

**COUNTY OF VOLUSIA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

I. Summary of Auditors' Results:

- A. Type of audit report issued on the basic financial statements: Unqualified
- B. There were three 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 was one significant deficiency related to internal control over major federal programs or state projects disclosed by the audit, which is a material weakness.
- 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:
 - Airport Improvement Program, CFDA 20.106
 - Federal Transit Formula Grant (Urbanized Area Formula Program), CFDA 20.507
 - Community Development Block Grant/ Entitlement Grant, CFDA 14.218
 - State financial assistance projects:
 - State Aid to Libraries, CSFA 45.030
 - State Housing Initiative Partnership Program (SHIP), CSFA 52.901
 - Public Transit Block Grant Program, CSFA 55.010
 - Transportation Regional Incentive Program, CSFA 55.026
 - Aviation Development Grants, CSFA 55.004
- H. Dollar thresholds used to distinguish between Type A and Type B programs or projects were \$638,812 for major federal programs and \$467,983 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*:

2008-1 Revenues Billed in Accordance with Contract Terms

As part of our audit procedures, we traced certain contract revenues to the terms per the written contract to ensure they were being recognized properly and in accordance with the contract terms. In performing this test, we noted amounts billed for a sheriff's office contract were less than the contracted amount. The quarterly amounts billed for this contract were understated due to a typographical error. Our discovery lead County staff to investigate other contracts, and as a result, an additional contract with a municipality was found to be under-billed. Finally, as a result of our firm's audit of a municipality within Volusia County, an additional contract was found to be underbilled by the County. This contract should have been billed quarterly, and it was only upon the City's insistence that they owed the County an additional \$100,000 for dispatch services that it was billed. Had these errors not been discovered, the total amount that would have been underbilled for these three contracts would have totaled \$161,720 (Ormond fire dispatch \$100,000, Pierson sheriff's services \$31,720, and DeBary sheriff's services \$30,000). We recommend a system of quality control be implemented to ensure contracts and their terms are tracked appropriately to ensure contracts are billed in accordance with their terms.

2008-2 Schedule of Federal Awards and State Financial Assistance

OMB Circular A-133 and the Florida Single Audit Act require auditees to prepare the Schedule of Expenditures of Federal Awards and State Financial Assistance, with certain minimum criteria. These criteria include, but are not limited to, providing total Federal Awards and State Financial Assistance expended for each individual Federal and State program and the CFDA/CSFA number or other identifying number, as well as amounts passed-through to subrecipients.

In the performance of our audit procedures, we encountered various difficulties in obtaining a correct schedule of grant expenditures.

We recommend a system of quality control over grant reporting be implemented to ensure all grant activity is tracked and recorded properly in the general ledger. This system should include increased supervision and review of the grant accountant's work as well as providing continuing professional education.

2008-3 Prior Period Adjustment for Items Erroneously Capitalized to Infrastructure

In drafting of the current year's financial statements, County staff discovered approximately \$10,000,000 of expenditures incurred for the resurfacing of roads had been erroneously capitalized to construction in progress in prior years. Beginning net assets of governmental activities have been restated to remove these items from construction in progress – infrastructure because they did not meet the criteria for capitalization. The County's system of internal control did discover this error; however, this error was not discovered timely in that the correction required a material restatement of previously issued financial statements.

We recommend the County's system of internal control be strengthened by requiring an independent review to ensure material misstatements are detected timely by accounting personnel.

- III. **Findings and Questioned Costs for Federal Programs and State Projects:** See comment 2008-2
- IV. **Summary Schedule of Prior Audit Findings:** No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs or state projects.
- V. **Corrective Action Plan:** See Management Responses to Internal Control and Management Comments on page 255.