

MIAMI-DADE COUNTY, FLORIDA
 Schedule of Findings and Questioned Costs
 Year ended September 30, 2006

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:		Unqualified		
Internal control over major programs:				
• Material weakness(es) identified?	_____	Yes	_____ <input checked="" type="checkbox"/> _____	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	_____	Yes	_____ <input checked="" type="checkbox"/> _____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <input checked="" type="checkbox"/> _____	No

Federal Awards

Internal control over financial reporting:				
• Material weakness(es) identified?	_____ <input checked="" type="checkbox"/> _____	Yes	_____ <input type="checkbox"/> _____	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	_____ <input checked="" type="checkbox"/> _____	Yes	_____ <input type="checkbox"/> _____	None reported
Type of auditors’ report issued on compliance for major programs:				
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) Circular A-133?	_____ <input checked="" type="checkbox"/> _____	Yes	_____ <input type="checkbox"/> _____	No
Identification of major programs:				

Federal programs	Federal CFDA No.
U.S. Department of Housing and Urban Development	
Community Development Block Grant/Entitlement Grant	14.218
HOME Investment Partnerships Program	14.239
U.S. Department of State:	
Help America Vote Act Requirement Systems	90.401
U.S. Department of Health and Human Services	
Low-Income Home Energy Assistance	93.568
Community Services Block Grant	93.569
Head Start	93.600
U.S. Department of Homeland Security:	
National Urban Search and Rescue (US&R) Response System	97.025
Disaster Grants – Public Assistance	97.036
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualifies as low-risk auditee:	_____ Yes _____ <input checked="" type="checkbox"/> _____ No

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State Financial Assistance

Internal control over major projects:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) 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*? _____ X Yes _____ No

Identification of major projects:

State projects	State CSFA No.
Florida Department of Transportation: County Incentive Grant Program	55.008
Florida Department of State: PAC Stage Equipment in Ballet/Opera House	45.041
Voluntary Pre-Kindergarten Program	75.007
Dollar threshold used to distinguish between type A and B projects:	\$1,708,917

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Section II Financial Statement Findings
None

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Section III Federal Awards Findings and Questioned Costs

2006-01

Federal Program:

Help America Vote Act Requirements Payments, CFDA #90.401

Federal Agency:

Elections Assistance Commission

Pass-through Entity:

Florida Department of State

Criteria – Reporting

Required reports for Federal awards must include all activity of the reporting period and must be supported by applicable accounting or performance records, and should be fairly presented in accordance with program requirements.

Condition Found

The County is required to submit the Poll Recruitment and Training Report for Memorandum of Agreement no later than December 31, 2006. This report provides a detail of the programs that were conducted between October 1, 2005 and September 30, 2006 using the grant funds and includes both the Federal fund expenditures and County Matching fund expenditures. KPMG noted that this report was submitted on January 26, 2007, which was after the required submission deadline.

Questioned Costs

None

Perspective

The finding is considered to be isolated.

Effect

Failure to submit the required report in a timely manner may result in future cancellation of grant awards.

Recommendation

Management should establish a training program for applicable employees to get familiar with the grant requirements and ensure that compliance requirements, including the submission of accurate reports on a timely basis, are met.

Management's Response

Management concurs with the recommendation and has developed and implemented an internal system to track all grant related reporting dates to ensure that reports are submitted on a timely basis.

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2006-02

Federal Program:

Community Development Block Grants/Entitlement Grants, CFDA #14.218, Grant Numbers B-05-UC-12-0006 and B-06-UC-12-0006

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-through Entity:

None

Criteria – Activities Allowed or Unallowed and Allowable Cost/Cost Principles

2 CFR, Part 225, *Cost Principles for State, Local and Indian Tribal Governments* (OMB Circular A-87) defines direct costs are those costs that can be identified specifically with a particular activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Condition Found

We noted that direct payroll costs incurred for the program as well as another federal program were commingled and charged to this program. The journal entries to reclassify out the costs incurred for the other program were not made until several months later. Specifically, we noted that the journal entries to reclassify out costs that did not pertain to the program in February, March, May and June were recorded in September 2006. In addition, we noted one instance where the entire amount of a longevity payment to an employee was posted entirely to the program when the employee previously worked on multiple programs.

