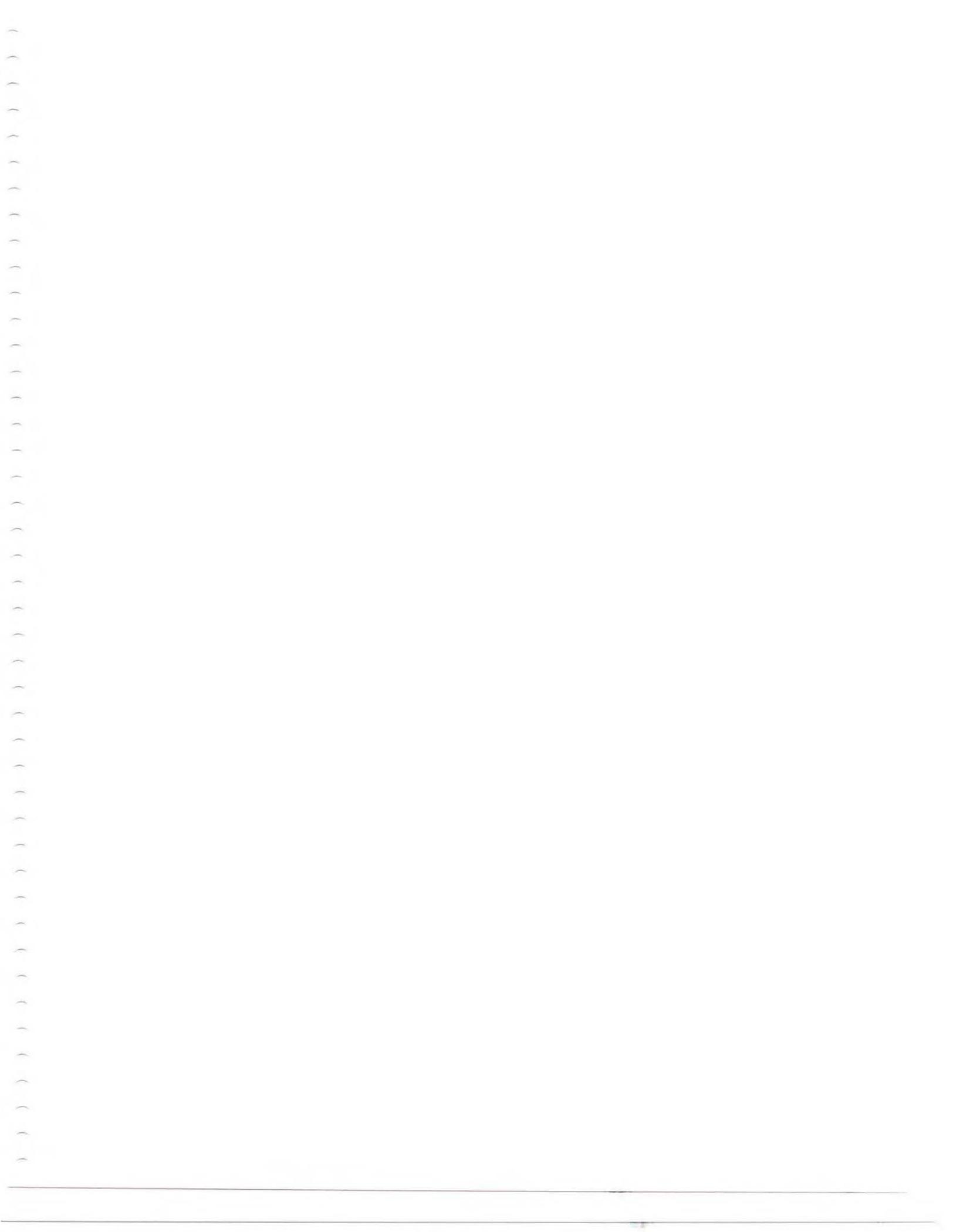
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**Appendix A – Current Year Recommendations to Improve  
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and Internal Controls**

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Management's Response: Management concurs with the auditor's recommendation. As of May 1, 2009 all unclaimed outstanding checks have been processed in accordance with Florida Statutes.

In addition to the requirement of Florida Statute 717.117 (4) that a letter be sent to the owner of the property at the last known address no more than 120 days and no less than 60 days prior to the filing of the required report the Clerk's has a preliminary notification. The current procedure is to send a letter similar to that required by F.S. when the check has been outstanding for more than 90 days. This procedure provides the owner earlier notification than required by law and gives them the opportunity to claim their money within a shorter amount of time.

