

Martin County, Florida

Management Letters in Accordance With the *Rules of the Auditor General of the State of Florida*

Fiscal Year Ended September 30, 2013



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

To the Honorable Members of the Board
of County Commissioners
Martin County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Martin County, Florida (the County) as of and for the year ended September 30, 2013, and have issued our report thereon dated March 28, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Auditor's Report on Compliance For Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General* and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 28, 2014, should be considered in conjunction with this management letter.

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

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

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. The recommendations to improve the County's financial management have been addressed in Appendix A – Current Year's Recommendations to Improve Financial Management to this report.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General , requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1A to the financial statements.

Section 10.554(1)(i)6.a, Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b, Rules of the Auditor General, requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2013 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

West Palm Beach, Florida
March 28, 2014

Martin County, Florida

**Appendix A – Current Year’s Recommendations to Improve Financial Management
Fiscal Year Ended September 30, 2013**

No. Current Years' Observations

2013-1 User Access Reviews

Criteria: Access rights to the organization’s relevant financial reporting applications or data are reviewed periodically by management.

Condition: We noted the following control deficiency related to the management of user access rights:

- A user access review is not being performed on a periodic basis for the network.

Cause: Procedures are not in place to review existing and terminated user access rights to the network.

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

Recommendation: We recommend that management performs a user access review of terminated and existing user access rights for the network, including what was reviewed, who performed the review, when the review was performed, and whether any inappropriate access was identified and the steps taken for resolution.

Views of Responsible Officials and Planned Corrective Actions: Martin County does not conduct a periodic review of all network (Active Directory) users. As stated in 5_System_Access_Review_Active_Directory.docx the procedure ITS follows for granting and revoking network (Active Directory) user access is directed by the user departments as follows:

The ITS service desk receives new user requests from the department executive aides to grant access to the network via Active Directory.

The ITS service desk receives requests from department executive aides to disable access of employees terminated. The ITS service desk also receives a report of employees terminated in the Banner system as notification to remove access to the network via Active Directory.

Martin County, Florida

**Appendix B – Prior Year’s Recommendations to Improve Financial Management
Fiscal Year Ended September 30, 2013**

No.	Prior Years' Observations	Observation is Still Relevant Partially Implemented	Comment Addressed or No Longer Relevant
2011-1	Penetration & Vulnerability Testing	X	
2011-2	Disaster Recovery Plan	X	
2011-3	Banner Access		X

**2011-1 Penetration & Vulnerability Testing
Comment has been repeated from 2010-1 and 2009-1**

Prior Year Observation: A penetration and vulnerability test has not been performed on the network. This increases the risk that weaknesses and vulnerabilities in the network could be exploited. During the lifetime of any network, changes can occur which may create situations that perpetuate imperfect security, and these situations can compound over time.

Prior Year Recommendation: To mitigate the risk that gaps in security can be overlooked, we recommend that a penetration and vulnerability test be periodically performed by a third party.

Prior Year Management's Response: The Department has evaluated this action for several years now. However as previously noted, vulnerability and penetration testing involves a certain degree of risk to online systems which here-to-fore, many of the agencies who are on the network are unwilling to take. Further, none of the traditional consultants we have contacted have been able to assure the County that their testing can be limited nor mitigated. Until such testing can be performed with acceptable mitigation and risk reduction as a responsibility of those conducting tests, we are reluctant to subject to such testing. We have been provided with recommendations of new companies who may be able to provide acceptable risk mitigation and we have contacted several and received quotes from some including Verizon, Accuvant and IBM. However, given the deepening economic downturn conditions and severe budget reductions, this additional cost has not been funded.

Explanation of the Status of the Corrective Action: The Department has evaluated this action for several years now. However, vulnerability and penetration testing involves a certain degree of risk to on-line systems which, here-to-fore, many of the agencies who are on the network are unwilling to take. These agencies include the Sheriff's Office, Clerk of Circuit Court, Tax Collector, Property Appraiser, Supervisor of Elections, Fire and Emergency Management, and others. Further, none of the traditional consultants we have contacted have been able to assure the County that their testing can be limited nor mitigated. Until such testing can be performed with acceptable mitigation and risk reduction as a responsibility of those conducting the tests, we are reluctant to be subject to such testing. However, over the past year we have taken measures to collect specifications from our peers for developing an RFP to request assistance from companies who may be able to provide acceptable risk mitigation and testing. We have recently engaged Gartner consulting group to review our current network infrastructure and security to provide additional input to the RFP specifications. We have also requested that additional funding be considered in the next fiscal year budget in order to complete the RFP process. Completion will require concurrence from the various agencies previously mentioned and funding to be allocated, as requested.

