

PALM BEACH COUNTY

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 2/5/2013

[X] Consent [] Regular
[] Public Hearing

Department:

Submitted By: Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file:

- A. Audit reports reviewed by the Audit Committee at its December 19, 2012 meeting as follows:
 - 1. 13-01 Parks and Recreation – *Parks Maintenance Division (12-05)*;
 - 2. 13-02 Parks and Recreation – *Morikami Museum and Japanese Gardens Cash Management (12-20)*; and
 - 3. 13-03 Airports – *North County and Glades Airports Lease Management (12-18)*.
- B. Audit recommendation status follow-up report as of September 30, 2012; and
- C. Approved annual audit plan for FY 2013.

Summary: Ordinance 2012-011 requires the Internal Audit Committee to review audit reports prior to issuance. Ordinance 2012-012 requires the County Internal Auditor to send those reports to the Board of County Commissioners. At its meeting on December 19, 2012, the Committee reviewed and authorized distribution of the attached audit reports. We are submitting the reports to the Board of County Commissioners as required by the Ordinance. The Committee also reviewed and authorized distribution of the Audit Recommendation Status Follow-up Report as of September 30, 2012 at its December meeting. The annual audit plan for FY 2013 was reviewed and approved by the Committee at its September 19, 2012 regular meeting. The approved audit plan is submitted to the Board as required by Ordinance 2012-012. Countywide (PFK)

Background and Policy Issues: The Internal Audit Committee reviewed and authorized distribution of audit reports 13-01 through 13-03 as listed above at its December 19, 2012 meeting. The Committee also reviewed and authorized distribution of the Audit Recommendation Status Follow-up Report as of September 30, 2012 at its December meeting. The annual audit plan for FY 2013 was reviewed and approved at the September 19, 2012 Committee meeting.

Attachments:

Audit reports as identified above

Recommended by:

Joseph Bergeron
Internal Auditor

2 January 2013
Date

Recommended by:

County Administrator

Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2013	2014	2015	2016	2017
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	None *				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes ___ No

Budget Account No.: Fund ___ Agency ___ Org. ___ Object ___

Program Number _____ Revenue Source _____

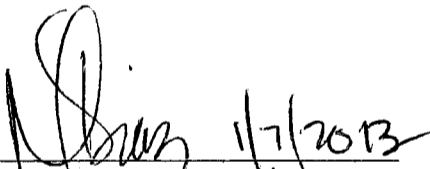
B. Recommended Sources of Funds/Summary of Fiscal Impact:

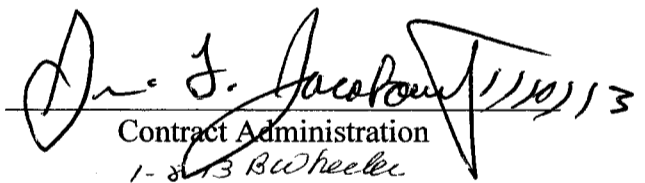
* No fiscal impact

A. Department Fiscal Review:

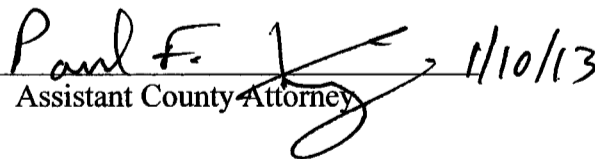
III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:


 Budget/OEMB 11/7/2013
 aka 1/2 @ 11/7/12


 Contract Administration 11/10/13
 1-813 B Wheeler

B. Legal Sufficiency:


 Assistant County Attorney 11/10/13

C. Other Department Review:

 Department Director

This summary is not to be used as a basis for payment.



**Office of the County Internal Auditor
Audit Report #2013-01**

**PARKS AND RECREATION
PARKS MAINTENANCE OPERATIONS
DIVISION**

DATED AUGUST 10, 2012

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to answer the following question:

Did the Parks Maintenance Operations Division (Division) Director ensure that internal controls related to the inventory of parts and supplies, and specialized

equipment were designed and implemented to comply with countywide and Departmental policies for the period October 1, 2011 through April 30, 2012?

WHAT WE FOUND

The Division Director generally ensured that internal controls related to the inventory of parts and supplies, and specialized equipment were designed and implemented to comply with countywide and Departmental policies for the period October 1, 2011 through April 30, 2012

However, the audit also identified:

1. A need for enhanced access controls over the Division's inventory management system;
2. A need for enhanced management controls over warehouse inventory functions; and
3. A need for enhanced management controls over inventories of specialized equipments.

WHAT WE RECOMMEND

The audit report makes four recommendations to the Division Director to:

- Develop and implement procedures to limit access to the inventory management system to warehouse staff only, and to limit administrative rights to the system to appropriate individuals.

- Develop and implement policies and procedures addressing a variety of control elements in the inventory management system.
- Implement procedures to ensure that all specialized equipment assigned to the Division are controlled and accounted for.

- Review the items of specialized equipment that should be listed as fixed

assets due to their cost and take appropriate action to correctly record those items.

DETAILED FINDINGS AND RECOMMENDATIONS

Finding 1. Need for Enhanced Access Controls over PICS System

Countywide PPM CW-O-059 entitled 'Information Resource Security Program policies' section 7.0 requires each user entity to be responsible for implementing and administering the access security for its own remote systems and its own employee users. The COBIT (Control Objectives for Information and Related Technology) Standard DS5 issued by the Information Systems Audit and Control Association and ISO Standard 17799-9.1, & 9.2 issued by the International Organization for Standardization, require that access to systems, data and programs is restricted to authorized users. The GAO Internal Control Standards related to Information Systems Access Control requires resource owners to have identified authorized users and to have their access to the information be formally authorized.

The Internal Control Standards issued by the U.S. Government Accountability Office (GAO) Control Activities Section 8 states Transactions and other significant events should be authorized and executed only by persons acting within the scope of their authority. These should include controls to ensure that only valid transactions are initiated or entered into, and controls to ensure that all transactions are authorized and executed only by employees acting within the scope of their authority, and that

these authorizations are clearly communicated to managers and employees and include the specific conditions and terms under which authorizations are to be made.

We examined the access controls for the PICS inventory system which the Department uses to record and manage its warehouse inventory. We found five of the ten users with access to the PICS system were no longer employed at the warehouse. Three of these users also had administrative rights to the system. In addition the storekeeper also had administrative rights to the system. Our discussions with the Parks Operations Superintendent and the Manager of Support Services revealed that there was no monitoring by them of the PICS inventory system access.

Recommendation:

(1) The Parks Maintenance Operations Division Director should develop and implement procedures to limit access to the PICS inventory system to warehouse assigned staff only, and to restrict administrative rights to the PICS inventory system to the Manager of Support Services and the IT Section Manager.

Management Comment and Our Evaluation

In replying to a draft of this audit report, the Division Director agreed with the finding and recommendation. The Division Director stated that several individuals had already been removed from access to the PICS inventory system and that administrative rights to the PICS systems would be restricted to the Manager of Support Services but that the IT Section Manager would no longer have administrative rights as that position will be transferred to ISS on October 1, 2012. The Division Director also committed to developing an SOP for assigning administrative rights to the PICS system by the end of October 2012. We agree with the actions taken and proposed by management.

Finding 2. Need for Enhanced Management Controls over Warehouse Inventory Functions

Countywide PPM CW-F-059 section II requires departments to establish departmental specific procedures (i.e., departmental PPMS) for controlling and administering its inventory. Section IV – of the PPM requires that obsolete items be identified and disposed of appropriately. The PPM requires departments to ensure that inventory records are accurate and properly valued. The PPM also requires that inventory counts and record keeping be verified by personnel other than storekeepers and parts specialists responsible for maintaining the inventories.

The Parks Department has PPM DOL-008 entitled 'Parks Warehouse - Issuance of supplies and Equipment'. However, it does not have a PPM that addresses the functions of the Parks inventory warehouse. PPM DOL-008 requires that all items issued from

the Parks warehouse shall be recorded on a Materials Issue Form. It also requires the individual receiving the item to sign for the items received. However, the PPM does not require that the requests for supplies and materials from the warehouse be approved by an authorized supervisor. The areas and functions of the Parks inventory warehouse not addressed by the PPM are outlined below:

Identification and disposal of obsolete warehouse items:

- Our analysis of all regular active items (42,231 units for 1113 items valued at \$564,744) showed 156 items (14%) did not have any activity for 24+ months. 140 of these items had on hand quantities totaling 2016 units valued at \$35,914.33.
- Our review of all other inventory items also found 21 inactive items with on hand quantities comprising of 266 units valued at \$716.85.
- The Support Services Manager and the Parks Operations Superintendent informed us that they do not have a process in place to deal with this issue but would put one in place.

Perpetual Inventory Record Adjustments:

- Our review of the adjustments done on the PICS system between 10/1/11 and 4/30/12 showed that all 149 were done by the storekeepers.
- In our review of a judgmentally selected sample of 30 inventory adjustments for the same period, management was unable to provide any backup documentation.
- We also reviewed the count sheets and related adjustments in the PICS system for a judgmentally selected 5 days. The count sheets indicated 46 items with differences between on hand counts and

system records. However, the PICS system showed adjustments of only 13 of the 46 items, two of which were done incorrectly. There were no comments on the count sheets indicating why the adjustments were not done.

- The Materials Manager told us that there was probably a reason why the items were not adjusted, but she would need to investigate each one in order to provide us with that information.

Backorder Items: (items not being fulfilled or partially fulfilled)

- Our review of the PICS system found it does not have a reporting feature for backorder items since only fulfilled items are recorded in the system. Requested items are not.
- Our discussions with the Materials Manager revealed that she does not have a manual means of tracking backorders.

No minimum Quantity assigned:

- The warehouse uses a process to identify items needed to be ordered. A minimum quantity is assigned to an item in the PICS system and reports are generated periodically to identify items with on hand quantities below the minimum quantity. This report is used to guide the Materials Manager to order needed items. A minimum quantity is determined by either the items historical use or staff discretion.
- Our review of all regular active items (1113) found 109 items (9.8%) had no minimum quantity assigned. We also found 60 items with no on hand quantities (5.4%), 25 of these items had no minimum quantities assigned.

Excess Inventory:

- Our review of the on hand quantities of all regular active items (42,231 units for 1113 items valued at \$564,744) found

287 items (25.8%) had on hand quantities (10,554 units valued at \$79,979) in excess of 24 months use. We also found that 21 of these items had no minimum quantities assigned.

Emergency Items:

- Our review of the active emergency items found the system had 54 designated items but only 18 of them had on hand quantities. Only 9 of these items had designated hurricane storage locations.

Recommendation:

(2) The Parks Maintenance Operations Division Director should develop and implement a Divisional PPM to include:

- a. Controls over the requisition, fulfillment and recording of inventory issuance transactions, including supervisory authorization of requisitions, and Materials Manager monitoring of inventory transactions,**
- b. Controls to monitor stock levels, and to identify and react to stock replenishment requirements,**
- c. Controls to identify obsolescent and surplus stock and the proper disposal of such stock,**
- d. Procedures to more clearly define roles and responsibilities and documentation requirements relating to cycle counts and inventory adjustment transactions.**

Management Comment and Our Evaluation

In replying to a draft of this audit report, the Division Director agreed with the finding and recommendation. The Division Director stated that a replacement inventory management system has been purchased that

will address the provisions included in our recommendation. Implementation of this new inventory system is anticipated by the end of FY 2013. The Division Director also stated that during the interim period prior to installation of a new system, manual controls would be incorporated into their management practices and that a new PPM would be developed by the end of February 2013. We agree with the actions taken and proposed by management.

Finding 3. Need for Enhanced Management Controls over Specialized Equipment ('Z' Tag) Asset Inventory

Parks Department PPM DOL- 011 entitled 'Fixed Asset Control and Inventory' requires all assets costing between \$100 and \$1000 with a life expectancy of more than one year be tagged. The PPM also requires that the asset be recorded in the internal database by the inventory officer and a 'Z' tag be affixed to the item. Parks Department PPM DOL- 008 entitled 'Parks Warehouse - Issuance of Supplies and Equipment' and PKF-A05 entitled 'Finance and Budget Asset Control' require a Z-Tag Asset Tracking form be completed and maintained by Parks warehouse and a copy provided to the supervisor who is responsible for the item. The PPMs do not require an annual or periodic inventory of these items.

Countywide PPM CW-O-026 entitled 'Physical Identification and Management of County owned Fixed Assets' designates all assets with an acquisition value as \$1000 or more as a fixed asset and identified as such with a unique identifying number and physical tag and recorded in the County's fixed asset inventory system managed by the Fixed Asset Management Office.

Our review of the items in the 'Z' tag database found that of the 3237 items valued

at \$1.36 million listed in the database 238 were fixed assets with County assigned fixed asset numbers. 216 of these assets did not have a cost listed and the remaining 22 had costs listed totaling \$148,682. Of the remaining items with 'Z' tag numbers 85 had a cost over the threshold \$1000 and totaled \$264,796; 164 had costs under the threshold \$100 and totaled \$14,045; 261 had a cost of \$0 and 39 had no cost entered. We also found that 10 of the 99 locations (supervisors) assigned equipment were no longer employed or functional locations.

We selected a judgmental sample of 111 items for twenty locations and verified for existence. We were able to verify 97 existing items. We were also able to verify 3 items that were disposed of but were not updated in the system. We were also informed of 3 items that were disposed of but were not provided documentation. For the remaining 8 items the responsible supervisor's claimed that they had no knowledge of being assigned the equipment. The responsible supervisors also informed us that they did not rely on the database information. Supervisors for eight of the twenty sample locations had designed their own equipment tracking system.

We compared the database records to the disposal documents for a judgmental sample of 50 disposed items. Thirty-seven of the items with disposal documents were still showing as 'In-Service' in the database.

Recommendations

- (3) The Parks Maintenance Operations Division Director should implement procedures to ensure that all 'Z' tag assets assigned to the Division are controlled and accounted for. At a minimum this should include an accurate perpetual inventory listing of all asset items held at each location,**

and an annual reconciliation of items to inventory listing.

- (4) **The Parks Maintenance Operations Division Director should review the 85 Z tag items identified in the audit with a cost over \$1000 and take necessary actions to ensure that these items are accurately recorded, identified and accounted for in the County's fixed asset system.**

Management Comment and Our Evaluation

In replying to a draft of this audit report, the Division Director agreed with the finding

and recommendations. The Division Director and other Parks officials stated that the Department's and Divisional policies regarding "Z" tag assets would be revised by the end of February 2013. The Division Director also stated that every individual receiving "Z" tag assets will be required to sign a tracking form to acknowledge receipt of the assets. The Director also stated that all of the 85 Z tag items with a cost over \$1000 had been reviewed and appropriate corrective action had been taken. We agree with the actions taken and proposed by management.

BACKGROUND

The Parks and Recreation Department (Department) serves residents of Palm Beach County through 104 regional, district, community, beach and neighborhood parks encompassing 8,569 acres. Facilities include family aquatic centers, community centers, nature centers, golf courses, fishing piers, and historical and cultural museums. The Department is organized into five operating divisions – Financial & Support Services, Parks Maintenance Operations, Aquatics, Special Facilities, and Recreation Services. For fiscal year 2012 the Department had a budget of \$60.9 million and a staff of 1028 (569 permanent and 459 non-permanent).

The Parks Maintenance Operations Division (Division) is responsible for providing safe, clean, functional and attractive parks, structures, and open spaces which meet the

passive and active recreational needs of the visiting public. This also includes the enhancement and preservation of all features of the park system for community enjoyment. Primary services include providing daily grounds maintenance for all park properties, which includes mowing, edging, fertilizing, restroom and picnic area cleaning, refuse collection and disposal, and beach cleaning; providing support services for other recreational activities occurring throughout the park system; ensuring park structures and furnishings are maintained in a safe, functional, and attractive condition; protecting the integrity of the natural resources through restoration and scheduled maintenance; and operating and maintaining park campgrounds countywide. The Division is comprised of four sections; Parks District Operations (including the

Warehouse), Resource Development and Natural Areas; Construction and Maintenance Trades; and Renovation Coordination. For fiscal year 2012 the Division had a budget of \$28.6 million and a staff of 312 (305 permanent positions and 7 temporary/on-call).

