



Memorandum



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To: Hon. Mayor Carlos A. Gimenez
Hon. Chairwoman Rebeca Sosa
and Members, Board of County Commissioners, Miami-Dade County

From: Patra Liu, Interim Inspector General

Date: July 29, 2013

Subject: Transmittal and Abstract of the OIG's Final Report No. 2 *Audit of the Building Better Communities General Obligation Bond Program Not-for-Profit Community Organization Capital Fund – Project 223*; Ref. IG11-54-2A

Attached please find the above-captioned final audit report issued by the Office of the Inspector General (OIG). This audit report is the second in a series of reports that address the Not-for-Profit Community Organization Capital Fund – Project 223. Specifically, this report addresses six of 37 not-for-profit entities (NFPs) that were awarded grants from this fund. Report 1, which was issued in January 2013, addressed eight NFPs that were awarded grants to pay down mortgages or to purchase land or equipment. The current report addresses NFPs that received funds to renovate existing properties.

This report or a portion thereof, as a draft, was provided to the six NFPs addressed in the report and to the Miami-Dade County Office of Management and Budget (OMB) and to the Department of Cultural Affairs (CUA), for their discretionary written responses. Both OMB and CUA provided written responses, which are attached to the final report as Appendix A and Appendix B, respectively. One NFP grant recipient provided a response, which is attached as Appendix C.

The report contains ten specific observations and concludes with three recommendations. Because our review of the NFP Community Organization Capital Fund is still ongoing, we are not requesting, at this time, a follow-up/status report on the six grants identified in this report or on the recommendations made.

Lastly, the OIG would like to thank OMB and CUA for their continued cooperation in this ongoing review. We would also like to thank the NFPs for making available their records and their time for our site visits. For reading convenience, a one-page abstract of the report follows.

Attachment

cc: Ed Marquez, Deputy Mayor
Lisa M. Martinez, Senior Advisor to the Mayor
Jennifer Moon, Director, Office of Management and Budget
Michael Spring, Director, Department of Cultural Affairs
Cathy Jackson, Director, Audit and Management Services Department
Charles Anderson, Commission Auditor
All NFPs previously provided with a copy of the draft report

ABSTRACT — FINAL AUDIT REPORT No. 2 (IG11-54-2A)

Miami-Dade County's Building Better Communities (BBC) General Obligation Bond Program (GOB) for the not-for-profit (NFP) community included grants to 37 NFPs totaling \$30 million. The purpose of the grants was to fund NFP capital needs, such as paying down mortgages, acquiring land/properties, constructing new buildings or renovating current buildings, all to improve the NFP's ability to provide services to their identified constituencies. This audit examines each NFP's receipt and uses of GOB funds. To facilitate our audit, we divided the 37 NFPs into three groups.

- Group 1 consists of grants totaling \$5,160,124 to eight NFPs to be used to pay down mortgages, or to purchase properties or equipment. Our audit results for Group 1 were presented in Report 1 on January 8, 2013.
- Group 2 consists of grants totaling \$6,710,133 to 14 NFPs to be used to renovate existing properties. The subject of this Group 2 report consists of grants totaling \$2,325,247 awarded to 6 NFPs. Our audit results for the remaining eight Group 2 NFPs will be presented separately in later-issued report(s).
- Group 3 consists of grants totaling \$18,129,743 to 15 NFPs to be used to construct facilities. Our audit results for Group 3 will be presented separately in later-issued report(s).

The six NFPs audited in the current report are: the Habitat for Humanity of Greater Miami, Inc.; the Bakehouse Art Complex, Inc.; the Albert C. Pierre Community Service Center; the Tropical Audubon Society, Inc.; the Sunrise Community, Inc.; and the Gold Coast Rail Road Museum, Inc. All six of the audited NFPs have completed their projects and were compliant with their respective grant criteria. The OIG is satisfied that the funds granted to these six NFPs appear to have been used for the intended purposes of the grant awards and that the County/public is receiving value. However, during its audit the OIG made ten specific observations pertaining to possible weaknesses in the administration and reimbursement processes of GOB grant funds awarded to the NFPs. These specific observations were made in the framework of two more general observations.

