

MIAMI-DADE COUNTY, FLORIDA

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

Year ended September 30, 2007

(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 the County for the year ended September 30, 2007. 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 Miami-Dade 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*. 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, 2007, 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, 2007

For the year ended September 30, 2007, 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) 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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Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified, except for governmental activities and aggregate remaining fund information, which are qualified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____	Yes	_____ X _____ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ X _____	Yes	_____ None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____ No

Federal Awards

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

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: USDA Canal Repair and Debris	10.000	Unqualified
U.S. Department of Housing and Urban Development: Community Development Block Grants Entitlement Grants	14.218	Qualified
Supportive Housing Program	14.235	Qualified
HOME Investment Partnerships Program	14.239	Qualified
U.S. Department of Transportation: Highway Planning and Construction	20.205	Unqualified
U.S. Department of Health and Human Services: Community Services Block Grant	93.569	Unqualified
Head Start	93.600	Qualified
HIV Emergency Relief Project Grants	93.914	Qualified
U.S. Department of Homeland Security: Disaster Grants – Public Assistance	97.036	Unqualified

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

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*?

_____ Yes _____ X No

Identification of major projects:

State projects	State CSFA No.
Florida Department of State:	
Miami River Dredging Project	37.039
State Aid to Libraries	45.030
Voluntary Pre-Kindergarten Program	75.007

Dollar threshold used to distinguish between type A and B projects: \$1,878,967

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Section II – Financial Statement Findings

2007-01 *Criteria*

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. For the purpose of revenue recognition, “available” means that the revenues are collectible within the current period or soon thereafter to pay liabilities of the current period. The County considers the availability period for revenues susceptible to accruals to be ninety (90) days, with the exception of expenditure driven (reimbursement) grants, for which the availability period is one year.

Condition Found

During our testwork, we noted that there were certain accounts receivable and related revenues recorded in the general fund that were not collected within ninety (90) days. As a result, a significant adjustment was proposed and recorded by management to correct the accounting records of the general fund.

Perspective

The finding is considered to be isolated in nature.

Effect

The failure to follow revenue recognition policies could result in significant misstatements to the general fund’s accounting records.

Recommendation

Management is responsible for maintaining proper accounting records in conformity with generally accepted accounting principles. As such, we recommend that a periodic review of accounts receivable and related revenues be performed in order to ensure that only those revenues which are measurable and available are recognized in the general fund.

Management’s Response

Management processes over 500,000 journal entries a year, not including interface entries from other subsystems. The entries are reviewed and approved at the outlaying departments and submitted to Finance for input. The entry in question by the auditors relates to receivables from certain municipalities for the annual mitigation contributions in accordance with the incorporation agreements. A lawsuit was filed by the municipalities on August 8, 2007 against the County, claiming the mitigation payments were unconstitutional.

A final judgment was issued in June 2008 in favor of the County, the municipalities are appealing. Due to the pending litigation, the receivable and related revenue was not collected. Therefore, the revenue had to be reduced and deferred revenue booked.

Management will continue to review the receivables and related revenues to ensure that they are collectible soon after the close of the fiscal year and adjust the financials accordingly.

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Section III – Federal Award Program Findings and Questioned Costs

2007-02

Federal Program:

Community Development Block Grants/Entitlement Grants; CFDA #14.218, Award Numbers B-98-UC-12-0006, B-99-UC-12-0006, B-2000-UC-12-0006, B-2001-UC-12-0006, 006/B04-UC-12-0006, B-05-UC-12-0006, B-06-UC-12-0006, and B-07-UC-12-0006

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-Through Entity:

None

Criteria – Allowable Costs/Cost Principles

Recipients of federal awards should maintain effective controls over the recording and requests for reimbursement of payroll costs related to a federal program. In addition, OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, requires that monthly activity reports or its equivalent be signed by the employees or supervisory officials.

Condition Found

During our testing of thirty (30) payroll expenditures, we noted two (2) instances where the Personnel Activity Report (PAR) was not signed by the employee's supervisor; and one (1) instance where the PAR was not signed by employee or the supervisor. The one employee was assigned to community volunteer service at the United Way during the last days of the payroll cycle.

Questioned Costs

None

Perspective

The noncompliance finding is considered isolated in nature. The auditor recomputed the payroll allocated to the program for this payroll cycle and noted that it excluded the hours where the employee was performing community volunteer service. The payroll cycle amount for this one employee was \$735 of the total payroll-related expenditures of \$9,612,332.

Cause

County personnel did not follow the established policies and procedures in relation to the approval of the PAR.

Effect

The County may charge the program for unallowable costs related to unapproved payroll.

