



## Association of Local Government Auditors

April 4, 2013

Mr. Charles E. Shaw, Chair  
Mr. Gregory S. Daniel, Audit Committee Chair  
The School District of Palm Beach County  
3300 Forest Hill Blvd., C-316  
West Palm Beach, FL 33406

Dear Messrs. Shaw and Daniel,

We have completed a peer review of the School District of Palm Beach County, Florida, Office of Inspector General for the period July 1, 2011 through June 30, 2012. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and nonaudit engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, and members of the Audit Committee to assess their understanding of, and compliance with, relevant quality control policies and procedures.

Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the School District of Palm Beach County, Florida, Office of Inspector General's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audit engagements during the period July 1, 2011 through June 30, 2012.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.

Ruthe Holden  
Los Angeles County Metropolitan  
Transportation Authority

Eileen Marzak  
City of Gainesville, FL

Brian Parks  
City of Jacksonville, FL

Cc: Mr. Lung Chiu, Inspector General  
Mr. E. Wayne Gent, Superintendent of Schools



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The School District of Palm Beach County  
3300 Forest Hill Blvd., C-316  
West Palm Beach, FL 33406

Dear Messrs. Shaw and Daniel,

We have completed a peer review of the School District of Palm Beach County Office of Inspector General for the period July 1, 2011 through June 30, 2012 and issued our report thereon dated April 5, 2013. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- The Office of Inspector General completed their first peer review with a commendably high level of compliance.
- The Office of Inspector General recently added a Compliance and Quality Control position. This is considered a leading edge practice and will help to ensure the Office of Inspector General's work product meets the highest level of quality and compliance to standards.
- Both the Audit Committee Chair and Vice Chair have a great deal of professional respect for the Inspector General and believe the Office of the Inspector General adds considerable value to the School District's mission and strategic goals.

We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards (GAS)*:

- Assess Sufficiency and Appropriateness of Computer-processed Information

GAS 6.66 states that auditors should assess the sufficiency and appropriateness of computer-processed information regardless of whether this information is provided to auditors or auditors independently extract it. The assessment of the sufficiency and appropriateness of computer-processed information includes considerations regarding the completeness and accuracy of the data for the intended purpose.

We noted some performance audits relied on reports generated from computer systems where workpaper files did not document the assessment of completeness and accuracy of the data.

We recommend incorporating Government Accountability Office's guidance on *Assessing the Reliability of Computer-Processed Data* dated July 2009 into the Policy and Procedures Manual and create workpaper templates to use for all projects that rely on data that has been processed by a computer.

- Compliance to Reporting Standards

GAS 2.12 states that GAS does not cover nonaudit services and, therefore, auditors do not report that the nonaudit services were conducted in accordance with GAS.

We noted two of the nonaudit services reports indicated that the report was done in compliance with GAS.

GAS 7.28 states that auditors should recommend actions to correct deficiencies and other findings and GAS 7.29 states that recommendations are effective when the recommendations are specific, practical, cost effective and measurable.

We noted that not all the findings in the performance audit reports we reviewed included recommendations to address the findings.

GAS 7.30 states that when auditors comply with all applicable GAS requirements, they should use the specific wording for an unmodified GAS compliance statement that is included in this standard.

We noted that the GAS compliance language used in the performance audit reports we reviewed did not use the specific wording required in GAS 7.30.

The Office of Inspector General has already addressed these first three issues. They are:

- 1) no longer using the GAS compliance statement for nonaudit services,
- 2) using the unmodified GAS compliance statement, and
- 3) including recommendations to address all deficiencies and findings.

GAS 4.22 states that auditors should document, before the audit report is issued, evidence of supervisory review of the work performed that supports findings, conclusions, and recommendations contained in the audit report.

We noted that the consolidation work for the final report of the Annual Internal Funds Audit for fiscal year 2010-2011, lacked documentation of the level of supervisory review.

GAS 4.15a states when auditors report separately (including separate reports bound in the same document) on internal control over financial reporting they should include a reference to the separate reports and also state that the reports on internal control over financial reporting are an integral part of a GAS audit and important for assessing the results of the audit.

We noted that the final report on the Annual Internal Funds Audit for fiscal year 2010-2011 did not include a statement required by American Institute of Certified Public Accountants' Statements on Auditing Standards (AICPA SAS).

We recommend updating the Policy and Procedures to incorporate the AICPA SAS requirements.

We extend our thanks to you, your staff and the other School District officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,



Ruthe Holden  
Los Angeles County Metropolitan  
Transportation Authority

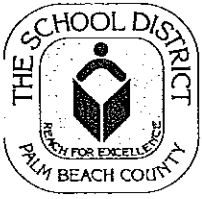


Eileen Marzak  
City of Gainesville, FL



Brian Parks  
City of Jacksonville, FL

Cc: Mr. Lung Chiu, Inspector General  
E. Wayne Gent, Superintendent of Schools



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FLORIDA

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April 4, 2013

Ruthe Holden, CPA, ALGA Peer Review Team Leader  
Eileen Marzak, CPA, ALGA Peer Review Team Member  
Brian Parks, CPA, ALGA Peer Review Team Member

Dear Messrs. Holden, Marzak, and Parks,

My staff and I thank each of you, your sponsoring organizations, and the Association of Local Government Auditors coordinators for your services, hard work, and suggestions to enhance our Office's demonstrated adherence to *Government Auditing Standards*.

#### **Assess Sufficiency and Appropriateness of Computer-processed Information**

We concur with the recommendation. As suggested, we will update our *Policy and Procedures Manual* to incorporate the Government Accountability Office's guidance on *Assessing the Reliability of Computer-Processed Data* and create workpaper templates for projects that rely on data that has been processed by a computer.

#### **Compliance to Reporting Standards**

As noted, the Office of Inspector General has previously addressed three of the compliance issues mentioned. Since inception of the Office (August 1, 2012), every audit report released by the Office contains the required language for the *Government Auditing Standards* compliance statement.

We concur with the recommendation. As suggested, we will update our *Policy and Procedures Manual* to incorporate the American Institute of Certified Public Accountants' Statements of Auditing Standards requirements.

Sincerely,

Lung Chiu, Inspector General

Cc: Charles E. Shaw, School Board Chair  
E. Wayne Gent, Superintendent  
Gregory Daniel, Audit Committee Chair