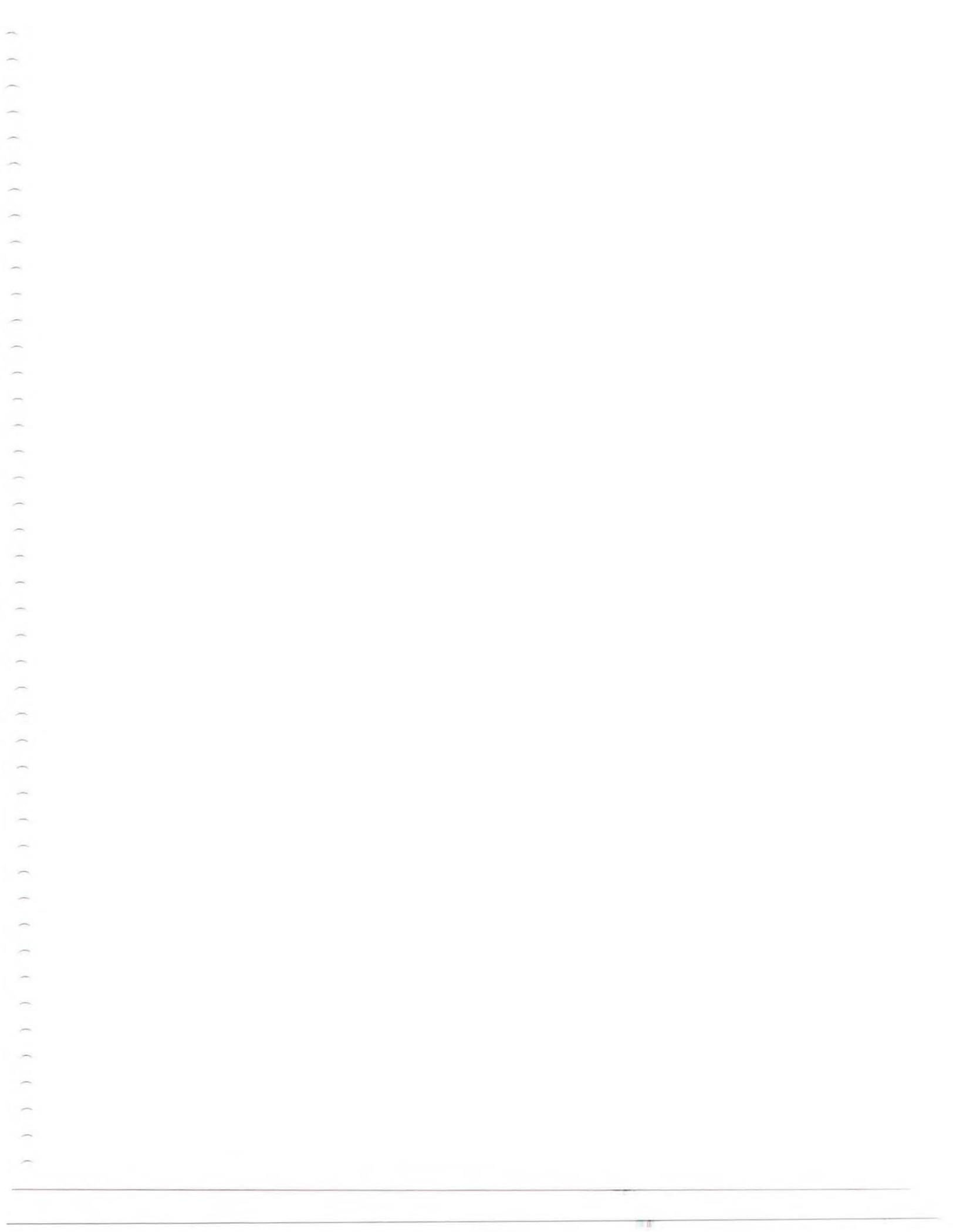


Clerk & Comptroller  
Palm Beach County, Florida

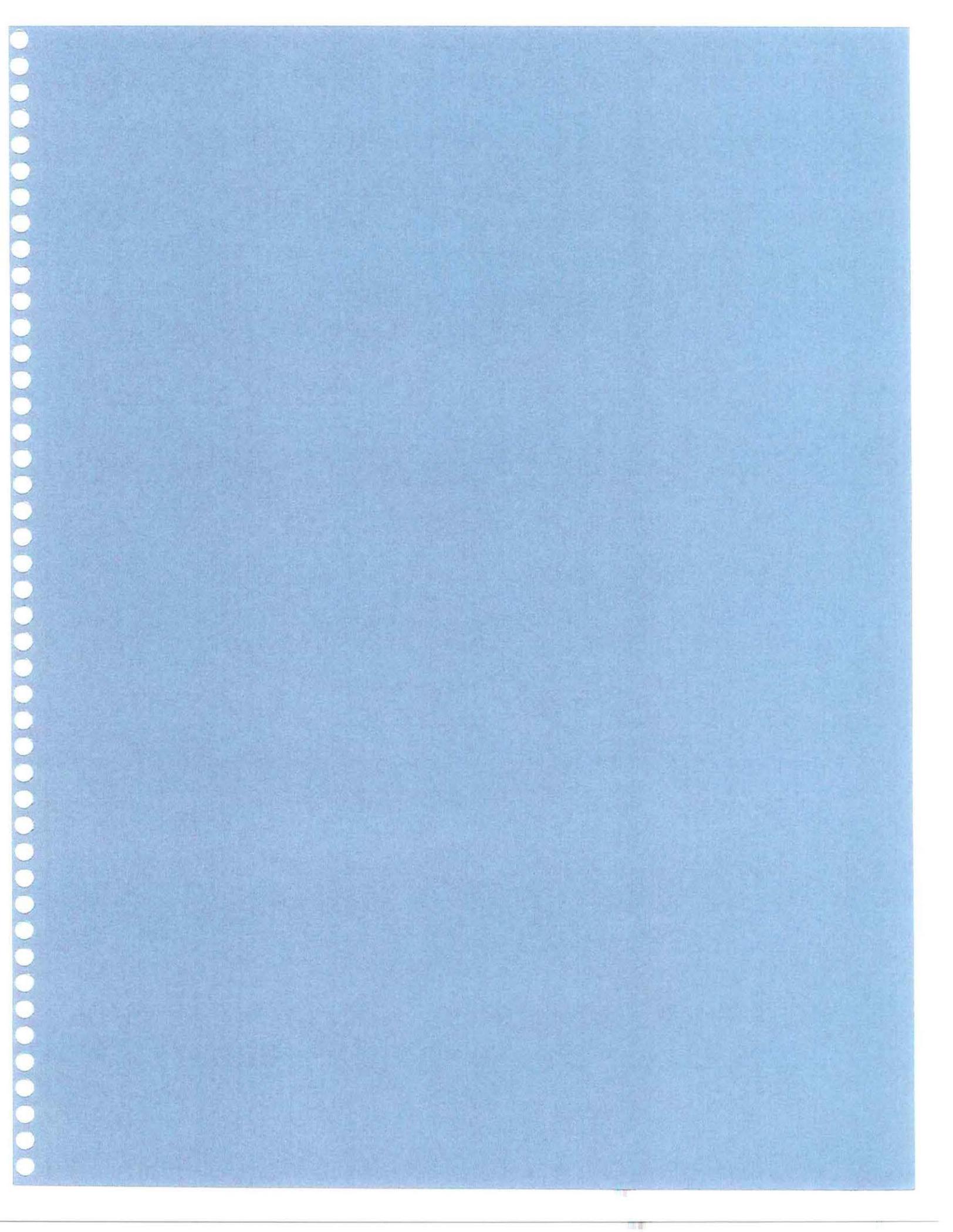
Appendix B – Prior Year Recommendations to Improve  
Financial Management, Accounting Procedures  
and Internal Controls

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No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
07-01	Cash/Signature Card		X
06-01	Application Security		X
06-01	Data Security		X
06-03	User Access		X
06-04	Security Controls		X







# McGladrey & Pullen

Certified Public Accountants

## **Palm Beach County, Florida Property Appraiser**

Management Letter  
09.30.2008



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# McGladrey & Pullen

Certified Public Accountants

Management Letter in Accordance with the  
Rules of the Auditor General of the State of Florida

The Honorable Gary R. Nikolits  
Property Appraiser  
Palm Beach County, Florida

We have audited the accompanying financial statements of the major fund of the Property Appraiser of Palm Beach County, Florida, (the Property Appraiser) as of and for the year ended September 30, 2008, and have issued our report thereon dated June 15, 2009, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated June 15, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The recommendation in the preceding annual financial audit report has been addressed in Appendix A to this report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Property Appraiser's financial management, accounting procedures and internal controls. There are no recommendations to improve financial management, accounting procedures, and internal controls for the current annual financial audit report.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statements amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