Recommendation

We recommend that the County strengthen their oversight and enforcement of their policies and procedures to ensure that the appropriate supervisor reviews are conducted and documented in

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the Personnel Activity Report and that such report be signed by the respective employee as required for payroll transactions.

Management's Response

Management agrees with the recommendation. OCED is implementing an internal procedure where Administrative Secretaries will review the Personnel Activity Reports (PAR) to ensure that they are signed by the employees and appropriate supervisor. As an added measure, an Accountant II will review all PARs for compliance. This procedure will ensure that the appropriate reviews are conducted and documented.

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2007-03

Federal Program:

Community Development Block Grants/Entitlement Grants; CFDA #14.218, Award Numbers B-98-UC-12-0006, B-99-UC-12-0006, B-2000-UC-12-0006, B-2001-UC-12-0006, 006/B04-UC-12-0006, B-05-UC-12-0006, B-06-UC-12-0006, and B-07-UC-12-0006

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-Through Entity:

None

Criteria – Activities Allowed or Unallowed

The general rule is that any activity that is not authorized under the provisions of CFR §570.201 – 570.207 is ineligible to be assisted with CDBG funds. The purchase of equipment with CDBG funds is generally ineligible.

Condition Found

During our testwork of thirty-one (31) nonpayroll expenditures, totaling \$782,449, we noted one (1) instance in the amount of \$84,428 where the cost appeared to be ineligible under the provisions of CFR §570.207. Specifically, the payment represented a reimbursement to a developer for movable equipment for a tenant.

Furthermore, the expenditure was not included in the 2007 Action Plan as stipulated in the award contract.

Questioned Costs

\$84,428

Perspective

This finding is considered to be isolated. Total expenditures were \$19,898,380, of which \$92,589 was described in subobject code 61638 as Office Furniture.

Cause

The County authorized the purchase of equipment under the provisions of CRF 570.203, which allows for assistance to a for-profit business to carry out an economic development project.

Effect

The County may charge the program for unallowable costs.

Recommendation

We recommend that the County strengthen their oversight and enforcement of their current policies and procedures to ensure that adequate documentation exists to support allowability for the purchase of equipment that is generally considering ineligible.

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Management's Response

Grant funds were used to “accommodate an anchor and several other businesses in Liberty City” which was consistent with the 2007 Action Plan. The tenant in question is one of the “businesses in Liberty City” that was accommodated. Its name is not specifically indicated in the Action Plan since it is difficult for a shopping center owner to know prior to applying for CDBG assistance, which tenants will later qualify for the space and for the assistance.

Pursuant to CFR 570.203 (b), the provision of assistance to a private, for-profit business, including but not limited to grants, loans, loan guarantees, interest supplements, technical assistance, and other forms of support, for any activity where the assistance is appropriate to carry out an economic development project, excluding those described as ineligible in 570.207 (a).

Ineligible activity listed in 507.207 (a) are (1) government buildings; (2) general government expenditures, (3) political activities. CFR 570.207 (b) states that the following activities may not be assisted with CDBG funds unless authorized under provisions of 570.203...(1) Purchase of equipment, “the purchase of equipment is generally ineligible.”

The purchase of equipment is not ineligible in this case because the purchase of equipment is authorized under provisions CRF 570.203 which allows for this assistance to a for-profit business to carry out an economic development project. OCED confirms that this is an economic development project as indicated in the 2007 Action Plan with a national objective of job creation.

Auditor's Response

The auditor continues to consider this a finding as adequate documentation was not provided to support the purchase of equipment for a for-profit enterprise tenant.

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2007-04

Federal Program:

Community Development Block Grants/Entitlement Grants; CFDA #14.218, Award Numbers B-98-UC-12-0006, B-99-UC-12-0006, B-2000-UC-12-0006, B-2001-UC-12-0006, 006/B04-UC-12-0006, B-05-UC-12-0006, B-06-UC-12-0006, and B-07-UC-12-0006

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-Through Entity:

None

Criteria – Subrecipient Monitoring

A pass-through entity is responsible for monitoring of the subrecipient. Monitoring the subrecipient's use of federal awards may be through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. The County shall have appropriate policies and procedures in place to perform subrecipient monitoring and follow-up on findings.

Condition Found

During our testing of subrecipient monitoring, we selected 30 subrecipients and noted the following:

- In ten (10) instances, there was no evidence of a signed contract for the subrecipient. The contract is the basis for the program requirements;
- In ten (10) instances, there was no evidence that the subrecipient was monitored;
- In twelve (12) instances, there was no formal monitoring report issued to the subrecipient that documented results;
- In twelve (12) instances, there was no evidence that an audit report was submitted by the subrecipient; and
- In twelve (12) instances, there was no evidence that findings were resolved within the appropriate period.