Martin County, Florida

Appendix B – Prior Year’s Recommendations to Improve Financial Management (Continued) Fiscal Year Ended September 30, 2013

2011-2 Disaster Recovery Plan

Comment has been repeated from 2010-2 and 2009-2

Prior Year Observation: There is no formal disaster recovery plan for recovering from a disaster affecting data processing services and the loss of financial systems and data. Statistics show that companies without a disaster recovery plan incurred higher costs and take longer to recover from a disaster than companies with a written and tested disaster recovery plan. Also, entities without disaster recovery plans have a greater risk of business failure if they experience a disaster that affects their operations or information systems. Entities should have a business continuity plan, which include provisions for continuing business operations in the event of a disaster and during the recovery period. Also, a disaster recovery plan is not considered complete until it has been tested.

Prior Year Recommendation: We understand that the County currently participates in the Florida Technology Disaster Recovery Consortium and is informally developing disaster recovery technologies. We recommend that the County set a target date for the completion of their comprehensive, formal disaster recovery plan and that the plan be periodically tested and updated based on the results of testing.

Prior Year Management’s Response: While not yet part of a formal disaster plan, Information Technology Services (ITS) has undertaken a specific project that will have provided a more resilient and robust disaster mitigation. The project will create an operating environment where a recovery database instance (via Oracle Data Guard) will be maintained in an offsite location at the Public Safety Complex. When completed, this will make the Banner FMS and Ventyx CIS application redundant with offsite disaster recover capability. Unfortunately, given economic conditions and severe budget reductions, hiring freezes and staff turnover, the Data Guard project is not yet complete and a formal disaster recovery project has had to be put on hold.

Explanation of the Status of the Corrective Action: Martin County has been working on projects over the past five fiscal years to provide the facilities and technology necessary to support a disaster recovery plan. In 2013 ITS completed network upgrades to provide more capacity for backups, upgraded the existing Network Attached Storage servers and added additional Network Attached Storage servers to improve storage capacity. The department also implemented market leading backup software in order to backup data and software between the three existing data centers as well as to an offsite (cloud service provider) location. In addition the department completed a disaster recovery plan for the two primary financial systems, Ventyx Customer Suite and Banner Financial Management System. The department is working on testing the existing disaster recovery plans and developing a comprehensive plan as resources permit.



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

To the Honorable Carolyn Timmann
Clerk of the Circuit Court and Comptroller
Martin County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Officer of the Clerk of the Circuit Court of Martin County, Florida (the "Office"), as of and for the year ended September 30, 2013, and have issued our report thereon dated April 25, 2014, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated April 25, 2014, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial report.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Office's financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Office's financial statements.

Section 10.554(1)(i)7., Rules of the Auditor General, requires a statement as to whether or not the Office complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Office complied with such requirements.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

West Palm Beach, Florida
April 25, 2014



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

The Honorable Laurel Kelly
Property Appraiser
Martin County, Florida

We have audited the accompanying financial statements of the major fund of the Office of the Property Appraiser of Martin County, Florida ("Office") as of and for the year ended September 30, 2013, and have issued our report thereon dated April 25, 2014, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated April 25, 2014, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such recommendations made in the preceding annual financial audit report.

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

Section 10.554(1) (i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Office's financial management. In connection with our audit, we did not have any such recommendations.

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

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Property Appraiser's financial statements.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

West Palm Beach, Florida
April 25, 2014



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

The Honorable William Snyder
Sheriff
Martin County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Office of the Sheriff of Martin County, Florida ("the Office"), as of and for the year ended September 30, 2013, and have issued our report thereon dated April 25, 2014, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, if any, which is dated April 25, 2014, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the prior year.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4. Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 of the Office's financial statements.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

West Palm Beach, Florida
April 25, 2014



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

The Honorable Vicki Davis
Supervisor of Elections
Martin County, Florida

We have audited the financial statement of the major fund of the Office of the Supervisor of Elections, of Martin County, Florida (the "Office"), as of and for the year ended September 30, 2013, and have issued our report thereon dated April 25, 2014, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated April 25, 2014, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Office's financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Office's financial statements.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management of the Office and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

West Palm Beach, Florida
April 25, 2014



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

The Honorable Ruth Pietruszewski
Tax Collector
Martin County, Florida

We have audited the financial statements of the major fund and aggregate remaining fund information of the Office of the Tax Collector of Martin County, Florida (the "Office"), as of and for the year ended September 30, 2013, and have issued our report thereon dated April 18, 2014, which was prepared to comply with State of Florida reporting requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated April 25, 2014, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve the Office's financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Office's financial statements.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

West Palm Beach, Florida
April 25, 2014