



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

M E M O R A N D U M

TO: Honorable Joe A. Martinez, Chairman
and Members, Board of County Commissioners

FROM: Charles Anderson, CPA
Commission Auditor

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

DATE: December 21, 2011

SUBJECT: Budget Compliance Study – Department of Cultural Affairs

We have concluded our Budget Compliance Study of the Department of Cultural Affairs and submit this final report, which contains observations and management responses. Management concurred with all our observations.

We want to thank the staff of the Department of Cultural Affairs for their cooperation and input throughout the study. Please let me know if you need any more information.

c: Honorable Carlos A Gimenez, Mayor
Lisa Martinez, Senior Advisor
R. A. Cuevas, Jr., County Attorney
Chris Mazzella, Inspector General
Cathy Jackson, Director, Audit and Management Services
Michael Spring, Director, Department of Cultural Affairs

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MIAMI-DADE COUNTY BOARD OF COUNTY COMMISSIONERS

OFFICE OF THE COMMISSION AUDITOR

**BUDGET COMPLIANCE STUDY
DEPARTMENT OF CULTURAL AFFAIRS**

Project Number 10-16000

December 21, 2011

**Charles Anderson, CPA
Commission Auditor**

Auditors

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I. Objectives and Scope

As part of the 2010 Supplement to the Commission Auditor's Work Plan approved by the Miami-Dade County Board of County Commissioners (BCC), the Office of the Commission Auditor (OCA) conducted a Budget Compliance Study of the Department of Cultural Affairs (CA).

The objectives of the study were to:

1. Compare the departmental budget with year-to-date revenues and expenses to determine whether expenditures are being monitored and controlled against departmental budget authorizations, and whether the department is staying within its budget.
2. Analyze specific areas of concern arising out of OCA's risk assessment of County departments to determine whether measures are in place to safeguard County assets and the effectiveness of these measures.

The study covered the period October 1, 2009 through September 30, 2010 (FY 2009-10).

II. Methodology

This study consisted principally of inquiries to personnel and analytical procedures applied to financial and programmatic data. It was substantially less detailed in scope than an audit in accordance with generally accepted auditing standards, the objective of which is that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives.

To satisfy the first objective, we:

- a) Compared departmental budgeted revenues and expenses with actual yearend revenues and expenses,
- b) Analyzed over and under variances to identify potential areas of concern, and
- c) Used the information obtained from a & b, to review areas where efficiencies may be achieved with a view of adapting best practices to improve program performance and operation, reduce cost and facilitate decision making.

We reviewed, for the Department, the Resourcing For Results Online (RFRO) package, the Adopted Budget Book narrative and the Adopted Budget Ordinance for FY 2009-10, and the Department's business plan to gain an understanding of the budgetary issues facing the CA.

Using information obtained from the County's Financial Accounting Management Information System (FAMIS), OCA prepared a spreadsheet by project of the Budget to Actual Variances of CA as of and for the year ended September 30, 2010. Our data capture was prepared at a level that reflects only those projects and index codes in FAMIS that are within CA's direct purview. In FAMIS, CA is directly responsible for the following projects as listed in Table 1:

Table 1.

Department of Cultural Affairs – Project Numbers in FAMIS

<u>Project</u>	<u>Project Number</u>
Cultural Affairs Council Administration	127001
Cultural Affairs Council Grants	127002
Florida Arts License Plates	127003
Culture Shock Miami	127004
South Miami-Dade Cultural Center Operations	127005
Art in Public Places Administration	128101
Art in Public Places Projects	128103
Cultural Consortium General Account – Non Grant	725001
Open Access Theater Series - Grant	CU2060

We obtained explanations, reconciliations and supporting documentation for all variances we deemed significant, and discussed them with CA to ascertain the Department stayed within budget for the entire year.

To satisfy the second objective, we reviewed seven different areas of concern with regards to county assets. The areas reviewed were:

1. Inventory of lap top computers with user names and locations,
2. Inventory of cell phones,
3. Purchasing cards with names of authorized users and billing records,
4. Grants to pass through organizations/Artists List with a sample of current year copies of follow up compliance/monitoring reports.
5. Telephone expenses,
6. Membership information and billings,
7. Art in Public Places (APP) collection inventory.

To obtain reasonable assurance on the adequacy of controls in the APP collection inventory, we:

- a) Requested and reviewed the APP collection inventory spreadsheet.
- b) Requested and reviewed *A Guide to Art in Public Places*, the Department's policy for monitoring, security and safety of APP.
- c) Reviewed a sample of works taken from the APP collection inventory log prepared by the Department and physically inspected the art works to determine if County assets were being adequately protected.
- d) Reviewed the *Audit Report – Art in Public Places* prepared by the Audit and Management Services Department (AMS). We discussed follow-up of findings and progress status report with CA.
- e) Reviewed the *APP Annual Report – FY 2010-11* prepared by the Department.

From the organizational chart obtained from the CA, OCA reviewed span of control and current staffing salaries and levels to identify, if any, opportunities to improve efficiencies. We also interviewed key personnel about budget variances and the measures in effect to safeguard County assets.