First, NFPs generally do not appear to have a comprehensive understanding of all administrative requirements outlined in the Administrative Rules and grant agreements. We acknowledge that a NFP has the responsibility to familiarize itself with the requirements, but we believe many of them lack experience and adequate resources to deal with the record keeping and reporting requirements imposed upon them. Thus, there is a need for the County to provide them with clear and consistent guidance regarding their contractually required record keeping and document submissions. Second, the County [Office of Management and Budget (OMB) and the Department of Cultural Affairs (CUA)] could have been more proactive in conducting their administrative activities related to enforcing NFP reporting requirements. NFPs often did not comply with required grant record keeping and reporting standards, but OMB/CUA did not timely approach the NFPs about their non-compliances, either. We believe that more timely and effective communication of the administrative requirements by OMB/CUA could have avoided or rectified many of the issues noted in our observations of the six NFPs covered by this audit.

Three recommendations are presented at the end of this report that we believe, going forward would address the observations reported.

Miami-Dade County

Office of the Inspector General



Final Audit Report

**Audit of the Building Better Communities General
Obligation Bond Program Not-for-Profit Community
Organization Capital Fund – Project 223 –
OIG Report No. 2**

**IG11-54-2A
July 29, 2013**

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
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Building Better Communities General Obligation Bonds Program
Not-for-Profit Community Organization Capital Fund – Project 223

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I. INTRODUCTION

This report presents the results of a continuing audit by the Miami-Dade County Office of the Inspector General (OIG) of the County's Building Better Communities (BBC) General Obligation Bonds (GOB) Program for the Not-for-Profit (NFP) Community Organization Capital Fund – Project 223. The NFP Fund, authorized by the Board of County Commissioners (BCC) in 2007 pursuant to Resolution No. 884-07, awarded \$30 million to 37 NFP entities. The overall objective of the BBC GOB Program is to fund capital projects throughout Miami-Dade County. The specific objective of the NFP Fund (Fund) is to provide funding to local NFPs for their capital needs, such as acquiring properties, paying-down mortgages, renovating existing properties and constructing new or extended facilities, all to improve the services that they provide to local residents.

The objective of the OIG's audit is to analyze the NFPs' usages of grant funds to determine whether the grant funds were expended in accordance with the terms of the GOB Program Administrative Rules (Administrative Rules) and their grant agreements. To conduct this audit, the OIG divided the 37 grants into three groups. Group 1 consists of eight grants totaling \$5.2 million to be used by the NFPs to pay down existing mortgages, or to purchase property or equipment; Group 2 consists of 14 grants totaling \$6.7 million to be used by the NFPs to renovate existing properties; and Group 3 consists of 15 grants totaling \$18.1 million to be used by the NFPs for construction of a new or extended facility.

This OIG report presents the results of our audit of six out of the 14 Group 2 NFPs. Collectively, these six NFPs were awarded \$2.3 million in grant funds. A report of our audit results of the remaining six Group 2 NFPs that were awarded \$3.6 million in grant funds will be forthcoming. (The remaining two Group 2 NFPs, although approved for \$0.7 million in grant funds, have yet to execute grant agreements with the County, as of the date of this report.)

The OIG earlier issued its results of its Group 1 audit in its Final Report Audit of the Building Better Communities General Obligation Bond Program Not-for-Profit Community Organization Capital Fund – Project 223; IG 11-54.¹ Also forthcoming will be at least one audit report, possibly more, that will present the results of our audit of the remaining 15 Group 3 NFPs and their usages of the \$18.1 million of grant funds that they received.