The Division maintains a warehouse located at the Division headquarters facility. The Warehouse maintains an inventory of parts and supplies used by the four operating sections of the Division. The Manager of Support Services, who reports to the Superintendent of Parks District operations, is responsible for the operations of the warehouse. The warehouse is assigned a Materials Manager, two storekeepers and a seasonal stock person. The inventory on April 2, 2012 consisted of approximately 44,000 units for 1258 active item numbers with a value of about \$574,000. In the 1st

three months (Jan-Mar) of 2012 the warehouse fulfilled 590 orders valued at \$228,000. The Division uses the Perpetual Inventory Control System (PICS) to manage its warehouse inventory. The PICS database comprises of active (in use) items, as well as inactive (no longer in use) items. Active items are classified in the system in three categories; regular, emergency, and uniforms. The regular active items account for the bulk of the inventory with 42,231 units for 1113 items with a value of about \$565,000. The Division also maintains an inventory of approximately 3900 tools and specialized equipment not considered fixed assets valued at \$1.36 million. The items are tagged (Z tag), recorded in a Microsoft Access specialized equipment database and assigned to the various district or section supervisors of the Division.

AUDIT SCOPE AND METHODOLOGY

This audit of Parks Maintenance Operations Division was selected as a result of the Internal Auditor's risk assessment of County department operations. The risk factors identified in the assessment were aging facilities and equipment, information technology, operating revenue and operational complexity. Through interviews with Parks management and staff concerning these risk factors, review of Parks policies and procedures, the Parks quality standard manual, the County Budget Book for fiscal year 2011, prior audit reports, and other pertinent documentation, we selected the specific audit objective cited above for detailed review and reporting.

The audit scope included review of internal controls in place to ensure that inventory of parts and supplies, and specialized equipment usage, were carried out in accordance with countywide and the Department's established policies and procedures during fiscal year 2012 through April 30, 2012.

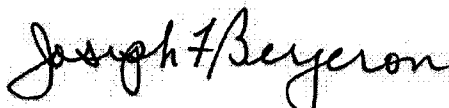
In order to answer our audit objective we reviewed the policies, roles and processes in place for monitoring and controlling the physical inventory of parts and supplies at the Parks warehouse. Our methodology included tests of inventory management

using analytical procedures applied to both judgmental samples and all inventory items. We tested the accuracy of inventory records and inventory values. We tested and validated inventory transactions such as receiving, issuances and adjustments. We reviewed the obsolescence process as well as reviewed, observed and validated the security and access controls. Our audit work related to the testing of inventory records, inventory values and inventory movement transactions included the use of randomly selected judgmental samples. For the specialized portion of the audit objective we reviewed the policies, roles and processes addressing specialized equipment assignment and usage.

Management is responsible for establishing effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically,

and effectively, and are safeguarded; laws and regulations are followed; and reliable data is obtained and maintained and fairly disclosed. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained will provide a reasonable basis for our findings and conclusions based on our audit objectives.



Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
August 10, 2012
Audit W/P No. 2012-05

ADMINISTRATIVE RESPONSE



**INTER-DEPARTMENTAL COMMUNICATION
PALM BEACH COUNTY
PARKS & RECREATION DEPARTMENT**

DATE: August 29, 2012

TO: Eric Call
Director, Parks and Recreation

THRU: Jennifer Cirillo
Assistant Director, Parks and Recreation *Jennifer Cirillo*

FROM: Craig Murphy
Director, Parks Maintenance Division *Craig Murphy*

SUBJECT: **Response to Internal Audit Report**

We are in receipt of the Internal Audit Report for the Parks Maintenance Operations Division from Joseph F. Bergeron, Internal Auditor and concur with the findings and recommendations in this report. The following represents actions that will be taken and in some cases have already been taken:

Finding 1. Need for Enhanced Access Controls over PICS System

Recommendation:

(1) The Parks Maintenance Operations Division Director should develop and implement procedures to limit access to the PICS inventory system to warehouse assigned staff only, and to restrict administrative rights to the PICS inventory system to the Manager of Parks Support Services and the IT Section Manager.

Response:

We have reviewed the list of users that have access to the PICS system and have implemented the following changes:

- *Administrative rights have been restricted to the Manager of Parks Support Services*
- *We removed access for the five users that no longer needed to use the PICS system*
- *As of October 1, 2012 the IT Section staff will become part of the Information Systems Services Department. Therefore, we elected not to grant the IT Section Manager administrative rights.*

- *Employees working at the warehouse have been granted user rights to the system*
- *Committed to developing an SOP for assigning rights to the PICS system. We will have the SOP completed by October 2012.*

Finding 2. Need for Enhanced Management Controls over Warehouse Inventory Functions

Recommendation:

(2) The Parks Maintenance Operations Division Director should develop and implement a Divisional PPM to include:

- Controls over the requisition, fulfillment and recording of inventory issuance transactions, including supervisory authorization of requisitions, and Materials Manager monitoring of inventory transactions,**
- Controls to monitor stock levels, and to identify and react to stock replenishment requirements,**
- Controls to identify obsolete and surplus stock and the proper disposal of such stock,**
- Procedures to more clearly define roles and responsibilities and documentation requirements relating to cycle counts and inventory adjustment transactions.**

Response:

A new software system has been purchased that will address the provisions included in the above recommendation. The new software system is anticipated to be implemented by the end of FY 2013. In the interim, manual controls consistent with Internal Audit recommendations above have been incorporated. In addition, a Parks Maintenance Operations Division PPM to address all of the above concerns will be completed by February 2013

Finding 3. Need for Enhanced Management Controls over Specialized Equipment (Z-Tag) Asset Inventory

Recommendations:

(3) The Parks Maintenance Operations Division Director should implement procedures to ensure that all 'Z' tag assets assigned to the Division are controlled and accounted for. At a minimum this should include an accurate perpetual inventory listing of all asset items held at each location, and an annual reconciliation to inventory listing.

Response:

Section Managers are in the process of completing a current inventory of 'Z' tag assets at their location. This information will be entered into an inventory database. The

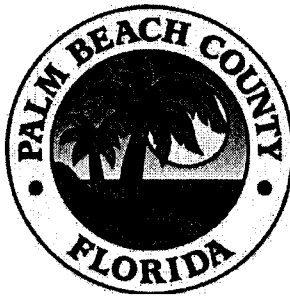
Manager of Parks Support Services is in the process of revising the Division PPM for 'Z' tag assets. The Division policy will include a requirement for staff receiving the assets to sign a Parks 'Z' Tag Asset Tracking form, which will be kept on file. The Division PPM will be completed by February 2013.

Additionally, the Department Fixed Assets PPM will be modified to require each Division to create their own standards for issuing 'Z' tags for assets that are less than \$1,000. The revised Department PPM will also require each Division to create procedures for an annual reconciliation of 'Z' tag assets. The Department PPM will be completed by February 2013.

(4) The Parks Maintenance Operations Division Director should review the 85 Z tag items identified in the audit with a cost over \$1000 and take necessary actions to ensure that these items are accurately recorded, identified and accounted for in the County's fixed asset system.

Response:

After a thorough review of the 85 Z-Tagged items over \$1,000, all items that required fixed asset bar codes have been accurately recorded, identified, and accounted for in the County's fixed asset system.



**Office of the County Internal Auditor
Audit Report #2013-02**

**PARKS AND RECREATION
MORIKAMI MUSEUM AND JAPANESE
GARDENS CASH MANAGEMENT**

DATED OCTOBER 22, 2012

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to answer the following question:

Did the Parks and Recreation Department (Department) Director ensure that cash, check, and credit card collection operations and petty cash administration at the

Morikami Museum and Japanese Gardens (Morikami) during the period October 1, 2011 through July 31, 2012 complied with the Department's policies and procedures?

WHAT WE FOUND

The Department Director generally ensured that cash, check, and credit card collection operations and petty cash administration at the Morikami during the period October 1, 2011 through July 31, 2012 complied with the Department's policies and procedures.

However, administration of the Morikami's cashier change fund does not fully comply with Countywide PPM #CW-F-041 entitled "Petty Cash, Change Funds, Imprest Checking Accounts and Cash Drawers."

WHAT WE RECOMMEND

The audit report makes eight recommendations to the Department Director to improve internal controls over the cash management function at Morikami Park and to bring

change fund operations into compliance with the Countywide Policy.

DETAILED FINDINGS AND RECOMMENDATIONS

Finding 1. Enhanced Management Oversight Needed

The past several budget cycles have resulted in fewer resources being available to handle and oversee the cash receipt functions at the Morikami. These resource reductions have put additional pressure on management to ensure an effective control environment. Although the Morikami staff generally complied with the Department's policies and procedures, cash management operations would benefit from enhanced management involvement and oversight. The areas we believe would be most beneficial to an effective control environment are described in the following paragraphs.

Allocation of Fiscal Staff Duties

A key concept of internal controls in the cash handling area is that of segregation of duties. The Morikami's fiscal staff has been reduced primarily because of budget cuts in recent years. In the last several years the Morikami lost an Operations Supervisor who was responsible for administering the cash management functions and supervising the remaining fiscal staff, two Fiscal Specialist positions were lost and two of the six Cash Accounting Clerk positions were lost. The fiscal staff reductions can make adequate segregation of duties difficult and require management to implement alternative procedures to ensure an adequate control environment.

Vital cash handling duties such as making bank deposits, as well as approving the

fiscal duties performed by others, are now performed by non-fiscal personnel, including the Museum Curator and the Curator of Japanese Art. Other important cash management duties such as reconciling cash and forwarding reports to FSS are performed by a part-time Registration Clerk who must share her time with the South County Civic Center.

PPM #DOF-005 requires all supporting documents for revenue collections to be delivered to the FSS within three working days following the date the revenue was collected. Our testing of transactions for the month of June 2012 showed that an entire week's documentation was submitted to FSS at the same time. We noted no other similar delays in the balance of our testing for that month.

Oversight by FSS Needed

Departmental PPM #DOF-005 entitled "Revenue Collection, Depositing and Reporting" describes the cash management responsibilities in the Department. It states that revenue is collected, deposited, and reported by Facility Managers and their staff, and that the Revenue Section of FSS reviews the revenue reported and enters deposited amounts into the County's financial accounting system. This PPM also requires each Facility Manager to notify FSS when there is a change in the staff responsible for revenue-handling and requires FSS to maintain a list of such staff at each facility. We found that most recent list on file identifying which functions were

performed by whom maintained by FSS was from April 2009.

FSS staff is also responsible for overseeing cash management operations at each Department facility. PPM #DOF-003 entitled "Petty Cash/Change Funds" requires them to maintain an updated list of petty cash and change fund custodians and states that they "will conduct unannounced spot audits of all petty cash and change funds at least once a year." Also, our Audit Report #11-12 recommended that FSS conduct periodic independent reviews of the cash and sales operations at each Parks facility, and the Department Director's response at that time was that such independent reviews would be conducted. However, we found that, except for the visit described below made during the current audit, FSS staff had not observed cash collection operations or audited the petty cash or change funds at the Morikami since November 22, 2006.

Training Program Needed

No training program has been established for cash management procedures at the Morikami. The four remaining Cash Accounting Clerks, who are responsible for collecting revenue, each have several years' experience and were trained by the former Operations Supervisor. In fact, all Morikami staff were trained to use the new POS system. However, the non-fiscal personnel, including management staff, who deposit, reconcile, and report revenue and approve cash transactions, learned how to perform their extra duties informally "on the job." Prior to her departure, the Operations Supervisor prepared written guidelines for the Cash Accounting Clerks, a "Cash/Accounting Clerks Operations Manual" and a "Point of Sales Operations Manual." However, subsequent upgrades to the POS, the discontinuation of multiple

processing forms, and other procedural changes have made both of these manuals obsolete. The Morikami also has a PPM in place (#PRF-H05) entitled "Cash/Accounting and Fiscal Specialist Procedures" which was last revised in 2008.

Recommendations

- (1) The Department Director should ensure that Morikami management and FSS staff work together to develop a control structure at the Morikami that provides an adequate control environment given the reduction in on-site fiscal staff.**
- (2) The Department Director should ensure that FSS staff performs unannounced visits to the Morikami at least once a year to independently review cash collection operations and to audit petty cash and change funds, in compliance with PPM #DOF-003.**
- (3) The Department Director should ensure that Morikami staff inform FSS of changes in personnel responsible for cash handling and that FSS maintains a list of the Morikami staff responsible for cash handling, in compliance with PPM #DOF-005.**
- (4) The Department Director should ensure that the Morikami staff submits daily revenue documentation to FSS within three working days of revenue collection as required by PPM #DOF-005.**
- (5) The Department Director should establish a formal training program for cash management procedures at the Morikami.**
- (6) The Department Director should ensure that the Morikami's Operations**

Manuals and PPMs are updated on a regular basis.

Management Comments and Our Evaluation

In replying to a draft of this report, the Department Director concurred with recommendations 1 thru 6 above. Specific responses to each recommendation are summarized below:

- As to recommendation #1, the Department Director stated that a plan to strengthen and improve controls would be developed by December 31, 2012 and that the plan would be fully implemented by May 31, 2013.
- As to recommendation #2, the Department Director stated that FSS staff would conduct unannounced audits of all Parks facilities, including the Morikami Museum and Japanese Garden, with the highest risk at least once annually. The Director also stated that PPM DOF-003 would be updated by December 1, 2012.
- As to recommendation #3, the Department Director stated the Museum Administrator had provided an updated list of personnel responsible for cash handling at the Museum to the FSS Revenue Manager on October 16, 2012.
- As to recommendation #4, the Department Director stated FSS staff implemented a new scanning procedure in July 2012 to support compliance with the requirement to submit daily revenue documentation as required by PPM DOF-005.
- As to recommendation #5, the Department Director stated the Morikami Park Administrator will immediately review the cash

management procedures and work with the FSS Director to establish and conduct specific training programs for Morikami cash management staff by May 31, 2013.

- As to recommendation #6, the Department Director stated the Morikami Park Administrator will ensure the Park's Operations Manuals and PPMs are updated by May 31, 2013 along with a schedule to ensure regular updates.

We agree with the actions planned and already taken by Management.

Finding 2. Cashier Change Fund

The Morikami administers a change fund of \$3,500 in order to maintain their cash tills and provide change to the Cash Accounting Clerks when requested. We noted that administration of the change fund needs improvement and does not fully comply with Countywide policies and procedures.

Sharing of Cash Tills

Countywide PPM #CW-F-041 entitled "Petty Cash, Change Funds, Imprest Checking Accounts and Cash Drawers" states that cash drawers (tills) should not be shared with any other employee and that cashiers shall be personally responsible for the security of the cash assigned to them. At the Morikami, two POS nodes (cash registers) located near the front entrance are manned simultaneously in order to facilitate customer flow. When either of the two Cash Accounting Clerks on duty is relieved by a "floating" Cash Accounting Clerk to go to lunch, etc., the original Cash Accounting Clerk must share his/her cash till with the relief person. Each Cash Accounting Clerk signs into the POS with his/her unique identification code, so the POS can identify

which person performed which transaction, but the daily POS reports for that cash register are based on the single, shared cash till.

Cashier Requests for Change

CW-F-041 states that Departments shall develop procedures to ensure that appropriate documentation is available to support daily cash receipts for change funds. As a result of their 2006 visit to the Morikami, FSS recommended that "change sheets," which evidence requests for change by Cash Accounting Clerks, be retained in the main safe for ease in reconciling the change fund. At that time, the Administrator responded that the sheets would be retained, but we found that neither these sheets nor any other documentation of change fund transactions is retained at the safe.

