

CITY OF GAINESVILLE, FLORIDA

MANAGEMENT LETTER
AND
SINGLE AUDIT REPORTS

SEPTEMBER 30, 2006

CONTENTS

	<u>PAGE</u>
Management Letter	1
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	3
Schedule of Expenditures of Federal Awards and State Financial Assistance	5
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	7
Report on Compliance and on Internal Control Over Compliance Applicable to Each Major Federal Awards Program and State Financial Assistance Project	8
Schedule of Findings and Questioned Costs	10
Unnumbered Attachments:	
Other Auditors' Management Letter Regarding Gainesville Regional Utilities	--
<u>Management's Follow-up of Audit Findings</u>	
Summary Schedule of Prior Audit Findings	--
Corrective Action Plan for Current Year Findings	--



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Management Letter

Honorable Mayor and City Commissioners
City of Gainesville, Florida:

We have audited the basic financial statements of the City of Gainesville, Florida (the "City"), as of and for the fiscal year ended September 30, 2006, and have issued our report thereon dated December 15, 2006. Our report on the basic financial statements included references to a restatement and the report of other auditors who issued a separate management letter. Our audit was conducted 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; Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Pursuant to the Rules of the Auditor General, which govern the conduct of governmental audits performed in the State of Florida, we make the following representations:

- As required by the Rules of the Auditor General, we determined that the annual financial report for the City, for the fiscal year ended September 30, 2006, was filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, and is in substantial agreement with the audit report. It should be noted that the annual financial report includes the accounts of the Gainesville Housing Authority, which the State of Florida has characterized as a dependent special district. Pursuant to the provisions of GASB Statement No. 14, the City's basic financial statements do not include the Gainesville Housing Authority in the financial reporting entity.
- The scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, *Determination of Financial Emergency*. We determined that the City has not met one or more of the conditions described in that section that are indicative of a state of financial emergency.
- As required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

- As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal noncompliance with the provisions of Section 218.415, Florida Statutes.
- The Rules of the Auditor General stipulate that auditors should review the status of prior-audit findings. There was one financial statement finding reported in the City's Schedule of Findings and Questioned Costs for the year ended September 30, 2005. The financial statement finding, No. 05-1, addressed internal controls related to the City's procurement card program. That finding was resolved.

Following this letter are our reports on internal control and compliance relative to financial reporting and financial assistance programs. Also, other auditors have issued a separate management letter relative to Gainesville Regional Utilities. The comments in those documents should be considered in conjunction with this management letter.

This management letter is intended solely for the information and use of the Audit and Finance Committee, management and oversight audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the cooperation and courtesies extended to us during the course of our audit. We have sincerely enjoyed our association with the City and look forward to a continuing relationship. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Davis, Monk & Company

December 15, 2006
Gainesville, Florida



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**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**

Honorable Mayor and City Commissioners
City of Gainesville, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Gainesville, Florida (the "City"), as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2006. Our report on the basic financial statements included references to restatements and the report of other auditors. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Honorable Mayor and City Commissioners
City of Gainesville, Florida

Page Two

Other auditors noted certain matters that they reported to management of GRU in a separate letter dated November 17, 2006.

This report is intended solely for the information and use of the Audit and Finance Committee, management and oversight audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Davis, Mark & Company". The signature is written in a cursive, flowing style.

December 15, 2006
Gainesville, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2006
City of Gainesville, Florida**

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Program Total</u>
<u>U.S DEPARTMENT OF AGRICULTURE</u>			
Passed Through Florida Department of Agriculture: Improving Wind Resistance of Right-of Way Trees	10.664	\$ 68,853	
Passed Through Natural Resource Conservation Service: NRCS/ Emergency Watershed Protection- Lenox Place Amended	10.904	151,650	
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
Community Development Block Grant-Entitlement Program	14.218	1,336,823	
Supportive Housing Program-MHP	14.235	102,066	
Supportive Housing Program-VETSPACE	14.235	106,385	208,451
HOME Investment Partnership Grant	14.239	1,430,200	
Economic Development-SE 12th Street	14.246	686	
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Domestic Violence	16.590	172,995	
Internet Crimes Against Children	16.543	282,238	
Local Law Enf Block Grant- Year 9	16.592	5,715	
Bulletproof Vest FY 03	16.607	538	
Bulletproof Vest FY 04	16.607	37,267	37,805
COPS More 2002	16.710	2,172	
COPS Universal Hiring	16.710	346,980	
COPS-04 Technology Grant	16.710	8,232	
COPS-05 Technology Grant	16.710	113,178	
Crime Prevention Education & Technology 2005	16.710	88,076	
Crime Prevention Education & Technology 2006	16.710	8,967	567,605
Federal Equitable Sharing Proceeds	16.XXX	592,706	
Passed Through Florida Department of Law Enforcement: Byrne Formula Grant/ Tutorial Assistance for At-Risk Youth	16.579	1,534	
JAG/ Tutorial Assistance for At-Risk Youth	16.579	35,152	
JAG/ Victims of Violent Crimes	16.579	41,674	78,360
Project Safe Neighborhood/ Prevent Youth Firearm Violence	16.609	23,603	
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Federal Transit Administration Operating and Capital Assistance	20.507	3,542,895	
Passed Through Florida Department of Transportation DUI Enforcement 2005	20.605	18,994	
DUI Enforcement 2006	20.605	38,051	57,045
LAPA/Gainesville to Hawthorne Rail Trail	20.205	416,380	
LAPA/ Glen Springs Road Safety Improvement	20.205	827,614	1,243,994
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Water Quality Program Special Project	66.606	33,511	
Capitalization Grants for State Revolving Funds	66.458	2,149,621	
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
FEMA/ Assistance to Firefighters 2003	83.554	23	
FEMA/ Assistance to Firefighters 2004	97.044	207,913	
FEMA/ Assistance to Firefighters 2005	97.044	17,990	225,903
Passed Through Florida Department of Community Affairs Florida Domestic Preparedness Hazardous Materials/WMD Equipment	97.004	6,473	
2005 State Homeland Security/Hazardous Materials/WMD Response Teams	97.073	48,557	
2005 State Homeland Security /Hazardous Materials Equipment	97.073	7,445	62,475
2005 Domestic Preparedness/Training and Personnel	97.005	15,590	
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Temporary Assistance for Needy Families ¹	93.558	416,455	
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 12,705,201</u></u>	

Note: ¹ All Temporary Assistance for Needy Families (TANF) expenditures shown occurred in prior years but are reported to properly reflect cumulative expenditures of TANF funds.

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2006
City of Gainesville, Florida**

<u>State Grantor/ Program Title</u>	<u>State CSFA Number</u>	<u>Expenditures</u>	<u>Program Total</u>
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>			
FRDAP-Hogtown Creek Greenway	37.017	\$ 174,350	
<u>DEPARTMENT OF STATE</u>			
Local Arts Agency Grant-2005/2006	45.005	17,495	
Local Arts Agency Grant-2006/2007	45.005	876	18,371
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>			
RCMP Wind Mitigation Initiative	52.016	185,831	
FCT Florida Forever/ Bevill Creek	52.001	5,728	
SHIP 2003/2004	52.901	211,718	
SHIP 2004/2005	52.901	467,816	679,534
<u>DEPARTMENT OF TRANSPORTATION</u>			
Public Transit Block Grant Operating Assistance 2004/2005	55.010	1,258,011	
Urban Capital	55.017	336,470	
<u>DEPARTMENT OF HEALTH</u>			
EMS 2003-2004 Pass through from County	64.005	9,360	
EMS 2005-2006 Pass through from County	64.005	7,109	
EMS 2004-20005 Pass through from County	64.005	199,578	216,047
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 2,874,342</u>	

**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2006
City of Gainesville, Florida**

Note 1. Basis of Presentation

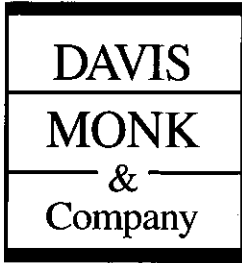
The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Gainesville, Florida and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

The City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Community Development Block Grant	14.218	\$ 267,990
HOME Investment Partnership Grant	14.239	\$ 292,404

The City did not provide state awards to subrecipients.



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Report on Compliance and on Internal Control Over Compliance
Applicable to Each Major Federal Awards Program and State
Financial Assistance Project

Honorable Mayor and City Commissioners
City of Gainesville, Florida:

Compliance

We have audited the compliance of the City of Gainesville, Florida (the "City"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2006. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance 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 Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2006. Our report on the basic financial statements included references to restatements and the report of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Audit and Finance Committee, management and oversight audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Mark & Company

December 15, 2006
Gainesville, Florida

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2006
City of Gainesville, Florida**

Part I - Summary of Auditors' Results

1. The auditors' report on the basic financial statements was unqualified.
2. The audit did not disclose reportable conditions in internal control over financial reporting.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. The audit did not disclose reportable conditions in internal control over major federal programs and state projects.
5. The auditors' report on compliance for the major federal programs and state projects was unqualified.
6. The audit did not disclose any findings relative to major federal programs and state projects.
7. The City's major programs/projects were:

