

**COUNTY OF VOLUSIA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

I. Summary of Auditors' Results:

- A. Type of audit report issued on the basic financial statements: Unqualified
- B. There was one significant deficiency related to internal control over financial reporting disclosed by the audit of the basic financial statements, which was not considered a material weakness.
- C. No instances of noncompliance material to the financial statements were disclosed during the audit.
- D. There were three significant deficiencies reported in internal control over major federal programs and two reported in internal control over state financial assistance projects. The significant deficiencies were not considered material weaknesses.
- E. Type of report issued on compliance for major federal programs and state projects: Unqualified
- F. The audit disclosed audit findings, which are required to be reported under OMB Circular A-133. The audit did not disclose any audit findings, which are required under Chapter 10.557, Rules of the Florida Auditor General.
- G. Major program identification:
 - Federal awards programs:
 - ARRA** – Community Development Block Grant (CDBG) Program, CFDA 14.218/ 14.253
 - ARRA** – Neighborhood Stabilization Program, CFDA 14.256
 - ARRA** – Homeless Prevention Program, CFDA 14.257
 - ARRA** – Ed Byrne Memorial Justice Assistance Program, CFDA 16.803
 - ARRA** – Highway Planning and Construction Grant, CFDA 20.205
 - ARRA** – Federal Transit Formula Grants, CFDA 20.507
 - ARRA** – Energy and Efficiency Conservation Program, CFDA 81.128
 - ARRA** – Community Services Block Grant (CSBG) Cluster, CFDA 93.569/ 93.710
 - HOME Investment Partnership Program, CFDA 14.239
 - Section 8 Housing Choice Voucher Program, CFDA 14.871
 - Airport Improvement Grant, CFDA 20.106
 - State financial assistance projects:
 - Local Government Cleanup Contracting, CSFA 37.024
 - Transportation Regional Incentive Program, CSFA 55.026
 - Commission for the Transportation Disadvantaged Trip and Equipment Program, CSFA 55.001
 - Public Transit Block Grant Program, CSFA 55.010

- H. Dollar thresholds used to distinguish between Type A and Type B programs or projects were \$1,198,280 for major federal programs and \$324,639 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*:

2010-1 Schedule of Expenditures of Federal Awards and State Financial Assistance

During the completion of fieldwork and subsequent to the submittal to us of a final Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule), we noted an adjustment was required to increase the grant expense detail. To ensure all grant expenditures are properly reported and captured in the preparation of the Schedule, we recommend a reconciliation of grant expenditures to grant-related revenues be performed on an annual basis as part of the preparation of the Schedule. Additionally, this reconciliation should be reviewed by an individual independent of the preparer.

III. Findings and Questioned Costs for Major Federal Programs:

See Comment 2010-1.

2010-2 Timeliness of ARRA Reporting under Federal Program Edward Byrne Memorial Justice Assistance (JAG) Grant (CFDA 16.803)

During our testing of the JAG program, we noted 1 quarterly ARRA report was not filed timely. To ensure ARRA reporting requirements are complied with, we recommend a schedule of all required filings and due dates be maintained. Filing requirements should be tracked and known by more than one person in the department, to ensure in the event the primary person responsible for filing is not available that the filing requirement is met.

2010-3 Retainage and Grant Expenditures under Federal Program Federal Transit Formula Grants (CFDA 20.507)

During our testing of the Votran Federal Transit Formula Grants, we noted four invoices on the same construction contract for which retainage withheld from the payment to the contractor was billed in the respective grant reimbursements. As a result, a total of \$45,613 in retainage payable was incorrectly charged to the grant in fiscal year 2010. Such amounts have subsequently been self-corrected upon the completion of the contract. To avoid noncompliance relating to grant-funded construction, we recommend all expenses be reviewed for reasonableness and to verify proper exclusion of any retainage amounts withheld.

IV. Findings and Questions Costs for Major State Projects:

See Comment 2010-1.

2010-4 Calculation of Grant Expenditures under Transportation Regional Incentive Program (TRIP) (CSFA 55.026)

During our testing of the TRIP grant, we noted two independent misstatements that resulted in a net overstatement of grant expenditures of \$3,905. One invoice was not properly revised for changes in the vendor's invoice, resulting in an overstated request by \$8,801. A second invoice improperly removed a city's portion of the total contract price, resulting in an understated request by \$4,896. We noted these errors were subsequently corrected in January 2011. In order to maintain an accurate reporting and only request allowable amounts on reimbursement requests, we recommend all invoices and reimbursement requests be reviewed for accuracy, particularly in cases where vendor invoices include unusual or irregular items and/or adjustments.

V. Summary Schedule of Prior Audit Findings:

2009-1 Property Tax Assessment of Timeshare Properties: Corrective action taken

2009-2 Property Appraiser Data Entry Procedures and Interdepartmental Communication: Corrective action taken.

2009-3 Revenues Billed in Accordance with Contract Terms (Repeat of Prior Year Comment): Corrective action taken.

2009-4 Duplicate Payment of Grant Reimbursement Invoices: Corrective action taken.

2009-5 Utility Deposit Cash: Corrective action taken.

2009-6 Self Insurance Funds: Corrective action taken.

2009-7 – Documentation of Eligibility under Federal Program of Section 8 Housing Choice Voucher Program (CFDA 14.871) and HOME Investment Partnership Program (CFDA 14.239): Corrective action taken.

2009-8 – Allowable and Unallowable Costs under Federal Program of Section 8 Housing Choice Voucher Program (CFDA 14.871) and HOME Investment Partnership Program (CFDA 14.239): Corrective action taken.

VI. Corrective Action Plan: See Management Responses to Internal Control and Management Comments as listed in the table of contents.