Ideally, change requests should be documented not only at the main safe, but also at the cash registers by the Cash Accounting Clerks. Change requests are fulfilled in either of two ways, only one of which is properly documented.

- Although one person is the designated custodian of the Morikami's change fund, four other persons have authorized access to the main safe where the major portion of the change fund is secured. These five authorized "duty persons" are rotationally responsible for approving voided transactions, delivering money drops to the safe, and implementing the Cash Accounting Clerks' requests for change. If any of the five duty persons is available, one is summoned to bring the requested denominations of cash to the Cash

Accounting Clerk in need and implement the exchange of cash. No documentation is retained for these transactions.

- On days when no duty person is expected to be available, a "change bag" containing the anticipated amount of cash needed to make change for the day is placed in a locked "front admissions safe" near to and accessible by the Cash Accounting Clerks. The amounts of cash at the beginning and end of the day, as well as the amounts of transactions during the day, are recorded on a standardized form and signed by two persons. The forms are retained and the change bag is returned to the main safe at the end of the day. This procedure has been put into writing and effectively documents each transaction.

Recommendations

(7) The Department Director should ensure that separate cash tills are provided for each Cash Accounting Clerk in order to avoid the sharing of tills.

(8) The Department Director should ensure that Morikami staff implements an effective method of documenting all transactions involving their change fund.

Management Comments and Our Evaluation

In replying to a draft of this report, the Department Director concurred with recommendations 7 and 8 above. As to recommendation #7, the Director stated that the POS system at the Morikami Park would be reprogrammed to permit exchanges of cash register drawers to ensure separate cash

tills are provided for each staff member, and that training would be provided to all applicable staff following the reprogramming with a completion date of November 30, 2012. As to recommendation #8, the Director stated a change fund reconciliation sheet has been instituted as of October 18, 2012. We agree with the actions taken and planned by management.

Other Matters - Change Fund Shortage

On July 2, 2012, the Morikami Administrator reported to FSS the discovery of a \$200 shortage in the change fund. Subsequently, both FSS and the Administrator ensured that the shortage was properly investigated, documented, and reported to the County's Risk Management Department in accordance with CW-F-041 entitled "Petty Cash, Change Funds and Imprest Checking Accounts." FSS staff visited the Morikami and counted the

change fund, confirming the shortage. During our transaction testing, we discovered a mathematical error of \$200 in the daily revenue documents submitted to FSS for June 22, 2012. We reported this mathematical error to FSS. Follow-up by FSS with the bank showed no variances in amounts received by the bank to the deposit slip submitted with the deposit.

Additionally, FSS found no variances between cash register tapes and the daily deposit paperwork. The cause of the shortage had not been fully determined as of the end of our fieldwork. At the exit, conference Morikami staff informed us that the funds had been replaced by a manager and that all required documentation had been prepared covering the situation. We reviewed the relevant documentation and believe staff has properly addressed the situation.

BACKGROUND

The Morikami Museum and Japanese Gardens (Morikami) was founded in 1977 on land donated by George Morikami. The Special Facilities Division of Palm Beach County's (County) Parks and Recreation Department (Department) operates this 200-acre facility in Delray Beach as a public/private partnership with The Morikami, Inc. (Inc.), a non-profit corporation that provides financial and volunteer support. The Morikami's Mission Statement is to "provide authentic Japanese cultural experiences that entertain, educate, and inspire."

The County's 1999 Agreement with Inc. describes various revenue sources and identifies those revenues flowing to Inc. and those flowing to the County. Per the Agreement, Inc. receives all revenues from donations, membership fees, gift shop sales, restaurant sales, and facility rentals at the Morikami, while the County receives all revenues from general admission fees and fish food sales. We reviewed Inc.'s Annual Financial Statements for the year ended September 30, 2011, noting that the Independent Auditor provided an

Unqualified Opinion. Our audit included a review of only the County's portion of the Morikami's revenue.

For FY 2012, the Morikami has 24 County positions with an operating budget of \$1.4 million. The projected FY 2012 revenue is \$987,523, comprised almost entirely of general admission fees. Approximately \$4,000 is projected to be received from fish food sales. Both of the County's sources of

revenue are subject to State sales tax. The Inc. operating budget for FY 2012 is \$2.6 million, so the total budget to operate the Morikami facility is \$4 million.

Audit Report 11-12 dated October 29, 2010 and entitled "Special Facilities Division Audit," did not focus on the Morikami, but addressed issues relevant to their operations, as discussed below.

AUDIT SCOPE AND METHODOLOGY

This audit of the Morikami was selected as a result of the Internal Auditor's risk assessment of County department operations, including departmental input. One specific risk was addressed in the Internal Auditor's memo to the Department dated May 31, 2012. The Departmental risk statement had identified the Morikami cash collections as their one area of concern.

The scope of our audit was fiscal year 2012 through July 31, 2012. Audit field work was conducted at the Morikami in June and July, 2012.

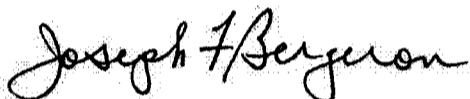
To answer the audit objective, we met with the Morikami management and staff, as well as staff from the Financial & Support Services Division of the Department (FSS). We discussed the roles and responsibilities of both staffs, physical security of cash collections, and important features of the Morikami's Point-of-Sale system (POS). We reviewed relevant Countywide and Departmental policies and procedures (PPMs), as well as those specific to the

Morikami. We reviewed the County's Agreement with Inc. and, as noted above, their most recent Annual Financial Statements. We also reviewed Operations Manuals, organizational charts, the FY 2012 revenue and expense budgets, and prior audits. We observed revenue collection operations at the Morikami, reviewed all of their daily revenue packages submitted to FSS during June 2012, and counted and reconciled their petty cash and change funds.

Management is responsible for establishing effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively, and are safeguarded; laws and regulations are followed; and reliable data is obtained and maintained and fairly disclosed. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate

evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained will provide a reasonable basis for our findings and conclusions based on our audit objectives.



Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
August 10, 2012
Audit W/P No. 2012-05

ADMINISTRATIVE RESPONSE



**INTER-DEPARTMENTAL COMMUNICATION
PALM BEACH COUNTY
PARKS & RECREATION DEPARTMENT**

DATE: October 29, 2012

TO: Eric Call, Director
Parks and Recreation Department

FROM: Jon Herrick, Director
Special Facilities Division *[Signature]*
Rebecca Pine, Director
Financial & Support Services *[Signature]*

SUBJECT: Response to Internal Audit Report

We are in receipt of the Internal Audit Report for the Morikami Museum and Japanese Gardens Cash Management from Joseph F. Bergeron, Internal Auditor and concur with the findings and recommendations in this report. The following represents actions that will be taken and in some cases have already been taken:

Finding 1. Enhanced Management Oversight Needed

Recommendation:

(1) The Department Director should ensure that Morikami management and FSS staff work together to develop a control structure at the Morikami that provides an adequate control environment given the reduction in on-site fiscal staff.

Response:

Concur: The Morikami Museum Administrator and the FSS Director will work together to evaluate the existing cash management controls, develop a plan to strengthen and improve controls and institute improvements. This improvement plan will be approved by the Department Director by Dec. 31, 2012 and all improvements will be implemented by May 31, 2013.

Recommendation:

(2) The Department Director should ensure that FSS staff performs unannounced visits to the Morikami at least once a year to independently review cash collection operations and to audit petty cash and change funds, in compliance with PPM DOF-003.

Response:

Concur: FSS staff will perform unannounced audits of Parks and Recreation Department facilities (including Morikami Museum and Japanese Gardens) with the highest level of risk at least once a year.

In addition, petty cash and change fund custodians are required by the Clerk and Comptroller's Office to verify the accuracy of their assigned petty cash /change funds annually. The Morikami Petty Cash and Change Fund Custodians are in compliance with this requirement.

PPM DOF-003 will be modified accordingly by December 1, 2012.

Recommendation:

(3) The Department Director should ensure that Morikami staff informs FSS of changes in personnel responsible for cash handling and that FSS maintains a list of the Morikami staff responsible for cash handling, in compliance with PPM DOF-005.

Response:

Concur: On October 16, 2012, Morikami Park Administrator provided an updated list of personnel responsible for cash handling to the FSS Revenue Manager in compliance with PPM DOF-005. Staff is in compliance and will continue to update FSS Revenue Manager with any future personnel changes.

Recommendation:

(4) The Department Director should ensure that the Morikami staff submits daily revenue documentation to FSS within three working days of revenue collection as required by PPM DOF-005.

Response: Concur: As of July 2, 2012 FSS staff implemented a new scanning procedure to support compliance of PPM DOF-005. The Morikami is in compliance with this recommendation and will ensure daily revenue documentation is submitted to FSS within three working days.

Recommendation:

(5) The Department Director should establish a formal training program for cash management procedures at the Morikami.

Response:

Concur: Morikami Park Administrator will immediately review the cash management procedures and work in conjunction with FSS Director to establish and conduct operation specific training program for cash management staff at the Morikami by May 31, 2013.

Recommendation:

(6) The Department Director should ensure that the Morikami's Operations Manuals and PPM's are updated on a regular basis.

Response:

Concur: The Morikami Park Administrator will ensure that the Morikami Fiscal Operations Manuals and PPM's are updated by May 31, 2013 and a schedule developed to ensure regular updates.

Finding 2. Cashier Change Fund

Recommendation:

(7) The Department Director should ensure that separate cash tills are provided for each Cash Accounting Clerk in order to avoid the sharing of tills.

Response:

Concur: The Park Administrator will reprogram the POS system to permit an exchange of cash register drawers in order to ensure separate cash tills are provided for each staff member assigned to handling cash on the POS system, followed by training for all applicable staff. This will be completed by November 30, 2012.

Recommendations:

(8) The Department Director should ensure that Morikami staff implements an effective method of documenting all transactions involving their change fund.

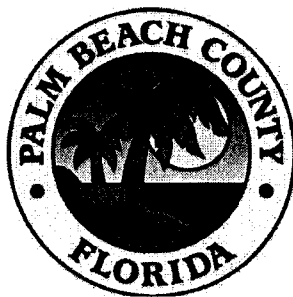
Response:

Concur: The Morikami is in compliance and has implemented a change fund Reconciliation Sheet which was instituted on October 18, 2012.

Other Matters – Change Fund Shortage

On July 2, 2012 a shortage of the Morikami change fund was reported by the Morikami Park Administrator who is the change fund custodian. A full investigation was conducted and compliance with PPM CW-F-041 was adhered to, inclusive of the replacement of the change fund shortage by the custodian. This matter has been properly addressed and concluded.

CC: Jennifer Cirillo, Assistant Director
Bonnie White LeMay, Morikami Park Administrator



**Office of the County Internal Auditor
Audit Report #2013-03**

AIRPORTS

**NORTH COUNTY AND GLADES AIRPORTS
LEASE MANAGEMENT**

DATED NOVEMBER 7, 2012

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to answer the following question at the request of the Airports Department (DOA):

Did Landmark Aviation's management comply with the material provisions of the fixed base operator lease agreement with

Palm Beach County for fiscal years 2011 and 2012?

WHAT WE FOUND

Landmark Aviation's management complied with the material provisions of the fixed base operator lease agreement with Palm Beach County for fiscal years 2011 and 2012.

However, as stated in the observations below, we observed several items that we felt should be brought to the attention of DOA management. These observations are not considered findings and we make no recommendations in this audit.

WHAT WE RECOMMEND

No recommendations are made in this audit.

OBSERVATIONS

Observation 1 - Overnight Hanger Revenues

During the period from September 2011 through July 2012, Landmark used two to four hangers a month for overnight or hanger rentals for stays of less than one month. Landmark included the monthly rental rate per Exhibit C of the lease agreement (County Rate Schedule) in the calculation of gross real estate revenues and paid the DOA fifty-five percent as required by lease provisions. However, we were unable to determine if Landmark charged more for the overnight rentals than the amount paid to DOA per the lease rate schedule based on monthly or annual usage. The DOA was not aware that overnight hanger rentals were occurring so the lease does not include provisions and rate structure for overnight hanger rentals. In addition, we noted that overnight hanger revenues of \$10,780 for 214 rentals for the period from September 1, 2011 through July 2012 were not included in the calculation gross real estate revenue. Landmark maintains that the aircraft were placed in the hangers rented by Landmark that were listed above. DOA management may want to consider including overnight hanger rentals provisions in the lease agreement that details specific rates and reporting documentation requirements. At a minimum, information could include hanger number/location, customer and plane demographics, date and rental rate charged.

Observation 2 - Discounts

Discounts were given to customers for monthly hanger rental below the amount authorized in Exhibit C (County Rate Schedule) of the lease agreement. Per May and June monthly reports, nine customers received discounts amounting to \$4,093 and ten customers received discounts of \$5,258 respectively. The DOA was not notified of this practice. These amounts were included in the calculation of Gross Real Estate Revenues and DOA was paid 55% of these revenues per Exhibit C (County rate schedule) of the lease agreement.

Observation 3 - Hanger Rates Different from Rate Schedule

Two rental rates affecting three hangers were different from rates listed on Exhibit C of the lease (County Rate Sheet). DOA management was aware and attributed the differences to special circumstances.

Building	Unit	Exhibit C Amount	Amount Actually Paid
11250	5	2278.50	3000.00
11250	8	2242.33	3000.00
11250	5	2242.33	2550.00

Observation 4 - Handling / Facility Fees

Handling/facility fees were charged to customers for the use of Landmark's personnel and equipment and to mitigate the risk of handling the plane. For the period from September 1, 2011 through July 31,

2012, we noted handling/facility fees of \$9,893 were collected for 634 transactions. The charge was based on the type of plane and could be waived if gas or oil was purchased. For example, a King Air 200 aircraft would pay a facilities fee of \$170 unless at least 70 gallons of gas was

purchased. A Cessna 172 aircraft would have not facility fee if at least 20 gals of gas was purchased. Management has the discretion to waive the fee for the smaller aircraft.

BACKGROUND

The Department of Airports (DOA) entered into a Fixed Base Operator Lease Agreement (Lease) for the North County General Aviation and Palm Beach Glades Airports with Piedmont Hawthorne Aviation, LLC, d/b/a Landmark Aviation (Landmark), commencing on September 1, 2010 for an initial term of 10 year and a minimum rental payment and fees of \$719,500 annually. The Lease provides for the rental of the following facilities at both airports: terminal buildings, aircraft storage hangars, maintenance hangars, storage units and aviation fuel farms. Landmark will pay

the County: the greater of a minimum annual rental of \$650,000 or percentage rent in the amount of 55% of gross real estate revenues; a license fee of \$35,500 for the use of aircraft parking areas; and the fuel farm rental fees of \$34,000. Landmark will assume the cost of property insurance and will be responsible for the majority of maintenance costs for both airports. Revenue received from the agreement for the period of September 1, 2010 through August 30, 2011 was \$778,489 and from October 1 through June 30, 2012 was \$835,208.

AUDIT SCOPE AND METHODOLOGY

The DOA requested this audit. The scope of planning for this audit was directed to the specific risks contained in contract administration during the period of September 2011 through June, 2012. Audit field work was conducted at airport sites from July through August 2012. For this

planning effort, we conducted an entrance conference with DOA management, toured both airports, interviewed appropriate DOA and Landmark staff about the various activities and processes used in operations, and reviewed the lease agreement provisions and other pertinent documentation. Based on

the planning effort, the specific audit objective cited above was selected for detailed review and reporting.

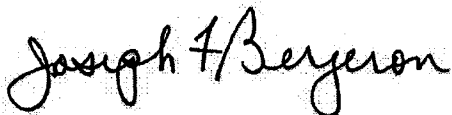
To answer the audit objective, for fiscal year 2012, we selected a sample from monthly reports and traced revenues reported for hanger and office rentals, gas and oil fees, parking apron license fee and fuel farm fee to supporting documentation. Rates charged for office and hanger rental, and fuel fees were traced to lease rate schedules and tenant sub leases. Hangers and offices listed as vacant on monthly reports were visited to confirm the hangers were empty. Certificates of insurance and letter of credit submitted by Landmark were compared to requirements per lease provisions.

