

# **Palm Beach County, Florida**

Management Letter  
09.30.2012

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**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, 2012, and have issued our report thereon dated March 25, 2013. We did not audit the financial statements of the Solid Waste Authority, Westgate Belvedere Homes Community Redevelopment Agency, and the Housing Finance Authority, discretely presented component units, which represents 99% of the total assets and 99% 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program or State Project and Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General, State of Florida*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, 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 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:

Section 10.554(1)(i)1., *Rules of the Auditor General* require 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. 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. The status of recommendations made in the preceding annual financial audit report has been noted 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 the County complied with Section 218.415, Florida Statutes, regarding investment of public funds.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve the County's financial management. The recommendation to improve financial management has 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 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 professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations 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) 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 to the financial statements.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement 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.

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine that the annual financial report for the County for the fiscal year ended September 30, 2012, 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, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Section 10.554(1)(i)7(c) and 10.556(7), *Rules of the Auditor General*, we applied financial condition 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.

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 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 LLP*

West Palm Beach, Florida  
March 25, 2013

**Palm Beach County, Florida**

**Appendix A – Current Year Recommendations to Improve  
Financial Management**

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<b>No.</b>	<b>Current Year's Observations</b>
<b>The 15th Judicial Circuit-Court Administration</b>	
ML 12-1	Payroll

**Palm Beach County, Florida**

**Appendix A – Current Year Recommendations to Improve  
Financial Management (Continued)**

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**ML 12-1**

Criteria: Per the County's policies for internal control over payroll, all non-exempt employees are required to complete a timesheet, which must be reviewed and approved by a supervisor.

Condition: During our testing of payroll, the timesheet for one non-exempt employee was missing. We could not determine whether the timesheet was not completed or was not properly retained.

Effect: A lack of proper review and approval of an employee's timesheet could lead to incorrect amounts being paid to employees.

Cause: A lack of appropriate administrative oversight by the department.

Recommendation: We recommend that the County review its current policies and procedures and provide additional guidance or training as deemed necessary to ensure that time sheets are completed for all non-exempt employees, approved by management, and properly stored and retained.

Views of responsible officials and planned corrective actions: Management concurs. Corrective action has been taken by notifying all Fifteenth Circuit managers with Palm Beach County employees that paper timesheets must be presented to the Fifteenth Circuit Human Resources department by the payroll deadline before any HRIS entry will be entered in to the current Timeserver system. All paper timesheets will be retained by Court Administration of the Fifteenth Circuit in accordance with applicable records retention requirements.

**Palm Beach County, Florida**

**Appendix B – Prior Year Recommendations to Improve  
Financial Management**

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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 11-1	OFMB - Internal Service Funds		X

# Palm Beach County, Florida Clerk & Comptroller

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09.30.2012



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## Management Letter in Accordance with 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, 2012, and have issued our report thereon dated June 14, 2013, 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 14, 2013 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. There were no recommendations made in the preceding annual financial 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. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements 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 professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. 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., Rules of the Auditor General, requires a statement as to whether or not the Clerk complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements except as already communicated in the Corrective Action Plan submitted by the Clerk.

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 the Clerk's Office and the Florida Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

*McGladrey LLP*

West Palm Beach, Florida  
June 14, 2013

# Palm Beach County, Florida Property Appraiser

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09.30.2012

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## 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 financial statements of the major fund of the Property Appraiser of Palm Beach County, Florida (the "Property Appraiser"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 14, 2013 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 Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated June 14, 2013, 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 governs 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. There were no recommendations made in the preceding annual financial 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. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements 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 professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. 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 the Property Appraiser's Office and the Florida Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

*McGladrey LLP*

West Palm Beach, Florida  
June 14, 2013

# Palm Beach County, Florida Sheriff

Management Letter  
09.30.2012



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Management Letter Required By  
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## 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, 2012, and have issued our report thereon dated June 14, 2013, 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 14, 2013, 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. There were no findings and recommendations made in the preceding annual financial audit 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. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4. Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements 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 professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. 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 of the Sheriff'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 require us to indicate that this letter is intended solely for the information and use of the Sheriff, management of the 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.

*McGladrey LLP*

West Palm Beach, Florida  
June 14, 2013

# Palm Beach County, Florida Supervisor of Elections

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Management Letter Required By  
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## 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 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, 2012, and have issued our report thereon dated June 14, 2013, 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 14, 2013, 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. There were no recommendations made in the preceding annual financial audit 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. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements 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 have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. 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, management of the Palm Beach County, Florida Supervisor's Office and the Florida Auditor General, and is not intended to be and should not be used by anyone other than the specified parties.

*McGladrey LLP*

West Palm Beach, Florida  
June 14, 2013

# Palm Beach County, Florida Tax Collector

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09.30.2012



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Management Letter Required By  
Chapter 10.550 of the Rules of the  
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## 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, 2012, and have issued our report thereon dated June 14, 2013, 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated June 14, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual report except as noted on Schedule A under heading "Prior Year Recommendations to Improve Financial Management."

