

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF
MIAMI-DADE COUNTY, FLORIDA)

SINGLE AUDIT REPORTS
September 30, 2011

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and
Board of County Commissioners
Miami-Dade County, Florida

We have audited the financial statements of Miami-Dade Transit (MDT), an enterprise fund of Miami-Dade County, Florida (the County), as of and for the year ended September 30, 2011, and have issued our report thereon dated February 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of MDT is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered MDT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MDT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MDT's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2011-1 and 2011-2 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2011-3 to be a significant deficiency.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MDT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of MDT in a separate letter dated February 16, 2012.

MDT's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit MDT's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of County Commissioners, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Crowe Horwath LLP

Fort Lauderdale, Florida
February 16, 2012

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

The Honorable Mayor and
Board of County Commissioners
Miami-Dade County, Florida

Compliance

We have audited the compliance of Miami-Dade Transit (MDT), an enterprise fund of Miami-Dade County, Florida (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2011. MDT's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of MDT's management. Our responsibility is to express an opinion on MDT's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about MDT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MDT's compliance with those requirements.

In our opinion, MDT complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and which is described in the accompanying schedule of findings and questioned costs as finding 2011-4.

(Continued)

Internal Control Over Compliance

Management of MDT is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered MDT's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MDT's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as finding 2011-3. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of MDT as of and for the year ended September 30, 2011, and have issued our report thereon dated February 16, 2012. Our audit was performed for the purpose of forming our opinion on MDT's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MDT's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit MDT's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of County Commissioners, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Crowe Horwath LLP

Fort Lauderdale, Florida
February 16, 2012

MIAMI-DADE TRANSIT
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2011

<u>Federal Grantor/State Agency</u>	<u>CFDA/ CSFA Number</u>	<u>Grant/ Contract Number</u>	<u>Expenditures</u>
Federal Awards			
U.S. Department of Transportation			
<i>Federal Transit Cluster – Capital Investment Grants</i>			
FTA - ARRA 5309 Fixed Guideway	20.500	FL-56-0005	\$ 921,775
FTA - FY 03 Bus Projects	20.500	FL-03-0232	28,860
FTA - NE Passenger Activity	20.500	FL-03-0259	20,049
FTA - MIC Bus Plaza	20.500	FL-03-0325	2,569,951
FTA - FY 06 Bus Related Activities	20.500	FL-04-0016	814,811
FTA - NW 7th Ave. Multimodal PAC- FY 06	20.500	FL-04-0017	256,979
FTA - Miami Urban Partnership	20.500	FL-04-0036	498,423
FTA - FY 07 Fixed Guideway	20.500	FL-05-0095	95,478
FTA - FY 08 Fixed Guideway	20.500	FL-05-0100	93,750
FTA - FY 09 Fixed Guideway	20.500	FL-05-0105	153,208
FTA - FY 10 Fixed Guideway	20.500	FL-05-0108	482,918
FTA - FY 11 Fixed Guideway	20.500	FL-05-0111	15,018,233
			<u>20,954,435</u>
<i>Federal Transit Cluster – Formula Grants</i>			
FTA - ARRA 5307 Transit Capital Assistance	20.507	FL-96-X028	7,044,923
FTA - Capital Funding for Busway Construction	20.507	FL-90-X350	5,296
FTA - FY08 Formula Grant	20.507	FL-90-X674	125,300
FTA - FY09 Formula Grant	20.507	FL-90-X707	786,109
FTA - FY10 Formula Grant	20.507	FL-90-X730	3,990,823
FTA - FY11 Formula Grant	20.507	FL-90-X768	46,044,168
FTA - Bridge Inspection FY 07-08			
Bicycle Enhancements	20.507	FL-95-X015	729,601
FTA- I-95 Managed Lanes	20.507	FL-95-X033	330,921
FTA - 344 Street Park & Ride	20.507	FL-95-X035	379,355
FTA- University Pedestrian Overpass	20.507	FL-95-X047	17,812
FTA - Quail Roost Park & Ride	20.507	FL-95-X052	73,426
			<u>59,527,734</u>
		Total Federal Transit Cluster	<u>80,482,169</u>