To answer the audit objective for fiscal year 2011, the annual audit report dated November 16, 2011, prepared by an independent certified public accounting office, was reviewed. In order to facilitate the audit effort, we requested that the external audit firm make available its working papers relevant to the report as specified in Section 6.05 of the lease. We met with external auditors who were visiting the North County Airport and reviewed the working papers for annual audit report dated

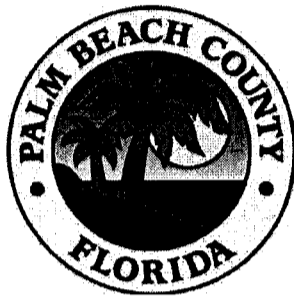
November 16, 2011. Based on the work paper review, we are relying on the external auditor work for fiscal year 2011 without additional testing.

Management is responsible for establishing effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively, and are safeguarded; laws and regulations are followed; and reliable data is obtained and maintained and fairly disclosed. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained will provide a reasonable basis for our findings and conclusions based on our audit objectives.



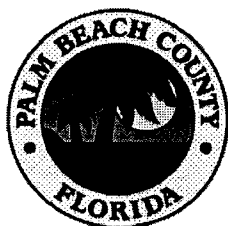
Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
November 7, 2012
Audit W/P No. 2012-18



Office of the County Internal Auditor

**AUDIT RECOMMENDATION STATUS
FOLLOW-UP REPORT
AS OF SEPTEMBER 30, 2012**

Stewardship – Accountability – Transparency



Internal Auditor's Office

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County Administrator

Robert Weisman

DATE: December 19, 2012
TO: The Audit Committee
FROM: Joseph F. Bergeron, Internal Auditor
SUBJECT: Transmittal Letter for Recommendation Follow-Up Report Dated September 30, 2012

Attached is the Internal Auditor's Recommendation Follow-Up Report providing the status of audit recommendations as of September 30, 2012. These reports will be prepared semiannually for periods ending March 31 and September 30. The reports are submitted to the Audit Committee at its meeting following the report "as of" dates. We will submit the reports to the BCC (generally January and July) following Audit Committee review.

The report contains a Summary Status of Audit Recommendations followed by:

- Exhibit 1 Audit Recommendations Open at Beginning of the April 1, 2012 through September 30, 2012 Reporting Period
- Exhibit 2 Audit Recommendations Issued During the April 1, 2012 through September 30, 2012 Reporting Period
- Exhibit 3 Open Audit Recommendations by County Department at September 30, 2012
- Exhibit 4 Summary Aging of Open Audit Recommendations
- Exhibit 5 Audit Recommendations Submitted for Audit Committee Consideration
- Exhibit 6 Recommendation Status at September 30, 2012

The purpose of this report is to keep the Audit Committee, the BCC and County Administration informed of the status of recommendations made by the Internal Auditor's Office and to facilitate oversight by County Administration on departmental implementation activities.

Exhibit 5 includes recommendations which have had final management action without correcting the underlying condition where we believe additional action is necessary (Part A) or that have been open for at least two years (Part B).

Audit recommendation follow-up is conducted to determine if management has implemented the corrective action agreed to during the audit and to ensure the underlying condition has been corrected.

*"An Equal Opportunity
Affirmative Action Employer"*

Audit Committee
Audit Recommendation Follow-up Report Dated September 30, 2012
Transmittal Letter
December 19, 2012
Page 2

Audit recommendations are proposed by the Internal Auditor's Office and either accepted by management as proposed or management proposes alternate solutions, which are acceptable to Internal Audit. An audit recommendation is "Open" from the time the audit report containing the recommendation has been reviewed by the Audit Committee until management has either implemented the recommendation or decided to take no further action. Audit recommendations remain in this report as long as the recommendation is open. If management chooses to take no further action, Internal Audit reports that in Exhibit 5 and recommends appropriate action to the Audit Committee.

This report tracks every audit recommendation from the date of issuance through to final disposition. Management establishes projected implementation dates for all recommendations during the audit. Internal Audit tracks the projected implementation dates and conducts follow-up on audit recommendations when management confirms the recommendation has been implemented.

If management has not implemented the recommendation by the scheduled implementation date, Internal Audit makes inquiries of management to determine:

- What actions, if any, have been taken by management;
- Why the recommendation has not been implemented as scheduled; and
- When will the recommendation be implemented?

Internal Audit will conduct limited due diligence reviews to determine the validity of management's responses and consult with County Administration to determine if the reasons for delay are reasonable and report delinquencies where appropriate. The recommendation implementation date will be adjusted as necessary based on the new information from management.

Recommendation status is listed in Exhibits 5 and 6 as either:

- **Complete** The recommendation has been fully implemented or management has implemented alternative actions that achieved the same purpose as the original recommendation, and the actions taken by management have corrected the underlying conditions. Internal Audit review confirms management's actions.
- **In process** Management has begun implementation of the audit recommendations but work is not yet complete. Internal Audit conducts limited review work to confirm the "in process" status of management's actions on a recommendation. Management provides a new projected implementation date for the corrective action.
- **Implementation pending** The implementation date established by management occurs after the date of this report and Internal Audit has done no review work on the recommendation.
- **Follow-up pending** The department has reported implementation of the audit recommendation. However, Internal Audit has not yet done the follow-up review work to confirm management's actions.

SUMMARY STATUS OF AUDIT RECOMMENDATIONS

SEPTEMBER 30, 2012

As of September 30, 2012, the Internal Auditor's Database of Audit Recommendations showed that management actions had not been completed on 51 recommendations. These recommendations are considered as "Open". Of those 51 open recommendations, follow-up has been conducted on 19 showing that management action has started but was not yet complete. The other 32 open recommendations are scheduled for follow-up in the future and no audit evaluation has been conducted at this time.

Changes in the inventory of Audit Recommendations during the period April 1, 2012 through September 30, 2012 are shown below:

Open Audit Recommendations as of April 1, 2012	46
Additional Audit Recommendations from Audit Reports Issued April 1, 2012 through September 30, 2012	31
Audit Recommendations Completed April 1, 2012 through September 30, 2012	26
Open Audit Recommendations as of September 30, 2012	51

Recommendation follow-up work is generally conducted within one year of report issuance or earlier if management indicates that final action is expected to occur. Follow-up is done to determine the following:

- Was the recommendation implemented as agreed to by management? Or, if not, did alternative management action(s) correct the identified deficiency (ies)?
- Was the underlying cause (condition) corrected?

Sufficient audit evidence is developed to support a conclusion as to implementation of the recommendation and correction of the underlying cause (condition). If final management action has been taken on all audit recommendations in an audit report, the recommendations are considered "Complete" and are included in the current report, but not in future reports.

If management action(s) are not complete on any or all of the audit recommendations in an audit report, they are included in this report as "In Process" and another audit follow-up will be scheduled. In those cases where final management action has been taken and the underlying cause (condition) has not been corrected, we show this recommendation as Completed, Not Implemented. These recommendations are included within Exhibit 5 for Audit Committee consideration.

**Exhibit 1: Audit Recommendations Open at Beginning of the April 1, 2012
through September 30, 2012 Reporting Period**

Report	Issue Date	Number of Open Audit Recommendations Beginning of Reporting Period	Final Management Action Taken During Reporting Period	Number of Open Audit Recommendations End of Reporting Period
<u>07-23</u> Facilities Development & Operations Property & Real Estate Management Division	Sep-07	1	1	0
<u>09-22</u> Fire Rescue Overtime	Jun-09	1	1	0
<u>10-06</u> Community Services Department Ryan White Program	Mar-10	2	2	0
<u>10-07</u> Purchasing Warehouse Operations	Mar-10	3	2	1
<u>10-23</u> Fire Rescue Bureau of Safety Services	Sep-10	2	1	1
<u>11-03</u> Administration Global Spectrum	Dec-10	2	2	0
<u>11-05</u> Administration Follow-up on Countywide PPM CW-O-001	Dec-10	2	0	2
<u>11-09</u> Housing & Community Development Commission on Affordable Housing	Dec-10	1	0	1
<u>11-14</u> Information Systems Services Voice Services	Mar-11	4	0	4
<u>11-20</u> Palm Tran IT Systems	Mar-11	2	0	2
<u>11-21</u> Palm Tran Transportation Disadvantaged Bus Pass Pgm	Mar-11	1	0	1
<u>11-22</u> Administration Countywide Audit of Take Home Vehicles	Jun-11	4	4	0
<u>11-24</u> Information Systems Services WAN Agreements/Public Sector & Non-profits	Jun-11	1	0	1
<u>11-28</u> Risk Management Prescriptions	Sep-11	1	0	1
<u>11-32</u> Water Utilities Inventory Warehouse	Sep-11	5	0	5
<u>12-01</u> Administration Cell Phone Stipend Audit	Dec-11	8	5	3
<u>12-02</u> Parks & Recreation Cash Collections Audit	Dec-11	5	5	0
<u>12-03</u> Water Utilities Cash Collections Audit	Dec-11	1	1	0
Total		46	24	22

**Exhibit 2: Audit Recommendations Issued During the April 1, 2012 through
September 30, 2012 Reporting Period**

Report	Issue Date	Number of Audit Recommendations Issued this Reporting Period	Final Management Action Taken During Reporting Period	Number of Open Audit Recommendations End of Reporting Period
12-05 Information Systems Services				
Computing Platforms	Jun-12	3	2	1
12-06 Engineering & Public Works				
Traffic Division - Traffic Operations Section	Jun-12	15	0	15
12-07 Public Safety				
Emergency Management Division	Sep-12	2	0	2
12-09 Fire Rescue				
Medical Supplies	Sep-12	8	0	8
12-10 Fire Rescue				
Accounting for Fuel Dispensed	Sep-12	3	0	3
Total		31	2	29

**Exhibit 3: Open Audit Recommendations
by County Department
as of September 30, 2012**

Department	Open Recommendations in Process	Open Recommendations Future Implementation with Follow-up Pending
Administration	0	5
Community Services Department	0	0
Engineering & Public Works	15	0
Facilities Development & Operations	0	0
Fire Rescue	0	12
Housing & Community Development	0	1
Information Systems Services	0	6
Palm Tran	3	0
Parks & Recreation	0	0
Public Safety	0	2
Purchasing Department	1	0
Risk Management	0	1
Water Utilities	0	5
Total Open Recommendations	19	32

**Exhibit 4: Summary Aging of Open Audit Recommendations
As of September 30, 2012**

Timeframe	Inventory at Beginning of Period (Exhibit 1)	Issued During this Period (Exhibit 2)	Closed During this Period (Exhibits 1 & 2)	Open at End of Period (Exhibit 7)	In Process	Follow-up Not Yet Scheduled
0 - 3 Months	0	28	0	28	15	13
3 - 6 Months	0	3	2	1	0	1
6 - 12 Months	14	0	11	3	0	3
1 - 2 Years	23	0	6	17	2	15
Over 2 Years	9	0	7	2	2	0
Total	46	31	26	51	19	32

0 - 3 Months	July 2012 to September 2012
3 - 6 Months	April 2012 to June 2012
6 - 12 Months	October 2011 to March 2012
1 - 2 Years	October 2010 to September 2011
Over 2 Years	September 2010 or Earlier

Exhibit 5: Audit Recommendations
Submitted for Audit Committee Consideration

**Recommendations for which Final Management Action Has Been Taken
Without Resolving the Underlying Condition**

None	

Recommendations Which Have Been Open Longer Than Two Years

10-07 Purchasing Warehouse Operations	
Report Issued 03/17/2010 First follow up September 2011 Second follow-up May 2012 Third follow-up September 2012	
#3 The Purchasing Department Director should study the issue of cost effectiveness of warehouse operations considering the issues contained in this report and the impact of the move to the new warehouse in 2010. Issues include whether (a) full cost recovery should be considered in warehouse pricing, (b) cost savings extend to other items not included in our sample, (c) governmental agencies other than those under the BCC should be charged for supplies and storage, and (d) County departments and agencies should be able to buy supplies from vendors rather than the warehouse, thus reducing the number of items needed to be stored at the warehouse.	<p>Status – September 2012 In process. Preliminary contact made with consultant, determination as to how to proceed pending.</p> <p>Status – March 2012 In process. Department Director is working with Administration to develop a scope and process for implementing the study of warehouse operations. Projected completion of this process is expected in June 2012.</p> <p>Status – September 2011 In process. Department Director told us that additional time is needed to conduct study. She estimated a revised completion date as March 2012.</p>

