



**BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**

MEMORANDUM

TO: The Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

FROM: Charles Anderson
Commission Auditor

A handwritten signature in black ink, appearing to read "Charles Anderson", is written over the printed name and title.

DATE: January 21, 2009

SUBJECT: FY 2007-08 Year-End Amendments

In accordance with Resolution No. 195-05, we have reviewed the County Manager's FY 07-08 Year-End Budget Amendments. We offer general comments on non-departmental revenue utilization in addition to specific Departmental observations for your consideration concerning the January 22, 2009, Board of County Commission Agenda Item 8L1C.

Non-Departmental Revenue

The State of Florida uniform accounting code requires that all expenditures be included in a department structure. Therefore, with costs that are not directly associated with the operation of any particular department, a Non-Department was established to capture these costs. The revenue reserves to support those costs are part of the General Fund list of revenues (2007-2008 Business Plan, Adopted Budget, and Five-Year Financial Outlook, pages 400-403), and are stated as either reserves or an expenditure line item against revenue. These items are budgeted as non-departmental allocations so that the distribution is based upon actual need rather than budgetary estimates.

Non-Departmental expenditure authority is being utilized in this amendment totaling \$38.370 million to offset over expenditures in the stated departments. As stated in the item, certain reserves, such as those for public safety, energy, activation, and Florida Retirement System costs are budgeted separately from departmental allocations with the intent to distribute these revenues through the budget amendment process. All affected reserves are funded at levels adopted in the FY 08-09 budget. The spending authority used is from FY 07-08 to offset departments exceeding their budgets.

Board of County Commissioners

The budgets for the Board of County Commissioners and its divisions will be amended by \$4.361 million from the allocation of unexpended FY 2006-07 year-end office balances. Funding will be provided by prior year unallocated cash carryover.

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In addition, the Office of the Commission Auditor requires a budget amendment for management consulting services expenses associated with studies requested by the Board of County Commissioners. At the September 20, 2007 budget hearing, the Board placed \$500,000 into the County Services Reserve to support the need for additional staff and consultant resources for the Commission Auditor. Funding in the amount of \$194,000 will be transferred from the reserve.

Observations: The Board of County Commission is recommended to carry over \$4.361 million as a result of accumulated unallocated cash carryover. Starting with FY 2004-05, the carryover was \$3.339 million, then FY 05-06 added \$385,000 to the carryover, and FY 06-07 added \$637,000 for a current total of \$4.361 million.

The Office of the Commission Auditor (OCA) expended \$194,000 for the use of a consulting firm, Sharpton, Brunson & Company. Work was performed on two zero based budget pilot studies: Team Metro (report issued September 18, 2008), and General Services Administration Fleet (report to be issued in February 2009). In addition to the zero based budget pilot studies, the consultant worked with OCA to develop internal processes and procedures as well as benchmarks and industry best practices.

As this cost was charged to the OCA budget and not to the County Services Reserve, the expenditure is being recommended for reimbursement.

Housing Agency

A year-end budget amendment is required to provide \$104,000 to the MDHA Development Corporation (MDHADC) to cover operating expenditures associated with the Dade Community Foundation (Foundation). On April 8, 2008, the Board of County Commissioners approved a Transitional Agreement between MDHADC and Miami-Dade County. Pursuant to that agreement, MDHADC is required to contract with the Foundation to serve as its fiduciary agent and cover \$218,300 of operating expenditures for the Foundation. It was also contemplated that these operating expenditures would be paid by MDHADC from the funds the County agreed to leave under the jurisdiction of MDHADC to complete its three remaining projects. After further review of its financial records, MDHADC informed the County it did not have sufficient funding to cover the agreed upon payment to the Foundation, therefore creating a funding gap of \$104,000. It is recommended that this shortfall be covered by the general fund.

Observations: On page 3 of the April 18, 2008, the agreement states "...Two Hundred Thirteen Thousand Eight Hundred Dollars 00/100 (\$213,800.00) for the Foundation operating costs" not the \$218,300 mentioned. Therefore, the amount may be short by \$4,500 depending on which item is a scrivener's error. Additionally, we have no information that the Administration has

reviewed the MDHADC financial records to confirm a funding gap of \$104,000.