III. Background

The Miami-Dade County Department of Cultural Affairs and the Cultural Affairs Council develop cultural excellence, diversity and participation throughout Miami-Dade County by strategically creating and promoting opportunities for artists and cultural organizations, and our residents and visitors who are their audiences.

The Department directs the APP program and its board, the APP Trust, commissioning, curating, maintaining and promoting the County's art collection. The Department also manages programs and operates the South Miami-Dade Cultural Arts Center, a campus of state-of-the-art cultural facilities in Cutler Bay dedicated to presenting and supporting excellence in the arts for the entire community. Through staff, board and programmatic resources, the Department, the Council and the Trust promote, coordinate and support Miami-Dade County's more than 1,000 not-for-profit cultural organizations as well as thousands of resident artists through grants, technical assistance, public information and interactive community planning.

The Department receives funding through the Miami-Dade County Mayor and the BCC derived from Tourist Tax revenues, the General Fund, and required public art appropriations as part of government's construction of new and/or additions to public buildings. In accordance with Section 2-11.15 of the County Code and A.O. 3-11, it is the County's policy to appropriate not less than 1-1/2% of the construction cost of new governmental buildings (defined as any structure built by or for the County, including additions to existing buildings, which serves to shelter people in a wholly or partially enclosed manner and serves a public purpose) for the purpose of acquiring works of art. The Department also is supported by non-County sources including The Children's Trust, the National Endowment for the Arts, the State of Florida through the Florida Department of State, Division of Cultural Affairs and the Florida Arts Council, the State of Florida Division of Highway Safety and Motor Vehicles for a portion of the yield from sales of the Florida Arts license plate, and the John S. and James L. Knight Foundation. Other support and services are provided by TicketWeb for the Culture Shock Miami program, the Greater Miami Convention and Visitors Bureau, the South Florida Cultural Consortium and the Tourist Development Council.

Capital projects comprise one of the central areas of the Department's business plan. In addition to overseeing the County's construction and/or management of its cultural facilities, the Department serves as a partner to cultural organizations in developing capital projects by providing grants and technical assistance. The Department continues to expand on its goal of building the next generation of cultural facilities. These new and updated facilities are home to cultural groups and artists developing their work while providing audiences convenient and affordable opportunities to experience the arts in a neighborhood setting.

Table 2

Department of Cultural Affairs Organizational Outline

<u>Divisions</u>	<u>Current Staffing</u>
<u>Director’s Office</u>	
Administration	2
Projects Manager	1
Clerk 4	1
<u>Cultural Development</u>	
CA Projects Administrators	7
APP Community Outreach	1
<u>Cultural Facilities Improvement and Management</u>	
CA Construction Managers	4
APP Projects Managers	2
Collections Specialist	1
<u>South Miami-Dade Cultural Arts Center</u>	
Various	8
<u>Education Coordination, Information & Outreach</u>	
CA Projects Administrator	1
Culture Shock Miami Projects Administrators	2
<u>Grants & Program Support Services</u>	
CA Projects Officers	3
Office Support Specialist	1
Total	34

County ordinances require that departments are accountable for their budgets and must operate efficiently and within budget. Sec. 2-1796 of the County Code, *Managerial Accountability and Performance*, outlines a number of budget provisions that departments must comply with:

“(c) Managers and staff shall not allow the expenditures for any line item (as specified in Section 2-1795(b)) for their department or agency to exceed the total amount appropriated for such line item by the approved budgets providing revenues to that department or agency, as same may be administratively amended in accordance with subsection (d) below.

(d) The County Manager or his or her designee shall have the authority to make intradepartmental budget amendments that reallocate appropriations amongst a department's line item appropriations in each fund provided such reallocations do not cumulatively exceed ten percent

of that fund's total appropriations to the department and, further provided that that fund's total appropriations to the department may not be changed. The County Manager shall report such reallocations to the County Commission at the last Commission meeting in July. Reallocations amongst a fund's line item appropriations for expenditures in excess of ten percent of that fund's total appropriations to a department, or which reallocate line item appropriations from personnel services to any other line item, or which cause an increase in a fund's total appropriations to a department must be approved by the County Commission.

(e) Any department director, executive director or individual with the responsibility of budget development and monitoring who anticipates or has reason to believe that the annual budget of a department or agency may exceed the sum appropriated in the approved budget shall immediately provide written notification to the Budget Director. If verified, this information would then be forwarded by the County Manager to the Mayor, the County Commission, and Clerk of the Board.”

IV. Summary Results

- CA was able to provide satisfactory explanations, reconciliations and supporting documentation to demonstrate the Department stayed within its budget during the year ended September 30, 2010.
- CA was able to provide satisfactory explanations, reconciliations and supporting documentation to demonstrate the Department adequately safeguarded County assets during the year ended September 30, 2010.

V. Management Response

Thank you for all of the courtesies extended to our department. Please consider this e-mail our concurrence with your observations and an appreciation of our gratitude.