(Continued)

MIAMI-DADE TRANSIT
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 SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2011

<u>Federal Grantor/State Agency</u>	<u>CFDA/ CSFA Number</u>	<u>Grant/ Contract Number</u>	<u>Expenditures</u>
<i>Public Transportation Research</i>			
FTA - NW 7th Ave. Multimodal PAC- FY 02 and 03	20.514	FL-26-0017	\$ 172,626
FTA - Passenger Information Kiosk	20.514	FL-26-7001	10,065
			<u>182,691</u>
<i>Job Access Reverse Commute</i>			
FTA - JARC FY 07	20.516	FL-37-X044	1,336,500
FTA - JARC FY 08 and 09	20.516	FL-37-X056	101,706
			<u>1,438,206</u>
		Total U.S. Department of Transportation	<u>82,103,066</u>
 U.S. Department of Environmental Protection Agency			
ARRA - National Clean Diesel Emissions Reduction Program	66.039	2A-95422509-0	731,850
		Total U.S. Department of Environmental Protection Agency	<u>731,850</u>
 U.S. Department of Homeland Security (Passed through the Florida Department of Community Affairs)			
Rail and Security Grant Program	97.075	07DS-6B-11-23-20-435	41,855
Rail and Security Grant Program	97.075	08DS-66-13-00-20-297	(90,135)
Rail and Security Grant Program	97.075	12-DS-61-13-00-20-259	880,314
		Total U.S. Department of Homeland Security	<u>832,034</u>
		Total Federal Awards	<u>83,666,950</u>
 State Financial Assistance Florida Department of Transportation			
<i>Commission for the Transportation Disadvantaged (CTD) Trip Card Equipment Grant Program</i>			
Transportation Disadvantaged FY 11	55.001	APZ90	5,046,066

(Continued)

MIAMI-DADE TRANSIT
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 SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2011

<u>Federal Grantor/State Agency</u>	<u>CFDA/ CSFA Number</u>	<u>Grant/ Contract Number</u>	<u>Expenditures</u>
Commuter Assistance-Dade Monroe Express	55.007	APZ32	\$ 196,942
<i>County Incentive Grant Program</i>			
CIGP Miami Gardens Park and Ride	55.008	AOB59	54,833
CIGP Heavy Duty Bus Purchase	55.008	AOB60	19,136
			<u>73,969</u>
Public Transit Block Grant Program	55.010	APZ29	<u>13,667,032</u>
<i>Park and Ride Lot Program</i>			
Park and Ride -Busway & 344th Street	55.011	AOM15	619
Park and Ride -FPL Kendall Drive & SW 127th Avenue	55.011	AOM87	40,986
			<u>41,605</u>
<i>Public Transit Service Development Program</i>			
JPA 79th Street Max	55.012	ANR71	100,847
135th Street Cross town Route	55.012	APT28	123,000
NW 7th Avenue Max	55.012	AOJ05	205,480
East West Connection Extension	55.012	APE70	40,350
Kendall Enhanced Bus Service (Cruiser)	55.012	AP156	236,896
			<u>706,573</u>
<i>Transit Corridor Program</i>			
South Miami-Dade Busway	55.013	AE199	211,832
Flagler Max	55.013	AK441	397,712
South Dade Busway Routes	55.013	AO559	467,501
			<u>1,077,045</u>
<i>Intermodal Development Program</i>			
Park and Ride -SW 168 Street & SW 97 Ave	55.014	APV92	<u>550,000</u>

(Continued)