Questioned Costs

Undetermined

Perspective

The finding is considered systemic in nature.

Effect

Failure to make timely entries to reclassify amounts that do not relate to the direct program expenditures may result in overstatement of expenditures for the program. Furthermore, failure to track costs related to employees working on multiple programs can result in an overstatement of expenditures to the program.

Recommendation

The County should enhance its policies and procedures to ensure that appropriate costs are charged to programs. Furthermore, journal entries should be made on a timely basis (monthly) to properly record program expenditures. This will improve accuracy of financial reporting and assist in timely reimbursement for allowable expenditures.

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Management's Response

Management concurs with the recommendation. Effective April 2007, a policy requiring each staff person to prepare and submit Personnel Activity Report within one week of the last day of the reporting period was implemented. This procedure will ensure that appropriate costs are charged to programs on a timely manner.

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2006-03

Federal Program:

Community Development Block Grants/Entitlement Grants; CFDA #14.218, Grant Numbers B-05-UC-12-0006 and B-06-UC-12-0006

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-through Entity:

None

Criteria – Matching, Level of Effort, Earmarking

24 CFR 570.201(e)(1) Public Service includes requirements that specify the minimum and/or maximum amount or percentage of the program's funding that must/may be used for specified activities, including funds provided to subrecipients. The County shall comply with such requirement.

Condition Found

We noted that the County was in violation of 24 CFR 570.201(e)(1) Public Service, that states in part; the amount of Community Development Block Grant funds used for Public Service shall not exceed 15% of the grant plus 15% of prior year program income received. The County exceeded the 15% maximum limit by 19% or \$3,787,000.

Questioned Costs

\$3,787,000.

Perspective

This finding is considered systemic in nature.

Effect

Failure to accurately budget and monitor expenditures related to Public Service resulted in the County exceeding the maximum allowable reimbursement amount that is capped at 15%.

Recommendation

The County should enhance its policies and procedures in order to monitor expenditures allocated to Public Service in order to ensure that the amounts do not exceed the cap of 15%.

Management's Response

Management concurs with the recommendation and will more closely monitor expenditures allocated to Public Service to ensure that the amounts do not exceed the cap of 15%. To specifically address the fiscal year 2006 expenditures that exceeded the 15% cap of expenditures relating to Public Service, management has evaluated and is considering a swap of General Fund dollars for county departments and state agencies in entitlement cities that do not serve a majority of clients from the County's entitlement area or perform limited clientele activity identified as a high priority need in the fiscal year 2003-2007 Consolidated Plan.

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2006-04

Federal Program:

Community Development Block Grants/Entitlement Grants, CFDA #14.218, Grant Numbers B-05-UC-12-0006 and B-06-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 monitoring and follow-up on findings.

Condition

We noted that the County did not appear to follow up on all deviations from contract terms by the subrecipients on a timely basis. Specifically, 4 subrecipients did not present documentation to show timely resolution of findings during fiscal year 2006 as stipulated by the compliance requirement.

Furthermore, we noted that 6 of 30 subrecipients selected for testwork did not provide documentation to support compliance with the environmental certificate or an exclusionary environmental memorandum in a timely manner. The County followed-up subsequent to September 30, 2006.

Questioned Costs

Undetermined

Perspective

This finding is considered systemic in nature.

Effect

Failure to comply with documentation required for subrecipient monitoring may result in suspension of grant funding for future years.