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 financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements 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 professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. 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 require us to indicate that this letter is intended solely for the information and use of the Tax Collector, management of the Tax Collector's Office, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

West Palm Beach, Florida  
June 14, 2013

Tax Collector  
Palm Beach County, Florida

Appendix A  
Prior Year Recommendations to Improve Financial Management  
Fiscal Year Ended September 30, 2012

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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>
2011-01	Number of administrative users in Manatron GRM		x
2011-02	Periodic testing of the financial data restoration process	x	
2011-03	IT Policy manual - Security		x
2011-04	Periodic review of IT and financial user access rights		x
2011-05	Password settings for Banner Financials and Manatron GRM	x	
2011-06	Requirement for monitoring of security or admin changes for networks and applications	x	
2011-07	Change management policy	x	
2011-08	Storage and use of social security numbers in Manatron GRM system		x

Appendix A  
Prior Year Recommendations to Improve Financial Management (Continued)  
Fiscal Year Ended September 30, 2012

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2011-02 Periodic testing of the financial data restoration process

Criteria: General IT Controls are designed to provide reasonable assurance that financial data is maintained for completeness, accuracy and validity, and that policies address restoration steps. Procedures exist and are followed to periodically test the effectiveness of the restoration process and validate the quality of the backup media for financially significant applications and/or data.

Prior Year Condition: During our audit of IT general controls, we noted that there is a requirement for restore testing in the Backup Policy however, while testing is performed; there is no mechanism to document the results. Palm Beach County Information Systems Services (ISS) is responsible for the Banner Database server that is in the ISS data center. ISS has no policy for restore testing and is not performing restores.

Cause: Palm Beach County Tax Collector IT restore testing requirement may not have been communicated to ISS staff and associated procedures created to reflect this requirement. While the Tax Collector's IT staff is performing the restore testing they may not have encountered a requirement to provide for retention of the evidence that the restore took place.

Effect: The lack of a strategy for cyclical testing of the restoration processes exposes the organization to operational disruption.

Prior Year Recommendation: We recommend that the Palm Beach County Tax Collector's Office (TCO) consider creating procedures to retain results of the testing of data restores. The TCO also needs to make arrangements with the County's ISS department to assist with restore testing on the Banner Database server to comply with the Tax Collector's policies for restoration testing.

Prior Year Views of Responsible Officials and Planned Corrective Actions: The Banner financial system is scheduled to be transitioned away from ISS services by the end of the calendar year. Approximately October 1, 2012 Banner financial data will be migrated into Tyler-Munis software platform. This platform will be hosted internally and fall under our backup and restore procedures which include restoration validation.

Current Year Status: This recommendation has been partially implemented. The TCO has slated the Banner accounting application to be phased out by October 2013. The TCO will be focusing on transitioning Banner to read only status as soon as the 2012 year is closed. Tyler will become the primary application serving our accounts payable & distribution starting October 1, 2012.

Views of Responsible Officials and Planned Corrective Actions: The Banner financial system is scheduled to be completely transitioned away from ISS services by October 1, 2013. The Banner financial data will be migrated into Tyler-Munis software platform. This platform will be hosted internally and fall under our backup and restore procedures which include restoration validation.

Tax Collector  
Palm Beach County, Florida

Appendix A  
Prior Year Recommendations to Improve Financial Management (Continued)  
Fiscal Year Ended September 30, 2012

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2011-05 Password settings for Banner Financials and Manatron GRM

Criteria: General Information Technology (IT) controls require that processes exist and are followed to maintain the effectiveness of authentication and access mechanisms (i.e., regular password changes, password complexity).

Prior Year Condition: During our audit of IT general controls, we noted that password settings for Banner financials and GRM are limited and not enforced.

Cause: Palm Beach County Tax Collector's IT Staff indicated that the Banner password is dependent on the settings for the Oracle Database which does not utilize Oracles complexity software. GRM Manatron password controls are intended to be minimal and the vendor expects that their client will take other measures to address more comprehensive user access authorization control.

Effect: Risks include unauthorized use, disclosure of proprietary information, modification, damage, or loss of data.

Prior Year Recommendation: The Palm Beach County Tax Collector should consider a review of the user authorization requirements for both Banner financials and GRM Manatron to determine the most effective technical approach for meeting its security objectives.

Prior Year Views of Responsible Officials and Planned Corrective Actions: As noted earlier Banner financials has a limited lifespan and will be migrated into another system. Once migrated, the target system will utilize an accepted authorization format whether internal or SSO that is certified by the organization. As new software platforms, both systems will have existing security roles mapped and identified. Once identified, pursuant to other security concerns noted in prior sections all users should be validated as to job function and security level, recertified, and adjusted as necessary. Completion expected at full acceptance of software by year end 2012.

Current Year Status: This recommendation has been partially implemented. While the recommendation holds for fiscal 2012, it is noted that the TCO has slated the Banner accounting application to be phased out by October 2013. The TCO is currently reconciling the 2012 year end closing and will be focusing on transitioning Banner to read only status as soon as possible. Tyler will become the primary application serving our AP & distribution starting October 1, 2012.