¹ See the following link: <http://www.miamidadeig.org/Reports2013/IG11.54BldgBetterCommunitiesAudit.pdf>

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II. TERMS USED IN THIS REPORT

BBC	Building Better Communities
BCC	Miami-Dade County Board of County Commissioners
CUA	Miami-Dade County Department of Cultural Affairs
GOB	General Obligation Bonds
NFP	Not-for-Profit
OCI	Miami-Dade County Office of Capital Improvements
OIG	Miami-Dade County Office of the Inspector General
OMB	Miami-Dade County Office of Management and Budget
RFP	Request for Proposal

III. OIG JURISDICTIONAL AUTHORITY

In accordance with Section 2-1076 of the Code of Miami-Dade County, the Inspector General has the authority to make investigations of County affairs; audit, inspect and review past, present and proposed County programs, accounts, records, contracts, and transactions; conduct reviews and audits of County departments, offices, agencies, and boards; and require reports from County officials and employees, including the Mayor, regarding any matter within the jurisdiction of the Inspector General.

In accordance with the BBC Administrative Rules, grant recipients are notified that the County, or any of its authorized representatives, shall have the right to access any pertinent books, documents, papers or other records to conduct such audits. Specifically, the Administrative Rules identify the OIG as an authorized authority to conduct audits and reviews of these grants, request records for copying and inspection, and report on the performance of the NFP.

IV. RESULTS SUMMARY

The OIG determined that the six NFPs addressed in this audit report have principally met the objectives established for the Fund. However, we have some observations pertaining to the County's administration of the grant funds. Instead of referring to these observations individually by NFP, this report lists them collectively in Section IX. Section X presents our recommendations addressing the observations.

The OIG's overall observation is that the NFPs generally did not appear to have a comprehensive understanding of all administrative requirements outlined in the Administrative Rules and grant agreements. We acknowledge that a NFP has the responsibility to familiarize itself with the requirements, but we believe many of them lack experience and adequate resources to deal with

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the record-keeping and reporting requirements imposed upon them. In particular, the County does not provide clear and consistent guidance to the NFPs regarding their contractually required record keeping and document submissions to the County. We believe that more proactive communication of the administrative requirements by the County [Office of Management and Budget (OMB) and/or the Cultural Affairs Department (CUA)] could have avoided or rectified many of the issues noted in our observations.

V. AUDITEE RESPONSES AND OIG REJOINDERS

This draft report (or parts thereof) was provided to each of the NFP entities addressed herein and to the County's Office of Management and Budget (OMB) and the Department of Cultural Affairs (CUA) for comment. Responses were received from both OMB and CUA and they are attached to this final report as Appendix A and Appendix B, respectively. A response was also received from Sunrise Community, Inc. and it is attached to this final report as Appendix C. No responses were received from the five other NFPs.

Office of Management and Budget Response

OMB responded to all three OIG recommendations. Among its responses, OMB stated that it works as a partner with the NFPs from the initiation of their project through its conclusion. In addition, OMB stated that it maintains a tracking template, sends monthly reminders, and audits each reimbursement request. OMB also mentioned that it does everything possible to assure that the terms of the BBC GOB Administrative Rules and Grant Agreement are monitored and enforced.

OIG Rejoinder

The OIG appreciates OMB's timely response to the three recommendations. The OIG recognizes the work volume put forth by OMB, along with the obstacles it encounters, as described in its response to the draft report. Nonetheless, the observations reported in Section IX suggest that OMB should give reconsideration of its processes and practices.

Department of Cultural Affairs Response

CUA responded to OIG that it agrees with the summary in the report regarding the two projects that it managed. Additionally, CUA requested that certain revisions be incorporated to the final report.

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OIG Rejoinder

The OIG's appreciates CUA's timely response. The revisions requested by CUA were reviewed and subsequently incorporated where clarification was determined necessary.

Sunrise Community's Response

Sunrise Community, Inc. responded to the OIG that internal procedures will be implemented to avoid oversights in the management of future grant awards.