Recommendation

We recommend that the County develop and implement policies and procedures to help ensure that the appropriate timely 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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Management's Response

Management concurs with the recommendation and will implement a procedure that will require the Office of Community and Economic Development's (OCED's) Contracts Management and Monitoring staff to review subrecipient files to ensure that they contain the required subrecipient monitoring documentation. Additionally, the OCED staff has developed a chart to track and monitor subrecipient reporting and environmental reviews

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2006-05

Federal Program:

HOME Investment Partnerships Program, CFDA #14.239, Award Numbers B-98-SP-FL-0052, B-99-SP-FL-0075, B-99-ED-12-0024, B-00-SP-FL-0095, and B-04-SP-FL-0180

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-through Entity:

None

Criteria – Activities Allowed or Unallowed and Allowable Cost/Cost Principles

2 CFR, Part 225, *Cost Principles for State, Local and Indian Tribal Governments* (OMB Circular A-87) defines direct costs are those costs that can be identified specifically with a particular activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Condition Found

We noted that direct payroll costs incurred for the program were not recorded until several months after the fact. Specifically, we noted that the journal entries to record actual direct costs for February and May were recorded in September 2006 and costs for August were recorded in December 2006.

Questioned Costs

None.

Perspective

The finding is considered systemic in nature.

Effect

Failure to make timely entries to record costs may result in understatement of expenditures (thus, no reimbursement) for the program and overstatement of expenditures for other program.

Recommendation

The County should enhance its policies and procedures to ensure that appropriate costs are charged to the program on a timely basis. Furthermore, journal entries should be made on a timely basis (monthly) to properly record program expenditures. This will improve accuracy of financial reporting and assist in timely reimbursement for allowable expenditures.

Management's Response

Management concurs with the recommendation. Effective April 2007, a policy requiring each staff person to prepare and submit Personnel Activity Report within one week of the last day of the reporting period was implemented. This procedure will ensure that appropriate costs are charged to programs on a timely manner.

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2006-06

Federal Program:

HOME Investment Partnerships Program, CFDA #14.239, Award Numbers B-98-SP-FL-0052, B-99-SP-FL-0075, B-99-ED-12-0024, B-00-SP-FL-0095, and B-04-SP-FL-0180

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 monitoring and follow-up on findings.

Condition

During our audit, we noted that the County did not appear to follow up on all deviations from contract terms by the subrecipients on a timely basis. Specifically, in at least one instance the subrecipient file did not include documentation of site visits or other during-the-award monitoring during fiscal year 2006 as stipulated by the compliance requirement. Also, in at least two instances, subrecipients did not resolve findings in a timely manner.

Questioned Costs

Undetermined

Perspective

This finding is considered systematic in nature.

Effect

The County is not in compliance with documentation required for subrecipient monitoring.

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.

Management's Response

Management concurs with the recommendation and will implement a procedure that will require the Office of Community and Economic Development's (OCED's) Contracts Management and Monitoring staff to review subrecipient files to ensure that they contain the required subrecipient

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monitoring documentation. Additionally, the OCED staff has developed a chart to track and monitor subrecipient reporting.

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2006-07

Federal Program:

HOME Investment Partnerships Program, CFDA #14.239, Award Numbers B-98-SP-FL-0052, B-99-SP-FL-0075, B-99-ED-12-0024, B-00-SP-FL-0095, and B-04-SP-FL-0180

Federal Agency:

U.S. Department of Housing and Urban Development

Pass-through Entity:

None

Criteria – Special Test and Provision

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

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 systematic in nature.

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.

Recommendation

We recommend that the County develop and implement policies and procedures to help 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.

Management's Response

Management concurs with this recommendation. We are currently assessing certification programs and evaluating training needs of personnel, with the intent to establish an inspection

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team within the department. It is anticipated that by October 2007, staff from the department will have been adequately trained to undertake these inspections.

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2006-08

Federal Program:

Community Service Block Grant, CFDA# 93.569, Award Numbers 05SB-4N-11-23-01-017, and 06SB-5N-11-23-01-017

Federal Agency:

U.S. Department of Health and Human Services

Pass-through Entity:

Florida Department of Community Affairs

Criteria – Eligibility

Required documentation must be provided in order to determine whether individual program participants or groups of participants (including area of service delivery) were determined to be eligible, and that only eligible individuals or groups of individuals (including area of service delivery) participated in the program.

Condition Found

We noted that 5 of the 30 files reviewed regarding the documentation of the basic intake form did not have a signed/certified Application Basic Intake Form by the client. Furthermore, we noted that 3 of 30 files reviewed had outdated Basic Intake Forms. We were informed that the Basic Intake Form on file was outdated due to the County not being able to contact the client. Finally, we noted instances where the Basic Intake Form was missing information such as income and number of people in household and the proof of income were outdated.