Exhibit 5: Audit Recommendations
Submitted for Audit Committee Consideration

<p>10-23 Fire Rescue <i>Bureau of Safety Services</i></p>	
<p>Report Issued 09/15/2010 First follow-up October 2011 Second follow-up September 2012</p>	
<p>#2 The Bureau of Safety Service Deputy Chief should establish and implement internal controls to ensure that fire inspections are billed in accordance with the Code.</p>	<p>Status – September 2012 In process. Fire Rescue management opted to implement new controls in a new computer system which is expected to be fully implemented in March 2013. The module is in place and scheduled for implementation testing following completion of work on the fire reporting module. Next follow-up scheduled for April 2013.</p> <p>Status - March 2012 Implementation Pending Implementation scheduled for May, 2012; follow-up scheduled for June, 2012.</p> <p>Status – September 2011 In process. New software system has been purchased and, according to Department official, should be implemented by December 2011.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>07-23 Facilities Development and Operations Property and Real Estate Management Division</p>	
<p>Report issued 9/12/07 containing two recommendations Recommendation #1 open after follow-ups in 2008, 2010 and 2011. Fourth follow-up May 2012. Fifth follow-up September 2012</p>	
<p>#1 The Department Director should review issues involved in Division not carrying out responsibilities assigned in CW PPM CW-L-023 and CW-L-024, including the extent that other County departments administer leases within the Division's responsibility.</p>	<p>Status – September 2012 Complete. A new PPM (policy and procedure memorandum) was issued October 3, 2012 which rescinded and consolidated a number of related PPMs into a comprehensive single PPM.</p> <p>Status – March 2012 In process. The Department Director stated that the draft PPM has been with the County Attorney's Office for over a month. One issue needs to be agreed upon in order to issue the PPM final. Target date is May 31, 2012.</p> <p>Status – September 2011 In process. Department Director expects Countywide PPMs to be completed February 2012.</p>
<p>09-22 Fire Rescue Overtime</p>	
<p>Report Issued 6/10/2009 containing two recommendations Recommendation #1 open after follow up in 2010 and 2011. Third follow-up May 2012 Fourth follow-up September 2012</p>	
<p>#1 The Fire Recue Department Administrator should ensure that overtime assignments and verification of overtime worked is documented in accordance with Operational Procedure I-54. Specifically, he should ensure that:</p> <ul style="list-style-type: none"> • District Chiefs document the personnel assigned in 	<p>Status – September 2012 Complete. A new computer system has been implemented that addresses the issues identified in the audit.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>accordance with the Overtime Computer Program, and limit use of 'Skipped DC did not try' to those situations included in the Operational Procedure.</p> <ul style="list-style-type: none"> • All personnel earning overtime to individually submit Employee Leave Requests, and limit the authority of District Chiefs to sign as both authorizing and approving officials. • Station log books are maintained to show all time in and out for personnel working overtime. 	<p>Status March 2012 In process. Vendor delays reported by the Department result in a new projected implementation date of May 31, 2012. We will follow-up after that date to determine status.</p> <p>Status – September 2011 In process. Fire Rescue Administrator stated that original plan to implement an in-house system did not work properly. New system was purchased (Telestaff) in September 2011 and should be implemented by March 2012.</p>
<p>10-06 Community Services Department Ryan White Program</p>	
<p>Report Issued 03/17/2010 containing 7 recommendations First follow-up October 2011 Second follow-up May 2012 Third follow-up September 2012</p>	
<p>#3 The Community Services Department Director should ensure that contracted agencies comply with the law in determining client eligibility and ensuring that Ryan White funds are the payer of last resort. In this regard, he should follow-up on the results of the Treasure Coast Health Council study made in regards to Ryan White Part B, and consider the potential for applicability to Ryan White Part A funding.</p>	<p>Status – September 2012 Complete. Follow-up showed that revisions to the "Careware" database have been made and are properly functioning.</p> <p>Status – March 2012 Implementation Pending Implementation scheduled for May 2012. Follow-up scheduled for June 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status – September 2011 In Process. The Department Director revised the contract with agencies to better delineate the requirements for eligibility. Enhancements to the “Careware” database are still required. Department officials told us that the target completion date is March 2012.</p>
<p>#4 The Community Services Department Director should ensure that program monitors specifically address client eligibility in their program oversight function. In this regard, monitors need to go beyond the supporting documentation in the file such as paystubs, and other income determination, and review the ‘due diligence’ exercised by case management agencies in carrying out the law regarding the Ryan White payer of last resort requirement.</p>	<p>Status – September 2012 Complete. Follow-up showed that case managing agencies are exercising due diligence in ensuring Ryan White funds are payer of last resort as required.</p> <p>Status – March 2012 Implementation Pending Implementation scheduled for May 2012. Follow-up scheduled for June 2012.</p> <p>Status – September 2011 In Process. The “Careware” database discussed in Recommendation 3 will help fully implement this recommendation. Department officials told us that the target completion date is March 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>10-07 Purchasing <i>Warehouse Operations</i></p>	
<p>Report Issued 03/17/2010 containing five recommendations First follow-up October 2011 Second follow-up March 2012 Third follow-up September 2012</p>	
<p>#1 The Warehouse Manager should ensure that written policies and procedures are issued for its warehouse operations function as required by PPM CW-O-001. Written policies and procedures should include guidelines for ordering, receiving, storing, and issuing of stock items from the Warehouse.</p>	<p>Status – September 2012 Complete.</p> <p>Status – March 2012 In Process PPMs have been drafted and are being reviewed by the Department Director as of the end of May 2012. PPM issuance expected in June 2012.</p> <p>Status – September 2011 In Process. Department Director estimated completion of PPMs by March 2012.</p>
<p>#3 The Purchasing Department Director should study the issue of cost effectiveness of warehouse operations considering the issues contained in this report and the impact of the move to the new warehouse in 2010. Issues include whether (a) full cost recovery should be considered in warehouse pricing, (b) cost savings extend to other items not included in our sample, (c) governmental agencies other than those under the BCC should be charged for supplies and storage, and (d) County departments and agencies should be able to buy supplies from vendors rather than the warehouse, thus reducing the number of items needed to be stored at the warehouse.</p>	<p>Status – September 2012 In process. Preliminary contact made with consultant, determination as to how to proceed pending.</p> <p>Status – March 2012 In process. Department Director is working with Administration to develop a scope and process for implementing the study of warehouse operations. Projected completion of this process is expected in June 2012.</p> <p>Status – September 2011 In process. Department Director told us that additional time is needed to conduct study. She estimated a revised</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#4 The Purchasing Department Director should develop written policies and procedures for the storage of items in the Warehouse. These procedures should include who can store items in the Warehouse, how to request storage space and any restrictions on types of items the Warehouse will store.</p>	<p>completion date as March 2012.</p> <p>Status – September 2012 Complete.</p> <p>Status – March 2012 In Process PPMs have been drafted and are being reviewed by the Department Director as of the end of May 2012. PPM issuance expected in June 2012.</p> <p>Status – September 2011 In process. Department Director stated that PPMs should be completed by March 2012.</p>
<p>10-23 Fire Rescue</p>	
<p>Bureau of Safety Services</p>	
<p>Report Issued 09/15/2010 containing two recommendations First follow-up October 2011 Second follow-up March 2012 Third follow-up September 2012</p>	
<p>#1 The Bureau of Safety Service Deputy Chief should establish internal control procedures to ensure that false alarm activations are billed in accordance with the Code.</p>	<p>Status – September 2012 Complete.</p> <p>Status - March 2012 Implementation Pending Implementation scheduled for May, 2012; follow-up scheduled for June, 2012.</p> <p>Status – September 2011 In process. New software system has been purchased and, according to Department official, should be implemented by December 2011.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#2 The Bureau of Safety Service Deputy Chief should establish and implement internal controls to ensure that fire inspections are billed in accordance with the Code.</p>	<p>Status – September 2012 In process. Fire Rescue management opted to implement new controls in a new computer system which is expected to be fully implemented in March 2013. The module is in place and scheduled for implementation testing following completion of work on the fire reporting module. Next follow-up scheduled for April 2013.</p> <p>Status - March 2012 Implementation Pending Implementation scheduled for May, 2012; follow-up scheduled for June, 2012.</p> <p>Status – September 2011 In process. New software system has been purchased and, according to Department official, should be implemented by December 2011.</p>
<p>11-03 Administration Global Spectrum</p>	
<p>Report Issued 12/08/2010 containing two recommendations First follow up October 2011 Second follow-up September 2012</p>	
<p>#1 The Deputy County Administrator should modify the requirement to submit the Operations Manual for review and approval annually.</p>	<p>Status – September 2012 Complete.</p> <p>Status - March 2012 Implementation Pending Implementation scheduled for April, 2012; follow-up scheduled for May, 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status – September 2011 In process. Deputy County Administrator decided not to amend contract which was in its final year. She expects to include new provisions in RFP when issued next year.</p>
<p>#2 The Deputy County Administrator should amend the requirements of the annual audit removing the requirement for a letter from the accounting firm expressing its opinion as to the effectiveness of internal controls.</p>	<p>Status – September 2012 Complete.</p> <p>Status - March 2012 Follow-up Pending Implementation scheduled for April, 2012; follow-up scheduled for May, 2012.</p> <p>Status – September 2011 In process. Deputy County Administrator decided not to amend contract which was in its final year. She expects to include new provisions in RFP when issued next year.</p>
<p>11-05 Administration Follow-up on Countywide PPM CW-O-001</p>	
<p>Report Issued 12/08/2010 containing three recommendations First follow-up October 2011 Second follow-up May 2012 Third follow-up scheduled for December 2012</p>	
<p>#1 The Assistant County Administrator should ensure that follow-up is made of all PPMs that are still shown as under review/revision by departments, particularly those where efforts have been ongoing for more than one year.</p>	<p>Status – September 2012 Follow-up Pending</p> <p>Status - March 2012 In process. Our review showed management has taken action to monitor and follow-up on PPMs due for updating. However, at the time of our review 22 PPMs that were pending following our previous follow-up are still pending. We will follow-up again in December 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status – September 2011 In process. Audit follow up showed that 80 percent of Countywide PPMs have been updated as required at August 2011. However, there were still 48 or 20 percent of PPMs still not updated. Management did not meet the target date. New target date set by the Assistant County Administrator is December 31, 2011.</p>
<p>#2 The Assistant County Administrator should ensure that instructions are provided to all departments regarding the need to include target dates for review/revision of PPMs and follow-up periodically to see that the time frames are met or reasons provided for any extension.</p>	<p>Status – September 2012 Follow-up Pending</p> <p>Status - March 2012 In process. Our review showed management has taken action to monitor and follow-up on PPMs due for updating. However, at the time of our review 22 PPMs that were pending following our previous follow-up are still pending. We will follow-up again in December 2012.</p> <p>Status – September 2011 In process. Audit follow up showed that instructions were provided to departments for review/revision. However, 20 percent of PPMs were still non-compliant with County policy at August 2011. New target date set by Assistant County Administrator is December 31, 2011.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
11-09 Housing & Community Development <i>Commission on Affordable Housing</i>	
Report Issued 12/08/2010 containing nine recommendations First follow-up May 2012 Second follow-up September 2012	
#5 The HCD Department Director should ensure that follow-up actions on the remaining 130 SHIP program recipients are completed in a timely manner, and that any recipient found to be ineligible be referred to the County Attorney's Office for evaluation as to whether action is appropriate.	Status – September 2012 Implementation pending. Status – March 2012 In Process. Follow up in May 2012 showed that management had not yet completed action on the 130 SHIP program recipients. Management believed final action will be taken by September 30, 2012.
11-14 Information Systems Services <i>Voice Services</i>	
Report Issued 03/16/2011 containing 4 recommendations. First follow-up September 2012	
#1 The ISS Department Director should require the individual receiving the loaner device to sign for and date the loaner log at the time of issue and when the loaner device is returned, as evidence of the change in custody and timeframe of the loan.	Status – September 2012 Follow-up pending Management reported implementation in July 2012. Follow-up will be done when all four recommendations have been implemented. Status – March 2012 Implementation Pending Department implementation scheduled for April 2012. Follow-up scheduled for May 2012.
#2 The ISS Department Director should modify the PPM to allow the monitoring of loaner device usage by ISS and charge the borrowing department for device usage only when notable abuse is found.	Status – September 2012 Implementation pending Management established new target implementation date as the end of August 2012. Follow-up will be done when all four recommendations have been