Police Department

The Miami-Dade Police Department requires a budget amendment of \$13.998 million due to higher than budgeted overtime expenditures. Those expenses were incurred as a result of unanticipated escalation in crime prevention and investigation activities primarily related to narcotics, robbery, homicide, tactical operations, and additional neighborhood patrol.

Observations: According to OSBM records, the Miami-Dade Police Department (MDPD) is actually \$23.780 million over budget. An adjustment of \$9.782 million is being utilized from the Non-Departmental reserve to cover the payment of unused sick leave and termination payments. The adjustment calculates to a remaining \$13.998 million expended in overtime to be covered.

Additionally, the MDPD had 269 sworn employees return to its police ranks from the cities of Miami Gardens and Doral. Miami Gardens returned 169 of sworn employees in December 31, 2007 and Doral returned 100 of sworn employees in June 30, 2008. This planned increase of personnel should have reduced the overtime utilized for the remainder of FY 07-08. A month-by-month analysis indicates that overtime overspending continued through the entire fiscal year.

Team Metro

Team Metro requires a budget amendment of \$1.312 million to cover unrealized proprietary revenue. The primary shortfall in proprietary revenue was in lien collection activity; which was budgeted at \$4.5 million. The actual lien revenue collected was \$2.57 million with a revenue shortfall of \$1.93 million. The shortfall resulted from the housing market slowdown, which severely affected citation and lien collection activity. In response, the department implemented various fiscal controls and monitoring mechanisms throughout the year, which minimized the needed general fund amendment.

Observations: Audit and Management Services (AMS) completed an audit report on Team Metro on April 15, 2003. AMS recommended that Team Metro “should turn over delinquent fines outstanding 90-360 days to a collection agency. Those past due one-to-five years should be transferred to the Finance Department Credit and Collection Division, while those outstanding more than five years should be written off to lower administrative costs.”

On September 2, 2008, the Finance Department Credit and Collection Memorandum of Understanding (MOU) was approved by the BCC (R-957-08) for a three year period. It provides debt collection services to

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Animal Services, Jackson Memorial Hospital, Medical Examiner, Fire Rescue, Water and Sewer, Police, Building, Aviation, Consumer Services, Park and Recreation, Solid Waste Management, in addition to bad checks services for various departments. Office of Neighborhood Compliance was not included in the MOU.

It is recommended that the Office of Neighborhood Compliance utilize the services of the Finance Department Credit and Collection services once the delinquent accounts ages to a one year timeframe.

Budget Line Item Transaction Appropriations

Miami-Dade County Ordinance 07-45 now requires the disclosure of line item expenditures that exceeded budgeted allocation and the proper line item adjustments based on pre-established criteria. No transactions of this type had occurred at the time we reported this information to the BCC pursuant to the date established in the ordinance. In general, expenditure transactions beyond the stipulated line item budget are likely to occur in the last quarter of the year, when the majority of overdue transactions are posed in anticipation of the year-end closeout.

Attachment 3 lists all the transactions that require Board approval for the re-appropriation of budget as a result of exceeding the 10 percent threshold and/or the movement of personnel expenditures to other line item categories. In addition, Attachment 4 lists in detail the department line item appropriations that were administratively approved to reflect the proper expenditure categorization and did not exceed the 10 percent threshold. Both attachments detail the department name, the fund type where the over expenditure occurred, the spending category, the total budget for the department, the amount of the adjustment(s), the percent of the budget it represents, the spending category where the re-appropriation will occur, and a description of the adjustment. Through the approval of this item, the board authorizes the Office of Strategic Business Management (OSBM) to process all budget transactions required to execute the year-end amendments.

Observations: The OCA utilized the County's official financial record (FAMIS) to analyze the budget transactions throughout the year. All budget transactions conformed to Ordinances 07-45 Budget Procedures and Accountability and 07-168 Managerial Accountability and Performance. The transactions requested for authorization in this report have not occurred pending BCC approval.

Special thanks to the Office of Strategic Budget Management for all their cooperation.

c: Honorable Carlos Alvarez, Mayor
George Burgess, County Manager
Robert A. Cuevas, County Attorney
Jennifer Glazer-Moon, Director, OSBM
Kay Sullivan, Director, Clerk of the Board