Questioned Costs

Undetermined

Perspective

This finding is considered systemic in nature. There were 117 subrecipients that received a total of \$10,925,525 during the fiscal year 2007.

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Year ended September 30, 2007

Cause

The County did not have adequate policies and procedures in place to perform subrecipient monitoring and follow up on findings.

Effect

Failure to comply with the documentation required for subrecipient monitoring could result in noncompliance by the County.

Recommendation

We recommend that the County develop and implement policies and procedures to help ensure that the appropriate subrecipient monitoring is conducted and documented. Further, such documentation should be retained, in a central file, in order to comply with the requirements of the grant.

Management's Response

Management agrees with the recommendation. OCED's newly created Compliance Unit will perform biannual random samplings of our central files, which includes the annual monitoring reports and any updates. In addition, we have created a central file checklist created to ensure that the required documentation is maintained in the file.

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2007-05

Federal Program:

Supportive Housing Program; CFDA #14.235, Award Numbers FL 14B000014 (2000), FL 14B00001 (2001), FL 14B200002 – FL 14B2000031 (2002), FL 14B3000011 (2003), FL 14B97-0101-01119 (1997), FL 29B94-0776 (1994), FL 29B95-0228 (1998), FL 14B4 (2004), FL 14B5 (2005), and FL 14B6 (2006)

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-Through Entity:

None

Criteria – Reporting

24 CFR Section 583.300(g) requires that the HUD-40118, Annual Progress Report (APR) be filed from each grantee 90 days after the end of each operating year. Each recipient of assistance under this program must keep any records and make any reports that HUD may require within the required timeframe.

Condition Found

Subrecipients are required to submit the APR in order for the County to include them in their Annual Progress Report to HUD. We found that in 22 of 30 subrecipients tested, the required APR was not submitted to the County and as a result was not submitted to HUD within the required timeframe.

Questioned Costs

None

Perspective

The finding is considered systemic in nature. There were 337 subrecipients that received a total of \$13,085,573 during the fiscal year 2007.

Cause

The County did not enforce its stated policies related to the submission of the APR.

Effect

Failure to obtain the APR from the subrecipients on a timely basis and then file the APR with HUD could result in the noncompliance by the County.

Recommendation

The County should ensure that the required Annual Progress Report is submitted by those service providers for approval by the County on a timely basis. The County should impose a due date for plan to be submitted. Any delays in submission of such plan should be followed up.

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Management's Response

The Miami Dade County Homeless Trust agrees with this finding. Although policies and procedures were in place and utilized by the Trust to comply with the established 90 day requirement to submit Annual Progress Reports (APR's) to HUD submission of the reports by the subrecipients to the Trust for review were delayed. Contracts between the County and the subrecipients require the submission of APR's 40 days following the end of the contract term. In order to emphasize timely submission of APR reports, the Trust has recently implemented a new procedure during the annual competitive funding review cycle, where subrecipients will be scored on this factor. Those subrecipients found not to be in compliance with timely submission of APR reports will be penalized during the funding review process.

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2007-06

Federal Program:

HOME Investment Partnerships Program; CFDA #14.239, Award Numbers M-97-UC-12-0202, M-98-UC-12-0202, M-2000-UC-12-0202, M-2001-UC-12-0202, 12-0006, M-05-UC-12-0202, M-06-UC-12-0202, and M-07-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 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 30 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.

Furthermore, proper documentation, including a close-out letter and affordable Housing Compliance Report should be properly maintained in files.

Condition Found

We noted that the County does not perform a calculation of rent for HOME-assisted units as required 24 CFR 92.216(a). Rather, the rent amount is calculated based on the Published Florida Housing Finance Corporation Rents by Bedroom.

We further noted three (3) out of thirty (30) instances where there was not a close-out letter and an Affordable Housing Compliance Report on file.

Questioned Costs

Undetermined

Perspective

The finding is considered systemic in nature.

Cause

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

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Effect

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

Recommendation

We recommend that the County develop and implement policies and procedures to help ensure they 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 on calculating the maximum HOME rent limits for federal compliance requirements.

Furthermore, policies and procedures should include a process in place for the filing of documents in project file.

Management's Response

Management agrees with the finding. The Housing Development and Loan Administration Division (HDLAD) of OCED will train staff on the interpretation and performance of rent limit calculations on HOME funded projects. We believe that this training will improve the Management and Occupancy Reviews (MORs) for such projects. HDLAD will track the ongoing evaluation of developments that have unresolved inspection findings through a tickler system in an Excel spreadsheet format.

