

**Lee County Board Of County Commissioners
Agenda Item Summary**

Blue Sheet No. 21070398

1. ACTION REQUESTED/PURPOSE:

Present to the Board of County Commissioners the Independent Auditors' Management Letter for the fiscal year ended September 30, 2006.

2. WHAT ACTION ACCOMPLISHES:

Compliance with Chapter 10.550, "Rules of the Auditor General- Local Governmental Entity Audits", and Section 218.391, Florida Statutes.

3. MANAGEMENT RECOMMENDATION:

4. Departmental Category:

CISN

5. Meeting Date: March 27, 2007

6. Agenda:

- Consent**
- Administrative Appeals**
- Public**
- Walk-On**

7. Requirement/Purpose: (specify)

- Statute** 218.391
- Ordinance**
- Admin. Code**
- Other** 10.550
- Rules of FL Auditor General**

8. Request Initiated:

Commissioner _____
Department Clerk of Circuit Courts
Division Finance & Records Department
By: Donna G. Harn
Finance Director


9. Background:

Per Section 218.391, Florida Statutes, a copy of the Auditors' Management Report shall be submitted to the Board of County Commissioners and filed as permanent public record in the Minutes Office of the Clerk.

The purpose of the Independent Auditors' Management Letter is to provide recommendations to improve the County's present financial management, accounting procedures, and internal control structure.

The Auditors' Management Letter was prepared by KPMG LLP for the fiscal year ended September 30, 2006. KPMG had no recommendations to improve Lee County's financial management, accounting procedures, or internal controls.

10. Review for Scheduling:

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services				County Manager/P.W. Director
					Analyst	Risk	Grants	Mgr.	
									

11. Commission Action:

- Approved**
- Deferred**
- Denied**
- Other**



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

March 7, 2007

The Board of County Commissioners
Lee 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 Lee County, Florida, as of and for the year ended September 30, 2006, which collectively comprise Lee County, Florida's basic financial statements, and have issued our report thereon dated December 21, 2006.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also issued our report on internal control over financial reporting, and on compliance and other matters, and the related schedule of findings and questioned costs. Disclosures in those reports, which are dated December 21, 2006, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* (Section 10.554(1)(h)1) require that we address in the management letter, if not already addressed in the auditors' report on internal control over financial reporting and compliance and other matters, or in the schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been corrected. There were no recommendations made in the preceding annual financial audit.

As required by the *Rules of the Auditor General* (Section 10.554(1)(h)2), the scope of our audit included 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 Lee County, Florida complied with Section 218.415, *Florida Statutes*.

The *Rules of the Auditor General* (Section 10.554(1)(h)3) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General* (Section 10.554(1)(h)4) require disclosure in the management letter of the following matters, if not already addressed in the auditors' report on internal control over financial reporting and compliance and other matters, and are not clearly inconsequential:

- (1) Violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred and were discovered within the scope of our audit;



The Board of County Commissioners
Lee County, Florida:
March 7, 2007
Page 2

- (2) Improper or illegal expenditures discovered within the scope of the audit that may or may not materially affect the financial statements;
- (3) Improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements);
- (4) Failures to properly record financial transactions; and
- (5) Other inaccuracies, shortages, defalcations, and instances of fraud discovered by or that come to the attention of the auditor.

The results of our audit disclosed no violations of laws, rules, regulations or contractual provisions or abuse, no improper or illegal expenditures, or other deficiencies in internal control.

The *Rules of the Auditor General* (Section 10.554(1)(h)5) also 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 financial statements. Lee County, Florida was established by the Constitution of the State of Florida, Article VIII, Section 1(d).

As required by the *Rules of the Auditor General* (Section 10.554(1)(h)6a), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1) *Florida Statutes*. In connection with our audit, we determined that Lee County, Florida is not in a state of financial emergency as a consequence of conditions described in Section 218.503(1), *Florida Statutes*.

As required by the *Rules of the Auditor General* (Section 10.554(1)(h)6b), we determined that the annual financial report for Lee County, Florida for the fiscal year ended September 30, 2006, 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, 2006.

As required by the *Rules of the Auditor General* (Sections 10.554(1)(h)6c) and 10.556(7)), we applied financial assessment procedures. It is management's responsibility to monitor Lee County, Florida'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.

* * * * *

This management letter is intended solely for the information of the Lee County, Florida Board of County Commissioners, Constitutional Officers, management, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP