

MIAMI-DADE COUNTY, FLORIDA

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2009

(1) General

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) presents the activity of all federal awards programs and state financial assistance projects of the General Government, Solid Waste Management, and Seaport (General Segment) operations of Miami-Dade County, Florida (the County) for the year ended September 30, 2009. Federal awards programs and state financial assistance projects received directly, as well as passed through other government agencies, are included on the Schedule. The schedule does not include the Miami-Dade Aviation Department; Miami-Dade Transit; the Public Health Trust of Miami-Dade County; and Miami-Dade Housing Agency.

(2) Basis of Presentation

The Schedule includes the federal and state grant activity of certain funds and departments of the County and is presented on the accrual basis of accounting. Under the accrual basis, expenditures are recognized in the period liabilities are incurred. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 215.97, *Florida Statutes*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The County records financial transactions for grants in numerous individual funds. The accompanying grant financial activity represents expenditures recorded by the County during the year ended September 30, 2009 and accordingly does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the County's fiscal year. Unless otherwise noted, negative receipts and expenditures reflected within a specific grant financial statement represent a reallocation of financial transactions with similar grants from the same respective grantor agency.

The majority of grant awards administered by the County are operated on a reimbursement basis. Various reimbursement procedures are used for such funds. Consequently, timing differences between expenditures and program reimbursement exist.

Several programs are funded jointly by county, state, and federal funds. Costs incurred in such programs are applied against federal grant funds to the extent of grant award provisions and against state and county funds for the balance.

(3) Program Clusters

OMB Circular A-133 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are tested accordingly.

(4) Disaster Grants – Public Assistance

The County experienced various disasters, which include: Hurricane Irene (1999), the No Name Storm (2000), Hurricanes Charley, Frances, and Jeanne (2004), Hurricanes Katrina and Rita (2005), and Wilma (2006). Cost of repairs, renovation, and clean-up continue to be reimbursed through FEMA and state grants, insurance proceeds, and general fund appropriations.

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**Notes to the Schedule of Expenditures of Federal
Awards and State Financial Assistance**

Year ended September 30, 2009

For the year ended September 30, 2009, expenditures were reported for items covered by FEMA, state, and local funds. The information reflected for the FEMA grant (grant award, expenditures, and receipts) relates to approved project worksheets.

The FEMA Office of the Inspector General may conduct audits of certain hurricane-related expenditures within three years of closing the project. However, it is management's opinion that no material liabilities will result from any potential audits.

(5) Subrecipients

Certain program funds are passed through the County to subrecipient organizations. The Schedule does not contain separate statements disclosing how the subrecipients outside of the County's control utilized these funds.

(6) Outstanding Loans

The Community Development Block Grant, the HOME Investment Partnerships Program, and the State Housing Initiatives Partnership Program processed loans under the grant programs. New loans made during the year ended September 30, 2009 are included as expenditures in the schedule of federal awards and state financial assistance. The outstanding loan balances at September 30, 2009 were \$20,083,307, \$86,530,216, and \$85,431,288, respectively.

(7) Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability to the County. In the opinion of management, no material liabilities will result from any such audits.

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 Year ended September 30, 2009

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified		
Internal control over financial reporting:			
• Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None reported
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) Circular A-133?	<u> X </u>	Yes	<u> </u> No

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Identification of major programs and type of auditors' report issued on compliance for major programs:

<u>Federal programs</u>	<u>Federal CFDA No.</u>	<u>Opinion type</u>
U.S. Department of Agriculture: Child and Adult Care Food Program	10.558	Qualified
U.S. Department of Housing and Urban Development: Community Development Block Grant/Entitlement Grants	14.218	Qualified
HOME Investment Partnerships Program	14.239	Qualified
ARRA – Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	Unqualified
U.S. Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	Qualified
ARRA – Highway Planning and Construction	20.205	Qualified
U.S. Department of Energy: Weatherization Assistance for Low-Income Persons	81.042	Unqualified
ARRA – Weatherization Assistance for Low-Income Persons	81.042	Unqualified
U.S. Department of Health and Human Services: Refugee and Entrant Assistance State Administered Programs	93.566	Qualified
Low-Income Home Energy Assistance	93.568	Unqualified
Child Care Development Fund Cluster: Child Care and Development Block Grant	93.575	Qualified
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Qualified
ARRA – Child Care and Development Block Grant	93.713	Qualified
Temporary Assistance for Needy Families	93.558	Qualified
Head Start	93.600	Qualified
Community Service Block Grant Cluster: Community Services Block Grant	93.569	Unqualified
ARRA – Community Services Block Grant	93.710	Unqualified
U.S. Department of Homeland Security: Port Security Grant Program	97.056	Unqualified
Homeland Security Grant Program	97.067	Qualified

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualifies as low-risk auditee: Yes X No

State Financial Assistance

Internal control over major projects:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

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Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*? X Yes No

Identification of major projects and type of auditors' report issued on compliance:

<u>State projects</u>	<u>State CSFA No.</u>	<u>Opinion type</u>
Florida Department of State:		
State Housing Initiatives Partnership (SHIP) Program	52.901	Qualified
Seaport Grants	55.005	Unqualified
Voluntary Pre-Kindergarten Program	75.007	Unqualified

Dollar threshold used to distinguish between type A and B projects: \$2,508,726

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Section II – Financial Statement Findings

2009-01 Capital Assets

Condition Found

During our testwork of capital assets, we noted that the County recorded approximately \$284 million of additions and approximately \$24 million of deletions and transfers to the capital assets accounts for the governmental activities. The accumulation of this information appeared to be a manual and time-consuming process. Furthermore, the information initially provided to us contained numerous errors including additions recorded out of period and items that were not actual additions, and was returned to County personnel to review and correct.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The County did not have adequate procedures in place to ensure that capital asset additions, deletions, and transfers were properly and timely recorded.

Effect

The failure to properly record capital asset additions, deletions, and transfers on a timely basis could result in error in financial reporting.

Recommendation

We recommend that management enhance its current processes to accumulate and record capital assets additions, deletions, and transfers for governmental activities to streamline or automate the processes in order to report such transactions in a more timely and accurate manner.

Furthermore, the capital assets records should be thoroughly reviewed by the appropriate finance department personnel for accuracy and completeness.

Management's Response

Management agrees that the search for capital assets additions is mostly manual and time-consuming. The search in governmental funds is performed by an Accountant II. Capital items include all land, furniture and equipment over \$5,000 (including motor vehicles, computer equipment, communication equipment, voting equipment and others), buildings and building

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improvements over \$100,000 and infrastructure (roads, sidewalks, guardrails, etc.) totaling over \$3.8 billion as of September 30, 2009. During fiscal year 2009, there were approximately 16,311 capital asset related transactions to be researched, including looking at files, contracts, purchase orders and invoices to determine if the item meets the capitalization threshold and is captured in the GSA capital inventory report. The Accountant must also search Clerk of Courts records, Property Appraiser records, and communicate with various departments (Fire Dept., DERM, GSA, Public Works, etc.) to complete the research. Once items are identified, the assets must be loaded to the capital assets software. In addition, various schedules and journal entries are prepared to record the asset additions, deletions and transfers for financial reporting purposes (CAFR).

Management succeeded in streamlining the process in fiscal year 2009. However, due to the high volume of transactions, more resources need to be dedicated to this area to expedite the process. It is anticipated that while some improvements can be made, the process will continue to be mostly manual until a new integrated accounting software is implemented countywide.

