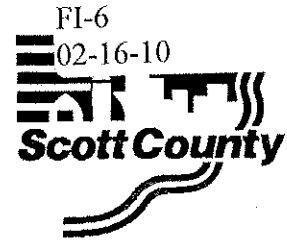


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February 8, 2010

TO: Board of Supervisors

FROM: Craig Hufford, Financial Management Supervisor
Sarah Kautz, Budget Manager
Wes Rostenbach, Accounting and Tax Manager
Dee F. Bruemmer, County Administrator

SUBJ: Quarterly Status Report from the Financial Review Committee on Various Financial Management Improvements – 2nd Quarter FY10

The Financial Review Committee (FRC) consisting of Craig Hufford, Financial Management Supervisor in the Treasurer's Office, Sarah Kautz, Budget Manager, Wes Rostenbach, Accounting and Tax Manager in the Auditor's Office, and Dee F. Bruemmer, County Administrator reports quarterly to the Board on the status of various financial management improvements.

Attached to this memo are the following status reports:

- FY09 Audit Management Letter Comments

Please contact us should you have any questions regarding this memo or the attached status report.

Attachment

FY09 MANAGEMENT LETTER COMMENTS
2nd Qtr FY10

SUBJECT	RESPONSIBILITY	TIMEFRAME
<p>1. Comment: Agency Funds are not being reconciled to the general ledger balances. The off-line systems are reconciled to the bank statements, but neither balance is reconciled to the general ledger.</p> <p>Recommendation: We recommend timely monthly reconciliations. We also recommend a three-way reconciliation between the off line system, the bank statement, and the general ledger, with any discrepancies researched and closed as soon as possible.</p> <p>Current Status: In process</p>	<p>Administration/Treasurer/All department with agency funds</p>	<p>June 2010</p>
<p>2. Comment: The County does not perform reconciliation between the capital asset system, the general ledger, and the roll forward of capital assets at year-end. It was noted in the current year, several beginning balances of the capital asset categories did not agree to the ending balance from the prior year due to changes in the capital asset system being performed. There is no record of changes in the system when assets move between categories.</p> <p>Recommendation: The County should review the procedures for making changes in the capital asset system and consider posting changes on a quarterly basis for additions and disposals of capital assets.</p> <p>Current Status: In process</p>	<p>Administration/FSS</p>	<p>June 2010</p>

McGladrey & Pullen

Certified Public Accountants

To the Board of Supervisors
County of Scott, Iowa
Davenport, Iowa

In connection with our audit of the financial statements of County of Scott, Iowa (County) as of and for the year ended June 30, 2009, we identified deficiencies in internal control over financial reporting (control deficiencies).

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 financial statement misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected.

A significant deficiency is a deficiency, or a combination of control deficiencies, that adversely affect the entity's ability to authorize, initiate, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

We have separately communicated, to you and the Board of Supervisors, identified deficiencies, if any, that we determined to be significant deficiencies or material weaknesses.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Agency Funds: During our testing of the agency funds, we noted not all the agency cash accounts are being reconciled to the general ledger balances. Instead the off-line systems are reconciled to the bank statements, but neither of these amounts are reconciled to the general ledger. We recommend the bank reconciliations not only reconcile between the off-line system and the bank but also to the general ledger balance.

For the Jail Inmate Kiosk account, the bank reconciliations were not being performed timely which resulted in an incorrect transfer between accounts not being caught in a timely manner. The timely reconciliation of the cash accounts is an important step in the process to ensure all monies are accounted for and properly posted. We recommend cash reconciliations be completed on a monthly basis.

Capital Assets: The County does not perform reconciliation between the capital asset system, the general ledger and the roll forward of the capital assets at year-end. It was noted in the current year, several beginning balances of the capital asset categories did not agree to the ending balance from the prior year due to changes in the capital asset system being performed. Due to the method of the changes in the capital asset system, there is not a record of the change as part of the reporting from the capital asset system due to the movement of the asset between categories. These types of changes do not get properly posted to the general ledger. We recommend the County review the procedures for making changes in the capital asset system and consider posting changes on a quarterly basis for additions and disposals of capital assets.

This communication is intended solely for the information and use of management, the Board of Supervisors, others within the County and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
November 17, 2009