OIG Rejoinder

The OIG appreciates Sunrise Community's willingness to implement procedures to assist in the effective administration of future grant programs.

VI. BACKGROUND

On July 20, 2004, the County's Board of County Commissioners (BCC) adopted Resolution R-917-04 authorizing a Special Election regarding the issuance of \$255 million in GOB funds to construct and improve public service outreach facilities. This resolution was one of eight companion resolutions authorizing special elections for the issuance of bonds that collectively totaled \$2.9 billion and is collectively known as the Building Better Communities General Obligation Bond Fund.² Included in Resolution R-917-04 was a designated \$30 million line item for the NFP Community Organization Capital Fund. On November 2, 2004, the electorate of Miami-Dade County approved all eight of the proposed components of the BBC program.

On July 28, 2006, the County's Office of Capital Improvements (OCI)³ advertised Request for Proposal (RFP) NFP 0607 inviting County-based NFP organizations to submit proposals consistent with the objectives of the BBC program. On July 24, 2007, the BCC adopted Resolution No. R-884-07 awarding \$30 million to 37 NFP entities. The bond proceeds were to be used for capital purposes, including the acquisition of properties, the renovation of existing properties, and construction to existing properties.

² The eight companion resolutions are: R-912-04; R-913-04; R-914-04; R-915-04; R-916-04; R-917-04; R-918-04; and R919-04.

³ The GOB Program was originally managed by the Office of Capital Improvements (OCI); however, the Program was transferred to the OMB during October 2011, as part of the County Mayor's Reorganization Plan. Some projects, however, are managed by CUA after being turned over to them by OCI in 2008. For purposes of this report, the OIG will reference the current Program's administration by OMB, CUA or both. Attribution for past events are made to OCI.

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To facilitate the review of the 37 entities, the OIG categorized the entities' usage of funds into three groups: 1) purchase of property and/or pay-down of an existing mortgage; 2) renovation of an existing facility; and 3) construction of a new or extended facility. Based on the described usages of grant funds Group 2 consists of 14 entities, of which 12 have executed grant agreements. As of May 21, 2013, 33 out of 37 grant agreements have been executed (four grants are without executed agreements) and 26 projects have been completed.

With respect to Group 2 projects, two projects that were approved for funding do not have, as of this date, approved executed grant agreements. OMB is currently working with The Alternative Programs, Inc., in attempt to execute a grant agreement. The second project, Hope Center, Inc., was purchased by another organization and its building was demolished; therefore, a grant agreement will not be forthcoming. OMB explained that, if grant agreements are not executed, the County can recapture and reallocate these funds, with BCC approval, provided that the County gives the NFP six months' notice.

VII. OBJECTIVES, SCOPE AND METHODOLOGY

We evaluated whether BBC grant funds were expended in accordance with the terms and requirements of the grant agreements and the accompanying Administrative Rules, whether the funds were used for the purpose intended, and whether the County/public got the value of what the funds were intended for. We also evaluated whether supporting documentation for reimbursement requests was submitted and reviewed in accordance with the Administrative Rules and grant agreement terms.

The audit scope encompasses the period beginning July 2004 through present, which includes the NFP advertisement, the award of funds, the execution of the grant agreements, the usage/reimbursement of funds, and the completion and closeout of projects.

We reviewed grant records maintained by OMB and CUA including, but not limited to, the NFP grant advertisements, NFP submittal packages, County resolutions, GOB Administrative Rules and grant agreements, as well as the entities' public records available via the Internet (e.g. Miami-Dade County Clerk of the Courts, State of Florida Division of Corporations, and Miami-Dade County Property Appraiser). We verified the Internal Revenue Service 501(c)3 community based not-for-profit organization status for the 14 organizations in

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Group 2 (see Table 1, below). We also confirmed that no contractor or sub-contractor liens remained open for each NFP project.