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Year ended September 30, 2009

Section III – Federal Award Program Findings and Questioned Costs

2009-02

Federal Program

Child and Adult Food Care Program; CFDA No. 10.558, Award No. S-724

Federal Agency

U.S. Department of Agriculture (USDA)

Pass-Through Entity

State of Florida Department of Health

Criteria – Activities Allowed or Unallowed

OMB Circular A-87 requires recipients of federal awards to maintain effective control and accountability for all grants. Specifically, Title 7, Part 3016, Section 3016.20a(2) of the Code of Federal Regulations (CFR) provides that fiscal and accounting procedures of the subgrantee must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibition of applicable statutes. Furthermore, Section (b)(2) of the CFR also stipulates that grantees and subgrantees must maintain records that adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

Condition Found

Expenditures in the amount of \$315,545 and related revenues for the food portion were originally recorded under a different grant program (CFDA 93.600) and were not accounted for separately. The journal entry to reclassify the costs to the proper program was not performed in a timely manner.

Questioned Costs

Undeterminable

Perspective

The finding is considered systemic in nature.

Cause

The CAA personnel did not properly record revenues and expenditures in the appropriate individual grant code established in FAMIS for the grant.

Effect

The failure to account for each grant's revenues and expenditures properly has led to several manual corrections through journal entries in order to correct the general ledger and to report grant expenditures on the schedule of expenditures of federal awards and state financial assistance (SEFA). The lack of compliance with applicable federal regulations could lead to disallowance of costs and jeopardize future federal funding.

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Recommendation

We recommend that the CAA personnel follow the County's policy and properly utilize the appropriate individual grant codes for each individual grant's revenues and expenditures to maintain effective controls over the recording, reporting, and claiming for reimbursement of costs related to each federal program.

Management's Response

While CAA's current reimbursement process is not out of compliance, it recognizes the need to enhance existing policies and procedures to ensure timely reconciliation of grant monthly costs. The department is reviewing its current procedures to enhance efficiency and to ensure program costs are posted to grant index codes in a timely manner. Best practices in reimbursement and reconciliation are being reviewed to ensure the department is operating within that framework.

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2009-03

Federal Program

Child and Adult Food Care Program; CFDA No. 10.558, Award Nos. D-816 and S-724

Federal Agency

U.S. Department of Agriculture (USDA)

Pass-Through Entity:

State of Florida Department of Health

Criteria – Activities Allowed or Unallowed

OMB Circular A-87 requires subrecipients of federal awards to maintain effective control over the recording and claiming for reimbursement of costs related to federal program, and that the accounting treatment applied to those costs be consistently applied among the various federal programs. Additionally, OMB Circular A-87, B8(h) requires that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation, which meets the standards outlined in B(h)(5) of OMB Circular A-87 unless a statistical sampling system or other substitution system has been approved by the cognizant federal agency. Such supporting documentation is required in a variety of circumstances such as when employees are assigned to work on multiple federal award programs. When an employee is assigned to work solely on one federal grant or cost objective, certifications must be prepared at least semiannually certifying to this fact, and must be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Condition Found

Our testwork of forty (40) payroll expenditures disclosed that 100% of the salaries for six (6) employees of the CAA were charged to the Child and Adult Food Program. However, the payroll certifications maintained by CAA did not support the salaries paid to these employees. Specifically, certifications for these employees indicated no percentage of time allocated to the Child and Adult Food program.

Additionally, the County did not prepare the required payroll certifications for one half of the year for two (2) employees under contract. The total annual payroll cost associated with these two (2) employees amounted to \$70,738.

Questioned Costs

\$248,611

Cause

The County did not properly design the procedures regarding the reporting of payroll expenditures as well as the certification process.

Effect

The County is not in compliance with the requirements of OMB Circular A-87 with regard to documentation required for the distribution of salary and related benefits charged to this program.

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Recommendation

We recommend that the County enhance its time and effort tracking report to ensure that payroll expenditures are accurately reported to the appropriate programs and that the required certifications are obtained.

Management's Response

Management concurs with the recommendation. CAA has developed a time and effort tracking report that is currently being reviewed by management and the granting agency prior to implementation to maximize efficiency while ensuring regulatory compliance. DHS has instituted semiannual payroll certifications for employees working in the grant set forth by OMB Circular A-87.

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2009-04

Federal Program

Child and Adult Food Care Program; CFDA No. 10.558, Award No. S-724

Federal Agency

U.S. Department of Agriculture (USDA)

Pass-Through Entity:

State of Florida Department of Health

Criteria – Reporting

OMB Circular A-87 requires recipients of federal awards to maintain effective control and accountability for all grants. Specifically, Title 7, Part 3016.20a(2) of the Code of Federal Regulations (CFR) provides that fiscal and accounting procedures of the subgrantee must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. The grantor restricts the use of funds for disbursements to eligible institutions to reimburse costs in providing meals and snacks to children and adults enrolled in nonresidential day care, children attending afterschool care programs, and children in emergency shelters.

Condition Found

Pursuant to the approved contract (S-724) between the County and the State of Florida Department of Health, a total of \$1.8 million was funded for food purchases and administrative salaries and benefits during the period of October 1, 2008 through September 30, 2009.

We noted a total of \$73,121 was expended on field trips and other related activities whereas only food costs and administrative salaries and benefits are allowed under the grant agreements. However, the program reimbursed only the food purchased and administrative salaries.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The County did not have adequate procedures in place to ensure that grant funds are expended only for allowable costs/activities.

Effect

The lack of compliance with federal regulations could lead to unallowed costs being requested for reimbursement as well as termination of the County's participation in the Child and Adult Food Program.

Recommendation

We recommend that the County enhance its internal controls and processes to ensure that grant funds are expended only for allowable costs and activities.

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Management's Response

The reporting error was identified and corrected by Community Action Agency (CAA) effective August 2009, prior to the December 2009 audit review. Since this is a fee for service grant, the department was properly reimbursed based solely on the number of meals served. Therefore, the inadvertent reporting error did not affect the reimbursement amount received by the County. The County also provided sufficient match funds to cover valid program costs not reimbursable under the approved contract with the State. Fiscal management staff will ensure through the final review process that only allowable costs under the grant agreement get reported.

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2009-05

Federal Program

Child and Adult Food Care Program; CFDA No. 10.558, Award No. S-724

Federal Agency

U.S. Department of Agriculture (USDA)

Pass-Through Entity:

State of Florida Department of Health

Criteria – Reporting

OMB Circular A-87 requires recipients of federal awards to maintain effective control and accountability for all grants. Specifically, Title 7, Part 3016.20a(2) of the Code of Federal Regulations (CFR) provides that fiscal and accounting procedures of the subgrantee must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibition of applicable statutes. Further, Section (b) (2) of the CFR also stipulates that grantees and subgrantees must maintain records that adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

The *Budget Completion Instructions for Sponsoring Organizations* from the State of Florida Department of Health (DOH) requires the County to provide a copy of the indirect cost plan, which has been approved by the County's cognizant agency if the County is claiming administrative costs.

Condition Found

Pursuant to the approved contract (S-724) between the County and DOH, a total of \$1.8 million was funded for food purchases and administrative salaries and benefits during the period October 1, 2008 through September 30, 2009.

Our review of grant expenditure transactions disclosed the County recorded indirect costs totaling \$283,264 in the Child and Adult Food Program. However, we noted the County did not provide an indirect cost plan to the DOH or have a line-item budget for indirect cost.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The County did not have adequate procedures in place to ensure grant funds are expended only for allowable costs under the grant agreement.