<u>Federal Programs</u>	<u>CFDA No.</u>
COPS	16.710
Federal Transit Administration Operating and Capital Assistance	20.507
Capitalization Grants for State Revolving Fund	66.458
<u>State Projects</u>	<u>CSFA No.</u>
Public Transit Block Grant Program	55.010
Urban Capital	55.017

8. A threshold of \$381,156 was used to distinguish between Type A and Type B programs for federal programs, and \$300,000 was used for state projects.
9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2006
City of Gainesville, Florida**

Part II - Financial Statement Findings

No matters are reportable.

Part III – Findings and Questioned Costs – Federal Programs

No matters are reportable.

Part IV – Findings and Questioned Costs – State Programs

No matters are reportable.

Management Letter on Internal Control

The City Commission, City of Gainesville, Florida and
Gainesville Regional Utilities

In planning and performing our audit of the financial statements of Gainesville Regional Utilities (GRU or the Utility) for the year ended September 30, 2006, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. The following suggestions came to our attention that we believe merit your consideration.

Prior Year Recommendations

There were no recommendations in the prior year.

Current Year Recommendations

Financial Statement Close Process

Timely and accurate preparation and review of financial information is essential for control of company resources and accurate interim and year-end financial reporting. Based on our observations and findings during the audit process, it appears that GRU's financial statement close process could be improved. To facilitate effective completion of the month-end and year-end closing procedures and to ensure that the overall timetable is met, formal closing instructions and related accounting practices should be developed. This would consist of: incorporating formal policies and procedures, including roles and responsibilities, timetables, sample formats, and instructions for schedules to be prepared.

We are aware of GRU's plans to re-evaluate their systems, and we agree that such an examination is necessary. We recommend management consider the financial statement closing process, with the overall goal of reducing the cycle time necessary to close and produce financial statements without sacrificing the integrity of reported amounts (i.e., reduce the number of steps required to get to the financial statements, such as incorporate software to output data in specified formats). Additionally, we understand that the development of formal closing procedures and quarterly closes is a longer-term project and is significantly related to any changes with the financial management system.

Management's Response:

Management agrees with this recommendation. We are acutely aware of the shortcomings of our current accounting software, and its effects on our ability to efficiently close our books and produce Financial Statements in a timely manner. We have recently assembled a team to evaluate Financial Management Information Systems (FMIS), with a goal of replacing our current system within two years. Major objectives of this team include timely closing, preparation of interim GAAP statements, improved integration between systems, and improved corporate reporting.

Part of the Requirements Documentation for a new system will involve the evaluation and documentation of all of our procedures, including the close process and creation of financial statements. From this evaluation, we will be able to develop a formal closing procedure manual based on these new processes.

To serve in the interim, we have begun to update our current year end closing procedures to include timetables and assignments. Timetables will need to be coordinated closely with Ernst & Young's audit team to ensure appropriate timing of audit procedures. This will facilitate the year end close and audit for the next two years.

Cash Reconciliations

During our interim and year-end procedures, we identified certain items requiring consideration with respect to the cash and bank reconciliation process. We noted certain opportunities for improvement. The first item relates to evidence of review of the reconciliations. We recommend evidence of review of reconciliations in order to improve documentation of controls. The second item relates to checks outstanding for several years being included within the outstanding check listing. We recommend GRU ensure compliance with Florida requirements. Additionally, we noted items classified as reconciling items were adjusting entries to the general ledger on the bank reconciliations and cash reconciliation. Reconciling items were not resolved timely, as they appeared as reconciling items the following month. We recommend that the total per the general ledger agree to the trial balance after all adjustments are made during month-close and that the adjustments be made timely.

Management's Response:

Management agrees with this recommendation. Beginning this year, the Controller will review the cash reconciliations on a quarterly basis, as financial statements are currently published on a quarterly basis.

As suggested, GRU has researched the Florida requirements for abandoned property, and all monies have been turned over to the state as mandated. We have researched the items appearing as outstanding on cash book records, and found that journal entries to record this activity have not been done in the past several years, although the funds have been properly remitted to the state. This will be corrected in the month of January 2007, and will be handled on a timely basis in the future.

It is part of our current process to reconcile cash on a monthly basis. Reconciling items carried forward were primarily due to staffing issues, which we hope to resolve in the near future. Entries resulting from the reconciliations will be posted promptly.