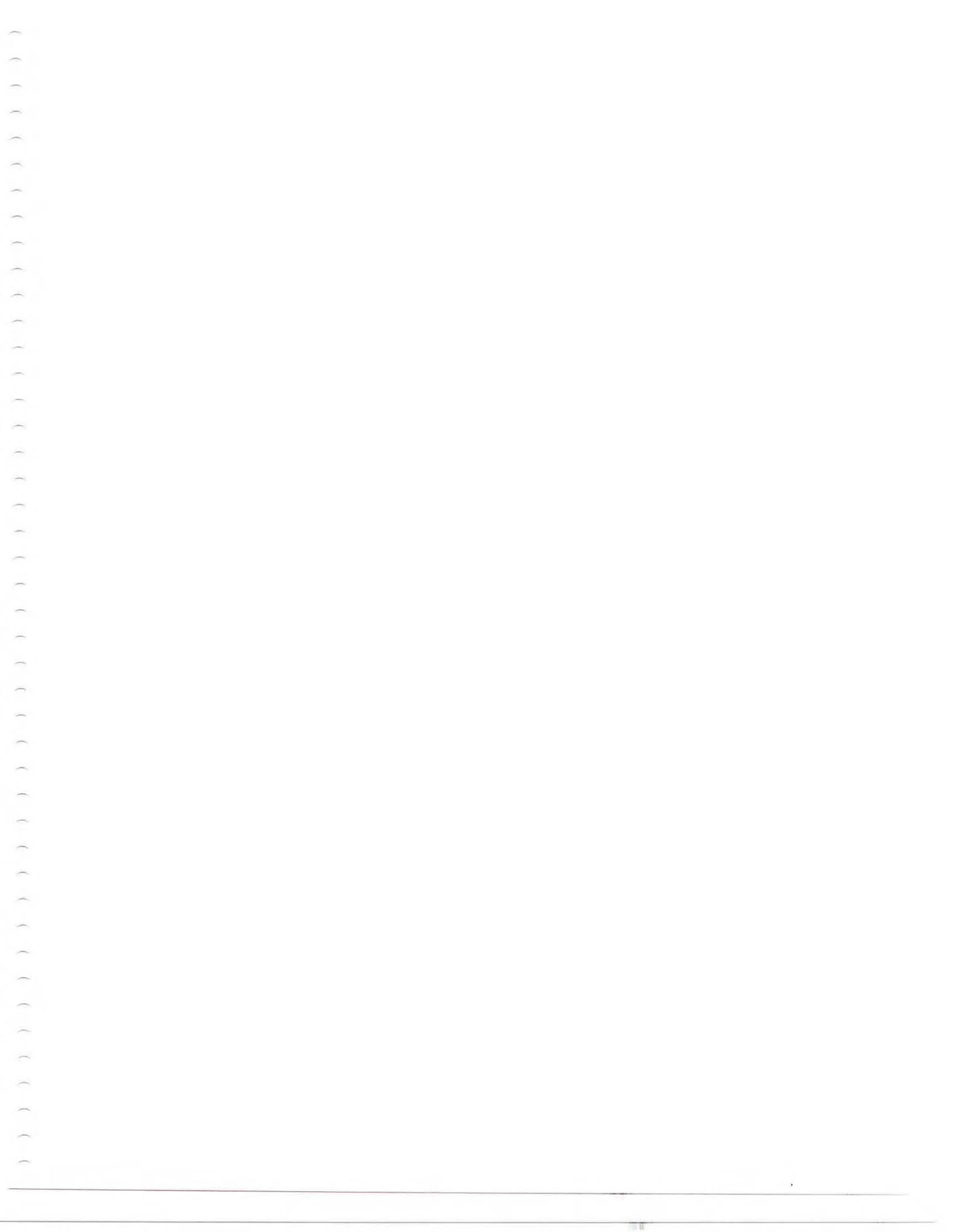
Sections 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Property Appraiser's financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Property Appraiser, management of Palm Beach County, Florida Property Appraiser's Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