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>implemented.</p> <p>Status – March 2012 Implementation Pending Department implementation scheduled for April 2012. Follow-up scheduled for May 2012.</p>
<p>#3 The ISS Department Director should ensure that changes in ownership/status of cellular communication devices is communicated to the Sierra Gold Call Management systems administrator to ensure accurate reporting to the departments.</p>	<p>Status – September 2012 Implementation pending Management established new target implementation date as the end of December 2012. Follow-up will be done when all four recommendations have been implemented.</p> <p>Status – March 2012 Implementation Pending Department implementation scheduled for April 2012. Follow-up scheduled for May 2012.</p>
<p>#4 The ISS Department Director should ensure that a copy of the Statement of Use form is submitted as required.</p>	<p>Status – September 2012 Implementation pending Management established new target implementation date as the end of August 2012. Follow-up will be done when all four recommendations have been implemented.</p> <p>Status – March 2012 Implementation Pending Department implementation scheduled for April 2012. Follow-up scheduled for May 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
11-20 Palm Tran IT Systems	
Report Issued 03/16/2011 containing two recommendations First follow-up May 2012	
<p>#1 The Palm Tran Executive Director should ensure compliance with County Security Policy Manual System Access Control and Access Privileges Policies (CWO-59- 17.0) and COBIT standards. These should include:</p> <ul style="list-style-type: none"> • Complete, accurate and timely tracking of the in/out off all backup media inventory. • Backup media inventory is protected from physical and environmental hazards during transit and storage. • A periodic onsite inspection of the offsite storage facility and of backup media inventory at the facility. 	<p>Status – September 2012 In process. Management reported substantial progress toward implementation and projected full implementation by November 1, 2012. We will follow-up in December 2012.</p> <p>Status - March 2012 In process. Management stated that they were still working on changes that would comply with the criteria contained in the audit recommendation. Revised date of implementation is July 31, 2012.</p>
<p>#2 The Palm Tran Executive Director should implement the use of an asset management system for all software assets (licenses) owned and used by Palm Tran. This should include the three components of the COBIT standard: Asset Register; Asset Labeling; and Asset Status Reporting.</p>	<p>Status – September 2012 In process. Management reported substantial progress toward implementation and projected full implementation by November 1, 2012. We will follow-up in December 2012.</p> <p>Status - March 2012 In process. Management stated that until recently, their search for an adequate system did not yield results. However, they believe that a system has been identified to accomplish goals. Date of implementation is July 31, 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
11-21 Palm Tran <i>Transportation Disadvantaged Bus Pass Program</i>	
Report Issued 03/16/2011 containing six recommendations First follow-up October 2011 Second follow-up May 2012	
#6 The PTC Director should consult with Palm Tran's Information Technology Department and/or Palm Beach County's Information System Services Department to develop and implement a computer-assisted or web-based data base to be used by PTC and all participating agencies.	<p>Status – September 2012 In process. Palm Tran established a new implementation date of December 2012. We will follow-up with them in January 2013.</p> <p>Status - March 2012 In process. Follow up in May 2012 disclosed that management is working with ISS to develop a system. We will follow-up in September 2012.</p> <p>Status – September 2011 In process. Audit follow up showed that Palm Tran and the ISS department have been reviewing a database developed by another not-for-profit agency. However, it will take additional time for the review to be completed. According to Palm Tran, further information should be available by January 2012.</p>
11-22 Administration <i>Countywide Audit of Take Home Vehicles</i>	
Report Issued 06/15/2011 containing three recommendations First follow-up September 2012	
#1 The County Administrator should ensure that all employees assigned 24-hour vehicles meet the criteria specified in Countywide PPM CW-O-021, i.e., the assignment is of benefit to the County and not made as a benefit of employment or convenience to the individual. Actions to achieve this objective could include:	<p>Status – September 2012 Complete. The PPM has been revised and updated. However, based on our limited post-implementation review we found lack of</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>a) Reviewing/Updating PPM CW-O-021 to comply with PPM CW-O-001 entitled "Policies and Procedures Memoranda" dated February 2010 requiring review/update every five years;</p> <p>b) Designating a senior County official overall responsibility for program administration and compliance.</p> <p>c) Requiring an analysis of the costs related to the commute portion of 24-hour vehicles, including, among others, fuel, maintenance, vehicle devaluation, and risk (accident cost). Analysis could lead to consideration of alternatives to 24-hour vehicle assignment, such as limiting use of vehicles to non-take home use only, or eliminating vehicles used primarily for personal commuting purposes.</p>	<p>compliance with the documentation requirements. We will schedule another audit in this area for FY 2014.</p> <p>Status – March 2012 Implementation Pending Implementation scheduled for June 30, 2012. Follow-up scheduled for July 31, 2012.</p>
<p>#2 The County Administrator should ensure that assignments of 24-hour vehicles to employees are maintained centrally, and that all departments having such assignments be required to periodically report to this central management official.</p>	<p>Status – September 2012 Complete. The revised PPM includes these requirements.</p> <p>Status – March 2012 Implementation Pending Implementation scheduled for June 30, 2012. Follow-up scheduled for July 31, 2012.</p>
<p>#3 The County Administrator should ensure that all assignments of 24-hour vehicles are reported to the Clerk and Comptroller's Payroll Department to comply with Internal Revenue Service requirements.</p>	<p>Status – September 2012 Complete.</p> <p>Status – March 2012 Implementation Pending Implementation scheduled for June 30, 2012. Follow-up scheduled for July 31, 2012.</p>
<p>#4 The County Administrator should obtain a legal opinion from the County Attorney's Office as to the status of FR assigned 24-hour vehicles and any requirement for these assignments to be reported to the Clerk and Comptroller's Payroll Department.</p>	<p>Status – September 2012 Complete.</p> <p>Status – March 2012 Implementation Pending Implementation scheduled for June 30, 2012. Follow-up scheduled for July 31, 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
11-24 Information Systems Services WAN Agreements/Public Sector & Non-profits	
Report Issued 06/15/2011 containing four recommendations First follow up October 2011 Second follow-up May 2012 Third follow-up September 2012	
#2 The ISS Department Director should perform a comprehensive review of all current agreements and prepare, for BCC review and approval, amendments necessary due to (a) changes that may have been made subsequent to BCC approval as in the case of the School Board, and (b) inclusion of erroneous and misleading payment provisions.	<p>Status – September 2012 In process. A comprehensive review has been performed, agreements needing revision have been identified and ISS is working with affected agencies to revise agreements. New target implementation date March 2012.</p> <p>Status – March 2012 In process. Follow up in May 2012 showed that the comprehensive review had not yet been submitted to the BCC. Target date is September 30, 2012.</p> <p>Status – September 2011 In process. The ISS Department Director stated that the review would be part of what is presented to the BCC by the end of November 2011.</p>
11-28 Risk Management Prescriptions	
Report Issued 09/21/2011 containing two recommendations First follow-up May 2012 Next follow-up scheduled for February 2013	
#2 The Risk Management Department Director should design and implement a formal follow-up program to determine the effectiveness of its outreach or educational program. This could consist of trend analyses of the County/employee cost of filling generic drug prescriptions, as well as employee surveys obtaining information on whether employees are using the alternative programs and the reasons for employee participation or lack of	<p>Status – September 2012 Implementation Pending Scheduled implementation date is January 31, 2013. Scheduled follow-up date is February 28, 2013.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
participation.	<p>Status – March 2012 Implementation Pending Scheduled implementation date is January 31, 2013. Scheduled follow-up date is February 28, 2013.</p>
<p>11-32 Water Utilities Inventory Warehouse</p>	
<p>Report Issued 09/21/2011 containing eight recommendations First follow-up April 2012</p>	
<p>#1 The WUD Director should take steps to ensure that that records of inventory are periodically compared to on hand quantities and that adjustments are made as necessary to the records.</p>	<p>Status – September 2012 Implementation pending</p> <p>Status – March 2012 In process. Management issued a PPM to address performing cycle counts. The procedures have not yet been implemented in both warehouses. Management expects full implementation by October 31, 2012.</p>
<p>#2 The WUD Director should ensure that discrepancies found during the periodic counts are investigated, documented and that appropriate management action is taken.</p>	<p>Status – September 2012 Implementation pending</p> <p>Status – March 2012 In process. Management issued a PPM to address performing cycle counts. The procedures have not yet been implemented in both warehouses. Management expects full implementation by October 31, 2012.</p>
<p>#5 The WUD Director should ensure that changes to stock requisitions which occur after initial supervisory approval are also approved before stock issuance. The WUD Director should take actions to ensure that stock shortages or stock outs are minimized and that inventory ordering procedures incorporate consideration of stock utilization levels and order fulfillment lead times.</p>	<p>Status – September 2012 Implementation pending</p> <p>Status – March 2012 In process. Management issued a PPM</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	to address inventory management. Our review showed monitoring reports for stock-outs and backorders are still being developed. Management expects full implementation by October 31, 2012.
#6 The WUD Director should ensure that all tools and equipment assigned to the tool rooms are controlled and accounted for.	<p>Status – September 2012 Implementation pending</p> <p>Status – March 2012 In process. Management issued PPMs to address tool room inventories. Our review showed several items still in process relating to a fully reconciled master tool inventory and controls over tagging tool assets. Management expects full implementation by October 31, 2012.</p>
#7 The WUD Director should review and update as necessary PPM L-008 and ensure that Warehouse staff comply with the requirements of that PPM.	<p>Status – September 2012 Implementation pending</p> <p>Status – March 2012 In process. Management issued PPMs to address tool room inventories. Our review showed several items still in process relating to a fully reconciled master tool inventory and controls over tagging tool assets. Management expects full implementation by October 31, 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>12-01 County Administration Cell Phone Stipend Audit</p>	
<p>Report Issued 12/21/2011 containing eight recommendations</p>	
<p>#1 County department directors should ensure an annual review of the business need for stipends authorized within their department is performed to determine if stipends should be added, changed or discontinued as required by Countywide PPM CW-O-085. The review of the business need should include a comparison of the voice service level and any additional services approved on the Cell phone Stipend Authorization form to the employee's monthly cell phone bills.</p>	<p>Status – September 2012 In process. Management chose to rewrite the PPM. A draft is scheduled for approval in November 2012.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for April, 2012. Follow-up scheduled for May, 2012.</p>
<p>#2 County department directors should review the individual cases of those employees cited in this report as being outside of the business cell phone usage (either over or under) that warranted by the stipend level, and take appropriate corrective action.</p>	<p>Status – September 2012 Complete.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for April, 2012. Follow-up scheduled for May, 2012.</p>
<p>#3 The Facilities Development and Operations Department Director should ensure that: (a) the employee utilizing a cell phone service provider that does not provide the details needed to substantiate business usage either change cell phone providers or terminate the stipend, and (b) change is made to the one employee's stipend which includes a data plan to remove the allowance until a data plan is purchased, and review the stipend received by the employee since January 2009 and recoup any excess funds received.</p>	<p>Status – September 2012 3(a) Complete. The employee is using a prepaid cell phone plan that does not provide monthly invoices. The last 60 numbers dialed or received can be reviewed at any time and management is doing this randomly throughout the month. However, there is no documentation maintained to provide a response to a public records request should one occur.</p> <p>3(b) Complete. The employee's plan has been adjusted and excess stipend amounts have been</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>recovered.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for April, 2012. Follow-up scheduled for May, 2012.</p>
<p>#4 The OFMB Department Director should ensure that submissions of lists of employees who have been approved to receive cell phone stipends are made part of the formal budget process.</p>	<p>Status – September 2012 In process. Management chose to rewrite the PPM. A draft is scheduled for approval in November 2012.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for April, 2012. Follow-up scheduled for May, 2012.</p>
<p>#5 The OFMB Department Director should require department directors to provide a listing of stipend recipients generated by the Payroll Department with the required documentation submitted to OFMB as part of the annual operating budget process to ensure the lists agree.</p>	<p>Status – September 2012 In process. Management chose to rewrite the PPM. A draft is scheduled for approval in November 2012.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for April, 2012. Follow-up scheduled for May, 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#6 The Facilities Development and Operation Department Director should submit a discontinuance of the employee's stipend and review the stipend received by the employee who transferred from the department in February 2011 and recoup any excess funds received.</p>	<p>Status – September 2012 Complete. The Director submitted the discontinuance form in July 2011. The employee transferred to another County department where he was required to have a cell phone, therefore there was no excess payment condition.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for April, 2012. Follow-up scheduled for May, 2012.</p>
<p>#7 County department directors should ensure that County employees requesting cell phone stipends have not been issued County owned cell phones.</p>	<p>Status – September 2012 Complete.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for April, 2012. Follow-up scheduled for May, 2012.</p>
<p>#8 The Deputy County Administrator should review the stipend received by the TDC employee and recoup any funds received from February 2010 through the date that the cell phone was transferred to his personal account.</p>	<p>Status – September 2012 Complete. The employee's plan was reviewed and excess funds were reimbursed.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for April, 2012. Follow-up scheduled for May, 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
12-02 Parks and Recreation Cash Collections Audit	
Report issued 12/21/2011 containing five recommendations	
# 1 The Recreation Services Division Director should ensure that the Okecheelee Nature Center Manager prepares the appropriate deposit form and submits the funds to the Department's Revenue Section in a timely manner.	<p>Status – September 2012 Complete. Our review showed proper forms were being used and timely deposits were being made.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for January 2012. Follow-up scheduled for June 2012.</p>
#2 The Parks Maintenance Division Director should ensure that the need for change funds at the South Bay Campground is reviewed and the number is reduced to that only necessary for providing change for cash transactions.	<p>Status – September 2012 Complete. Our review showed the change fund had been reduced to \$300.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for January 2012. Follow-up scheduled for June 2012.</p>
#3 The Recreation Services Division Director and the Parks Maintenance Division Director should review policies concerning the holding of customer deposits and cancellation refunds and adopt a uniform policy for such if conditions at facilities are judged similar.	<p>Status – September 2012 Complete. Our review showed appropriate revisions to policies and procedures have been made.</p> <p>Status March 2012 Implementation Pending Implementation scheduled for January 2012. Follow-up scheduled for June 2012.</p>
#4 The Aquatics Division Director should ensure that policies regarding complimentary passes at County pools are reviewed and modified as necessary to ensure consistent handling at each facility.	<p>Status – September 2012 Complete. Our review showed appropriate revisions to policies and procedures have been made.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status March 2012 Implementation Pending Implementation scheduled for January 2012. Follow-up scheduled for June 2012.</p>
<p>#5 The Parks Maintenance Division Director should ensure that periodic checks are made of campground utilization and that occupied sites are reconciled to the accounting records.</p>	<p>Status – September 2012 Complete. Our review showed periodic random checks of sites are being made and compared to records.</p> <p>Status - March 2012 Implementation Pending Implementation scheduled for January 2012. Follow-up scheduled for June 2012.</p>
<p>12-03 Water Utilities Cash Collections</p>	
<p>Report Issued 12/20/2011 containing seven recommendations First follow-up May 2012 Second follow-up October 2012</p>	
<p>#5 The WUD Director of Finance and Administration should ensure that GUA corrects, in coordination with the bank, the four deposit errors in March 2011 identified by the audit.</p>	<p>Status - September 2012 Complete. Our review showed the errors had been corrected.</p> <p>Status - March 2012 In process. Follow up in April 2012 showed that the recommendation had been partially implemented. Management established a new implementation date of August 31, 2012.</p>

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
12-05 Information Systems Services Computing Platforms	
Report Issued 7/18/2012 containing three recommendations First follow-up September 2012	
#1 The ISS Department Director should ensure that the departmental PPM on policies and procedures governing fixed assets is implemented.	Status - September 2012 Complete.
#2 The ISS Director should ensure that access to the NOC is granted on a 'need only' basis, taking into consideration job responsibilities rather than rank or title.	Status - September 2012 Complete.
#3 The ISS Director should review current access to the NOC using the current access logs and discontinue access to those not meeting entry criteria.	Status - September 2012 In Process Follow-up showed that access logs have been reviewed. However, the need for access for some non-ISS personnel is still being evaluated. Management projects a new completion date of December 1, 2012.
12-06 Engineering & Public Works Traffic Division – Traffic Operations Section	
Report Issued 7/18/2012 containing 16 recommendations First follow-up scheduled for October 2012	
#2 The Traffic Division Director should initiate a review of the warehouse inventory to identify general purpose items in order to distinguish them from items intended for work projects.	Implementation Pending Implementation scheduled for August 2012
#3 The Traffic Division Director should reestablish the practice of recording the project location and/or work order number on the Issue Request form, in compliance with Division policies and procedures. This would apply to those items judged as non-general purpose in nature.	Implementation Pending Implementation scheduled for June 2012
#4 The Traffic Division Director should ensure that Divisional PPMs ETL-006 and ETL-010 relating to losses of County owned property are consistent with County-wide PPM CW-O-007.	Implementation Pending Implementation scheduled for June 2012
#5 The Traffic Division Director should emphasize to employees the importance of complying with the Division's written policies and procedures relative to ordering and receiving materials for the warehouse.	Implementation Pending Implementation scheduled for June 2012

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#6 The Traffic Division Director should direct warehouse staff to require completed Traffic Order Forms for purchase requests and accept only those with authorized supervisory signatures.	Implementation Pending Implementation scheduled for June 2012
#7 The Traffic Division Director should ensure that all purchase requests over \$5,000 are sent to him for his approval signature.	Implementation Pending Implementation scheduled for June 2012
#8 The Traffic Division Director should ensure that all Traffic Operations staff complete signature cards and that these cards are provided to the warehouse staff for accurate identification of authorized signatures.	Implementation Pending Implementation scheduled for June 2012
#9 The Traffic Division Director should emphasize to employees the importance of complying with the Division's written policies and procedures relative to requesting materials from the warehouse.	Implementation Pending Implementation scheduled for June 2012
#10 The Traffic Division Director should direct warehouse staff not to accept Issue Request forms that lack appropriate supervisory approval signatures. He should emphasize that requestors cannot approve their own requests.	Implementation Pending Implementation scheduled for June 2012
#11 The Traffic Division Director should direct warehouse staff not to accept Issue Request forms on which increases have been made to the quantities requested. Alternatively, we suggest he implement a policy requiring that any increases in the quantities be initialed by the person making the change, such as is the practice on a negotiable check, and be made in such a way as to not obscure the original amount.	Implementation Pending Implementation scheduled for June 2012
#12 The Traffic Division Director should delete the sentence "Storekeepers will pull requested material from warehouse with no questions asked" from PPM #ETL-010.	Implementation Pending Implementation scheduled for June 2012
#13 The Traffic Division Director should ensure that PPM ETL-006 is consistent with County-wide PPM CW-F-075.	Implementation Pending Implementation scheduled for August 2012
#14 The Traffic Division Director should work with Traffic Operations staff to determine an appropriate definition of "tools and equipment" and initiate a review of the warehouse inventory to identify such items.	Implementation Pending Implementation scheduled for August 2012
#15 The Traffic Division Director should identify an appropriate methodology for determining the value of tools and equipment subject to return or payment upon employee termination and require that such items are returned or paid for, in compliance with Countywide and Divisional policies and procedures.	Implementation Pending Implementation scheduled for August 2012

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#16 The Traffic Division Director should review the cases of tools not returned by the three terminated employees identified in the audit report, and seek the return of such tools or reimbursement for the value thereof.	Implementation Pending Implementation scheduled for August 2012
12-07 Public Safety	
Division of Emergency Management	
Report Issued September 2012 containing two recommendations First Follow-up scheduled for November 2012	
#1 The EM Division Director should ensure that the 911 Coordinator review a sample of invoices paid under the earlier contract with AT&T for Fiscal Year 2011 and 2012. The review should include a determination that payments made were in accordance with contract requirements for the individual PSAP.	Implementation Pending Implementation scheduled for August 2012
#2 The EM Division Director should explore opportunities to enhance the Division's performance measures to better reflect efficiency and effectiveness of Division operations by focusing on higher level goals and strategies.	Implementation Pending Implementation scheduled for October 2012
12-09 Fire Rescue	
Medical Supplies	
Report Issued September 2012 containing eight recommendations First Follow-up scheduled for November 2012	
#1 The Support Services Deputy Chief should require orders placed to the District be reviewed and approved prior to the submission of a requisition in accordance with the Purchasing Approval Authority guidelines in OP I-39.	Implementation Pending Implementation scheduled for August 2012
#2 The Support Services Deputy Chief should ensure the District provides the Department a current price list on the cost of pharmaceutical supplies and/or medications ordered.	Implementation Pending Implementation scheduled for August 2012
#3 The Support Services Deputy Chief should require a copy of the Purchase Order be included with the backup documentation for all of the District's orders to provide an audit trail of the original order and verification of proper authorization.	Implementation Pending Implementation scheduled for August 2012
#4 The Support Services Deputy Chief should review the list of employees with badge and key access to the Medical Supplies Warehouse and revoke the access of any employee that does not have a need to enter the warehouse unescorted. Badge access should be the primary means used to enter the warehouse.	Implementation Pending Implementation scheduled for August 2012
#5 The Support Services Deputy Chief should change the lock on the door to the Medical Warehouse and limit key access to management level employees for use only when the badge reader is not in service.	Implementation Pending Implementation scheduled for September 2012
#6 The Support Services and Operations Deputy Chiefs should	Implementation Pending

Exhibit 6 - Recommendation Status at September 30, 2012

Audit Report Number, Title and Recommendation(s)	Recommendation Status
review and update the list of 'approvers' in the iBEM system to conform with the requirements of OP IV-4, and have any ineligible users deleted from the list.	Implementation scheduled for August 2012
#7 The Operations Deputy Chief should ensure that all station medical supply orders entered into the iBEM system are properly approved.	Implementation Pending Implementation scheduled for August 2012
#8 The Operations Deputy Chief should establish a policy for the management of medical supplies at the fire stations. The policy should require, at a minimum, the rotation of inventory when restocking medical supplies and a routine check of the expiration dates on the medical supplies in the storage area and on the emergency vehicles at the fire stations.	Implementation Pending Implementation scheduled for August 2012
12-10 Fire Rescue	
Accounting for Fuel Dispersed	
Report Issued September 2012 containing three recommendations First Follow-up Scheduled for November 2012	
#1 The Fire Rescue Administrator should review the actions suggested in this audit report and consider taking action as needed to better account for fuel dispersed to Department vehicles at both Department and Fleet Management sites.	Implementation Pending Implementation scheduled for January 2013
#2 The Fire Rescue Administrator should improve internal controls over access to fuel pumps and fuel tanks at Department sites by having separate keys for use by Fleet Management and the Department.	Implementation Pending Implementation scheduled for September 2012
#3 The Fire Rescue Administrator should revise Operational Procedure IV-2 to require entry in the iBEM system for all fuel utilization without regard to the source of the fuel.	Implementation Pending Implementation scheduled for October 2012

FY 2013 Proposed Audit Work Program

Availability of Resources

Total annual hours per person	2,080
Holidays (12 per year)	96
Vacation (20 days per year)	160
Sick time	100
Training	50
Administrative	200
Available hours per auditor (rounded)	1,475
Number of auditors (FTEs)	5.5
Total available auditor hours	8,100
Hours to complete 2012 program	2,650
Hours assigned to audit recommendation follow-up	600
Hours available for 2013 program	4,850
Average hours per audit	350
Potential new audit projects for 2013	14

Carry over projects from 2012 program	Estimated Hours to Complete
12-02 FDO Electronic Services and Security	100
12-06 PZB Building Division	350
12-07 Purchasing	100
12-08 Water Utilities Engineering Division	250
12-09 Engineering Bridge Maintenance & Operations	150
12-14 ERM Mosquito Control	350
12-15 Public Affairs Graphics Division	350
12-16 TDC Administration	350
12-17 Airports Fixed Base Operators	200
12-18 Airports North County Airport Lease Management	50
12-19 OFMB Thrift Store Cash Management	350
12-20 Parks & Recreation Morikami Garden Cash Management	50
Total estimated hours to complete	2,650

APPLICATION OF RESOURCES

Based on the attached risk assessment there are 118 auditable units. I did a statistical analysis of the risk scores and assigned those risk scores within one standard deviation (plus or minus) of the mean score as Moderate Risks. Those risk scores greater than one standard deviation above the mean are High Risk, those risk scores greater than one standard deviation below the mean are Low Risk. This approach produced the following:

- 24 High risk units
- 74 Moderate risk units
- 20 Low risk units

There many possible ways to allocate the available audit resources. One approach would be to focus all audit resources exclusively on the high risk category and work through all the units in that category before moving down the list. This would take about two years with current resources. Another approach would be to focus audit resources across all components of the risk assessment and provide resources to address management requests for audit work.