Effect

The lack of compliance with federal regulations could lead to unallowed costs being charged to the program and termination of the County's participation in the Child and Adult Food Program.

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Recommendation

We recommend that the County enhance controls to ensure grant funds are expended only for allowable costs/activities.

Management's Response

Management concurs with the recommendation. Since this is a fee for service grant, the department was properly reimbursed based solely on the number of meals served. Therefore, the inadvertent reporting error did not affect the reimbursement amount received by the County. The County also provided sufficient match funds to cover valid program costs not reimbursable under the approved contract with the State. Fiscal management staff will ensure through the final review process that only allowable costs (budgeted items) under the grant agreement get reported.

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2009-06

Federal Program

Child and Adult Food Care Program; CFDA No. 10.558, Award No. S-724

Federal Agency

U.S. Department of Agriculture (USDA)

Pass-Through Entity

State of Florida Department of Health

Criteria -- Reporting

The reporting requirements for federal awards require the applicable reports to include all activity of the reporting period, are to be supported by applicable records, to be fairly presented in accordance with program requirements, and to be submitted on a timely manner. The agreement between the County and the State of Florida requires claims for reimbursements to be filed within 60 days after the close of the month in which the claim incurred.

Condition Found

Our testing of the twelve (12) monthly reimbursement requests submitted to the State for the Award disclosed one (1) instance where the monthly reimbursement requests for the Head Start Program were not filed in a timely manner.

Questioned Costs

None

Perspective

The finding is considered isolated in nature.

Cause

Internal controls did not appear to be functioning effectively to ensure all required reports are timely filed.

Effect

Inaccurate and/or untimely filings of required reports could lead to disallowance of costs and/or termination from the program for lack of compliance with the reporting requirements.

Recommendation

The County should enhance its internal control procedures to ensure reports are submitted by the required deadline.

Management's Response

Management concurs with the recommendation. The above finding is based on one (1) report (November 2008) out of twelve (12) submitted during the fiscal review period which was one day late. CAA has enhanced its internal review procedures to ensure that all reports are submitted on or before the required deadline.

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2009-07

Federal Program

Child and Adult Food Care Program; CFDA No. 10.558, Award No. D-816

Federal Agency

U.S. Department of Agriculture (USDA)

Pass-Through Entity

State of Florida Department of Health

Criteria – Subrecipient Monitoring

A sponsoring organization is responsible for monitoring each provider/facility under the Child and Adult Food Care Program. Pursuant to Title 7, Part 226, Section 226.16 of the Code of Federal Regulations (CFR), sponsoring organizations must review each facility at least three times per year. The review will include an assessment of the facility's compliance with the requirements pertaining to meal pattern, licensing, meal counts, menu, and meal records. Further, the grantee shall have appropriate policies and procedures in place to perform monitoring and follow-up on findings.

Condition Found

Our review of 40 day care home providers disclosed that monitoring was not conducted by the County at least 3 times per year for 39 of the 40 samples tested.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The internal control policies and procedures were not designed to ensure adequate grant monitoring procedures in accordance with the grant agreements.

Effect

Failure to adequately monitor day care home providers for compliance with program requirements could result in noncompliance by the County. Without adequate monitoring, the County cannot be assured that the day care home service providers are administering the program in compliance with federal requirements. The lack of compliance with federal requirements could lead to disallowed costs.

Recommendation

We recommend that the County enhance monitoring procedures to ensure day care home service providers are monitored at least three times per year as required.

Management's Response

Management concurs with the recommendation; however, unforeseen personnel changes precluded the Department of Human Services (DHS) from completing the required Family Day Care Home (FDCH) monitoring as outlined in the contract. As of today, all personnel actions

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have taken place within DHS and the staffing level has been restored. The Department is currently monitoring all FDCH providers pursuant to the terms of the contract.

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2009-08

Federal Program

Community Development Block Grant/Entitlement Grants (CDBG); CFDA No. 14.218, Award Nos. B-98-UC-12-0006, B-04-UC-12-0006, B-05-UC-12-0006, B-06-UC-12-0006, B-07-UC-12-0006, B-08-UC-12-0006, B-09-UC-12-0006, and B-08-UN-12-0004-NSP

Federal Agency

U.S. Department of Housing and Urban Development (HUD)

Pass-Through Entity

None

Criteria – Activities Allowed or Unallowed

OMB Circular A-87 requires subrecipient of federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a federal program, and that the accounting treatment applied to those costs be consistently applied among the various federal programs. Additionally, OMB Circular A-87, B8(h) requires adequate support of salaries and wages distribution in addition to the standards for payroll documentation (payroll activity reports), for employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation, which meets the standards outlined in B8(h)(5) of OMB Circular A-87 unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency. Such supporting documentation is required in a variety of circumstances such as when employees are assigned to work on multiple federal award programs. When an employee is assigned to work solely on one federal grant or cost objective, certifications must be prepared at least semiannually certifying this fact, and must be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Condition Found

During our testing of thirty (30) payroll expenditures totaling \$58,964, we noted:

- (a) One instance where the Payroll Activity Report (PAR) was not approved by the employee supervisor;
- (b) Nine (9) out of thirty (30) instances where employees had charged 100% of their time to the CDBG Program per the PAR but the County did not prepare the required payroll certifications, which certify the employees worked solely on the respective program;
- (c) Two (2) instances where the allocation of actual hours was not consistent with hours allocated to the CDBG Program per the PAR; and
- (d) One (1) instance where the percentage of time allocated to the program in the Percentage per Activity spreadsheet used to calculate payroll cost allocation to the multiple programs did not agree with the percentage based on hours allocated to the program in the PAR.

Questioned Costs
\$11,812

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Perspective

The finding is considered systematic in nature. The total payroll cost was \$8,593,023.

Cause

The County did not properly design processes and internal control procedures regarding the tracking of employee hours worked on programs as well as the required certification process.

Effect

The County is not in compliance with the requirements of OMB Circular A-87 with regard to payroll expenditures as well as the certification documentation required for employees assigned to work solely on one federal grant or cost objective.

Recommendation

The County should enhance controls to ensure that PARs are approved by immediate supervisors and that hours are appropriately allocated to the proper program. We further recommend that the County develop a policy regarding the preparation and maintenance of the required payroll certifications.

Management's Response

Management concurs with the recommendation. The Department of Housing and Community Development (HCD) has established written payroll processing procedures designed to ensure that adequate internal controls exist in their Fiscal Unit. Effective immediately, semiannual workshops will be conducted to ensure that staff remains aware of the appropriate procedures regarding preparation and maintenance of required Personnel Activity Reports (PARs). Additionally, biweekly payroll PARs and supporting Summary Allocation form, which is used to allocate staff time to programs, will be subject to random sampling designed to test the accuracy of these payroll reports by both the Fiscal Unit's Manager and the Department's Compliance Unit. Reports on inconsistencies in the data contained in these reports will be submitted to the Assistant Director for remedial actions.

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2009-09

Federal Program

Community Development Block Grant/Entitlement Grants; CFDA No. 14.218, Award Nos. B-98-UC-12-0006, B-04-UC-12-0006, B-05-UC-12-0006, B-06-UC-12-0006, B-07-UC-12-0006, B-08-UC-12-0006, B-09-UC-12-0006, and B-08-UN-12-0004-NSP

Federal Agency

U.S. Department of Housing and Urban Development (HUD)

Pass-Through Entity

None

Criteria – Eligibility

The CDBG Program has income targeting requirements. Only low-income or very low-income persons, as defined in the HOME regulations (24 CFR section 92.2), which are also applicable to the CDBG Program, may receive housing assistance. The participating jurisdiction must determine if each family is income eligible by determining the family's annual income, as provided for in 24 CFR section 92.203. Participating jurisdictions must maintain records for each family-assisted (24 CFR section 92.508).

