

McGladrey & Pullen

Certified Public Accountants

Palm Beach County, Florida

Management Letter

09.30.2009

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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, 2009, and have issued our report thereon dated March 22, 2010. We did not audit the financial statements of the Solid Waste Authority, a major enterprise fund, which represents 40% of the total assets and 48% 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 45% of the total assets and 39% 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 52% of the total assets and 29% 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, 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 22, 2010, 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 recommendations to improve financial management 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 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 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.

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, 2009, 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, 2009. 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 & Pullen, LLP

West Palm Beach, Florida
March 22, 2010

Palm Beach County, Florida

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

No. _____ Current Year's Observations _____

Office of Financial Management & Budget _____

ML 09-1 OFMB – Recording of Internal Billings

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

ML 09-1 OFMB – Recording of Internal Billings

Criteria: The County's policies and procedures over interdepartmental billings states that the service providing department will invoice the requesting department based on actual costs incurred.

Condition: We noted approximately \$560,000 of interdepartmental billings related to a communications fund which was based on estimated costs instead of actual costs. We also noted a gross up of approximately \$2,700,000 of revenues and expenditures in one fund relating to this type of interdepartmental billings.

Cause: There appears to be a lack of adherence to the policies and procedures established by the County through its policy and procedures manual.

Effect: At the fund level, revenues and expenditures were overstated. At the government activities level, capital assets, revenues, and expenses were overstated.

Recommendation: The County should take actions to ensure the various departments are aware of and understand the County's policies and procedures regarding interdepartmental billings. A policy should be established to require any department electing to depart from standard policies, to obtain documented approval from the County Administrator or Director of the Office of Financial Management and Budget.

Views of responsible officials: OFMB concurs with the comment. Upon being made aware of the gross up issue, OFMB immediately acted to discontinue the process and requested Finance to make the necessary corrections for this fiscal year. Finance and Engineering worked on the chart of accounts to accommodate the changes going forward. In addition, OFMB reconvened the quarterly meeting of the County Department Fiscal Managers to reemphasize the importance of following the PPMs especially PPM CW-F-44 and 43 which address Interdepartmental Billings and Interfund Transactions.

OFMB will request the Internal Auditor to include a review of interdepartmental billings by department as part of his annual work plan.

Palm Beach County, Florida

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

<u>No.</u>	<u>Prior Year's Observations</u>	<u>Observation is Still Relevant</u>	<u>Observation Addressed or No Longer Relevant</u>
ML 08-1	OFMB: Internal Service Fund Deficits and Surpluses		X
ML 07-3	Risk Mat – Data Provided to the County's Actuary		X
ML 07-5	WUD – Construction in Progress		X
ML 06-1	ISS – Application Security		X
ML 06-2	ISS – Data Security		X

McGladrey & Pullen

Certified Public Accountants

Palm Beach County, Florida Clerk & Comptroller

Management Letter
09.30.2009

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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, 2009, and have issued our report thereon dated June 18, 2010, 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 18, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the 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 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. The recommendations to improve the Clerk's financial management 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 provisions of contracts or grant agreements, or abuse, 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 statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies 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.

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'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 18, 2010

Clerk & Comptroller
Palm Beach County, Florida

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

No.	Current Year's Observations
ML 09-1	Correction Mode of Payroll Application

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

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

ML 09-01 Correction Mode of Payroll Application

Criteria: Internal control policies and procedures should be in place to prevent someone from having the ability to make changes to historical records which could lead to obstinate changes being made to financial records.

Condition: M & P noted in our payroll system and general internal control understanding updates that there was a lack of restriction for the use of super user privileged access. For example:

- a. Two HR/Payroll Supervisors have "Correction Mode" access to Tax, Deduction and Additional pay records.
- b. General Ledger Manager Role has "Correction Mode" access to General Ledgers, Regulatory Financial Reports and Financial Information.

Effect: Failure to ensure superuser access rights such as "Correction Mode" could allow inaccurate changes to the data input to system. .

Cause: Certain business scenarios require that data be updated in a "Correction Mode". The application does not provide the ability to insert a corrected row but requires the original row to be updated.

Recommendation: PeopleSoft access rights require further review to restrict the use of "Correction Mode" in the Payroll system. Management should remove all "Correction Mode" access to financial and payroll systems to the greatest extent possible to prevent unauthorized alteration of current period and historical transaction records.

Management Response: Management concurs with the auditor's recommendation. Correction mode access when granted after the business case is justified is restricted to the individuals and component pages for which the access is necessary. System logging features are used to record changes made including any "corrections" made in "Correction Mode". Periodic reviews of access rights and availability of change logs are in place to mitigate any risk resulting from granting this access.

Clerk & Comptroller
Palm Beach County, Florida

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

No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 08-1	A Shared Enterprise Resource System ID is in Use		X
ML 08-2	Password History Setting Enables Alternating Passwords		X
ML 08-3	Lack of Transferred Employee Access Review Documentation		X
ML 08-4	Cash Reconciliations and Close Outs		X
ML 08-5	Disposition of Unclaimed Property		X

McGladrey & Pullen

Certified Public Accountants

Palm Beach County, Florida Property Appraiser

Management Letter
09.30.2009

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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 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, 2009, and have issued our report thereon dated June 18, 2010, 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 18, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the 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 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. There are no recommendations to improve financial management for the current annual financial audit report.