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2007-07

Federal Program:

HOME Investment Partnerships Program; CFDA #14.239, Award Numbers M-05-UC-12-0202 and M-06-UC-12-0202

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-Through Entity:

None

Criteria – Subrecipient Monitoring

A pass-through entity is responsible for monitoring the subrecipient. Monitoring the subrecipient's use of federal awards may be through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements. The County shall have appropriate policies and procedures in place to perform subrecipient monitoring and follow-up on findings.

Condition Found

During our audit, we noted that the County did not monitor subrecipients on a timely basis. Specifically, fourteen (14) out of the twenty-six (26) subrecipients' files did not include documentation of site visits or other during-the-award monitoring during fiscal year 2007. Also, two (2) of the twenty-six (26) subrecipients did not resolve findings in a timely manner.

Questioned Costs

Undetermined

Perspective

There were 26 subrecipients listed on the client-prepared monitoring tracking chart that received a total of \$3,896,247. Based upon our testwork, we concluded that this finding is considered systemic in nature.

Cause

The County did not have appropriate policies and procedures in place to perform and document the monitoring of subrecipients and follow up on findings.

Effect

Failure to adequately monitor subrecipients for compliance with program requirements could result in the noncompliance by the County.

Recommendation

We recommend that the County develop and implement policies and procedures to help ensure that the appropriate subrecipient monitoring is conducted and documented. Further, such documentation should be retained in order to comply with the requirements of the grant.

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2007 Management's Response

For each agency, staff produced one monitoring report that cited all funded projects and their different funding sources. The audit coincided with the move of OCED to a new office site; therefore, some of the monitoring reports, as well as other documentation, had yet to be placed in their respective project files. During 2008, OCED will place copies of the reports not only in the activity file but in separate binders for the monitoring scheduled for the year.

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2007-08

Federal Program:

HOME Investment Partnerships Program; CFDA #14.239, Award Numbers M-97-UC-12-0202, M-98-UC-12-0202, M-2000-UC-12-0202, M-2001-UC-12-0202, 12-0006/M-04-UC-12-006, M-05-UC-12-0202, M-06-UC-12-0202, and M-07-UC-12-0202

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-Through Entity:

None

Criteria – Special Tests and Provisions

24 CFR sections 92.251, 92.252, and 92.504(b) require that during the period of affordability for HOME-assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property and housing quality standards no less than: (a) every three years for projects containing 1 to 4 units, (b) every two years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. In addition, an owner of rental housing assisted with HOME funds must maintain the housing in compliance with all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401.

Condition Found

During our audit, we requested copies of reports of inspections performed during the year. No recent report was available since inspections have not been performed in at least 2 years.

Questioned Costs

None

Perspective

This finding is considered systemic in nature.

Cause

In, 2005, the County discontinued the required inspections to determine property and housing quality standards.

Effect

Failure to make housing quality inspections when due and ensure that needed repairs are completed in a timely manner may result in suspension of funding by the granting agency. In addition, hazardous situations may exist and go undetected.

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Recommendation

We recommend that the County develop and implement policies and procedures to ensure that the appropriate documentation is maintained to show when on-site inspections are due and that any required repairs are completed in a timely manner.

2007 Management's Response

In 2005, prior to the organizational changes that resulted in the transfer of HDLAD to OCED, the Miami-Dade Housing Agency discontinued the Housing Quality Standards (HQS) inspections to reduce its operational expenditures. As of December 2007, five staff members from HDLAD had been certified in HQS inspections by Nan McKay and Associates. The HQS inspections began again in 2008.

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2007-09

Federal Program:

Community Service Block Grant; CFDA# 93.569, Award Number 07SB-5Z-11-23-01-017

Federal Agency:

U.S. Department of Health and Human Services

Pass-Through Entity:

Florida Department of Community Affairs

Criteria –Allowable Costs/Cost Principles

Recipients of federal awards should maintain effective controls over the recording and requests for reimbursement of payroll costs related to a federal program.

Condition Found

We noted that 18 of the 30 payroll timesheets selected did not contain evidence of supervisory review or approval by the appropriate person (Personnel Liaison), as required by the County's policies and procedures.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The County did not have a designated Personnel Liaison to review and approve timesheets consistently throughout the year.

Effect

Failure to comply with the County's policies and procedures could result in the submission of a request for reimbursement related to unapproved payroll.

Recommendation

The County should enhance its processes in order to ensure that its policies and procedures are followed.