*McGladrey & Pullen, LLP*

West Palm Beach, Florida  
June 15, 2009

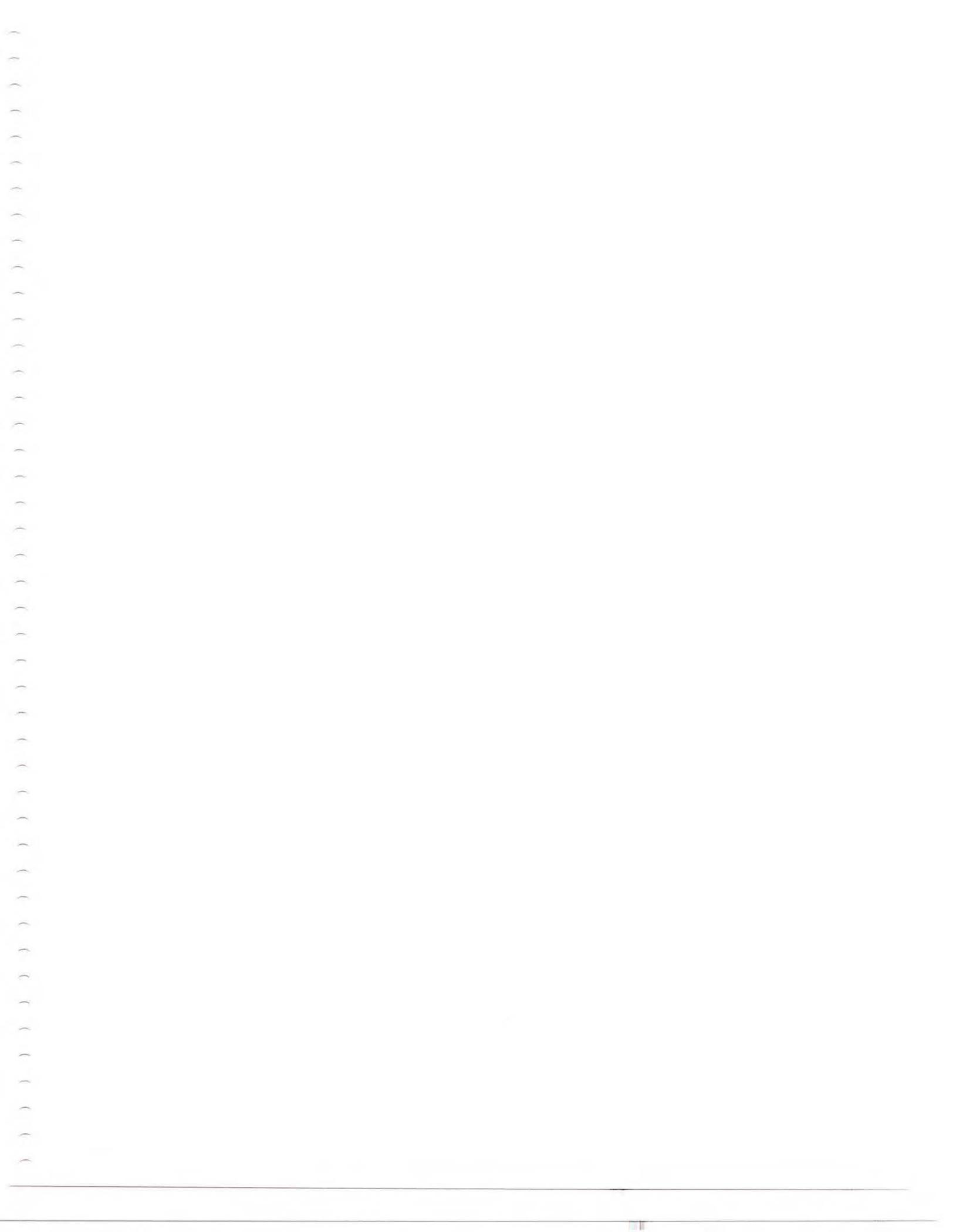


Property Appraiser of Palm Beach County, Florida

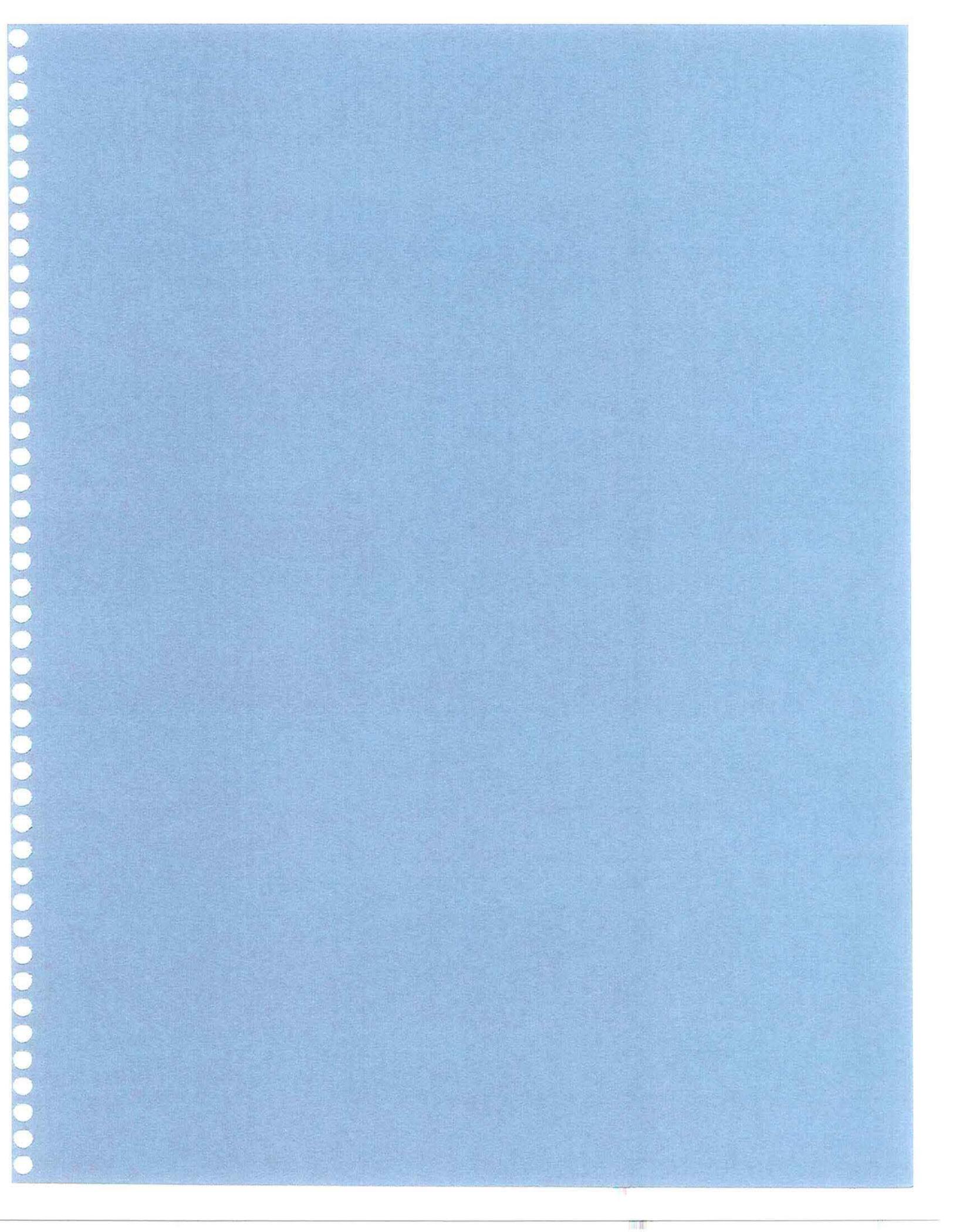
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Year Ended September 30, 2008

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No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 07-01	Review of Journal Entries		X







# McGladrey & Pullen

Certified Public Accountants

## **Palm Beach County, Florida Sheriff**

Management Letter  
09.30.2008



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# McGladrey & Pullen

Certified Public Accountants

## Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Ric L Bradshaw  
Sheriff  
Palm Beach County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Sheriff of Palm Beach County, Florida ("the Sheriff"), as of and for the year ended September 30, 2008, and have issued our report thereon dated June 15, 2009, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, if any, which is dated June 15, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial audit report have been addressed in Appendix A to this report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. There are no recommendations to improve financial management, accounting procedures, and internal controls for the current annual financial audit report.