Condition Found

During our testwork, we noted one (1) instance out thirty (30) loans tested, where the Loan Action Sheet was not signed by the Financial Advisor that performed calculation of income and determination of income level.

Furthermore, we noted that in one (1) instance, the commitment letter was not signed by the borrower.

Questioned Costs

Undetermined

Perspective

The finding is considered systematic in nature.

Cause

The County did not have effective internal controls in place to ensure compliance with 24 CFR sections 92.203 and 92.508.

Effect

Without proper documentation maintained in the loan files, the County is not in compliance with the program requirements.

Recommendation

We recommend that the County enhance its policies and procedures to ensure that all documents in determining eligibility criteria be signed by appropriate staff and borrowers and be properly maintained in the County's files.

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Management's Response

Management concurs with the recommendation. In 2008, HCD's Compliance Unit began to perform random samplings of the department's central files, which includes files of the Loan Origination Unit. This process will be furthered enhanced by incorporating a check list to each loan file requiring evidence that file was signed by borrower and reviewed by appropriate staff. Additionally, the sample size of those files reviewed by the Compliance Unit will be increased to improve program compliance.

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2009-10

Federal Program

HOME Investment Partnerships Program; CFDA No. 14.239, Award Nos. M-95-UC-12-0202, M-99-UC-12-0202; M-00-UC-12-0202; M-01-UC-12-0202; M-02-UC-12-0202; M-03-UC-12-0202; M-05-UC-12-0202; M-06-UC-12-0202; M-07-UC-12-0202; M-08-UC-12-0202; and M-09-UC-12-0202

Federal Agency

U.S. Department of Housing and Urban Development (HUD)

Pass-Through Entity

None

Criteria – Activities Allowable or Unallowable

OMB Circular A-87 (OMB A-87) requires recipients of federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a federal program and that the accounting treatment applied to those costs be consistently applied among the various federal programs. Further OMB A-87, B8(h) requires adequate support of salaries and wage distribution in addition to the standards for payroll documentation for employees who are assigned to work on multiple programs.

Condition Found

In our testwork of thirty (30) payroll expenditures totaling \$25,999, we noted three (3) instances out of thirty (30), where the allocated percentage of hours charged to the program did not coincide with the hours allocated per the PAR.

Questioned Costs

\$2,032

Perspective

The finding is considered systematic in nature. The total payroll costs was \$466,171.

Cause

The County did not properly design processes and internal control procedures regarding the tracking of employee hours worked on programs.

Effect

The County is not in compliance with the requirements of OMB Circular A-87 with regard to adequate support of salaries charged to the federal program.

Recommendation

The County should enhance controls to ensure that PARs are approved by immediate supervisors and that hours are appropriately allocated to the proper program.

Management's Response

Management concurs with the recommendation. HCD has established written payroll processing procedures designed to ensure that adequate internal controls exist in the Fiscal Unit. Effective immediately, semiannual workshops will be conducted to ensure that staff remains aware of the

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appropriate procedures regarding preparation and maintenance of required Personnel Activity Reports (PARs). Additionally, biweekly payroll PARs and supporting Summary Allocation form, which is used to allocate staff time to programs, will be subject to random sampling designed to test the accuracy of these payroll reports by both the Fiscal Unit's Manager and the Department's Compliance Unit. Reports on inconsistencies in the data contained in these reports will be submitted to the Assistant Director for remedial actions.

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2009-11

Federal Program

HOME Investment Partnerships Program; CFDA No. 14.239, Award Nos. M-95-UC-12-0202, M-99-UC-12-0202, M-00-UC-12-0202, M-01-UC-12-0202, M-02-UC-12-0202, M-03-UC-12-0202; M-05-UC-12-0202, M-06-UC-12-0202, M-07-UC-12-0202, M-08-UC-12-0202, and M-09-UC-12-0202

Federal Agency

U.S. Department of Housing and Urban Development (HUD)

Pass-Through Entity

None

Criteria – Eligibility

24 CFR Section 92.216(a) requires that for HOME-assisted rental housing, the participating jurisdiction must comply with the maximum HOME rent limits, which are the lesser of: (a) the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR Section 888.111; or (b) a rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD. In rental projects with five or more HOME-assisted rental units, there are additional rent limitations: 20 percent of the HOME-assisted units must be occupied by very low-income families and meet one of the following rent requirements: (1) the rent does not exceed 20 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families or (2) the rent does not exceed 30 percent of the family's adjusted income.

Condition Found

We noted that in one (1) instance out of thirty (30) tested, the County did not perform a calculation of rent for HOME-assisted units as required by 24 CFR 92.216(a). Rather, the rent amount was calculated based on the published *Florida Housing Finance Corporation Rents by Bedroom*.

Questioned Costs

Undetermined

Perspective

This finding is considered systemic in nature.

Cause

The County calculated rent based on the published Florida Housing Finance Corporation Rents by Bedroom rather than in accordance with contract requirements.

Effect

Failure to comply with eligibility requirements as it relates to maximum home rent limits by HOME-assisted units may result in ineligible expenditures.

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Recommendation

We recommend that the County develop and implement policies and procedures to help ensure that the agencies are in compliance with the maximum HOME rent limits. Furthermore, the County employees responsible for the rent calculations should attend HUD-sponsored trainings that will assist them in calculating the maximum home rent limits for federal compliance requirements.

Management's Response

Management concurs with the recommendation. A modified rent calculation procedure was implemented in January 2009 and further enhanced in May 2009. This enhancement included the development of an internal form that Housing Development and Loan Administration Division (HDLAD) now uses to calculate HOME rent limits. The exception found during the audit occurred prior to the implementation of this new procedure. Management believes that the new procedure will assist staff in calculating the maximum home rent limits for federal compliance requirements.

Throughout 2010, HCD will identify possible training sessions available through HUD on the topic of the interpretation and calculations of rent limits. Management will ensure that staff takes maximum advantage of these training opportunities to further enhance existing procedures.

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2009-12

Federal Program

Highway Planning and Construction Grant; CFDA No. 20.205; Award Nos. APK32, APK20, APK21, APK23, APL38, APL03, APL04, APL37, APL64, APL74, APL65, APM57, APM58, APN47, APN48, and APN21

Federal Agency

U.S. Department of Transportation

Pass-Through Entity

Florida Department of Transportation

Criteria – Period of Availability

Pursuant to sections 3.03 and 3.07 of the grant agreement, expenditures incurred prior to the commencement of the ARRA grant agreement dated June 30, 2009 cannot be charged to the program.

Condition Found

During our testing of payroll expenditures, we noted that expenditures related to employee's payroll occurring prior to the ARRA grant agreement dated June 30, 2009 were charged to the ARRA program.

Questioned Costs

\$4,376

Perspective

The finding is considered systematic in nature.

Cause

The County did not appear to have adequate internal controls in place to comply with ARRA funding requirements.

Effect

The County is not in compliance with the stipulations of the corresponding OMB Circular A-87 and sections 3.03 and 3.07 of the corresponding ARRA agreement, which states that the "Project costs eligible for FDOT's participation will be allowed only from the date of the agreement."

Recommendation

We recommend that the County communicate the significance of all departments adhering to the requirements of grants administered by them to ensure compliance.