Management's Response

CAA concurs with the recommendation. The addition of a Personnel Liaison in the Self Help Division is a recent enhancement as the immediate supervisor/manager's signature was initially deemed adequate. Additionally, the role of the Assistant Division Director has been expanded to include the periodic review of timesheets to ensure that procedures are followed. Also, continued monitoring will occur to ensure consistency in application of enhanced processes.

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2007-10

Federal Program:

Head Start Program; CFDA #93.600, Award Numbers 04-CH0119/41 (2006) and 04-CH0119/42 (2007)

Federal Agency:

U.S. Department of Health and Human Services

Pass-Through Entity:

None

Criteria – Allowable Costs/Cost Principles

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, 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 documentary support 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 program 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

Miami-Dade County Community Action Agency (CAA) did not prepare the required semiannual certifications for the period from October 1, 2006 to March 31, 2007, which certify that the employees worked solely on the respective program; rather, certifications were prepared only for the period from April 1, 2007 to September 30, 2007. The total annual payroll costs amounted to \$15,322,973.

Questioned Costs

\$7,661,500, which approximates half of the total payroll cost.

Perspective

The finding is considered systemic in nature.

Cause

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

Effect

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

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Recommendation

CAA 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 CAA 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.

2007 Management's Response

CAA concurs with the recommendation. The department developed a process following the 2006 single audit that concluded in June 2007. However, given the timeframe of the audit, it was not possible to prepare timely certifications for the period of October 1, 2006 to March 31, 2007. A process was established in June 2007 to ensure the preparation and maintenance of payroll certifications semiannually. The initial signing of these certifications was completed at the end of the second half of the year, September 30, 2007, thereby resulting in certifications being prepared after this date, and only for the period of April 1, 2007 to September 30, 2007. The process has since been enhanced to ensure greater oversight, accountability, and monitoring by the department's Human Resources Unit. Systems have been established to ensure the timely preparation and maintenance of payroll certifications at least semiannually as required by OMB Circular A-87, 8h(3).

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2007-11

Federal Program:

Head Start Program, CFDA# 93.600, Award Numbers 04-CH0119/41 (2006) and 04-CH0119/42 (2007)

Federal Agency:

U.S. Department of Health and Human Services

Pass-Through Entity:

None

Criteria – Reporting

The required reports for federal awards include all activity of the reporting period, are supported by applicable records, are fairly presented in accordance with program requirements, and are submitted on a timely manner.

Condition Found

During our testwork, we noted that two of the four the Quarterly Form 269 Financial Status Reports were not properly reconciled to the general ledger in a timely manner. Furthermore, we noted that two of the four Quarterly Federal Cash Transaction Reports (Form 272) were not filed on a timely basis.

Questioned Costs

None

Perspective

The finding is considered systemic in nature.

Cause

The County did not have adequate personnel assigned to the program charged with the timely preparation and filing of reports.

Effect

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

Recommendation

The CAA should enhance its processes and evaluate whether the current personnel is sufficient to ensure that reports are accurate and submitted in a timely manner.

Management's Response

CAA concurs with said recommendation. It should be noted that CAA has assessed its personnel needs to support internal functions and as a result, recently completed a number of recruitments,

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including one to permanently fill the Fiscal Division Director position which had been vacant for some time; the position will be filled in June 2008. Once on board, the Fiscal Division Director will assess the needs of the Fiscal Division, which includes the timely preparation, reconciliation, and submission of financial reports.

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2007-12

Federal Program:

HIV Emergency Relief Project Grants – CFDA# 93.914, Award Numbers 2H89HA00005-16-00 (2006) and 3H89HA00005S (2007)

Federal Agency:

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

Pass-Through Entity:

None

Criteria – Allowable Costs/Cost Principles

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, 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 documentary support 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 program 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

Miami-Dade County Office of Strategic Business Management (OSBM) did not prepare the required semiannual certifications, which certify that the employees worked solely on the respective program. The total payroll related cost amounted to \$617,419.

Questioned Costs

\$617,419

Perspective

The finding is considered systemic in nature.

Cause

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

Effect

OSBM 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.

MIAMI-DADE COUNTY, FLORIDA
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Recommendation

OSBM 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 OSBM 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

Management concurs with the recommendation. OSBM will develop a procedure to ensure that a payroll certification form is completed by each employee of the Ryan White Program and verified by a Supervisor on a semiannual basis. This procedure will be completed once every six months of each program year and the certifications will be filed in one central location for easy accessibility as well as in each employee's personnel record.

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Section IV – State Financial Assistance Findings and Questioned Costs

None