

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response	Current Status
Item 97-1 U. S. Department of Housing and Urban Development:	CFDA #14.239 M-92-UC-12-0202 M-93-UC-12-0202 M-94-UC-12-0202	<u>Criteria</u>	
Home Investment Partnership Program	M-95-UC-12-0202 M-96-UC-12-0202 M-97-UC-12-0202 M-92-DA-12-0250 M-93-DA-12-0250	In accordance with OMB Circular A-87, salaries and wages of employees who work on multiple activities and cost objectives must be supported by personnel activity reports or equivalent documentation. These personnel activity reports must reflect an after-the-fact description of the actual activity and must account for the total activity of each employee. The personnel activity report should be prepared at least monthly and signed by the employee.	
		<u>Finding</u>	
		The Office of Community and Economic Development ("OCED") does not have a system in place to allocate salaries and wages of employees who work on multiple system in place to allocate salaries and wages of employees who work on multiple grant programs. Salaries and wages are charged to the HOME program based on the annual appropriation and are not supported by personnel activity reports.	A system was established as of August 1, 1998. However, a similar finding was noted in the current year's audit.
		<u>Questioned Costs</u>	
		\$475,728	
		<u>Perspective</u>	
		The finding is considered systemic in nature.	
		<u>Effect</u>	
		Salaries and wages may be unallowable if the expenditures are not based upon the actual activity of an employee.	

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

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Item 97-2 U. S. Department of Housing and Urban Development:	CFDA #14.239 M-93-DA-12-0250	<p><u>Criteria</u></p> <p>If the primary recipient of federal financial assistance provides \$300,000 or greater of such assistance to a subrecipient in a fiscal year, the primary recipient is responsible for determining that financial and compliance audits are performed of the subrecipient in accordance with OMB Circular A-133. The primary recipient is required to receive a copy of the single audit report from the subrecipient and ensure appropriate action has been taken within six months for all material findings and questioned costs noted.</p> <p><u>Finding</u></p> <p>We selected twenty-one (21) subrecipients for testing and found two (2) instances in which the required single audit reports were not submitted to OCED.</p> <p><u>Questioned Costs</u></p> <p>None</p> <p><u>Perspective</u></p> <p>The finding is considered systemic in nature.</p> <p><u>Effect</u></p> <p>OCED is not monitoring all the subrecipient activities in accordance with federal requirement, to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements.</p>	<p>Procedure is currently in place to fully adhere to the compliance requirement.</p>

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

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Item 97-3 U. S. Department of Housing and Urban Development:	CFDA #14.239 M-97-UC-12-0202	<p><u>Criteria</u></p> <p>OMB Circular A-133 requires that subrecipients must be monitored by the primary recipient to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements. To ensure compliance with this requirement, OCED has established subrecipient monitoring procedures which includes periodic on-site inspections.</p> <p><u>Finding</u></p> <p>We selected twenty-one (21) subrecipients for testing and found one (1) instance in which the subrecipient was not monitored in accordance with OCED monitoring policies.</p> <p><u>Questioned Costs</u></p> <p>None</p> <p><u>Perspective</u></p> <p>The finding is considered isolated in nature.</p> <p><u>Effect</u></p> <p>OCED is not monitoring all the subrecipient activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements.</p>	<p>OCED has established a procedure to ensure compliance with this requirement.</p>

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response	Current Status
Item 97-4 U. S. Department of Housing and Urban Development:	CFDA #14.218 B-93-UC-12-0006 B-94-UC-12-0006 B-95-UC-12-0006	<u>Criteria</u>	
Community Development Block Grants/Entitlement Grants	B-96-UC-12-0006 B-97-UC-12-0006	In accordance with OMB Circular A-87, salaries and wages of employees who work on multiple activities or cost objectives must be supported by personnel activity reports or equivalent documentation. These personnel activity reports must reflect an after-the-fact description of the actual activity and must account for the total activity of each employee. The personnel activity report should be prepared at least monthly and signed by the employee.	
		<u>Finding</u>	
		The Office of Community and Economic Development ("OCED") does not have a system in place to allocate salaries and wages of employees who work on multiple grant programs. Salaries and wages are charged to the CDBG program based on the annual appropriation and are not supported by personnel activity reports.	A system was established as of August 1, 1998. However, a similar finding was noted in the current year's audit.
		<u>Questioned Costs</u>	
		\$3,494,978	
		<u>Perspective</u>	
		The finding is considered systemic in nature.	
		<u>Effect</u>	
		Salaries and wages allocated to federal programs may be unallowable if the expenditure is not based upon the actual activity of an employee.	