The Proposed FY 2013 Audit Program is based on the latter approach above. The proposed plan will allocate audit resources as follows:

Category	Number of Audits	Approximate Percentage
High Risk	6	40%
Medium Risk	5	30%
Low Risk	2	15%
Management Requests	2	15%
Totals	15	100%

The above allocation represents audit management's belief that some attention should be paid to each section of the risk assessment and that requests for legitimate audits by management should be accommodated. Using the percentages stated above and a planning assumption of approximately 24 audits per year at full staff:

- All high risk units will be audited within 4 years;
- The medium risk units would take about 10 years; and
- Low risk units will be audited within 7 years.

The following table identifies the projects proposed for the FY 2013 audit plan. Each audit will begin with a survey of the unit's operations, objectives and risks to determine an appropriate audit focus. Following the survey, actual audit fieldwork would begin focused on a scope of work based on those significant risks and issues identified during the survey.

Proposed FY 2013 Project List

	High Overall Risk Projects
1	Environmental Resources Management – Natural Resources Protection
2	Airports – Operations and Maintenance
3	Palm Tran – Capital
4	Economic Sustainability – Capital, Real Estate and Inspection
5	Facilities Development and Operations – Facilities Management
6	Risk Management – Workers Compensation
	Medium Overall Risk Projects
7	Public Safety – Victim Services
8	MPO – Transportation Planning
9	Parks & Recreation – Aquatics
10	ISS – Network Services
11	Public Affairs – Channel 20
	Low Overall Risk Projects
12	Office of Community Revitalization – Community Revitalization Program
13	Engineering & Public Works – Roadway Production
	Management Request and Other Source Projects
14	Review of Municipal Impact Fees Collected for One City
15	Review of Compliance with One Countywide PPM

FY 2013 ANNUAL RISK ASSESSMENT

RISK FACTORS

Department	Division/Program	Size Rank	Grants In or Out Rank	Operating Revenues Rank	FY 2013 Capital Rank	Risk Score	Overall Risk
Airports	Operations and Maintenance	5		5	5	15.0	H
Public Safety	Emergency Management	4	3	5		12.0	H
Economic Sustainability	Planning	3.5	5	3		11.5	H
Engineering & Public Works	Traffic	5	3	3		11.0	H
Palm Tran	Operations - Fixed Route	5	3	3		11.0	H
Community Services	Head Start	5	5			10.0	H
Parks & Recreation	Parks Operations	5		3	2	10.0	H
Planning, Zoning & Building	Building	4.5		5		9.5	H
Facilities Development & Operations	Fleet Management	4.5		5		9.5	H
County Library	Central Operations	5		3	1	9.0	H
Environmental Resources Management	Natural Areas Stewardship	4		5		9.0	H
Parks & Recreation	Special Facilities & Beaches	4		5		9.0	H
Economic Sustainability	Capital, Real Estate & Inspection	3.5	5			8.5	H
Water Utilities	Engineering	3.5			5	8.5	H
Risk Management	Employee Benefits	3		5		8.0	H
Fire-Rescue	Operations	5		3		8.0	H
Palm Tran	Capital	3	5			8.0	H
Facilities Development & Operations	Facilities Management	5		3		8.0	H
Environmental Resources Management	Environmental Restoration	3		5		8.0	H
Economic Sustainability	Economic Development Office	3	5			8.0	H
Risk Management	Casualty & Property Insurance	2.5		5		7.5	H
Risk Management	Workers Compensation	2.5		5		7.5	H
Palm Tran	Paratransit Services - Connection	4.5	3			7.5	H
Environmental Resources Management	Natural Resources Protection	2.5		3	2	7.5	H
Public Safety	Victim Services	3	3	1		7.0	M
Public Safety	Animal Care & Control	4		3		7.0	M
Parks & Recreation	Aquatics	4		3		7.0	M
Facilities Development & Operations	Capital Improvements	2		3	2	7.0	M
Community Services	Senior Services	3.5	3			6.5	M
Community Services	Human and Veteran Services	3.5	3			6.5	M
Metropolitan Planning Organization	Transportation Planning	2.5	3	1		6.5	M
Facilities Development & Operations	Electronic Services & Security	3.5		3		6.5	M
Economic Sustainability	Mortgage & Housing Assistance	2.5	3	1		6.5	M
Parks & Recreation	Recreation Services	3.5		3		6.5	M
Information Systems Services	Network Services	3		1	2	6.0	M
Public Safety	Justice Services	3		3		6.0	M
Attorney	County attorney	3		3		6.0	M
Fire-Rescue	Bureau of Safety Services	3		3		6.0	M
Community Services	Community Action Program	2.5	3			5.5	M
Fire-Rescue	Administrative Services	4.5		1		5.5	M
Water Utilities	Plant & Line Operations & Maintenance	5				5.0	M
Engineering & Public Works	Road Section	4		1		5.0	M
Community Services	Ryan White	2	3			5.0	M

FY 2013 ANNUAL RISK ASSESSMENT

RISK FACTORS

Department	Division/Program	Size Rank	Grants In or Out Rank	Operating Revenues Rank	FY 2013 Capital Rank	Risk Score	Overall Risk
Public Safety	Consumer Affairs	2		3		5.0	M
Criminal Justice Commission	Secretariat	2		3		5.0	M
Public Safety	Youth Affairs	3.5		1		4.5	M
County Library	Branch Operations	4.5				4.5	M
Engineering & Public Works	Bridge Section	3.5		1		4.5	M
Water Utilities	Finance & Support Services	4.5				4.5	M
Parks & Recreation	Administration	3		1		4.0	M
Facilities Development & Operations	Administration	3		1		4.0	M
Planning, Zoning & Building	Code Enforcement	3		1		4.0	M
Information Systems Services	Administration	1		3		4.0	M
Environmental Resources Management	Administration and Support Services	3		1		4.0	M
Fire-Rescue	Support Services	3		1		4.0	M
Information Systems Services	Application Services	3.5				3.5	M
Human Resources	Entire department	2.5		1		3.5	M
Purchasing	Purchasing	2.5		1		3.5	M
Engineering & Public Works	Engineering Services	2.5		1		3.5	M
Engineering & Public Works	Streetscape	2.5		1		3.5	M
Planning, Zoning & Building	Planning	2.5		1		3.5	M
Planning, Zoning & Building	Zoning	2.5		1		3.5	M
Information Systems Services	Computing Platforms	3.5				3.5	M
Engineering & Public Works	Administrative Services	2.5		1		3.5	M
Planning, Zoning & Building	Info Technology	2		1		3.0	M
Water Utilities	Administration	3				3.0	M
Public Safety	Administration	2		1		3.0	M
Office of Financial Mgmt & Budget	Financial Management	2		1		3.0	M
Engineering & Public Works	Road & Bridge Admin	2		1		3.0	M
Medical Examiner	Medical Examinations	2		1		3.0	M
Information Systems Services	Operations	2		1		3.0	M
Planning, Zoning & Building	Administration	2		1		3.0	M
Public Affairs	Channel 20	2		1		3.0	M
Environmental Resources Management	Mosquito Control	2		1		3.0	M
Engineering & Public Works	Land Development	2		1		3.0	M
Administration	Administration	2		1		3.0	M
Water Utilities	Regulatory Compliance	2.5				2.5	M
Public Affairs	Graphics	1.5		1		2.5	M
Financially Assisted Agencies	Grants management	2.5				2.5	M
Airports	Finance and Administration	2.5				2.5	M
Planning, Zoning & Building	Contractor Certification	1.5		1		2.5	M

FY 2013 ANNUAL RISK ASSESSMENT

RISK FACTORS

Department	Division/Program	Size Rank	Grants In or Out Rank	Operating Revenues Rank	FY 2013 Capital Rank	Risk Score	Overall Risk
General Government	General Government Expenses	2.5				2.5	M
County Cooperative Extension Service	Mounts Gardens	1.5		1		2.5	M
Engineering & Public Works	Pumping Station	1		1		2.0	M
Community Services	Farmworker Program	1	1			2.0	M
Information Systems Services	Strategic Services and Finance	2				2.0	M
Fire-Rescue	Administration	2				2.0	M
County Cooperative Extension Service	Administration	1		1		2.0	M
Environmental Resources Management	Shoreline Protection	1		1		2.0	M
Office of Small Business Assistance	Small Business Assistance	1		1		2.0	M
Airports	Planning and Community Affairs	2				2.0	M
County Cooperative Extension Service	Family & Consumer Sciences	1		1		2.0	M
Community Services	Admin/Finance and Support Services	2				2.0	M
Purchasing	Warehouse/Stores	2				2.0	M
County Cooperative Extension Service	Agriculture Program	1		1		2.0	M
Office of Equal Opportunity	Fair Housing	1	1			2.0	M
Office of Equal Opportunity	Equal Employment	1	1			2.0	M
Facilities Development & Operations	Property & Real Estate Management	2				2.0	M
County Library	Info Technology	1.5				1.5	L
Office of Financial Mgmt & Budget	Budget Office	1.5				1.5	L
Office of Community Revitalization	Community Revitalization	1.5				1.5	L
Public Affairs	Digital Marketing & Communications	1.5				1.5	L
Engineering & Public Works	Roadway Production	1.5				1.5	L
Engineering & Public Works	Construction Coordination	1.5				1.5	L
Risk Management	Occupational Health	1				1.0	L
Risk Management	Employee Assistance Program	1				1.0	L
Risk Management	Administration	1				1.0	L
Public Affairs	Administration	1				1.0	L
Risk Management	Employee Safety & Loss Control	1				1.0	L
County Cooperative Extension Service	Agriculture Economic Development	1				1.0	L
Legislative Affairs	Legislative Affairs	1				1.0	L
Legislative Affairs	Legislative Delegation	1				1.0	L
Tourist Development	Administration	1				1.0	L
Environmental Resources Management	Info Technology	1				1.0	L
Office of Financial Mgmt & Budget	Contract Development & Control	1				1.0	L
Airports	Business Affairs	1				1.0	L
Office of Financial Mgmt & Budget	Administration	1				1.0	L
Office of Equal Opportunity	Disability Accessibility	1				1.0	L

Number of Units

118

FY 2013 annual risk assessment department responses

Department	Money Handling	Purchasing and procurement	Record-keeping	Service to the public	Information Technology Use	Inventory Management	Grants Management	Performance Measurement/Management	Other
Airports	<p>Collections at the public parking facility over \$16.5 million per year. 2. Proper billing and collections of concession contracts, including car rental, food & beverage, retail, fuel flowage amounting to \$15 million per year. 3. Proper billing and collections of airline rents and landing fees of approximately \$21 million per year. 4. Proper billing of fixed monthly rents of approximately \$9 million per year. 5. Proper accounting and collection of PFC and grant revenues of approximately \$26 million per year</p>	<p>1. Proper procedure and best practices are followed to insure purchases of goods and services are properly authorized, necessary, and result in the best value. This area covers \$15 million in annual spend for operating goods and services and approximately \$25 million per year in capital acquisition activities. a. Authorization to purchase is properly obtained b. Required specs, notifications, and selections of bid/proposals are in accordance with all ppms, grant assurances, best practices, etc. All receiving or payment approvals are proper</p>	<p>1. Proper control, custodianship, and maintenance of depreciable assets valued at approximately \$250 million, net of accumulated depreciation. Subcategories included fixed assets that must be controlled stringently for custodianship (computers, tools, etc). All items including buildings and machinery must be maintained efficiently to maximize useful life and operational efficiency.</p>	None Reported	None Reported	<p>1. Proper control and custodianship of approximately \$1 million in inventories (current assets classification).</p>	None Reported	None Reported	None Reported
Community Services	<p>The need to handle credit card payments or paypal for our adult day care may present risks for clients paying for their parents from out of state.</p>	<p>There are conflicting regulations between County policies and grant regulations which make effective and efficient purchasing risky and difficult.</p>	None Reported	<p>ADA requirements are challenged when an elevator goes out of service and no alternative ramps are available.</p>	None Reported	<p>There needs to be an electronic system for tracking all items through a web based application. When events happen that require outside Departments or vendors to take control of property the current system breaks down. The basement flooding at 810 Datura is example.</p>	None Reported	None Reported	None Reported

FY 2013 annual risk assessment department responses

Department	Money Handling	Purchasing and procurement	Record-keeping	Service to the public	Information Technology Use	Inventory Management	Grants Management	Performance Measurement/Management	Other
Cooperative Extension	Audited in 2012, determined to be adequate.	Handled through Palm Beach County and University of Florida.	Follows Palm Beach County and University of Florida procedures.	Some service is dependent upon volunteers. There is always risk of providing incorrect information or poor service; however volunteers go through intensive training and are monitored regularly.	This is always changing and evolving; keeping pace is a challenge, both financially and intellectually. We will soon be receiving new videoconferencing hardware and software to keep our	Although we have assets, this department has limited inventory. Chemical inventories are located in a secure, appropriate chemical storage unit.	Handled through Palm Beach County and the University of Florida.	Managed through secure Excel spreadsheet for each employee.	None Reported
County Administration	No response	No response	No response	No response	No response	No response	No response	No response	No response
County Attorney	The County Attorney's Office checking account has a limit of \$10,000. The County Attorney and three longtime secretaries have signature authority: Janet Gaspie, Lynne Reilly and Angela Gamble. Janet reconciles the account monthly.	None Reported	Timekeeping is maintained through the Legal Assistant Program (LAP). Attorney and paralegal time is written on a form by the reporting employee and then typically entered into the LAP by secretaries, though all County Attorney Office employees have access to this program. Once billed, the entries are "frozen," while all other entries remain subject to change indefinitely. ISS staff tweaked the program approximately a year ago to correct a billing rate error discovered in the program.	None Reported	If the computers in the County Attorney's Office were to become inoperable, our ability to access legal research, resources, records, and word processing could be compromised.	None Reported	None Reported	None Reported	The public has access to the County Attorney's Office locations when the custodial staff props open the outer doors. This can present a security risk to anyone working, as well as to attorney work product and other confidential and exempt records. This typically occurs during the evening hours when few people are in the office.