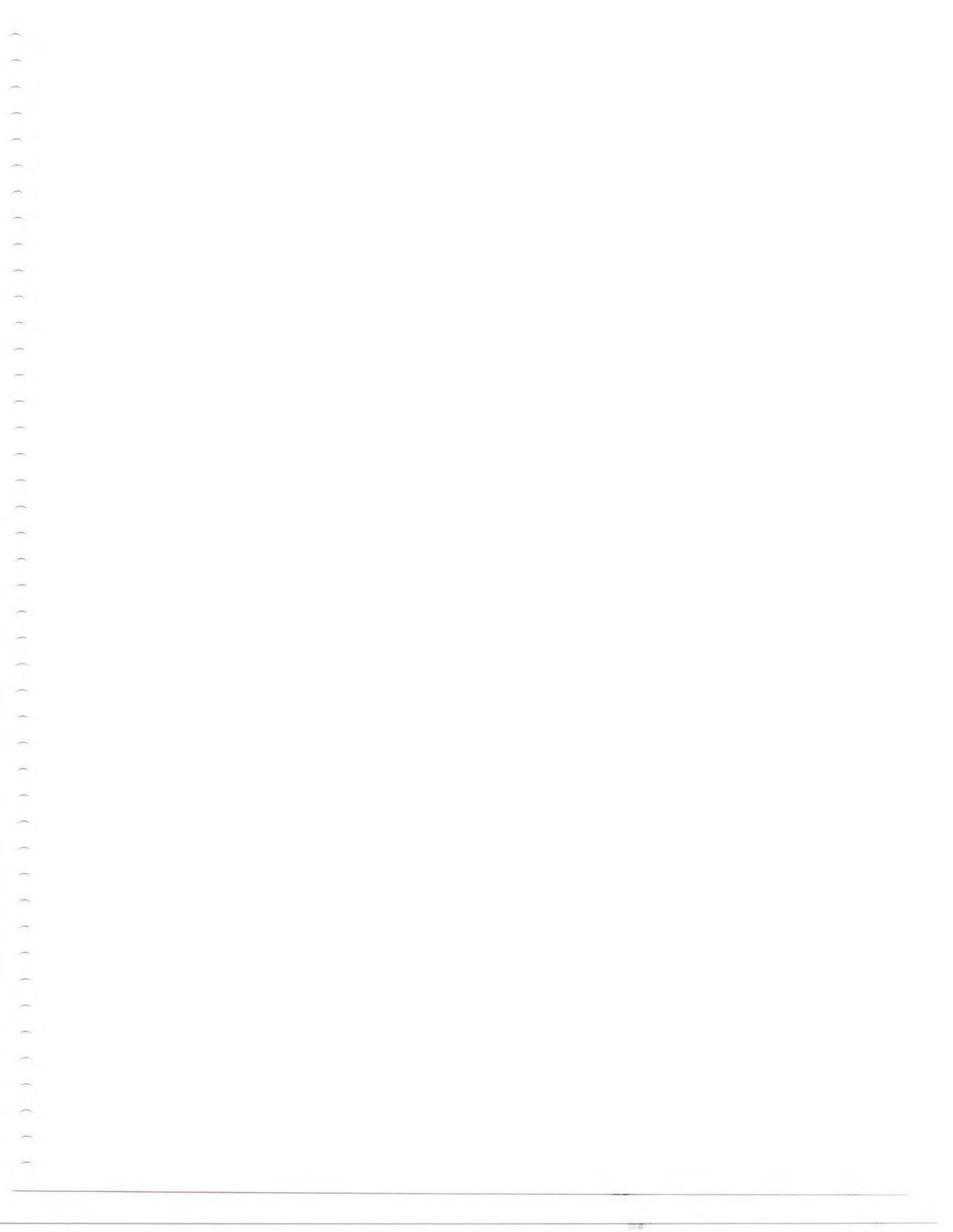
Section 10.554(1)(i)4. Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on profession judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Sheriff, management of the Palm Beach County, Florida Sheriff's Office, and the Florida Auditor General, and is not intended to be and should not be used by another other than these specified parties.

West Palm Beach, Florida  
June 15, 2009



Sheriff of Palm Beach County Sheriff

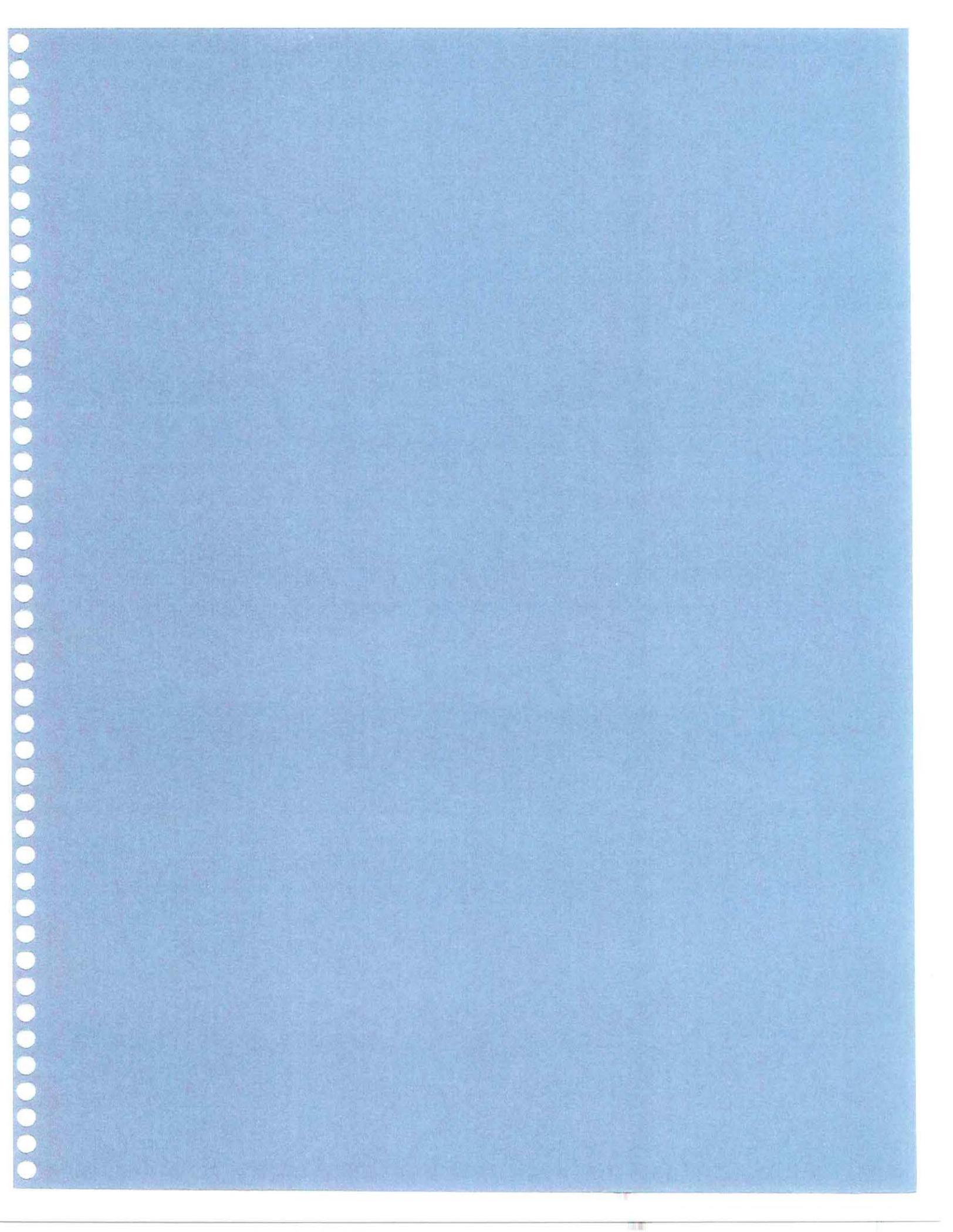
Appendix A - Prior Year Recommendations to Improve  
Financial Management, Accounting Procedures  
and Internal Controls

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No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 06-01	Application Security		X
ML 06-02	Data Security		X
ML 06-03	Security Controls		X
ML 06-04	IT User Access		X
ML 06-05	Data Center Access		X
ML 06-06	IT Security Awareness		X







# McGladrey & Pullen

Certified Public Accountants

## Palm Beach County, Florida Supervisor of Elections

Management Letter  
09.30.2008



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# McGladrey & Pullen

Certified Public Accountants

## Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Susan Bucher  
Supervisor of Elections  
Palm Beach County, Florida

We have audited the accompanying financial statements of the major fund of the Supervisor of Elections, of Palm Beach County, Florida (the "Supervisor"), as of and for the year ended September 30, 2008, and have issued our report thereon dated June 15, 2009, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, if any, which is dated June 15, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial report have been addressed in Appendix B to this report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Supervisor complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Supervisor's financial management, accounting procedures and internal controls. The recommendations to improve the Supervisor's financial management, accounting procedures and internal controls have been addressed in Appendix A to this report..