MIAMI-DADE TRANSIT
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2011

<u>Federal Grantor/State Agency</u>	<u>CFDA/ CSFA Number</u>	<u>Grant/ Contract Number</u>	<u>Expenditures</u>
<i>New Starts Transit Program</i>			
North Corridor Metrorail Extension	55.017	AOL44	\$ 129,361
Busway Pedestrian Access Improvements	55.017	AP084	166,352
Urban Capital Facility Improvement	55.017	ANX67	<u>336,387</u>
			<u>632,100</u>
<i>State Highway Project Reimbursement</i>			
MIC Bus Plaza	55.023	AP762	<u>10,337,029</u>
		Total State Financial Assistance	<u>32,328,361</u>
		Total Federal Awards and State Financial Assistance	<u><u>\$ 115,995,311</u></u>

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the activity of all federal programs and a state project of Miami-Dade Transit (MDT) for the year ended September 30, 2011, and is presented on the accrual basis of accounting. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General. Because the Schedule only presents a selected portion of the operations of MDT, it is not intended to and does not present the financial position, changes in net assets or cash flows of MDT.

MIAMI-DADE TRANSIT
 (AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended September 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified	Yes
Significant deficiency(ies) identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted	No

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Internal control over major programs:	
Material weakness(es) identified	No
Significant deficiency(ies) identified not considered to be material weaknesses	Yes
Type of auditors' report issued on compliance for major programs	Unqualified
Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a), and Chapter 10.550, Rules of the Auditor General	Yes

Identification of major programs:

<u>CFDA/CSFA Number</u>	<u>Name of Program</u>
<u>Federal:</u>	
20.500/20.507	Federal Transit Capital Improvement/ Formula Grant Cluster
<u>State:</u>	
55.001	Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program
55.010	Public Transit Block Grant Program
55.013	Transit Corridor Program

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$2,510,009
State	\$989,851
Auditee qualified as low-risk	No

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

Material Weakness

2011-1 Inventory Controls

Criteria: Internal control should provide reasonable assurance that inventory exists and is properly valued.

Condition: In its audit report dated November 29, 2011, the Audit and Management Services Department (AMS) of the County reported certain findings related to inventory. Those findings are summarized as follows:

- Required cycle counts of items stored at the Metrorail outside yard area were not being performed regularly.
- The Crystal reports used to adjust inventory balances were not reconciled to underlying source data from the real-time inventory system (EAMS). In addition, certain unexplained differences between the Crystal reports and EAMS source data were identified.
- Obsolete items were not identified and accounted for in a timely manner.
- Meters used to measure fuel inventory were not being inspected and calibrated on a regular basis.

Effect: Adjustments of approximately \$1 million related to parts and supplies inventory and approximately \$6.8 million related to fuel inventory were recorded as a result of the AMS audit.

Cause: Controls were either not in place or not performed in accordance with entity policy.

Recommendation: We concur with the recommendations made by AMS in its audit report dated November 29, 2011.

Management's
Response: We concur with these findings and the recommendations made by AMS. We are reviewing current practices and are establishing controls and measures that will strengthen inventory controls.

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

Material Weakness

2011-2 Lease Leaseback Agreements

Criteria: Financially significant agreements should be carefully reviewed to ensure proper treatment in accordance with accounting principles generally accepted in the United States of America.

Condition: We noted several errors in accounting and financial reporting related to MDT's lease leaseback agreements. They were as follows:

- Certain investments pledged as collateral to sublessors were reported at cost. Under accounting principles generally accepted in the United States of America, those investments are required to be reported at fair value. In addition, certain disclosures required by accounting principles generally accepted in the United States of America related to those investments were omitted in previously issued financial statements.
- Certain sublease obligations were improperly valued.
- The accounting records were not updated to reflect the termination of certain leases, which occurred several years prior.

Effect: Net assets as of the beginning of 2011 were restated to correct the errors described above. Net assets as of the beginning of the period increased by approximately \$15.8 million as a result of the restatement.

Cause: Management's initial analysis did not contemplate certain requirements of accounting principles generally accepted in the United States of America. Documentation of conclusions reached as a result of management's initial analysis was inadequate to allow current management to make informed decisions.

Recommendation: We recommend that management carefully review all financially significant agreements to ensure proper accounting and financial reporting in conformity with accounting principles generally accepted in the United States of America.