FY 2013 annual risk assessment department responses

Department	Money Handling	Purchasing and procurement	Record-keeping	Service to the public	Information Technology Use	Inventory Management	Grants Management	Performance Measurement/Management	Other
Criminal Justice Commission	Department does not handle money	Potential for non-compliance with purchasing policy	Potential for confidential information exposure or improper storage.	Potential for inconsistent information release due to conflicting data sources.	Potential for equipment failure, equipment maintenance, unauthorized access and uses, security, virus threats.	Potential for missing equipment, theft, insufficient documentation and tracking, damage to equipment	Potential for misuse of grant funds by staff and/or contracting agencies, Staff inability to identify "red flags" that could prevent such misuse.	Potential for setting unrealistic/clear goals	None Reported
E&PW	Fees Collected for permits, reprographics and developer contributions; petty cash; billings for utility and municipal participation	Ordering/receiving supplies - possibility of theft of material; invoice accuracy; Sunpass usage/payment; Vehicle usage	Payroll accuracy; Land Development applications which are not in e-Permits; Duplicity of time sheets and HRIS - potential to inadvertently created discrepancies	Potential for crews using equipment to accept outside work while on duty for financial gain; Potential for reviews to be expedited and/or approved without proper review for financial gain	Assessment should be completed by ISS now that all IT/GIS functions will be under the ISS department	Locating and tracking Motorola handheld radios; Coordination of asset management with FDOT for Intelligent Transportation System; Need for computerized inventory system for tracking warehouse items as opposed to alphabetized tracking cards	Potential for revenue loss and project cancellation due to time frames and municipality coordination	Potential for inspectors to pass inadequate work, approve invoices for work not done, or approve unnecessary change orders for financial gain; Accuracy of performance measures tracked in various systems.	Loss of productivity due to Survey crews working in unsafe road conditions; Potential for staff to approve design services which are exorbitant or unnecessary for financial gain

FY 2013 annual risk assessment department responses

Department	Money Handling	Purchasing and procurement	Record-keeping	Service to the public	Information Technology Use	Inventory Management	Grants Management	Performance Measurement/Management	Other
Economic Sustainability	NONE	NONE	The nature of both DES funding sources and activities result in a large volume of documentation being collected and generated during program implementation. Following proper procedures for records retention and destruction is needed to avoid inefficiencies from prolonged maintenance as well as risk of violations for premature destruction.	Several DES programs required the gathering of sensitive client information such as identification, bank records, tax returns, etc. Risk of identity theft and fraud if client information is inappropriately disclosed. DES undertakes housing rehabilitation through private construction contractors. Delays in processing of payments to contractors results in limited contractor participation and consequent decline in program output.	Risk of temporary damage to system from viruses resulting from employees' downloading of website content.	The County has acquired ownership of certain properties through foreclosure during the course of various program operations. Proper management of during ownership (maintenance, insurance, etc.) is of great importance to avoid various risks.	NONE	NONE	DES operates the Section 108 Loan Program, utilizing a loan to the County from HUD to make ED loans to businesses. The proceeds of the loans are used to pay off the HUD debt. The County's CDBG grant is used to guarantee the HUD loan, and grant funds are at risk should a sufficient number of borrowers default. DES operates an residential mortgage lending program, and services the loans in-house. Repayments are recycled to provide new mortgages. Careful servicing and collections are required to sustain on-going operation of the program.
ERM	Collection of cash and checks in person and by mail.	Bidding and awarding of construction contracts.	Delegated authority and receive and file process.	None Reported	IT Security (user accounts). Safeguarding data.	None Reported	None Reported	None Reported	Asset management.

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Facilities Dev & Opns	Currently FDO counts the daily cash receipts and handles the deposits for Palm Tran by our Facilities Management West Region. Originally, this came about as a value for value exchange of space in Palm Tran's facility for the cash counting and deposit services. Approximately one year ago when the Palm Tran space was no longer required by Facilities, Palm Tran determined that they had no effective (financially or from a management perspective) to provide these necessary services. At that point, PalmTran began paying FDO to continue providing these services. This has been going	None Reported	None Reported	None Reported	None Reported	We would like the Internal Auditor to look at our processes and controls relating to inventory management within the ESS Division. As you know we have been discussing this project for some time and it has been pushed back a few times but we are ready to move forward on this issue. We have a new Storekeeper position approved and will be filled within the next 30 days with a person with County experience in these areas, have arranged for training from our most experienced Storekeeper in FMD to assist in establishing internal procedures that will mirror the	None Reported	None Reported	Contract Management -We are also seeking the continued support and assistance as it relates to the development of internal PPMs relative to Fleet Management's move to a private vendor for parts inventory and supply. Again, I know you are familiar with this issue as well.
Fire Rescue	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	We have reviewed our areas of risk, as well as the areas that have been subject to an internal audit in the past several years. Based on that, I cannot provide you with any new ideas of areas to audit.

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Human Resources	We have a limited petty cash operation within Human Resources. It is typically used in response to handling fees for public records requests.	Purchasing is limited to office supplies and routine office equipment leases, such as copiers, fax, etc. There is risk associated with the non-performance of contract services such as our drug testing MRO and associated labs. This policy and contract were audited in 2010.	Human Resources stores and maintains the hard copy personnel files of all Board of County Commission employees, current and former, in accordance with regulations set forth by the State of Florida. Limited electronic versions of these files are stored by ISS on County servers. Water damage to the first floor of the Airport Center Building #2 puts those records at risk. There is limited ability to reconstruct the physical contents of those files.	Human Resources must maintain active engagement with the public in the recruitment, testing, and selection of County employees. We actively participate in job fairs and related employment seminars. County operating departments, however, are our primary customer.	Human Resources uses the standard desktop and server setup that the majority of County departments operate in performing our operational requirements. We are also jointly responsible with ISS for the administration of the HRIS system. Human Resources provides operational and business model guidance while ISS maintains the technical execution.	Human Resources has no role in inventory management beyond standard departmental responsibilities and accountability for fixed assets assigned to the department.	N/A	Human Resources, in addition to other County departments, is reviewing existing performance measures established in conjunction with OFMB to determine whether those measures should be modified or replaced by new measures.	Human Resources, ISS, and Clerk Payroll are actively involved in replacing the County's outdated, and no longer supported, time-keeping system. This will impact how time is input and recorded for pay purposes for all Board employees. There is considerable risk associated with incorrect pay calculations and the subsequent incorrect compensation to employees. The new system is expected to be in place June 2013.

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ISS	Minimal – petty cash only	Contract terms and conditions protect the interests of the County. Product selection based on appropriate criteria. Services delivered in accordance with contract requirements. Open and competitive processes utilized to obtain best prices	Records maintained in compliance with records retention laws. Records maintained in secure environment. Archival record volumes managed to reduce storage costs	Service requests are recorded, assigned and promptly carried out	major IT investments are subject to a cost/benefit analysis manual, repetitive and error-prone processes are automated to increase program efficiency intranet/internet technologies are used to make information accessible to employees and public mission critical systems are protected through daily back-ups and disaster recovery facilities non-public (confidential) information is protected through data encryption formal security policies are established, published and adhered to. IT governance	Appropriate custody over assets throughout the asset life cycle. Compliance with county policies in accounting for assets	Not relevant to ISS at this time	A blend of meaningful performance measures are established for program accountability. Measurements are used as a point of further inquiry and in reviewing budget requests. Management focuses on exceptions and takes appropriate corrective action	
Library	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported
Medical Examiner	None	None	Damage to the storage room would result in loss of records. Damage to hard drive/servers storing records would result in loss of records	Damage to body coolers would cause bodies to decompose. Release wrong body to family. Theft of personal items on bodies	Damage or loss of database/case management software would cripple operation	None	None	None	None Reported
MPO	No risk	There is risk with only one person ordering, receiving, paying for and reconciling expenditures.	No risk	No risk	No risk	No risk	No risk	No risk	No risk

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OCR	Pursuant to OCR's assessment of potential risk categories related to Money Handling, Purchasing and Procurement, Recordkeeping, and Service to the public, OCR did not find any specific risk that is it is directly responsible for.	As you are aware, all actions involving money transactions are administered via Finance. All service deliverable commences are transparent and are approved by County Administration and the BCC prior to delivery.	No risk	No risk	No risk	No risk	No risk	No risk	No risk
OEO	Acceptance of money orders or checks for copying	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported
OFMB	Cash handling procedures during thrift store sales	Use of piggyback contracts (countywide)	Continue reviews of municipal impact fees.	None Reported	None Reported	Suggest regular reviews of the various parts inventory warehouses countywide.	None Reported	None Reported	None Reported
OSBA	Minimal: The risk of staff taking cash has been reduced as we only accept bank checks or money orders as a form of payment for the non-refundable processing fee.	Minimal: A schedule has been implemented to minimize instances of purchases not being made in a timely manner.	Minimal: A schedule has been implemented to maintain accurate recordkeeping of	Minimal: Internal policy of providing service to the public has been implemented.	N/A	None: The OSBA follows the countywide policy for inventory management.	N/A	Minimal: The OSBA has created tracking measures to monitor the performance of staff. Continued review for improving process will be conducted throughout the year	N/A
Palm Tran	Bus pass sales Farebox cash counting	None Reported	Discount bus pass eligibility • Pollutant storage tank monitoring	Bus stop infrastructure (contract oversight, record keeping, maintenance/safety)	Emergency start-up procedures during activation	Bus pass inventory	Draw down process for federal and state grants	None Reported	None Reported

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Parks & Rec	Manual receipting of revenue at Riverbend Park and the Department's three Nature Centers (Okecheelee, Green Cay, Daggerwing). ² General intake of cash/checks by revenue personnel within the Financial and Support Services Division coming from facilities that do not have Dunbar pick up.	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	Iron Ranger/Donation Programs – Honor system or voluntary payment option primarily involving cash transactions.
Public Affairs	No response	No response	No response	No response	No response	No response	No response	No response	No response

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Public Safety	Our largest cash handling Division is ACC and we passed an audit in 2011 conducted by your office that had no findings. The other areas of cash management include the following:1. Administration – Adult Entertainment2. Justice Services – Pretrial Services, Drug Court3. Consumer Affairs – Vehicle for Hire, Towing, Moving4. Youth Affairs – Youth Service Bureau, Highridge Family Center	We have adjusted all security levels in Advantage and segregated duties. All purchasing and procurement type items final approval goes through fiscal. We handle all 6 Divisions as well as coordinate with Purchasing on the documents that are needed. All Divisions either contract with an agency if they are exempt from the Purchasing Ordinance, or they purchase from a master agreement. If they contract with an agency that is exempt from the Purchasing Ordinance, we ensure the invoice is in accordance with the contract and issue a direct	Each Division has a record keeping retention policy that is either mandated by the County/State/or Feds. Some of the records that are confidential due to the nature of the program, others are not. Some Division's keep hard copies of records, but most are transitioning to a scanning system or online filing system.	Every one of our Division's provides services to the public and our number one goal is Public Safety. The annual budget document identifies most of the services that we provide, but there are more that we offer that are not included. The main risk involved if we were not able to provide our service to the public is safety. Safety issues range from hurricanes, to juveniles, to animals, to consumers, to victims of domestic violence/rape.	Most of our Divisions would not be able to function without technology. We have backup generators in some of our buildings to provide assistance in the event of a power outage due to a disaster.	Other than our data processing asset inventory, our largest inventory Division would be ACC clinic. In the next couple of months we will begin planning for setting up an inventory management system with our current database Chameleon in order to track medicine/drugs.	We have over 40 grants to manage which includes subgrant agreements with agencies to utilize the funding. All of the payments are on a reimbursement basis with the exception of our 911 grant (recently audited). Each quarter a report is provided to the funding agency showing the status of the grant and requesting reimbursement on funds expended.	Each program collects data and manages their performance measures. Some of the measures are reported to our grant funding agencies and others are kept for efficiency measures.	none
Purchasing	None	Risk of something happening to the Advantage Financial System – this would cripple the processing of procurements, Risk of Purchasing staff not adhering to the tenants of fair and open competition	Risk of trouble with Smeadsoft which would impact our filing system. Risk of vendor or procurement files being misfiled.	Risk of public not properly notified of public meetings	None Reported	None Reported	None Reported	None Reported	Mail not being delivered timely. Anthrax or other toxic chemical in mail delivered to Gov. Center

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PZB	One area of risk is the Couth County satellite office staffed by Building Division employees 2 days per week.	Requisitions come from Division designee to Fiscal Specialist, questionable items are returned for verification, final order approved by Fiscal Supervisor or designee.	Records are maintained electronically and in hard copy. Hard copy records are retained both on-site and off-site. Hard copy records are at possible risk for loss.	The Department provides services to many types of customers. The Department is highly dependent on the e-PZB system to manage all aspects of its customer service mission.	The Department is highly dependent on the functioning of the e-PZB system to provide customer services. Disruption of e-PZB service would negatively impact service delivery.	Minimal amounts of office supplies are maintained, capital items are inventoried annually.	The Department has minimal involvement with grants. The current grant is managed by the Department of Economic Sustainability (DES).	Performance measures are reported annually to the Budget Office. Statistics are collected through the e-PZB system.	Securing sensitive artifacts recovered in the field.
Risk Management	Checks are received by individuals (retirees and workers on unpaid leave) paying their health insurance premiums when payroll deduction is not offered or possible. Checks are also received by third parties who have damaged County property and we have subrogated against them. These checks are received, logged, batched and delivered to Finance by Brinks.	It is possible that a company we've contracted with through the purchasing process could fail, leaving employees enrolled in various insurance programs uncovered, however that is extremely unlikely as we ensure the companies are financially sound during the purchasing process and self-insure many of our programs.	We maintain sensitive information on employees and their families in our health insurance, workers' compensation, and EAP programs. We must continually ensure that all privacy rules and regulations are being followed to safeguard that information.	Most incidences of service to the public, as it relates to risk management, is in the form of handling third party claims against the County. There is no significant risk here, except perhaps a safety risk to staff in the event a claimant becomes irate and violent. This risk is mitigated through key-card access only to the suite, and impact resistant glass in the reception area.	We must depend on ISS to ensure county-designed systems used in Risk Management are compliant with HIPAA and data maintained within those systems is secure.	The only remarkable inventory contained within the department, from a risk standpoint, is the inventory of pharmaceuticals maintained by the Occupational Health Clinic for the treatment of injured workers. These types of items could be subject to internal theft, however this risk is reduced by the fact the drugs are non narcotic. Additionally, the Clinic Manager ensures the inventory is properly maintained within County policies and procedures.	The only remarkable inventory contained within the department, from a risk standpoint, is the inventory of pharmaceuticals maintained by the Occupational Health Clinic for the treatment of injured workers. These types of items could be subject to internal theft, however this risk is reduced by the fact the drugs are non narcotic. Additionally, the Clinic Manager ensures the inventory is properly maintained within County policies and procedures.	Performance measurement/management is evaluated regularly (annually). The department performs individual performance appraisals on employees. No significant risks noted here.	None Reported
TDC	None Reported	None Reported	Storage and backup procedures for operating applications used by the Agencies	None Reported	None Reported	None Reported	None Reported	None Reported	Verifying insurance coverage on transportation services used by the Agencies for site visits, destination reviews and events.

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Water Utilities	No specific risk identified. However, this subject was identified as a potential audit candidate.	No specific risk identified. However, this subject was identified as a potential audit candidate.	None Reported	None Reported	None Reported	None Reported	None Reported	None Reported	No specific risk identified. However, the area of Special Assessments was identified as a potential audit candidate.