Table 1 Not-for-profit Project Listing – Group 2

NFP Name	GOB Code	OC#	Project Grant Amount (\$)	Grant Agreement Date	Project Close Date
Habitat for Humanity of Greater Miami, Inc.	73211	14	\$441,955	04/08/08	12/06/12
Bakehouse Art Complex, Inc. **	73238	37	\$475,600	04/08/08	06/18/13
Albert C. Pierre Community Service Center, Inc.	73291	34	\$500,000	05/05/08	04/12/11
Tropical Audubon Society Inc.	73443	1	\$23,000	08/15/08	07/22/09
Sunrise Community, Inc.	74982	54	\$395,560	09/09/08	12/30/09
Gold Coast Rail Road Museum, Inc. **	75300	7	\$489,132	03/10/09	03/08/13
Subtotal		6	\$2,325,247		
Nanay, Inc.	73210	15	\$486,640	03/27/08	Pending
Unidad of Miami Beach, Inc.	73213	59	\$1,000,000	06/10/08	Pending
Aspira of Florida, Inc.	73237	44	\$351,554	04/09/08	03/09/10
Center for Haitian Studies, Inc.	73292	26	\$330,000	04/28/08	03/26/13
South Florida Urban Ministries, Inc.	73440	40	\$1,000,000	09/17/08	Pending
American Red Cross of Southeast Florida, Inc.	74989	47	\$477,920	09/12/08	Pending
Subtotal		6	\$3,646,114		
The Alternative Programs, Inc.	75303	55	\$500,000	None	N/A
Hope Center, Inc.	75305	52	\$238,772	None	N/A
Subtotal		2	\$738,772		
Total		14	\$6,710,133		

Notes:

NFPs addressed in this audit report.

NFPs to be addressed in a future audit report(s).

NFPs that have no grant agreement executed to date. Funds may be recaptured and reallocated by the County.

GOB Code = General Obligation Bond identification number assigned to the NFP grant.

OC# = Miami-Dade County Office of the Clerk identification number assigned to the NFP grant.

** Project managed by Miami-Dade County Department of Cultural Affairs.

We also conducted site visits to the 12 NFP project locations that had an executed grant agreement, and requested to review their construction and bank records to verify the usage of funds. We met with County project managers from both CUA and OMB and we interviewed representatives from each of the NFPs reviewed.

We prepared schedules depicting the results of our testing of the County's and the NFP's compliance with the administrative responsibilities imposed on them by the Administrative Rules and the Grant Agreement. (See

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Schedules 1 through 6.) For each requirement, the OIG showed its disposition in the form of a positive affirmation, “Yes,” or that there was an “Exception Reported” or “Exception Noted.” If the requirement was not applicable, “N/A” was used. Exceptions Reported for each of the NFPs are summarized and collectively reported in Section IX.

This audit was conducted in accordance with the Principles and Standards for Offices of Inspector General promulgated by the Association of Inspectors General. The AIG Principles and Standard are in conformity with the Government Auditing Standards issued by the Comptroller General of the United States (December 2011 Revision).

VIII. GROUP 2 – PROJECT SUMMARIES

Habitat for Humanity of Greater Miami, Inc. (GOB Code 73211)

Habitat for Humanity of Greater Miami, Inc. received an award of \$441,955 from the BBC NFP Fund to renovate the building located at 3800 Northwest 22nd Avenue, Miami, in order to expand the organization’s capacity. A grant agreement was executed on April 8, 2008 and was later amended to extend the expenditure deadline through September 30, 2012. Grant funds were disbursed to the NFP and we verified that they were used by the NFP to renovate its facility. All funds have been disbursed to the NFP and the project was closed on December 6, 2012.

On December 14, 2012, OIG audit staff conducted a site visit to the project’s location. Overall, the building appears to have been renovated to expand the organization’s office space capacity and improve the exterior facade. Based on our audit testing of payment applications, reimbursement requests, and supporting documentation, we did not find anything indicating that grant expenditures were not used to renovate the facility in accordance with the terms of the Grant Agreement. The results of our testing performed for this particular grant are depicted in OIG Schedules 1A and 1B, attached to this report.

