

## Management Letter

To the Honorable Board of County Commissioners  
Leon County, Florida

We have audited the special-purpose financial statements of the Board of County Commissioners of Leon County, Florida (the Board), as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated February 4, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated February 4, 2010, should be considered in conjunction with this management letter.

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

The *Rules of the Auditor General* (Section 10.554(1)(i)1.) require that we determine, whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Except as noted below under the heading Prior Year Finding and Recommendation, corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

### **Prior Year Finding and Recommendation**

#### **SAS 70 Type II Report – Emergency Medical Services billing**

The Board contracts with a third party administrator (ADPI) to provide emergency medical services billing and collections. Because such services generate material revenue on an annual basis for the Board, the Board is required to understand and monitor the operating effectiveness of ADPI's internal control over those services. Currently, that responsibility is fulfilled by the performance of a Type I SAS 70 report performed by an independent firm. That report provides limited assurance to the Board that the ADPI's description of controls in place are accurate, that the controls are suitably designed to achieve the specified control objectives, and that the controls were in place as of a certain point in time. It does not provide any assurance regarding the operating effectiveness of those controls. A Type II SAS 70 report involves additional testing to determine operating effectiveness of the controls in place relevant to the control objectives.

During our audit, we performed testing over key controls associated with certain control objectives for billing and collections. As a result the testing performed we noted inconsistencies between actual practice and the controls described in the Type I SAS70 report. We also noted a lack of documentary evidence maintained by ADPI to indicate certain control procedures have been performed. Our observations and recommendations to improve documentary evidence have been communicated verbally to both ADPI and BOCC finance personnel. Implementation of our recommendations should be evaluated in ADPI's Type II SAS70 report planned for 2010. We recommend that the BOCC request a copy of the Type II SAS70 report and evaluate the results to determine that appropriate controls over the billing and collection services performed by ADPI are in place and appear to be operating effectively.

***Management's Response:***

Board staff has contacted the vendor about the Type II SAS 70 report. The Type II SAS 70 report is done in two parts six months apart. The vendor indicates that the first part is in process and the second is not scheduled for completion until the last quarter of 2010.

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

The *Rules of the Auditor General* (Section 10.554(1)(i)3.) require that we address in the management letter any recommendations to improve financial management. There were no recommendations resulting from the current year audit.

The *Rules of the Auditor General*, (Section 10.554(1)(i)4.), require that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material, but more than inconsequential. In connection with our audit, we did not identify any such findings.

The *Rules of the Auditor General*, (Section 10.554(1)(i)5.), provide that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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The *Rules of the Auditor General* (Section 10.554(1)(i)6.), require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the special-purpose financial statements. The name or official title and legal authority for the primary government and each component unit of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Leon County Housing Finance Authority, a component unit of Leon County, was authorized pursuant to Chapter 159, Part IV, of the *Florida Statutes* and was created by Leon County Ordinance 80-39.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.554(1)(i).

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. This management letter is intended solely for the information and use of the Board of County Commissioners of Leon County, Florida and the State of Florida, Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Howell Ferguson C.A.

Law, Redd, Crona & Munroe, P.A.

February 4, 2010