Management's Response

Management concurs with the recommendation. These unallowed costs have been reversed from the grant expenditure index codes. The Public Works Department will ascertain that staff ensures compliance with all executed grant agreements.

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2009-13

Federal Program

Highway Planning and Construction Grant; CFDA No. 20.205; Award Nos. AO369, AOM29, AOW70, AP919, AL730, APN79, A5117, AOC241, AOC13, AOL72, AO547, AO539, 418-337-1, AP149, and AP377

Federal Agency

U.S. Department of Transportation

Pass-Through Entity

Florida Department of Transportation

Criteria – Activities Allowed or Unallowed

OMB Circular A-87 requires subrecipient of federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a federal program, and that the accounting treatment applied to those costs be consistently applied among the various federal programs. Additionally, OMB Circular A-87, B8(h) requires adequate support of salaries and wages distribution in addition to the standards for payroll documentation (payroll activity reports), for employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation, which meets the standards outlined in B8(h)(5) of OMB Circular A-87 unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency. Such supporting documentation is required in a variety of circumstances such as when employees are assigned to work on multiple federal award programs. When an employee is assigned to work solely on one federal grant or cost objective, certifications must be prepared at least semiannually certifying this fact, and must be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Condition Found

During our testwork related to forty (40) payroll expenditures totaling \$99,372, we noted three (3) instances where the hours charged to the program were not approved by either the employee, supervisor, or both. Furthermore, we noted that there does not appear to be a policy or procedure in place to approve the hours charged to the program by the Director of the Department.

Questioned Costs

\$8,845

Perspective

The finding is considered systematic in nature. The total payroll cost was \$1,823,990.

Cause

The County did not properly design the procedures regarding the approval of payroll costs to the program, particularly those related to the Director of the Department.

Effect

The lack of approval of hours charged to the program could result in unallowed costs charged to the program.

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Recommendation

We recommend that the County review and enhance its current policies and procedures regarding approvals of hours charged to a federal program to include those of the Director of the Department.

Management's Response

Miami-Dade Park and Recreation Department (MDPR) does have policies and procedures in place that address all aspects of the personnel activity process including: reviewing timesheets for accuracy, reconciling timesheets against the Division's timekeeper records, and approving time. However, management will provide workshops to staff as needed to ensure policies and procedures are followed.

MPO agrees with the recommendation. The department will enhance its current policies and procedures to ensure all Personnel Activity Reports (PARs), including that of the Director of the Department, are approved by respective supervisor.

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2009-14

Federal Program

Highway Planning and Construction Grant; CFDA No. 20.205; Award Nos. AO369, AOM29, AOW70, AP919, AL730, APN79, A5117, AOC241, AOC13, AOL72, AO547, AO539, 418-337-1, AP149, and AP377

Federal Agency

U.S. Department of Transportation

Pass-Through Entity

Florida Department of Transportation

Criteria – Activities Allowed or Unallowed

In accordance with OMB Circular A-87 and A-102, as well as the grant agreement, grantees are required to maintain adequate supporting documentation for expenditures submitted for reimbursement.

Condition Found

During our testwork of forty (40) nonpayroll expenditures totaling \$1,397,989, we noted the following:

- (a) One (1) instance where the County was unable to provide sufficient documentation to support the expenditure
- (b) Three (3) instances where the County expended the amounts several months ago but has not yet requested reimbursement from the grantor

Questioned Costs

\$88,089

Perspective

The finding is considered systematic in nature.

Cause

The County did not adhere to its own policies and procedures related to document retention.

Effect

The County is not in compliance with the rules of the respective OMB Circulars with respect to adequately maintaining the records of all projects funded with federal awards to satisfactorily effect an audit, as well as the requirements of the grant agreements, which state that "records of costs incurred under the terms of the agreement and for five (5) years after final payment is made." Based upon the foregoing, and in accordance with the grant agreement(s), "FDOT may unilaterally cancel the agreement(s) if public access to all documents, papers, letters, or other material subject to the provision of Chapter 119, *Florida Statutes*, and made or received by the County in conjunction with the agreement is not provided."

Recommendation

We recommend that the County consider whether periodic training is necessary for the department personnel related to the County's record documentation policies and procedures.

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Furthermore, an evaluation should occur related to long or unusual time delays between the expenditure of resources and the request for reimbursement.

Management's Response

Management concurs with the recommendation. The person responsible for putting together request for reimbursement reviews all transactions to ensure no duplicate or unsupported transactions were charged to the grant. The duplicate transaction in question was reversed through a postclosing entry. As far as the timing of reimbursement requests, Public Works will revisit and address their reimbursement request process to ensure timely submission.

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2009-15

Federal Program

Child Care Development Fund Cluster: (Child Care Development Block Grant; CFDA No. 93.575; ARRA – Child Care and Development Block Grant; CFDA No. 93.713; and Child Care Mandatory and Matching Funds of the Child Care and Development Fund; CFDA No. 93.596;) and the Temporary Assistance for Needy Families; CFDA No. 93.558; Award Nos. C 07-106; C 08-114; C 09-113; C 08-110; and C09-105

Federal Agency

U.S. Department of Health and Human Services

Pass-Through Entity

Early Learning Coalition Miami-Dade/Monroe, Inc.

Criteria – Activities Allowed or Unallowed

OMB Circular A-87 requires recipients of federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a federal program, and that the accounting treatment applied to those costs be consistently applied among the various federal programs. Additionally, OMB Circular A-87, B8(h) requires that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation that meets the standards outlined in B8(h)(5) of OMB Circular A-87 unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency. Such documentary support is required in a variety of circumstances such as when employees are assigned to work solely on one federal grant, and must be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Condition Found

Miami-Dade County Child Development Services (CDS) department did not prepare the required semiannual certifications that certify that the employees worked solely on the respective program. The total payroll related cost amounted to \$6,566,364.

Questioned Costs

\$6,566,364

Perspective

The finding is considered systemic in nature.

Cause

CDS did not properly design the procedures regarding the required certification process.

Effect

CDS is not in compliance with the requirements of OMB Circular A-87 with regard to documentation required for the distribution of salary and related benefit charges to the program.

Recommendation

CDS should develop a policy regarding the preparation and maintenance of the required semiannual payroll certifications for those employees who work solely on one federal program

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or cost objective. We further recommend that CDS develop a standard certification format and implement procedures and controls to ensure that the required semiannual certifications are obtained and maintained in accordance with the requirements set forth in OMB Circular A-87.

Management's Response

DHS in collaboration with the granting agency has identified a funding structure that segregates the payment activities by grant (i.e., School Readiness and Voluntary Pre-Kindergarten (VPK)); however, eligibility services for VPK by their very nature are performed by School Readiness Workers in the Eligibility Centers. Eligibility costs are not allocated to other cost centers given the funding structure, volume, and complexity. The eligibility services for VPK are not charged to the VPK grant, only provider payment services are charged at 100%. The Department will begin to allocate the costs of all staff (salaries and fringe) according to a cost allocation methodology approved by the grantor agency to satisfy this requirement set forth in OMB Circular A-87.

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2009-16

Federal Program

Child Care Development Fund Cluster: (Child Care Development Block Grant; CFDA No. 93.575; ARRA – Child Care and Development Block Grant; CFDA No. 93.713; and Child Care Mandatory and Matching Funds of the Child Care and Development Fund; CFDA No. 93.596); and the Temporary Assistance for Needy Families; CFDA No. 93.558; Award Nos. C 07-106; C 08-114; C 09-113; C 08-110; and C09-105

Federal Agency

U.S. Department of Health and Human Services (HHS)

Pass-Through Entity

Early Learning Coalition Miami-Dade/Monroe, Inc.