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

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Item 97-5 U. S. Department of Housing and Urban Development:	CFDA #14.218 B-95-UC-12-0006 B-96-UC-12-0006	<u>Criteria</u> In accordance with the Davis-Bacon Act, all laborers and mechanics employed by contractors and/or subcontractors who work on construction contracts in excess of \$2,000 and financed by federal assistance funds must be paid wage rates not less than those established for the locality of the projects by the U.S. Department of Labor.	
Community Development Block Grants/Entitlement Grants		<u>Finding</u> We selected twenty-five (25) construction contracts for testing and found three (3) instances in which laborers were not being paid the prevailing local wage as required by the U. S. Department of Labor.	OCED has a procedure in place to monitor compliance with the Davis-Bacon Act.. However, a similar finding was noted in the current year's audit under a different CFDA number, the funds for which are also managed by OCED.
		<u>Questioned Costs</u> None	
		<u>Perspective</u> The finding is considered systemic in nature.	
		<u>Effect</u> OCED is not in compliance with the Davis-Bacon Act.	

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

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Item 97-6 U. S. Department of Housing and Urban Development:	CFDA #14.218 B-97-UC-12-0006	<p><u>Criteria</u></p> <p>OMB Circular A-133 requires that subrecipients must be monitored by the primary recipient to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements. OCED has established subrecipient monitoring procedures which includes periodic on-site inspection.</p> <p><u>Finding</u></p> <p>We selected twenty-five (25) subrecipients for testing and found three (3) instances in which the required site inspections were not performed.</p> <p><u>Questioned Costs</u></p> <p>None</p> <p><u>Perspective</u></p> <p>The finding is considered systemic in nature.</p> <p><u>Effect</u></p> <p>OCED is not monitoring all the subrecipient activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements.</p>	OCED is in full compliance with this requirement.

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response	Current Status
Item 97-7 Community Action Agency:	CFDA #93.600	<u>Compliance Requirement</u>	
Head Start Program	04CH-0119/31	OMB Circular A-133 requires that where a funding period is specified, a non-federal entity may charge to the award only costs resulting from obligations incurred during the funding period. <u>Finding</u> We selected twenty-five (25) expenditures for testing and found one (1) instance in which the expenditure was charged to the incorrect funding period. <u>Questioned Costs</u> \$83,943 <u>Perspective</u> The finding is considered isolated in nature. <u>Effect</u> The Community Action Agency ("CAA") is not in compliance with the period of availability requirement as prescribed in OMB Circular A-133.	This condition is resolved. The Community Action Agency has established a procedure to prevent a reoccurrence of this finding.

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response	Current Status
Item 97-8 U. S. Department of Housing and Urban Development:		<u>Compliance Requirement</u>	
Per Watson Rice LLP Single Audit Report, Item C-1		U.S. HUD policies require inventories of project materials to be listed and a physical observation of inventories to be periodically taken and the results compared to the records.	
		<u>Finding</u>	
		During our audit we noted that the Agency did not prepare an itemized list or perform inventory observations of the housing site materials. Only inventory at the warehouse was listed.	A similar finding was noted in the current year's audit. However, a corrective plan is currently being implemented.
		<u>Questioned Costs</u>	
		None.	
		<u>Perspective</u>	
		The finding is considered systemic in nature.	
		<u>Effect</u>	
		Miami-Dade Housing Agency has failed to comply with U.S. HUD policy. Without periodic observation of physical inventories and comparison to the related records, project materials may be inappropriately disposed of without a timely accountability by the custodians.	

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

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Item 97-9 Environmental Protection Agency:	CFDA #66.802	<u>Compliance Requirement</u>	
Superfund Per PricewaterhouseCoopers LLP Single Audit Reports, Item 97-2	V004629-89	<p>Federal awards must be expended only for allowable activities and individual transactions must be properly classified and accumulated into the activity total.</p> <p><u>Finding</u></p> <p>The activity reports for the periods October and November 1996, which are used to prepare the Federal reimbursement request, also included the charges for the periods October and November 1995.</p> <p><u>Questioned Costs</u></p> <p>Total questioned costs of \$263,645 of which the federal share was \$108,094.</p> <p><u>Context</u></p> <p>Additional activity reports for the year were reviewed and no data related to prior periods was included in reports which were used in the preparation of reimbursement requests.</p> <p><u>Cause</u></p> <p>The activity reports for the periods October and November 1996 were prepared prior to the closing procedure which removed fiscal year 1995 data from current year files and moved such data to the history file.</p> <p><u>Effect</u></p> <p>The Water and Sewer Department was incorrectly reimbursed twice for the October and November 1995 costs of the project.</p>	Procedures are in place to insure compliance with this requirement.