Questioned Costs

N/A

Perspective

The finding is considered systemic in nature.

Effect

Failure to maintain adequate client records with the required eligibility requirement may result in suspension of future funding.

Recommendation

The County should establish policies and procedures to ensure that the documentation to support that eligibility requirements are met is properly maintained. Furthermore, policies and procedures should include a review of client files to ensure that the County maintains updated required documentation/verification for assurance that only eligible individuals participate in the program.

Management's Response

The County already has policies and procedures in place to ensure Basic Intake information is updated, eligibility requirements are met, and appropriate documentation is maintained in the

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file. Supervisory responsibility will be reviewed and revised to provide for increased file review and assure that eligible residents are receiving services. This review has begun as a quality improvement initiative.

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2006-09

Federal Program:

Head Start Program, CFDA# 93.600, Award Numbers 04 CH0119/39, 04 CH0119/40, and 04 CH0119/41

Federal Agency:

U.S. Department of Health and Human Services

Pass-through Entity:

None.

Criteria – Activities Allowed or Unallowed and Allowable Costs/Costs Principle

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 which certify that the employees worked solely on the respective program. The total payroll related cost amounted to \$25,479,809.

Questioned Costs

\$25,479,809.

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.

Management's Response

Management concurs with the recommendation. Community Action Agency has developed a procedure to ensure that a certification form is completed by each employee of the program and verified by a supervisor. This procedure has been implemented in one division within the Department and will be required Department wide. Certification will be completed once every six months of each program year and filed in the Community Action Agency's personnel records.

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2006-10

Federal Program:

Head Start Program, CFDA# 93.600, Award Numbers 04 CH0119/39, 04 CH0119/40, and 04 CH0119/41

Federal Agency:

U.S. Department of Health and Human Services

Pass-through Entity:

None

Criteria – Eligibility

Only eligible individuals may participate in the Head Start Program. In order to ascertain that only eligible individual participate in the program, management must ensure that applications are properly signed/certified by the social workers and approved by the social worker's supervisor. Children must be 6 weeks to 3 years old to qualify for the Early Head Start Program or 3 to 5 years old to qualify for the Head Start Program.

Condition Found

We noted that 6 of the 30 files reviewed for documentation regarding the beneficiary's eligibility did not contain a signed/certified children's application by the social worker's supervisor and one of these six files was not signed by the social worker.

Questioned Costs

N/A

Perspective

The finding is considered systemic in nature.

Effect

Failure to adequately document the evaluation and approval of eligibility criteria as required by the grantor may result in suspension of future funding.

Recommendation

The County should enhance its training programs to those employees responsible for grant compliance to ensure that they are familiar with the grant requirements and have an understanding of the required documentation to comply with program requirements.

Management's Response

Management concurs with the recommendation. In March 2007, Community Action Agency revised the eligibility section of the application to include the type of verification that was used to establish eligibility. This section requires the signature of the Social Worker and verification by the Center Director. In order to assure that current records contain the signed verification, the staff updated all children's folders attaching the verification form to the "Household Size and Income Information" section of the application.

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The Center Directors are responsible for ensuring that the program is in compliance with requirements for recordkeeping. They regularly review/audit folders to ensure the documentation is complete

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Section IV – State Financial Assistance Findings and Questioned Costs

2006-11

State Program:

Voluntary Pre-Kindergarten Program (VPK), CSFA# 75.007

State Agency:

Florida Department of State

Pass-through Entity:

Early Learning Coalition of Dade-Monroe Inc.

Criteria – Eligibility

Only eligible beneficiaries (individuals or groups of individuals) may participate in the project and sub-awards should be made only to eligible sub-recipients. Furthermore, amounts provided to, or on behalf of, eligible beneficiaries and sub-recipients must be calculated in accordance with project requirements. Children must be 4 years-old on or before September 1 and must reside in the State of Florida to be eligible for the VPK program.