Management's
Response: We concur with the recommendation and will work to obtain a better understanding of the lease leaseback agreement to ensure proper accounting and financial reporting.

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

2011-3 Financial Services Division Staffing

Criteria: Roles affecting financial reporting should be adequately filled with individuals possessing sufficient knowledge and skill to achieve reliable and timely financial reporting.

Condition: There has been significant management turnover, which has resulted in a number of management-level positions in the Financial Services Division not being filled on a permanent basis. The Controller position is currently unfilled and the Assistant Director of Financial Services position is currently being filled by an interim appointment.

Effect: The reliability of financial reporting could be compromised as a result of 1) existing personnel having to fulfill responsibilities that would typically be assigned to individuals in currently unfilled roles, and 2) the lack of continuity resulting from staffing deficiencies being mitigated temporarily by interim appointments or supplementing such deficiencies with resources from other County departments.

Cause: Management has initiated several recruitment efforts to fill vacant positions without any success. These efforts are ongoing.

Recommendation: We recommend that management commit resources as needed to fill these open positions as soon as possible.

Management's
Response: We concur and will continue to commit resources as needed to fill open positions as soon as possible.

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See financial statement finding 2011-3.

2011-4 Equipment Tracking and Disposal

Federal Transit Capital Improvement/Formula Grant Cluster
(CFDA Nos. 20.500/20.507)

Criteria: Federal Transit Administration (FTA) approval is required before the disposal of federally funded equipment meeting certain criteria takes place. The FTA should be notified after disposal occurs and is entitled to its proportionate share of the fair market value of disposed federally funded equipment.

Condition: We noted the following related to equipment tracking and disposal:

- FTA approval was not obtained prior to disposal for equipment meeting applicable criteria and the FTA was not notified after disposal took place.
- The FTA did not receive its proportionate interest in the fair market value of the equipment.
- Management does not use the functionality within its FAS 100 system that would allow for easy tracking of funding sources' interest in federally funded equipment.

Questioned Costs: \$12,000

Context: We tested 54 equipment disposals occurring during the year and noted that MDT did not obtain prior approval or remit to the FTA its proportionate share of the fair market value of six buses disposed of during the year that met the criteria.

Effect: MDT could be responsible for remitting a portion of the proceeds received from the sale of buses to the FTA.

Cause: Deficiency in control design.

Recommendation: We recommend that MDT follow applicable guidelines for reporting disposals of federally funded equipment and ensure that the FTA receives its proportionate share of the fair market value of assets sold. We further recommend that MDT utilize FAS 100 to track funding sources' proportionate share of federally funded assets.

Management's Response: We concur and will ensure that applicable FTA guidelines are followed. Additionally, we have populated FAS 100 with the percentage of participation for all rolling stock purchased that currently have federal interest.

(Continued)

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2011

SECTION IV - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

See financial statement finding 2011-3.

MIAMI-DADE TRANSIT
(AN ENTERPRISE FUND OF MIAMI-DADE COUNTY, FLORIDA)
SUMMARY OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2011

AUDIT REFERENCE

IC 2010-01/CF 2010-01 Allowable Costs

Recommendation of
previous auditors:

We recommend that MDT establish a formal policy and procedure relating to the payroll certification process. The policy should include notifying division heads of the process and ensuring that they are aware of the provisions, which includes the following: (1) If only a portion of the individual's salary is charged to the program, an after-the-fact payroll distribution should be maintained. (2) If all of the employee's salary is charged to the program, the required certification should be prepared at least semi-annually.

Status: Corrective action implemented

IC 2010-02/CF 2010-02 Reporting

Recommendation of
previous auditors:

We recommend that MDT establish a policy and procedure over the report preparation process. As part of that process, management should communicate with all division heads of those departments responsible for providing information that is to be included in each report. Deadlines to have the information complete should be included in communications to department heads in addition to the report due dates.

Status: Corrective action implemented