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 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 statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies 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 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 18, 2010

McGladrey & Pullen

Certified Public Accountants

Palm Beach County, Florida Sheriff

Management Letter
09.30.2009

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Chapter 10.550 of the Rules of the
Auditor General of the State of Florida

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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, 2009, and have issued our report thereon dated June 18, 2010, 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 18, 2010, 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. There are no recommendations to improve financial management 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.

McGladrey & Pullen, LLP

West Palm Beach, Florida
June 18, 2010

McGladrey & Pullen

Certified Public Accountants

**Palm Beach County, Florida
Supervisor of Elections**

Management Letter
09.30.2009

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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, 2009, and have issued our report thereon dated June 18, 2010, 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 18, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the 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' report:

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. The recommendations to improve the Supervisor's financial management 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 provisions of contracts or grant agreements, or abuse, 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 statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies 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 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 18, 2010

Supervisor of Elections of Palm Beach County, Florida

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

<u>No.</u>	<u>Current Year's Observations</u>
ML 09-01	Evidence of Review
ML 09-02	General Accounts
ML 09-03	Anti Virus Program

Supervisor of Elections

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

ML 09-01 Evidence of Review

Criteria: Policies and procedures should include a version control mechanism/signoff showing the policy was approved by management and the latest update/review date. In addition, IT policies and procedures should include sections regarding procedures for selecting new systems, third party vendor management, applications controls, and end-user computing.

Condition: Although the Supervisor of Elections' office does have IT security policies and procedures in place, we noted that the policies and procedures do not include a version control mechanism/signoff showing the policy was approved by management and the latest update/review date. In addition, the policy should cover the following topics:

1. Procedures for selecting and deploying new applications used to support financial reporting.
2. Third party vendor management.
3. Applications controls.
4. End user computing.

Cause: The IT policy for the financial system was created this year. It requires additional updates and amendments to take into consideration observations provided to enhance controls.

Effect: Unapproved policies and procedures can lead to the inability to plan, develop and maintain, and evaluate an IT security framework. Outdated policies and procedures can lead to a process not addressing current security concerns and/or related inefficiencies due to the policies not keeping up with changing technologies and computing environments.

Recommendation: The Supervisor of Elections' office should consider developing all the IT policies and procedures further to include the evidence of review. In addition, IT Policies and Procedures should include a version control mechanism/signoff to show version release date and senior management approval.

Management Response: The SOE will update the policy and procedures according to the recommendations made as of this review.

ML 09-02 General Accounts

Criteria: Policies and procedures should include the treatment of general system/testing user accounts to ensure proper controls are enforced to prevent unauthorized access to the financial information.

Condition: We noted in our review of controls that two general accounts (system and user demo) with administration rights are active within the FundWare application. It was further noted that logical access reviews of financially-relevant applications are not conducted by the information technology personnel; however, only four (4) Supervisor of Election employees have access to the system.

Cause: As noted reviews have not been made periodically, mainly due to the limited access and usage of staff to FundWare.

Supervisor of Elections

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

Effect: These two accounts could be improperly used to perform activities within the financial application. In addition, lack of user reviews in all IT environments, could lead to logical access profiles that are not up to date, and therefore, may expose the entity to higher levels of risk.

Recommendation: We recommend consideration of performing and documenting frequent logical access reviews to the financially-relevant systems. In addition, all general/testing accounts within the application should be deleted or, at least, deactivated to prevent unauthorized use of the system.

Management Response: The general/ testing/demo accounts have been made inactive. Currently two staff persons for Business Affairs are active in Fundware. Further review of additional staff that may need access will be a part of the periodic review of the financial systems' policy and procedures.

ML 09-03 Anti Virus Programs

Criteria: Policies and procedures should be in place to prevent the occurrence of virus infection that could compromise the reliability of the financial reporting system.

Condition: In testing the controls that were in place to prevent virus infection, it was noted that while Trend Micro Anti-Virus was installed in the server hosting FundWare, the anti-virus program was not installed on two desktops utilized in the processing and maintaining of financial data which may result in virus infection to the key financial records.

Cause: New computer installations were in process at the time of the annual audit review. The old computers used by Business Affairs did not have the installations.

Effect: Virus infection could compromise the reliability of financial reporting potentially resulting in a material misstatement on the financial statements.

Recommendation: The Supervisor should consider installing Anti-Virus software in all servers and desktops to prevent virus infections.

Management Response: New computers with the valid anti-virus software have been installed in Business Affairs.

Supervisor of Elections

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

No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 07-02	Governance		X
ML 07-04	Operations		X
ML 08-03	Bank Reconciliations		X

McGladrey & Pullen

Certified Public Accountants

Palm Beach County, Florida Tax Collector

Management Letter
09.30.2009

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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, 2009, and have issued our report thereon dated June 18, 2010, 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 18, 2010, 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 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 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. There are no recommendations to improve financial management 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 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 statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies 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 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 18, 2010

Tax Collector of Palm Beach County, Florida

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

No.	Prior Year's Observations	Observation is Still Relevant	Observation Addressed or No Longer Relevant
ML 08-01	Application Access Security		X
ML 08-02	Time Card Approval		X