Condition Found

We noted that 12 of the 30 files reviewed for documentation regarding the beneficiary's eligibility did not contain a copy of a birth certificate and/or proof of Florida residency. However, we did note that a "Certificate of Eligibility" was included in all files.

Questioned Costs

N/A

Perspective

The finding is considered systemic in nature.

Effect

Failure to maintain adequate client records to support the client's eligibility for the program could result in suspension of future funding from the grantor.

Recommendation

The County should enhance its training programs to those employees responsible for grant compliance to ensure that they are familiar with the grant requirements and have an understanding of the required documentation to comply with program requirements.

Management's Response

Initially, when the Voluntary Pre-Kindergarten Program was instituted, the registration was handled by other entities. During this initial period copies of the birth certificates and/or proof of Florida residency were not consistently collected. With the transfer of this responsibility to Miami-Dade County's Department of Human Services (MDC-DHS) all required documentation

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is secured by the MDC-DHS at registration including the birth certificates and/or proof of Florida residency as required.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006.**

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Year Ended September 30, 2006

Finding 2005-1

**U.S. Department of Housing and Urban Development:
Community Development Block Grants/Entitlement Grants (CFDA #14.218)
Grant Numbers B-04-UC-12-0006 and B-05-UC-12-0006**

Criteria - Matching, Level of Effort, Earmarking

24CFR 570.201(e)(1) Public Service includes requirements that specify the minimum and/or maximum amount or percentage of the program's funding that must/may be used for specified activities, including funds provided to subrecipients. The County shall comply with such requirement.

Condition Found

We noted that the County was in violation of 24CFR 570.201(e)(1) Public Service, which in part states; the amount of Community Development Block Grant funds used for Public Service shall not exceed 15% of each grant plus 15% of the program income. The County exceeded the 15% cap by 10.58%, or \$2,404,393.

Management's response

A swap of General Funds dollars in the amount of \$2.4 million has been completed to address FY 2005 CDBG Public Service expenditures in excess of the 15% cap. OCED's commitment to limit funding of Public Service activities at 15% of its total annual allocation remains firm.

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Finding 2005-2

**U.S. Department of Housing and Urban Development:
Community Development Block Grants/Entitlement Grants (CFDA #14.218)
Grant Numbers B-04-UC-12-0006 and B-05-UC-12-0006**

Criteria - Subrecipient Monitoring

A pass-through entity is responsible for the during-the-award 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 monitoring and follow-up on findings.

Condition Found

During our audit, we noted that the County did not appear to follow up on all deviations from contract terms by the subrecipients on a timely basis. Specifically, 18 of the 30 subrecipients selected did not have documentation of site visits or other during-the-award monitoring during fiscal year 2005 as stipulated by the grant agreement.

Furthermore, we noted that 5 of the 30 subrecipients selected for testwork did not provide documentation to support compliance with the environmental certificate or an exclusionary environmental memorandum. There was not indication of follow-up by the County.

Management Response

OCED Contract Management and Monitoring Staff continue to review subrecipient files to ensure that they contain all documentation required by OCED's contract monitoring process. This monitoring is enhanced through utilizing a chart designed to track and monitor subrecipient reporting.

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Finding 2005-3

**U.S. Department of Housing and Urban Development:
Community Development Block Grants/Entitlement Grants (CFDA #14.218)
Grant Numbers B-04-UC-12-0006 and B-05-UC-12-0006**

Criteria - Subrecipient Monitoring

A pass-through entity is responsible for subrecipient audits – (1) Ensuring that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133, as revised) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Condition Found

During our audit, we noted that the County did not appear to follow-up on all deviations by the subrecipients on a timely basis. Specifically, one subrecipient did not comply with the requirements of OMB Circular A-133 by providing the County with a copy of their single audit report for fiscal year 2005. There was no documentation to indicate that the County took appropriate action in this case.

Management Response

OCED Contract Management and Monitoring Staff continue to review subrecipient files to ensure that they contain all documentation required by OCED's contract monitoring process. This monitoring is enhanced through utilizing a chart designed to track and monitor subrecipient reporting.