

**TO: Esrone McDaniels  
Department of Community Affairs**

**FROM: The Governors Front Porch Revitalization Council of Pensacola**

**DATE: December 1, 2006**

**RE: Audit Response**

The following is our response to the findings of the audit of The Governors Front Porch Revitalization Council of Pensacola, dated June 30, 2006:

Our comments below are in response to the Current Year's Findings as enumerated in the Independent Auditor's Letter to Management from Harvey, Branker & Associates, P. A. dated August 31, 2006.

**06-ML-01**

**Issue:** During our procedures, we noted that the Organization has an absence of segregation of duties.

**Recommendation:** We recommend that the Organization reassign some of the duties to other staff within the company.

**Response:** The Council is implementing core programs, in the upcoming year, to ensure that adequate staff is hired to separate duties. In addition, the Council has acted to direct that the Treasurer of the Council now manage all the financial transactions and reporting for the Council, instead of the Liaison.

**06-ML-02**

**Issue:** During our procedures, we noted the Front Porch was not backing up the accounting system.

**Recommendation:** We recommend that the organization maintain hard copies and/or data copies of all files for financial statements. The information should be printed monthly and filed.

**Response:** The Organization will maintain hard copies of all files and print the financial statements monthly. In addition, the Treasurer will be doing data entry into the Accounting System and backing up the data files and maintaining backups in a separate location in the event of disaster or a need for recovery.

### **06-ML-03**

**Issue:** During our procedures, we noted several checks were not supported with check requests and invoices. We also noted the invoices did not have a “Received” or “Paid” stamp.

**Recommendation:** We recommend that the organization keep a copy of each processed check along with all supporting documentation. We further recommend that the Organization consider purchasing a “Paid” stamp and stamping all paid invoices with the stamp to avoid duplicating payment for services rendered or goods already received.

**Response:** Agreed. A date stamp has been purchased and we will implement this recommendation. In addition, the Organization has implemented a system of check request and payment authorization forms which will further separate duties and provide a system of checks and balances whereby the person approving a bill for payment will not be able to issue the check to pay the bill.

### **06-ML-04**

**Issue:** During our audit procedures, we noted that the Organization does not maintain a detailed fixed asset schedule throughout the fiscal year for all purchased, donated, and leasehold improvements that are used over the fixed asset capitalization policy.

**Recommendation:** We recommend that the Organization maintain a detailed schedule of all fixed assets and depreciation expense.

**Response:** Agreed. Management agrees with the Auditor’s finding and will implement the appropriate procedures during the 2007 fiscal year to ensure compliance. A fixed asset and depreciation schedule will be maintained by the Treasurer to ensure compliance.

### **06-ML-05**

**Issue:** While performing our financial statement auditing procedures, we noted that the Organization’s Board minutes were incomplete, missing, or misplaced.

**Recommendation:** We recommend that management take the necessary actions on order to ensure that all of the minutes are transcribed and placed in a central location in a timely fashion so that it can be readily available for review.

**Response:** Management agrees with the Auditor’s finding and will implement the appropriate procedures during the 2007 fiscal year to ensure compliance. Further, we shall include the appropriate entries in the minutes each month to indicate that the Council did not meet in a previous month, or will not meet in a future month.

#### **06-ML-06**

**Issue:** During our procedures, we noted that the Organization did not perform any bank reconciliations for the fiscal year 2005.

**Recommendation:** Monthly bank reconciliations are essential to effectively track the amounts of money that the company received and disbursed. It also serves as a tool to keep track of outstanding disbursements and receipts.

**Response:** Management agrees with the Auditor's finding and will implement the appropriate procedures during the 2007 fiscal year to ensure compliance. Further, the bank accounts of the Council will be consolidated into one account which will be managed and reconciled by the Treasurer each month, and any discrepancies accounted for and corrected.

#### **06-ML-07**

**Issue:** During audit test work, we noted the cash balance within the general ledger was not consistent with the June 30, 2006 bank statement.

**Recommendation:** We recommend that the Organization carefully review all items prior to processing, during and before disbursing to ensure accuracy. The Organization must review the general ledger on a monthly basis to maintain accurate recording of financials.

**Response:** Management agrees with the Auditor's finding and will implement the appropriate procedures during the 2007 fiscal year to ensure compliance. Further, the Treasurer will be maintaining the necessary ledgers and performing regular bank reconciliations in order to correct any differences.

#### **06-ML-08**

**Issue:** During our procedures, we noted check request forms were not utilized to approve payments. The Community Liaison and Treasurer were authorized to approved invoices and sign checks.

**Recommendation:** We recommend that the organization complete a check request form and ensure that authorized personnel review supporting documentation to verify accuracy and completeness prior to signing.

**Response:** Agreed. See response to item 06-ML-03 regarding separation of duties. In addition, the bank accounts will be set up so that two signatures are required on any checks issued for payment of any bills.

**06-ML-09**

**Issue:** During test work, we learned the Front Porch did not maintain copies of all agreements. We were unable to obtain copies of the Keep Florida Beautiful and the Long Hollow Planning Grants.

**Recommendation:** The Front Porch will have the agreements at hand and will have the ability to explain/prove the validity of all expenditures.

**Response:** Management agrees with the Auditor's finding and will implement the appropriate procedures during the 2007 fiscal year to ensure compliance. Further, we will maintain copies of all agreements on hand.

**06-ML-10**

**Issue:** During test work, we learned all accounting transactions were not recorded immediately after processing. The financial statements for the Front Porch were not up-to-date due to lack of daily, weekly or monthly recordings.

**Recommendation:** We recommend that the Front Porch record all financial transactions on a daily, weekly or monthly basis. It is essential to record these transactions immediately to reduce the risk of missing, incomplete and inaccurate transactions.

**Response:** Due to the many responsibilities of the Liaison, making entries is hard to do daily. Between meetings, trainings, outreach, community events, project coordination, running the office and daily appointments with residents, there is no time. The Organization is implementing accounting practices for 2007 to ensure the recommendation is met. With the consolidation of the bank accounts and the assumption of the accounting duties by the Treasurer, timely entry and reconciliations will be ensured.

Respectfully submitted,

s/ Allen M. Upchurch, Jr.

Allen M. Upchurch, Jr.  
For the Council  
Treasurer  
The Governors Front Porch Revitalization Council of Pensacola  
1040 Guillemard St.  
Pensacola, FL 32501-3160  
850-439-0139