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statements amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Sections 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Supervisor's financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Supervisor of Elections, management of the Palm Beach County, Florida Supervisor's Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

*McGladrey & Pullen, LLP*

West Palm Beach, Florida  
June 15, 2009

Supervisor of Elections

Appendix A  
Current Year Recommendations to Improve  
Financial Management, Accounting Procedures  
and Internal Controls

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No.	Current Year's Observations
ML 08-01	Governance
ML 08-02	Operations
ML 08-03	Bank reconciliations

## Supervisor of Elections

### Appendix A Current Year Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls

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ML 08-01      Governance

Criteria: Official written policies and procedures should be documented for all of the Supervisor's accounting information systems.

Condition: We noted that written policies and procedures are not in place to address existing processes for security access and IT operations of the financial system.

Cause: Lack of adequate administrative oversight.

Effect: The Supervisor's office does not have a large staff and it is therefore essential that all policies and procedures be well documented to protect against the effects of employee turnover. Failure to properly document existing policies and procedures could impact future operations if there is employee turnover.

Recommendation: The organization should establish and document Information Technology policies and procedures or at minimum, desk top instructions regarding the following areas:

- IT planning and resource management
- IT change management
- Server and application patch management
- Server and application upgrades
- IT Operations
- Backup recovery
- Disaster recovery and business continuity
- IT Security
- User account maintenance (new hire, transfer, suspension, termination) and review
- Server and internal network event log monitoring and response
- User security awareness training

Management Response: The established guidelines for the financial system will be written and finalized in the near term.

Supervisor of Elections

Appendix A  
Current Year Recommendations to Improve  
Financial Management, Accounting Procedures  
and Internal Controls

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ML 08-02      Operations

Criteria: Sound internal controls over the accounting information systems include documentation that outlines the recovery steps should the system become disabled.

Condition: We noted there is no designated recovery site in the event that the current data center is no longer operable. Also, we noted that backup tapes are taken offsite to the IT Manager's home for storage.

Cause: No written recovery plan has been developed which addresses short term continuation of processing as well as recovery in the event of a major disaster.

Effect: The lack of a written recovery plan may result in a delay in returning to operations in the event of a major disaster such as a hurricane.

Recommendation: It is recommended that the Palm Beach County Supervisor of Elections

- Obtain an independent third party solution such as a bank vault to store backup tapes containing financial data and/or a third party off-site storage provider.
- Enter into agreement with the Palm Beach County Information System Services Department to provide backup/recovery support in the event that the current data center is not operable including access to the backup/recovery support site used by the County.

Management Response: Storage at a banking facility provides limited or no access during off hours (including weekends). We are currently evaluating the most appropriate resource for our purpose and concern. Off site secured facilities with 24 hour 7 day access are being evaluated. We will also evaluate the potential to use the Palm Beach County Information System Services Department to provide backup/recovery support.

Supervisor of Elections

Appendix A  
Current Year Recommendations to Improve  
Financial Management, Accounting Procedures  
and Internal Controls

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ML 08-03      Bank Reconciliations

Criteria: Internal control policies and procedures should be in place and implemented to ensure the timely performance of controls and timely review and evaluation of the controls to ensure the accuracy of the Supervisors' financials.

Condition: We noted that the SOE accounting and administrative procedures require that bank reconciliations are to be completed in the subsequent month after the close of each month. With the exception of two months the reconciliations were not performed on time. In addition, there was a lack of evidence of review of the reconciliations for the first quarter of the fiscal year.

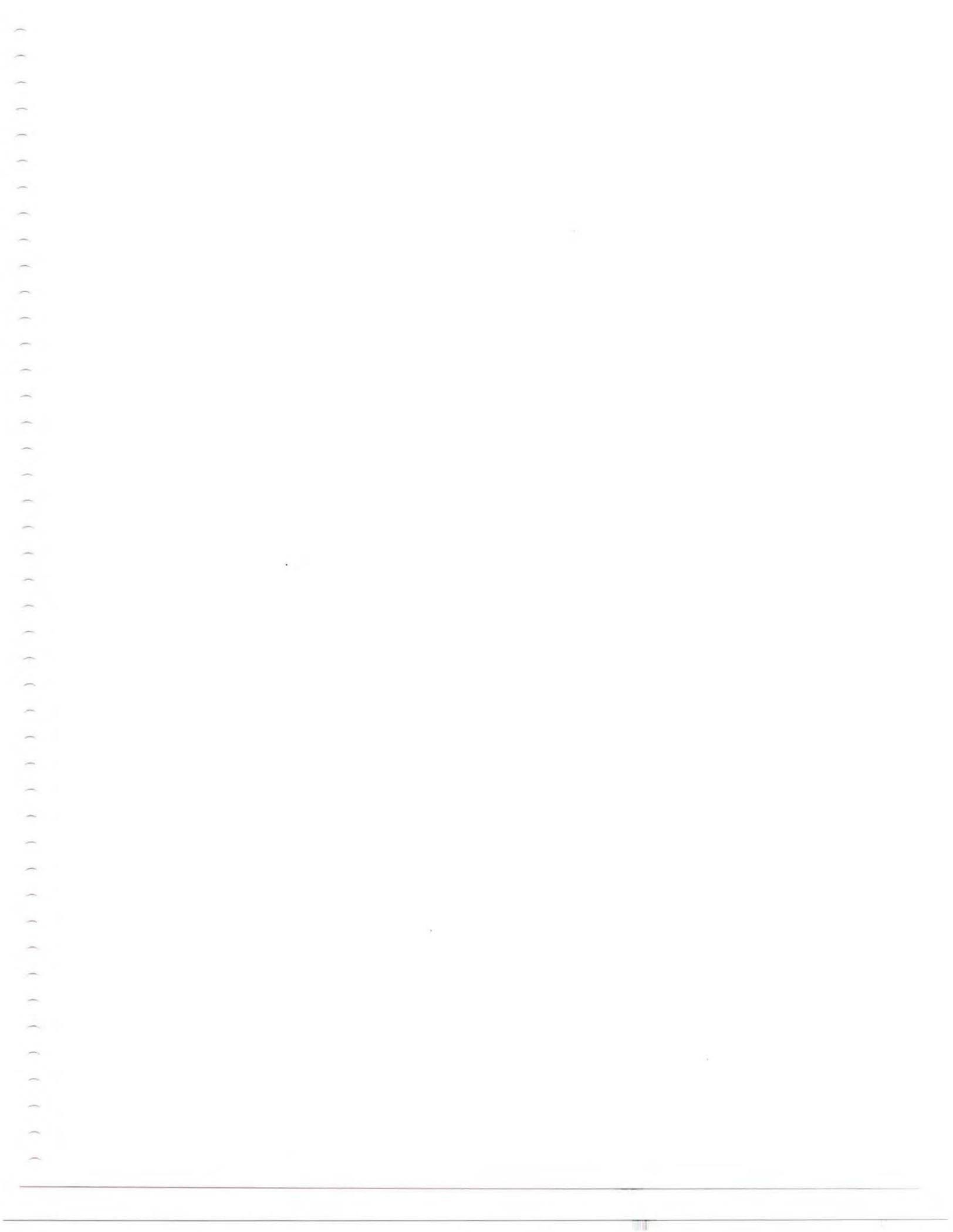
Cause: Lack of adherence to the existing administrative and internal accounting controls.