Information Technology

Program Change

Observation:

During our review of the program change process for CBIS, we noted individuals have access to modify code and promote their own changes.

Risk:

By not segregating duties, a risk exists where programmers can implement changes without approval, which could affect how the application processes data and ultimately affect the financial statements.

Recommendation:

We recommend a segregation of duties be implemented for the program change process. We recommend the individual performing the change be separate from the individual moving the change into production.

Management's Response:

The current billing system, CBIS, is scheduled for decommissioning in April 2007 so that value of changing our current procedure is minimal. All changes currently go through a Quality Assurance process, which, to some degree, mitigates the concern. The new CIS system using the SAP software has a completely different procedure for promoting changes into production, and the desired separation of duties will be accomplished.

User Access

Observation:

During our review of terminated employees, we noted one individual still having access to the Windows system. In addition, we noted that the company does not have a formal notification process to identify terminated employees to the IT Department and Application Administrators, so employees' access can be removed in a timely manner.

Risk:

Users with inappropriate access creates the possibility of gaining unauthorized access to certain financial functions.

Recommendation:

We recommend that the Company (1) develop a formal notification process to identify terminated employees to the IT Department and Application Administrators and that the IT Department and Application Administrators remove terminated users' accounts and note such action on the notification received; and (2) periodically review inactive accounts (i.e., accounts that have not been used over a period of time, perhaps 60 to 90 days), and disable or lock these accounts until the users or users' manager(s) can be contacted to determine if access is still appropriate and necessary.

Management's Response:

Information Technology (IT) Management has involved several stake holding departments to institute the notification for employee changes (new hires, position changes, department changes, and termination) via weekly reports. Account access is modified and decommissioned, if necessary at that time. The current IT process also includes a complete audit of accounts every six months. The weekly reports, coupled with the audits, mitigate this concern somewhat. However, IT will continue to work with other departments that receive employee information to solidify a process to receive and process account and access changes in a timely manner.

*User Access**Observation:*

During our review of current access, we noted one individual having inappropriate access and that a formal, periodic process to review users' access to applications was not in place.

Risk:

Users may have inappropriate access or access that might not provide for adequate segregation of duties.

Recommendation:

We recommend that the company develop a formal process to periodically review users' access to the applications and take appropriate action if issues are found.

Management's Response:

IT will continue to work with other departments that have the information about employee position or department changes forwarded to IT for timely processing, thus, keeping account access up-to-date.

In addition, an Application Administration position has been established with the implementation of the SAP software system. The focus of this position will be overall systems administration, which includes software security, authorities, and overall system log file reviews.

A periodic review of appropriate access of all systems is a labor intensive process. Therefore, the initial focus of the periodic reviews of roles and account access will consider systems which hold financial information or interact with these systems (Ellipse, SAP, and Revenue Collector).

- This letter is intended solely for the information and use of management, the City Commission of the City of Gainesville, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Ernst + Young LLP

November 17, 2006



CITY OF GAINESVILLE

Finance Department

Response to Prior Audit Findings

The following is a summary of the September 30, 2005 audit finding and the current status of the finding. The City feels that each item has been addressed appropriately during the past fiscal year and actions have been taken to correct these findings.

Prior Audit Finding:

Condition and Criteria: Our review of the City's procurement card ("ProCard") program revealed several instances where a receipt was not available to adequately document the public purpose of a purchase. We also observed several purchases that were not approved by appropriate personnel

Effect: There was noncompliance with the City's prescribed policies and procedures regarding ProCard purchases.

Recommendation: Supervisory reviews of ProCard purchases should be improved to help ensure compliance with the City's system of internal control.

Current Status:

Training programs for card users and supervisors are held to improve compliance with the City's policies and procedures for ProCard purchases. Communications have been sent to each cardholder and supervisor reinforcing the appropriate procedures for card usage and purchase approval. These procedures will continue to be included in ongoing training programs for all cardholders and supervisors.

A web-based software program has been implemented which allows the ProCard administrator, department heads, and supervisors to monitor ProCard activity online on a real time basis. In addition, Finance is performing reviews of documentation each month to ensure all receipts are included.

Accounting Division

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CITY OF GAINESVILLE

Finance Department

Response to Audit Findings and Corrective Action Plan

We are pleased to report that in connection with our September 30, 2006 financial statement audit and single audit, our external auditors listed no findings. Therefore, there is currently no plan required for corrective action.

We would like to take this opportunity to thank Davis, Monk & Company for their professional and thorough audit. It is a pleasure to work with their partners and staff.

Accounting Division

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