



Crowe Horwath LLP
Member Horwath International

Board of Directors
Pasco Hernando Jobs and Education
Partnership Regional Board, Inc.
Brooksville, Florida

In planning and performing our audit of the financial statements Pasco Hernando Jobs and Education Partnership Regional Board, Inc. (the "Organization") as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain matters that we wish to communicate to you. Matters communicated in this letter are classified as follows.

- Best Practice – A matter which you may find of interest.
- Deficiency – A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

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; and (*if applicable*) OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 11, 2008, should be considered in conjunction with this management letter.

Follow up on Prior Year Recommendations:

| Recommendation: | Current Year Status: |
|--|---------------------------------------|
| Record prepaid insurance | Refer to current year recommendations |
| Implement controls to obtain subrecipient audit reports on a timely basis | Implemented |
| Implement additional controls in payroll processing | Implemented |
| Include language in subrecipient contracts requiring single audits when applicable | Implemented |
| Record full cost of assets placed in service | Implemented |

Current Year Recommendations:

| Record Prepaid Insurance | | Deficiency |
|---------------------------------|---|-------------------|
| Observation: | The Organization does not make an adjustment to the general ledger to record prepaid insurance. | |
| Recommendation: | Procedures should be implemented to develop a prepaid insurance schedule. Adjustments should be posted to the general ledger on a timely basis to properly reflect the prepaid balances as part of the monthly closing entries. | |
| Response: | Prepaid expense accounts will be properly reconciled and reviewed each month. | |

| Document Review of SAS 70 Report and User Controls | | Deficiency |
|---|--|-------------------|
| Observation: | The Organization obtained and reviewed the SAS 70 report for payroll processing that is being outsourced; however, there was no documentation to evidence this review. In addition, there was no documentation of the user considerations and /or controls. | |
| Recommendation: | Review of the SAS 70 report and user consideration and controls should be documented. | |
| Response: | The Sr. VP and Director of Finance will continue to review the report and, in the future, ensure review of the report is evidenced by signature and date. The Organization will also review the user controls required and verify the controls are in place and operating effectively. | |

| Reconcile Receivables and Payables Monthly | | Deficiency |
|---|--|-------------------|
| Observation: | The Organization only reconciles and records adjustment to the general ledger annually to recognize grant receivables, accounts payable and accrued expenses. On a monthly basis the Organization processes accounts payable timely and generally does not have a significant accrual for outstanding payables or accrued liabilities. | |
| Recommendation: | Procedures should be implemented to reconcile all receivable and payable accounts timely and record these entries as part of the monthly closing process in order to be able to detect any significant receivables or liabilities that may need to be recorded on a monthly basis. | |
| Response: | Accounts payable and accrued expenses will continue to be recorded at the end of each month. Grants receivable, deferred revenue, prepaids, etc. will be properly recorded at month-end. | |

| Document Journal Entry Preparation | | Deficiency |
|---|--|-------------------|
| Observation: | The preparer does not sign nor date the journal entry before giving it to the reviewer. However, there is only one individual who has access to prepare journal entries. | |
| Recommendation: | We recommend the preparer sign and date all journal entries. | |
| Response: | A procedure has been implemented to document preparation and approval of all journal entries. | |

| Follow Check Signing Procedures | | Deficiency |
|--|--|-------------------|
| Observation: | We observed a disbursement where the check was released to the vendor and was not signed by the authorized individual. The bank processed the check for payment. | |
| Recommendation: | Check signing procedures should be followed as documented and implemented in all instances. | |
| Response: | This was an isolated instance and staff will take care to ensure this does not happen in the future. Procedures/controls do not need to be modified. | |

| Periodically Review Cost Allocation Plan for Accuracy | Deficiency |
|---|---|
| Observation: | The December 2007 Organization's fiscal monitoring report identified deficiencies related to the cost allocation plan and recommended that the Organization implement controls to periodically review the plan for accuracy. Our year end testing of the plan did not identify any significant control findings. However, the Organization is still in the process of reviewing the findings from the monitoring report and implementing controls to periodically review and monitor the allocations to insure accuracy and that errors are detected on a timely basis. |
| Recommendation: | Timely reviews should be conducted by someone other than the preparer of the cost allocation plan as recommended by the monitoring report. |
| Response: | The deficiencies were addressed as part of the corrective action plan related to the monitoring report. The process implemented was for staff other than the preparer to review and sign off on the cost allocation schedules when updated and, as indicated in the observation, testing of the plan during the audit did not identify any significant control findings. |

We also identified certain other matters which you may find of interest.

| Improve Physical Security Over Confidential Records | Best Practice |
|---|---|
| Observation: | We observed that the current month's payroll reports were maintained in a locked cabinet; however, prior period reports were not secured in a locked file. |
| Recommendation: | All confidential records, current and prior period, should be secured in locked files. |
| Response: | Payroll records are maintained in a locked file cabinet. The payroll reports referenced were removed from the locked file cabinet to be provided to the auditors. |

The Organization's responses to the matters identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on those responses.

This communication is intended solely for the information and use of the management of Pasco Hernando Jobs and Education Partnership Regional Board, Inc., Board of Directors, federal and state awarding agencies and the Florida Agency for Workforce Innovation, and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Lakeland, Florida
 November 11, 2008