Effect: Lack of timely review may prevent the detection of misstatements in the financial statements. Lack of evidence of review does not provide for adequate monitoring of controls.

Recommendation: We recommend that bank reconciliations are completed no later than thirty days after month end and that they are properly reviewed in accordance to the Supervisor of Elections' existing policies and procedures.

Management Response: While we concur with the fact that timely and accurate bank reconciliations are key to effective internal accounting and administrative controls, the ability to maintain the timeliness of the reconciliations was hampered by the increased financial activity during the unprecedented election year. However, the controls and status of the finances of the Supervisor of Elections were maintained with daily monitoring of the office's banking account.

It is also important to note that bank reconciliations currently are both timely and properly reviewed.

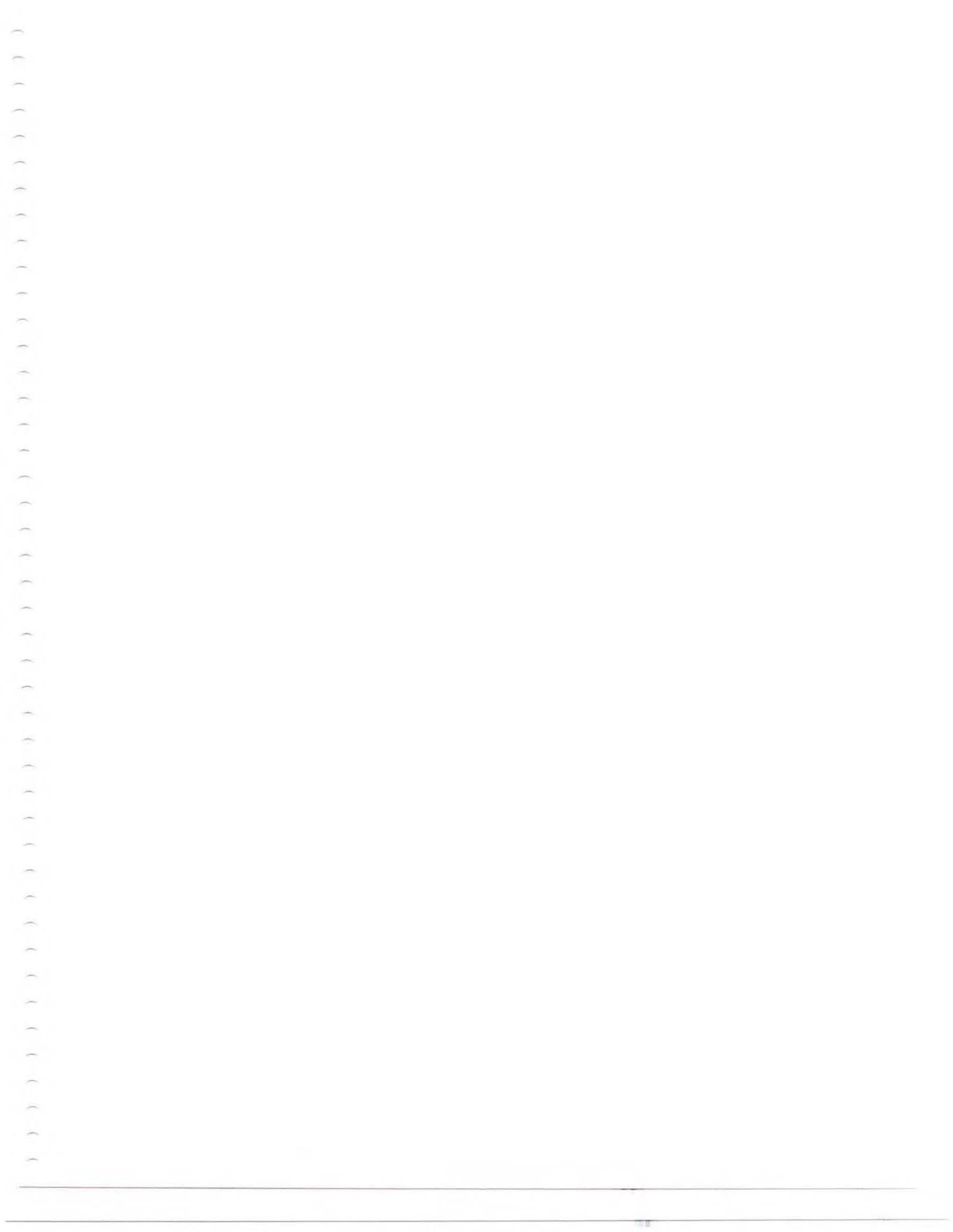


Supervisor of Elections

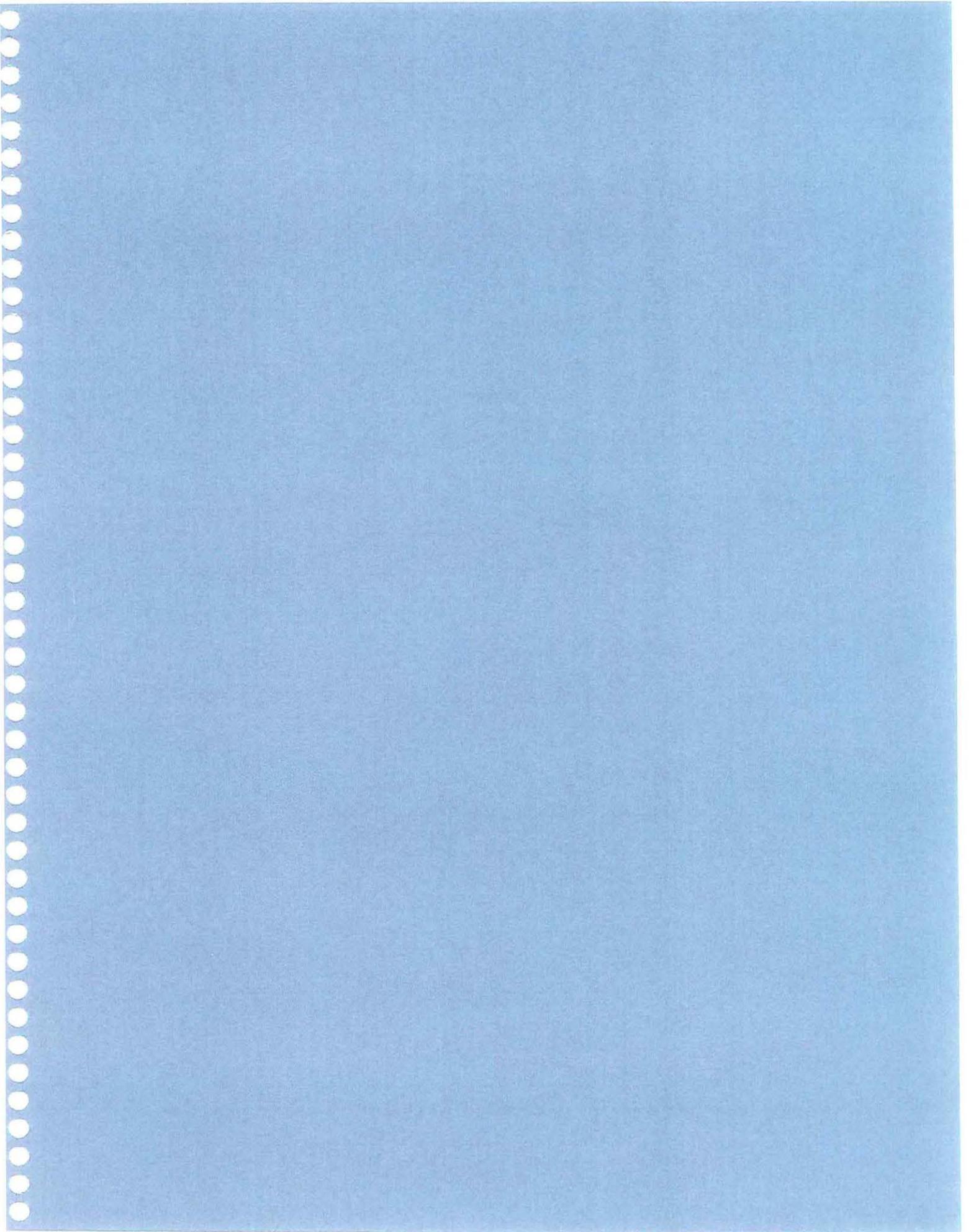
Appendix B  
Prior Year Recommendations to Improve  
Financial Management, Accounting Procedures  
and Internal Controls

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No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 07-01	Automated Business Processes		X
ML 07-02	Governance. See ML 08-01	X	
ML 07-03	Password Security		X
ML 07-04	Operations. See ML 08-02	X	







# McGladrey & Pullen

Certified Public Accountants

## **Palm Beach County, Florida Tax Collector**

Management Letter  
09.30.2008



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# McGladrey & Pullen

Certified Public Accountants

## Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Anne M. Gannon  
Tax Collector  
Palm Beach County, Florida

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Tax Collector of Palm Beach County, Florida (the "Tax Collector"), as of and for the year ended September 30, 2008, and have issued our report thereon dated June 15, 2009, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated June 15, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The recommendations made in the preceding annual financial report have been addressed in Appendix B to this report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Tax Collector's financial management, accounting procedures and internal controls. The recommendations to improve the Tax Collector's financial management, accounting procedures and internal controls have been addressed in Appendix A to this report.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statements amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Sections 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Tax Collector's financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Tax Collector, management of Palm Beach County, Florida Tax Collector's Office and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

*McGladrey & Pullen, LLP*

West Palm Beach, Florida  
June 15, 2009

Appendix A  
Current Year Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls

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<u>No.</u>	<u>Current Year's Observations</u>
ML 08-01	Application Access Security
ML 08-02	Time card Approval

Appendix A  
Current Year Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls

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ML 08-1 – Application Access Security

Criteria: Effective application access security relies on a security structure that includes the use of the following:

- Available access security features in the software;
