

**COUNTY OF VOLUSIA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**I. Summary of Auditors' Results:**

- A. Type of audit report issued on the basic financial statements: Unqualified
- B. There were four significant deficiencies related to internal control over financial reporting disclosed by the audit of the basic financial statements, of which one of the conditions is a material weakness.
- C. No instances of noncompliance material to the financial statements of County of Volusia, Florida, were disclosed during the audit.
- D. There were no material weaknesses or significant deficiencies related to internal control over major federal programs or state projects disclosed by the audit.
- E. Type of report issued on compliance for major federal programs and state projects: Unqualified
- F. The audit did not disclose any audit findings, which are required to be reported under OMB Circular A-133 and Chapter 10.550, Rules of the Florida Auditor General.
- G. Major program identification:
  - Federal awards programs:
    - USDA Summer Food Services Program For Children, CFDA 10.559
    - Community Services Block Grant (CSBG) Program, CFDA 93.569
    - Low-Income Home Energy Assistance Program (LIHEAP), CFDA 93.568
    - Public Assistance Grant (FEMA), CFDA 97.036
    - Highway Planning and Construction (Federal-Aid Highway Program), CFDA 20.205
    - Federal Transit Formula Grant (Urbanized Area Formula Program), CFDA 20.507
    - Community Development Block Grant/ State's Program, CFDA 14.228
  - State financial assistance projects:
    - Hurricane Housing Recovery Program, CSFA 52.902
    - State Housing Initiative Partnership Program (SHIP), CSFA 52.901
    - Transportation Outreach Program, CSFA 55.022
    - Commuter Assistance/ Rideshare Grants VOTRAN, CSFA 55.007
    - Commission for the Transportation Disadvantaged Grant Program, CSFA 55.001
- H. Dollar thresholds used to distinguish between Type A and Type B programs or projects were \$840,541 for major federal programs and \$547,368 for major state projects.
- I. The County of Volusia, Florida, did not qualify as a low-risk auditee as defined in OMB Circular A-133.

## **II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:**

### **2007-1 Landfill**

The County has two landfill locations. The Plymouth Avenue landfill is closed, and the Tomoka Farms Road location is accepting waste. In accordance with Florida Administrative Code, 62-701.630, the County is required to have an engineering study performed annually. This study is used to 1) calculate the estimated landfill closure costs payable for financial statement purposes, 2) determine the amount of escrow funding required with the Florida Department of Environmental Protection (FDEP), and 3) assist management in determining remaining landfill capacity.

The calculation of remaining capacity per the engineering report (performed as of March 31, 2007) was not presented in a manner that readily enabled the determination of the accrued liability in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. Additionally, the report was submitted to the FDEP using the incorrect funding calculation (“pay-in” method versus the required “balance” method).

As a result, estimated landfill closure costs payable was understated by \$10.9 million at September 30, 2007. We recommend a system of internal control be implemented that ensures proper monitoring over engineering services provided, including evaluation of the engineering report to determine compliance with the FDEP, GASB 18, and management requirements.

### **2007-2 Supervision and Review of Account Reconciliations and Journal Entries**

During the performance of our audit procedures, audit adjustments were required to adjust cash, payroll expense, accrued payroll, and the sale of land in enterprise funds, specifically Votran and Refuse Disposal. These adjustments would have been discovered by Accounting personnel, provided a formal system of quality control, which allowed for the proper supervision, review and approval of accountants’ work was in place. We recommend the County implement such a system of quality control, especially as it relates to the work of less experienced accounting personnel.

### **2007-3 Budget**

In the performance of our budget testing, we noted six budget amendments totaling \$3,011,112 were not entered into the financial system. To ensure all levels of County management are continually aware of actual versus budgeted revenues and expenditures, it is imperative the financial system be updated timely for any and all budget changes. We recommend a system be implemented whereby all budget amendments are tracked through review of council minutes, with the financial system updated immediately upon approval.

### **2007-4 Risk Management**

In the performance of our audit procedures, we noted County staff performs monthly payment reconciliations of the general ledger to the claims database. However, a reconciliation of total claim expenditures, including changes in reserves and recoveries, is not performed. This creates a risk that transactions on the general ledger may not be accounted for in the claims system and vice versa. We recommend such reconciliation be performed at least annually, before information is sent to the actuary, to ensure all transactions are considered in the actuarial projections.

We also noted one instance where the County's system of internal control over insurance claims review did not identify a claim with a negative cost due to recoveries from reinsurers. The amount, although not material to the fund overall, could result in an understatement of the total estimated claims liability. We recommend the County run exception reports on a regular basis to specifically look for unusual claim amounts and negative amounts. The exception reports should flag claims with negative costs. Documentation of the monthly review of the exception reports should be maintained.

**III. Findings and Questioned Costs for Federal Programs and State Projects:** None

**IV. Summary Schedule of Prior Audit Findings:**

**VOTRAN Accounting** - corrective action was taken.

**V. Corrective Action Plan:** There was no corrective action plan necessary for the year ended September 30, 2007, since there were no audit findings related to federal programs or state projects in the auditors' report for that fiscal year.