Criteria – Special Tests and Provisions

Use of ARRA funds requires separate accountability for ARRA funding, separate identification and accounting for ARRA awards and activity in accounting records and on the Schedule of Expenditures of Federal and State Awards (SEFA).

Condition Found

The County did not identify the ARRA expenditures separately. The County is not in compliance with this requirement, which is considered a finding. The total ARRA related cost amounted to \$4,969,652.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The County did not properly design the procedures regarding the required separation of the ARRA expenditures in the SEFA.

Effect

The County is not in compliance with the Special Tests and Provisions requirements of OMB Circular A-133 with regard to separately identifying ARRA expenditures in the accounting records or on the SEFA.

Recommendation

We recommend that the County develop and implement internal controls and processes to separately account for and report ARRA funds in accordance with the ARRA funding requirements.

Management's Response

Management concurs with the recommendation. DHS has established ARRA expenditure index codes in accordance with current County policies to separately account for and report ARRA funds in accordance with the ARRA funding requirements.

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2009-17

Federal Program

Refugee Entrant and Assistance Grant, CFDA No. 93.566; Award No. LK869

Federal Agency

U.S. Department of Health and Human Services (HHS)

Pass-Through Entity

Florida Department of Children and Families

Criteria – Activities Allowed or Unallowed

OMB Circular A-87 requires recipients of federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a federal program, and that the accounting treatment applied to those costs be consistently applied among the various federal programs. Additionally, OMB Circular A-87, B8(h) requires that the distribution of salaries and related benefits of employees who are assigned to work on multiple activities or cost centers be supported by personnel activity reports or equivalent documentation that meets the standards outlined in B8(h)(5) of OMB Circular A-87 unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency. Such documentary support is required in a variety of circumstances such as when employees are assigned to work solely on one federal grant, and must be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

Condition Found

The County did not prepare the required semiannual certifications that certify that the employees worked solely on the respective program. The total payroll related cost amounted to \$1,081,210.

Questioned Costs

\$1,081,210

Perspective

The finding is considered systemic in nature.

Cause

The County did not properly design the procedures regarding the required certification process.

Effect

The County is not in compliance with the requirements of OMB Circular A-87 with regard to documentation required for the distribution of salary and related benefit charges to the program.

Recommendation

The County should develop a policy regarding the preparation and maintenance of the required semiannual payroll certifications for those employees who work solely on one federal program or cost objective. We further recommend that the County develop a standard certification format and implement procedures and controls to ensure that the required semiannual certifications are obtained and maintained in accordance with the requirements set forth in OMB Circular A-87.

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Management's Response

Management concurs with the recommendation. DHS has instituted semiannual payroll certification for employees working in the Refugee Entrant and Assistance Grant as set forth in OMS Circular A-87.

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2009-18

Federal Program

Refugee Entrant and Assistance Grant, CFDA No. 93.566; Award Nos. C07-126 and C08-120

Federal Agency

U.S. Department of Health and Human Services (HHS)

Pass-Through Entity

Early Learning Coalition of Miami-Dade/Monroe County

Criteria – Activities Allowable or Unallowable

The County's policies require that a "Request for Purchase" form for the procurement of all non-child-care provider services/supplies from an outside vendor be obtained before the actual purchase or expenditure is made or incurred.

Condition Found

During our test of forty (40) nonpayroll expenditures totaling \$112,622, we noted the absence of the "Request for Purchase" form for two (2) of the forty (40) expenditures selected under the "Youth and Family Services" grant.

Questioned Costs

\$6,627

Perspective

The finding is considered systemic in nature.

Cause

The County's department did not follow the County's policy and procedures.

Effect

Noncompliance by the department with the County's grant management procedure that requires prior approval be obtained via the "Request for Purchase" form for the procurement of all non-child-care provider services/supplies from an outside vendor before the actual purchase being made/expenditure incurred.

Recommendation

We recommend that the department consider additional employee training to ensure that they are in compliance with County policy and procedures.

Management's Response

Management concurs with the recommendation. It is DHS policy to require prior approval via the "Request for Purchase" form for the procurement of all non-child-care provider services/supplies from an outside vendor prior to actual purchase. However, DHS will re-emphasize to staff the policies and procedures pertaining to purchase of goods and services from outside vendors to ensure compliance with County policy and procedures.

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2009-19

Federal Program

Refugee Entrant and Assistance Grant, CFDA No. 93.566; Award Nos. C07-126 and C08-120

Federal Agency

U.S. Department of Health and Human Services

Pass-Through Entity

Early Learning Coalition of Miami-Dade/Monroe County

Criteria – Eligibility

In accordance with the grant agreement, the grantee shall maintain an individual case file that includes a detailed chronological account of service delivery including but not limited to eligibility documentation, including a legible copy of the front and back of immigration documentation.

Condition Found

During our test of eligibility, we selected forty (40) clients who participated under HSE950 “Youth and Family Services” grant. We noted one (1) instance where the immigration documentation to determine eligibility as required in the respective grant agreement was not maintained in the client file.

Questioned Costs

Unknown

Perspective

The finding is considered systemic in nature.

Cause

The department did not adhere to the documentation requirements to be maintained in the individual case file.

Effect

The department did not comply with the eligibility documentation requirements for all of its participants.

Recommendation

We recommend that the department send training or reminder updates to its staff reiterating that all required documentation are to be maintained in each client case file for all eligible refugees/entrants being served in accordance with the requirements of the grant agreement.

Management’s Response

Management concurs with the recommendation. DHS strives to ensure that all client files are maintained in a complete and accurate manner and in accordance with the requirements of the grant agreement. DHS will reiterate the policies and procedures governing file documentation.

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2009-20

Federal Program

Head Start Program; CFDA No. 93.600, Award Nos. 04-CH0119/42, 04-CH0119/43, and 04-CH0119/44

Federal Agency

U.S. Department of Health and Human Services

Pass-Through Entity

None

Criteria – Activities Allowed or Unallowed

OMB Circular A-87 requires subrecipients of federal awards to maintain effective controls over the recording and claiming for reimbursement of costs related to a federal program, and that the accounting treatment applied to those costs be consistently applied among the various federal programs. Additionally, OMB Circular A-87, B8(h) requires adequate support of salaries and wages distribution in addition to the standards for payroll documentation (payroll activity reports), for employees who are assigned to work on multiple activities or cost centers. Per OMB Circular A-87 subsection B8(h)(5), personnel activity reports (PARs) or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee, (b) they must account for the total activity for which each employee is compensated, (c) they must be prepared at least monthly and must coincide with one or more pay periods, and (d) must be signed by the employee.

Condition Found

During our testing, we noted that employees working less than 100% of the time on the Head Start Grant did not adequately utilize timesheets to report the actual time spent on grant activity. In addition, we noted that employee time was allocated based on the predetermined percentage amounts, which varies throughout the calendar year. Therefore, employees working on multiple grants did not meet the standard outlined in OMB Circular A-87 subsection B8(h)(5), which required the supporting documentation to reflect an after-the-fact distribution of the actual activity of each employee. Thus, employee's time and effort were not tracked properly, so that the grant can be fairly charged for time actually spent on the grant. Approximately \$26,556,000 was related to payroll costs charged to the program.

Questioned Costs

Undeterminable

Perspective

The finding is considered systemic in nature.

Cause

CAA did not properly design procedures regarding employees working on multiple grants to reflect an after-the-fact distribution of the actual activity of each employee.