- Security administration procedures developed and documented for the granting, revoking and reviewing of data and resource access.

Condition: There were aspects of security management that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising The Tax Collector's Office (TCO) information in accordance with Florida Statute 281.301. However, appropriate personnel have been notified of these issues which included the following:

- Certain TCO staff had the capability to perform incompatible duties within the payroll function. We noted an instance where employee access privileges should be made more restrictive by the TCO to enforce an appropriate segregation of duties.

Cause: Lack of enforcement of policies to support proper restriction of access.

Effect:

- Unauthorized access to the application;
- Segregation of incompatible duties is fundamental to the reliability of an organization's internal controls;
- Appropriate segregation of duties can assist in the detection of mistakes or errors and potential fraud;
- An appropriate division of roles and responsibilities prevents the possibility of a single individual subverting a critical process.

Context: The finding is considered systemic in nature.

Recommendation: We recommend management implement the following corrective actions:

- Appropriate application security control features to enhance security over its data and programs;
- Review and enhance established procedures that periodically review the duties and access capabilities of staff and implement, to the extent practicable, proper segregation of duties and access levels to ensure that personnel are performing only those duties established for their respective jobs and positions.

Management Response: We concur with the recommendation and implemented appropriate application security controls. We also reviewed duties and access capabilities of staff and made the appropriate changes.



Appendix A  
Current Year Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls

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ML 08-2 – Time Card Approval

Criteria: The Tax Collector's Office policies state that employee time cards are to be reviewed and approved by department supervisors to ensure the accuracy of the time worked.

Condition: During testing of payroll controls, it was noted that employee time cards are not being approved by department supervisors on a consistent basis. Our testing procedures identified one instance where an employee time card was not approved by a supervisor, based on further discussion with management it was determined that this deficiency was pervasive throughout the entity.

Cause: Lack of implementation of control.

Effect: Potential errors on employee time cards not detected could lead to incorrect payroll amounts and the over or under recording of payroll related expenditures in addition to the providing of opportunity for employees to overstate hours worked.

Context: The finding is considered systemic in nature.

Recommendation: We recommend that management enforce the policies that are in place which require that each employee time card be approved by a department supervisor.

Management Response: We agree with the recommendation and have taken the necessary action to ensure that each employee's time card is approved by a supervisor.



Tax Collector of Palm Beach County, Florida

Appendix B  
Prior Year Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls

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No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 06-04	Formal Security Programs		X
ML 06-05	System Upgrades/Modifications		X
ML 06-07	Security Training		X