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response	Current Status
Item 97-10 Environmental Protection Agency:	CFDA #66.802	<u>Compliance Requirement</u>	
Superfund Per PricewaterhouseCoopers LLP Single Audit Reports, Item 97-3	V004629-89	<p>Federal awards must be expended only for allowable activities and individual transactions must be properly classified and accumulated into the activity total.</p> <p><u>Finding</u></p> <p>The EPA Superfund allows for indirect costs to be calculated on the direct labor costs and included in the reimbursement request. The calculation of the indirect rate is to be calculated annually based on actual costs. This indirect rate calculation on actual costs calculated annually based on actual costs. This indirect rate calculation on actual costs is to be used as the provisional rate for the upcoming fiscal year. In addition, the difference between the rate used during the previous fiscal year and the new rate based on on actual costs must be determined. Any over or under reimbursement adjustment must be calculated and appropriately treated. We have reviewed the indirect rate calculation of 28.4% based on September 30, 1996 actual costs. Retroactive adjustment for fiscal year 1996 billings was not calculated, and the 28.4% rate, which should have been applied as the provisional rate for fiscal year 1997 reimbursement requests, was not used. Instead, the provisional rate used during fiscal year 1997 for preparation of reimbursement requests was the 42.8% indirect rate based on September 30, 1995 actual costs.</p> <p><u>Questioned Costs</u></p> <p>The overbilling of indirect costs related to total labor for reimbursement requests submitted during fiscal year 1997 was \$39,915. The adjustment of indirect costs related to total labor for reimbursement requests submitted during fiscal 1996, which should have been adjusted in fiscal year 1997, was \$36,674</p>	This condition is resolved.

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

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Item 97-10 Environmental Protection Agency:	CFDA #66.802	<u>Context</u>	
Superfund Per PricewaterhouseCoopers LLP Single Audit Reports, Item 97-3	V004629-89	<p>The EPA Superfund is the only grant or cooperative agreement for which an indirect cost rate is applicable. The information included in questioned costs above includes all reimbursement requests which would have been impacted by these rates.</p> <p><u>Cause</u></p> <p>The Water and Sewer Department inadvertently continued to use the indirect cost rate calculated for the previous fiscal year in the preparation of reimbursement requests.</p> <p><u>Effect</u></p> <p>The Water and Sewer Department used a provisional rate of 42.8% for the fiscal year 1997 reimbursement requests as opposed to a rate of 24.8% and did not subsequently adjust the provisional rate used in fiscal year 1996 to the actual 28.4% rate incurred during that period in the following year.</p>	

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

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Item 97-11 Federal Aviation Administration:	CFDA #20.106	<u>Compliance Requirement</u>	
	3-12-0047-13		
Per Ernst & Young LLP Single Audit Report, Item 97-1	3-12-0049-27	No person shall, on the grounds of race, color, national origin, age or handicap, be excluded from participation in or be subject to discrimination in any program activity funded, in whole or in part, by Federal funds.	
	3-12-0049-28		
	3-12-0049-29		
	3-12-0049-30		
	3-12-0049-31		
	3-12-0049-32	<u>Finding</u>	
	3-12-0049-33		
	3-12-0050-04	The Aviation Department presently has two complaints filed with the U.S. Equal Employment Opportunity Commission (EEOC) charging them with discrimination and issues of harassment. One complaint includes discrimination on the basis of race in relation to harassment and promotion. The other complaint includes discrimination on the basis of sex in relation to promotion, benefits and wages. It is our understanding that these complaints are still pending.	These cases were dismissed by the EEOC.
		<u>Questioned Costs</u>	
		None	
		<u>Recommendation</u>	
		We recommend that the Aviation Department follow-up on all outstanding complaints and continuously monitor for civil rights compliance.	

**MIAMI-DADE COUNTY, FLORIDA
STATUS OF PRIOR YEAR FINDINGS**

Funding Source/ Program Name	CFDA/ Grant/Contract Number	Findings/Response	Current Status
Item 97-12 Federal Aviation Administration:	CFDA #20.106		
	3-12-0047-13		
Per Ernst & Young LLP Single Audit Report, Item 97-2	3-12-0049-27 3-12-0049-28 3-12-0049-29 3-12-0049-30 3-12-0049-31 3-12-0049-32 3-12-0049-33 3-12-0050-04	<p><u>Compliance Requirement</u></p> <p>The Davis-Bacon Act requires that laborers employed by contractors or subcontractors who work on construction projects financed by Federal assistance be paid not less than rates established by the Secretary of Labor.</p> <p><u>Finding</u></p> <p>Management informed us that the Aviation Department requests monthly submission of payroll records from contractors and subcontractors. These payroll records are reviewed for compliance by a compliance officer who is an employee of the Aviation Department. However, there is no formalized process for documenting compliance with Davis-Bacon requirements.</p> <p><u>Questioned Costs</u></p> <p>None</p> <p><u>Recommendation</u></p> <p>We recommend that review of payroll records for compliance with the Davis-Bacon Act be documented when performed.</p> <p><u>Management's Response</u></p> <p>The Aviation Department, as required under the Davis-Bacon Act, receives payroll documents. However, formal procedures are not required to document the receipt of these payroll documents.</p>	<p>The Miami-Dade County Department of Business and, Economic Development (DBED) reviews payroll of laborers employed by contractors and subcontractors in compliance with the Dade County Wage Ordinance 97.3. This ordinance establishes pay rates at equal to or greater than the Davis Bacon wages. A formalized process for documenting compliance is adhered to by DBED.</p>