Effect

The County is not in compliance with the requirements of OMB Circular A-87 with regard to documentation required for the distribution of salary and related benefit charges to the grant.

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Recommendation

We recommend that the County develop a standard certification of time and effort record, and implement procedures and controls to ensure that an after-the-fact determination of each employee's actual activity are obtained and maintained, at least monthly, in accordance with the requirements set forth in OMB Circular A-87.

Management's Response

Management concurs with the recommendation. CAA has developed a time and effort tracking report that is currently being reviewed by senior management and granting agency prior to implementation to maximize efficiency while ensuring regulatory compliance.

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2009-21

Federal Program

Port Security Grant, CFDA No. 97.056, Awards Nos. 2006-GB-T6-0083, DTSA2003, G01066, HSTS04-04-G-GPS323, HSTS04-04-G-GPS597, 2005-GB-T5-0123, 2005-GB-T5-0128, and 2007-GB-T7-0313

Federal Agency

U.S. Department of Homeland Security

Pass-Through Entity

None

Criteria -- Period of Availability

Federal awards may specify a time period during which the nonfederal entity may use the federal funds. Where a funding period is specified, a nonfederal entity may charge to the award only costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency. In addition, if authorized by the federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period.

Condition Found

We selected forty (40) items of expenditures totaling \$6,286,547.65 whereby we noted a) in eight (8) instances the County did not have the File Maintenance Form, as such could not verify whether the correct period of availability is recorded on both the File Maintenance Form as well as in FAMIS; b) in twenty-three (23) instances the County had the incorrect period of availability date recorded on the File Maintenance Form, which resulted in the incorrect date being recorded in FAMIS; and c) in nine (9) instances the County did not have the File Maintenance Form and per review of FAMIS, the incorrect period of availability was listed in the field.

Questioned Costs

None

Cause

The County did not properly design controls to ensure that the File Maintenance Form is complete and accurate.

Effect

The lack of a File Maintenance Form or an incorrect File Maintenance Form could result in the County not properly tracking the compliance requirement related to the period of availability.

Recommendation

Although the File Maintenance Form and FAMIS may not be the sole mechanism to track the grant's period of availability, we recommend that in order to avoid confusion, the appropriate dates and deadlines should be input on the File Maintenance Form and in FAMIS.

Management's Response

Considering that no exceptions were identified, from the 40 samples made, management feels confident that it has the adequate controls in place to identify and curtail any potential

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disbursement beyond the expiration of the agreement and disbursement deadline. Specifically, management has a multistep process that requires involvement from the Grants Administration Unit, Grants Account Unit, the Controller, and the Chief Financial Officer. The File Maintenance Form is not used as a control mechanism to track the compliance requirement related to the period of availability.

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2009-22

Federal Program

Homeland Security Grant Program; CFDA No. 97.067; Award Nos. 07-CC-5R-11-23-01-333, 07-DS-5N-11-23-01-406, 07-DS-3W-11-23-02-459, 07-DS-5N-11-23-01-422, 07-DS-5N-11-23-01-423, 07-DS-5N-11-23-01-460, 07-DS-5N-11-23-01-501, 08-DS-01-11-23-01-105, 08-DS-60-11-23-01-311, 08-DS-60-11-23-01-342, 09-CC-49-11-21-02-295, and 09-CI-49-11-23-02-249

Federal Agency

U.S. Department of Homeland Security

Pass-Through Entity

Florida Department of Community Affairs

Criteria – Cash Management

In accordance with OMB Circular A-102, organizations' methods and procedures for transferring funds shall minimize the time elapsing between the transfer to recipients of grants and the recipients' need for funds.

Condition Found

During our test of cash management, we selected thirty (30) expenditures totaling \$2,098,738 and noted the following:

- a. MDFR received funds from the grantor for reimbursement related to seven (7) expenditures prior to the disbursement by the County by 1 to 2.5 months. The seven (7) disbursements totaled \$830,000.
- b. MDFR has not submitted the Request(s) for Reimbursement package(s) for four (4) expenditures that occurred approximately 4.5 to 7.5 months earlier. The total amount expended and not yet reimbursed was approximately \$321,954.

Questioned Costs

\$830,000

Perspective

The finding is considered systemic in nature.

Cause

The County did not design effective procedures to ensure compliance with A-102.

Effect

The County is not in compliance with the cash management requirement of OMB Circular A-102 paragraph 2.a, which essentially states that agencies shall minimize the time lapsing between receiving funds and paying vendors. This relates to instances where timing differences may exist between when reimbursement funds are received from grantors and when vendors are paid. The time between both should be at a minimum so that interest/program fee income is not an issue.

Recommendation

We recommend that the County enhance its current policies and procedures to ensure payment to vendors prior to requesting/receiving reimbursements from the grantors. Instances where timing

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differences may exist between when reimbursement funds are received from the grantors and when vendors are paid, the time between both should be at a minimum to ensure compliance and avoid the inevitable interest/program fee income issue that may arise from noncompliance with the OMB Circular A-102 and the grant agreements. Furthermore, procedures also should be enhanced to enable the County to submit requests for reimbursement on a more timely basis.

Management's Response

MDFR is both a recipient and grantor for certain grant activities due to the fact that MDFR is awarded UASI and other grant funds but acts as a pass-through agency for subawardees such as municipal agencies and other county departments. MDFR requests grant reimbursements from the state and federal governments but cannot, per county policy, reimburse a city or county department until the County has received said funds.

MDFR has implemented a revised tracking process to ensure timely submittal of reimbursement requests which will minimize the time between county expenditure and submittal of reimbursement requests as well as disbursements.

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2009-23

Federal Program

Homeland Security Grant Program CFDA No. 97067; Award Nos. 07-CC-5R-11-23-01-333, 07-DS-5N-11-23-01-406, 07-DS-3W-11-23-02-459, 07-DS-5N-11-23-01-422, 07-DS-5N-11-23-01-423, 07-DS-5N-11-23-01-460, 07-DS-5N-11-23-01-501, 08-DS-01-11-23-01-105, 08-DS-60-11-23-01-311, 08-DS-60-11-23-01-342, 09-CC-49-11-21-02-295, and 09-CI-49-11-23-02-249

Federal Agency

U.S. Department of Homeland Security

Pass-Through Entity

Florida Department of Community Affairs

Criteria – Equipment and Real Property Management

MDFR's Inventory Control Report that is maintained by the County's GSA department did not identify the purchase/in-service dates for items appearing to have been acquired during the fiscal year ended September 30, 2009.

Condition Found

During our test of equipment and real property management, we noted that the Inventory Control Report prepared for the MDFR and maintained by the County's GSA department under the Homeland Security Grant did not identify the purchase/in-service dates for items appearing to have been acquired during the fiscal year ended September 30, 2009 and beyond. Such capital items were assigned a "00/00/0000" purchase date with no reference or legend as to an actual date or to what the notation relates.

Further, we noted one (1) instance where equipment purchased with federal funds (UASI) was not properly tagged as such.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The County did not properly design controls to ensure that the Inventory Control Report was complete.

Effect

The County is not in compliance with the grant agreement, which mandates a "complete" reconciliation of all fixed assets as the Inventory Control Report does not consistently provide certain relevant and required information (i.e., purchase dates).

Recommendation

We recommend a true and complete reconciliation of all capital assets be performed with attention given to all categories to ensure the County's fixed/capital assets' system is accurate, complete, and reliable. Additionally, we recommend that the MDFR Internal Audit unit, in conjunction with its Procurement unit and the County's GSA department, develop the synergy

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necessary to create and maintain an effective fixed assets system to be reflected in its Inventory Control Report so as to maintain compliance with the *Rules of the Auditor General* and the requirements of the OMB Circulars.