Views of Responsible Officials and Planned Corrective Actions: As noted earlier Banner financials has a limited lifespan and will be migrated into another system. Once migrated, the target system will utilize an accepted authorization format whether internal or SSO that is certified by the organization. As a new software platform, the system does have existing security roles mapped and identified. Once identified, pursuant to other security concerns noted in prior sections all users should be validated as to job function and security level, recertified, and adjusted as necessary. A solution has been identified for the GRM system and it is being discussed and vetted at this time.

Appendix A  
Prior Year Recommendations to Improve Financial Management (Continued)  
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2011-06 Requirement for monitoring of security or admin changes for networks and applications

Criteria: General Information Technology (IT) controls require that processes exist and are followed to allow management to identify authorized and unauthorized usage and access to materially relevant financial IT applications and supporting systems. Logging and monitoring tools are activated to record and report security events (such as security violation reports) within the various financially material applications and databases as defined in information technology & security policies/procedures. Management reports are regularly reviewed and necessary action taken.

Prior Year Condition: During our audit of IT general controls, we noted that there is not a policy requiring the monitoring of security or admin changes for networks and applications.

Cause: Palm Beach County Tax Collector may not have considered placing these requirements in the IT Policy Manual.

Effect: Risks include unauthorized use, disclosure of proprietary information, modification, damage, or loss of data.

Prior Year Recommendation: The Palm Beach County Tax Collector should consider a policy requiring for monitoring of security or admin changes for networks and applications.

Prior Year Views of Responsible Officials and Planned Corrective Actions: The TCO technology department is currently reviewing and pricing event log management tools for the servers that host our applications. For the second part of the review each application vendor will be contacted to ensure we fully understand how each independent application reports violations and how these violations should be expected to be reported (email, logging, location, etc.) Estimated time of completion is by year end 2012.

Current Year Status: This recommendation has been partially implemented. It was noted that the TCO has implemented a policy; however, it was not in effect for the entire fiscal 2012.

Views of Responsible Officials and Planned Corrective Actions: The TCO has implemented a monitoring tool called Eventlog analyzer which is one of the monitoring tools TCO uses to maintain a watch on internal events happening on the servers. What's Up Gold (WUG) - WUG is our primary monitoring tool and allows us to set a myriad of monitoring scenarios ranging from ping to full SNMP management. Ping, service availability, and SQL health are some of the major items we are currently monitoring.

Appendix A  
Prior Year Recommendations to Improve Financial Management (Continued)  
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2011-07 Change management policy

Criteria: General Information Technology (IT) controls provide reasonable assurance that policies and procedures are defined and utilized by the staff for the acquisition and maintenance of the financial systems. Additionally, they define the documentation required to support the proper use of the applications, technological solutions and ensure the financial reporting requirements are effectively supported.

Development and/or implementation of changes to applications, databases, and operating systems follow a formal system development life cycle (SDLC) methodology requirements that address key areas of focus such as follows:

- User and technical requirements
- Security
- Application Control Consideration to support validity, completeness, and accuracy.
- Testing and approval for deployment - Specifically User Acceptance testing
- Technical and user documentation
- Post implementation review

Prior Year Condition: During our audit of IT general controls, we noted that there was not a formal TCO policy to cover the change management process. It was also noted that the Leadership Team supporting GRM change has developed detailed change procedures and practices and the team responsible for the implementation of the Tyler Munis Payroll/HRIS application adopted the Munis Implementation Plan. In both cases key elements of an SDLC were considered consistent with the change activities.

Cause: Palm Beach County Tax Collector may not have considered developing a comprehensive change management policy.

Effect: Without adequate policies and procedures of acquisition and maintenance of systems, systems may not function as intended and may provide invalid information, which could result in unreliable financial information and reports.

Prior Year Recommendation: The Palm Beach County Tax Collector should consider creating a policy to support the Change Management process for Applications and related technical infrastructure. This policy should include the follow topic areas.

- User and technical requirements
- Security
- Application Control Consideration to support validity, completeness, and accuracy.
- Testing and approval for deployment - Specifically User Acceptance testing
- Technical and user documentation
- Post implementation review

The efforts of the GRM Leadership Team and the use of the Munis Implementation Plan could serve as guidelines in preparation of the TCO policy.

Prior Year Views of Responsible Officials and Planned Corrective Actions: The absence of change management is noted and has been marked as a major requirement in our search for an ITIL compliant service and incident management system. Coupled with project and update(change) request forms that outline scope, expected feature improvements, as well as pre and post data verification steps and integrated workflow the deficiency will be addressed once the system is purchased and implemented. This product search is currently underway and expected completion by year end 2012.



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Current Year Status & Recommendation: We recommend that the TCO continues to work towards a policy for change management.

Views of Responsible Officials and Planned Corrective Actions: The absence of change management is noted and has been marked as a major requirement in our search for an ITIL compliant service and incident management system. Coupled with project and update(change) request forms that outline scope, expected feature improvements, as well as pre and post data verification steps and integrated workflow the deficiency will be addressed once the system is purchased and implemented. This product search is currently underway and expected completion by year end 2012.