Management's Response

Management concurs with the recommendation. Staff will work with Enterprise Technology Department to modify the Inventory Control Report to properly reflect relevant dates on the report.

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Section IV – State Financial Assistance Findings and Questioned Costs

2009-24 *State Program*
State Housing Initiative Partnership Program; CSFA No. 52.901

State Agency
Florida Housing Finance Corporation (FHFC)

Pass-Through Entity
None

Criteria – Activities Allowed or Unallowed
Rule Chapter 67-37.007(4)(a), *Florida Administrative Code*, states that funds may be used for the salaries of persons directly responsible for preparation of the plans or reporting required as part of the administration of the local SHIP plan. The salary allocated to SHIP administrative expenditures of any employee shall reflect activities involving administration of the SHIP program; no SHIP program funds are permitted to be expended for the administration of activities not involving SHIP funds.

Condition Found
We noted three (3) out of thirty (30) employees tested, where the allocation of actual hours were not consistent with hours allocated to the SHIP program per the Payroll Activity Report.

Questioned Costs
The payroll cost related to the three errors noted above was \$7,687 of the total \$28,109 tested.

The total payroll cost charged to the SHIP program was \$692,026.

Perspective
The finding is considered systemic in nature.

Cause
The County did not properly calculate the wage distribution for employees who were assigned to work on multiple programs, including the SHIP program. Furthermore, the County did not record all program-related payroll expenditures related to the period on a timely basis.

Effect
The County is not in compliance with the requirement of Rule Chapter 67-37.007(4)(a), *Florida Administrative Code*, with regard to the salary allocated to SHIP administrative expenditures.

Furthermore, administrative expenses not recorded in the general ledger on a timely basis can result in inaccurate financial reporting.

Recommendation
We recommend that the County enhance its policies and procedures to ensure that appropriate payroll costs are charged to the proper programs and that all payroll costs related to the period be recorded in the general ledger on a timely basis. This will improve the accuracy of financial reporting.

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Management's Response

Management concurs with the recommendation. Effective December 1, 2009, a new policy has been implemented, which requires that a report be provided to senior management of the department identifying those employees that have not submitted a PAR for the immediately completed payroll period. Adherence to the policy will be closely monitored and corrective actions, if needed, will be taken. Management believes that the enhancement to the existing PAR policy will eliminate future similar findings.

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2009-25

State Program

State Housing Initiative Partnership Program; CSFA No. 52.901

State Agency

Florida Housing Finance Corporation (FHFC)

Pass-Through Entity

None

Criteria – Period of Availability

Under the Florida Administrative Code 67-37.019, the County is required to maintain a financial tracking system that ensures that the local housing distribution funds disbursed from the local housing trust fund are expensed in accordance with the set-aside requirements in Rule 67-37.007, *Florida Administrative Code* (FAC), within deadlines established in subsection 67-37.005(6), FAC, and in compliance with section 420.9075, *Florida Statutes*.

Condition Found

We noted thirty (30) instances out of 30 disbursement items sampled fell within the period of availability. However, we noted that the grant ending period, per the File Maintenance Form and FAMIS, fell beyond the three-year commitment deadline and disbursement deadline.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The County did not include the proper cut-off period in the File Maintenance Form and FAMIS to comply with the three-year commitment and disbursement deadlines.

Effect

The incorrect date on the File Maintenance Form could result in the County not properly tracking the compliance requirement related to the period of availability.

Recommendation

Although the File Maintenance Form and FAMIS may not be the sole mechanism to track the grant's period of availability, we recommend that in order to avoid confusion, the appropriate dates and deadlines should be input on the File Maintenance Form and in FAMIS.

Management's Response

In the administration of the SHIP program, HCD's Fiscal section strictly adheres to the commitment deadlines and the disbursement deadlines that pertain to SHIP. The File Maintenance Form is not used as a control mechanism to track the compliance requirement related to the period of availability.

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2009-26

State Program

Port Security Grant Program; CSFA No. 55.005; Awards Nos. 41830819401, 42309419401, 41820519401, 42364419401, 42309319401, 25445229401, and 42419519401

State Agency

Florida Department of Transportation

Pass-Through Entity

None

Criteria – Period of Availability

In accordance with the terms of the State of Florida Department of Transportation Public Transportation Joint Participation Agreement, the County must submit all invoices related to a project within 120 days after the expiration of agreement. Invoices submitted after the 120-day time period will not be paid.

Condition Found

The File Maintenance Form specifies how long each index code should be open, which is a control to ensure funds are only expended during the period of availability. During our testing, we noted forty (40) instances out of 40 items sampled fell within the period of availability. However, we noted that the grant ending period, per the File Maintenance Form and FAMIS, fell beyond the contract agreement expiration and disbursement deadline.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The County did not include the proper cut-off period in the File Maintenance Form and FAMIS related to the program's period of availability.

Effect

The incorrect date on the File Maintenance Form could result in the County not properly tracking the compliance requirement related to the period of availability.

Recommendation

Although the File Maintenance Form and FAMIS may not be the sole mechanism to track the grant's period of availability, we recommend that in order to avoid confusion, County personnel input the proper dates on the File Maintenance Form and in FAMIS.

Management's Response

Considering that no exceptions were identified, from the 40 samples made, management feels confident that it has the adequate controls in place to identify and curtail any potential disbursement beyond the expiration of the agreement and disbursement deadline. Specifically, management has a multistep process that requires involvement from the Grants Administration Unit, Grants Account Unit, the Controller, and the Chief Financial Officer. The File Maintenance

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Form is not used as a control mechanism to track the compliance requirement related to the period of availability.

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2009-27

State Program

Port Security Grant Program; CSFA No. 55.005; Awards Nos. 41830819401, 42309419401, 41820519401, 42364419401, 42309319401, 25445229401, and 42419519401

State Agency

Florida Department of Transportation

Pass-Through Entity

None

Criteria – Matching

Pursuant to *Florida Statutes* Chapter 311.07(3)(a), program funds shall be used to fund approved projects on a 50–50 matching basis with any of the deepwater ports.

Condition Found

During our testwork, we noted that the match amount in the accounting records did not properly reconcile to the monthly reimbursement requests (reports) submitted to the grantor.

Questioned Costs

\$270,134

Perspective

The finding is considered systemic in nature.

Cause

The County did not appear to have an adequate process in place to reconcile the accounting records to the monthly reimbursement requests (reports) submitted to the grantor on a timely basis. The monthly reimbursement requests (reports) had the correct amount; however, the accounting records did not reflect the \$270,134 transfer from the Seaport Construction Fund related to the match.

Effect

The lack of timely reconciliation of the accounting records to the reports submitted to the grantor could lead to errors reporting to the grantor related to the required match.

Recommendation

The County should enhance its process and ensure that the accounting records are reviewed on a timely basis so that they properly reconcile to amounts reflected in the monthly reimbursement requests (reports) submitted to the grantor.

Management's Response

Accounting records are reviewed and utilized as support for all reimbursement requests. Prior to submitting the reimbursement requests/report to the granting agency, staff reconciles based on the respective required matching percentage. The actual transfer of local match funds is a process that is done several times per year, and not necessarily monthly. However, the fact that the transfer is not done monthly is not indicative of whether the reconciliation has occurred. Instead, the proper compilation of the reimbursement requests/report should be used.