Bakehouse Art Complex, Inc. (GOB Code 73238)

Bakehouse Art Complex, Inc. received an award of \$475,600 from the BBC NFP Fund to renovate the building at 561 NW 32nd Street, Miami. A grant agreement was executed on April 8, 2008, and later amended three times in order to extend the expenditure deadline through March 1, 2014. The full

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amount of the award was used for the renovation of the property; however, the scope changed due to cost overruns.

The BBC GOB Funds were supplemented by an additional \$19,300 from the Department of Cultural Affairs (CUA) Capital Grants Program awarded for fiscal year 2006-2007 for the renovation of the property as provided for on the Grant Agreement Exhibit 1. Grant funds were disbursed to the NFP and we verified that they were used by the NFP to renovate its facility. All funds have been disbursed to the NFP and the project was closed in June 2013.

On October 30, 2012, OIG audit staff conducted a site visit to the project's location. The building and exterior appears to have been renovated, as described in the agreement, with the exception of replacing site-paving systems (the NFP provided written notification of this change in scope). Based on our audit testing of payment applications, reimbursement requests, and supporting documentation, we did not find anything indicating that grant expenditures were not used to renovate the facility in accordance with the terms of the Grant Agreement. The results of our testing performed for this particular grant are depicted in OIG Schedules 2A and 2B, attached to this report.

Albert C. Pierre Community Service Center, Inc. (GOB Code 73291)

Albert C. Pierre Community Service Center, Inc. received an award of \$500,000 from the BBC NFP Fund for new construction design and renovation of the building located at 8017 Northeast 2nd Avenue, Miami. A grant agreement was executed on May 5, 2008. Grant funds were disbursed to the NFP and we verified that they were used by the NFP to renovate its facility as described in the agreement. All funds have been disbursed to the NFP and the project was closed on April 12, 2011.

On November 29, 2012, OIG audit staff conducted a site visit to the project's location. Overall, the building appears to have been improved and upgraded with new office space, bathrooms, food distribution center, and elevators that are ADA compliant. Based on our audit testing of payment applications, reimbursement requests, and supporting documentation, we did not find anything indicating that grant expenditures were not used to renovate the facility in accordance with the terms of the Grant Agreement. The results of our testing performed for this particular grant are depicted in OIG Schedules 3A and 3B, attached to this report.

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Tropical Audubon Society Incorporated (GOB Code 73443)

Tropical Audubon Society Incorporated received an award of \$23,000 from the BBC NFP Fund to replace the roof of the building located at 5530 Sunset Drive, Miami. A grant agreement was executed on August 15, 2008. All funds were disbursed to the NFP and we verified that they were used by the NFP to replace the roof at its facility. The project was closed on July 22, 2009.

On January 28, 2012, OIG audit staff conducted a site visit to the project's location, and observed that building's roof appears to be a fairly new roof. Based on our audit testing of payment applications, reimbursement requests, and supporting documentation, we did not find anything indicating that grant expenditures were not used to install a new roof in accordance with the terms of the Grant Agreement. The results of our testing performed for this particular grant are depicted in OIG Schedules 4A and 4B, attached to this report.

Sunrise Community, Inc. (GOB Code 74982)

Sunrise Community, Inc. received an award of \$395,560 from the BBC NFP Fund to renovate the building located at 11975 Southwest 140th Street, Miami. A grant agreement was executed on September 9, 2008. All grant funds were disbursed to the NFP and we verified that they were used by the NFP to renovate its facility. All funds have been disbursed to the NFP and the project was closed on December 30, 2009.

On December 18, 2012, OIG audit staff conducted a site visit to the project's location. Overall, the building was renovated with new finishes, electrical, and ADA compliant facilities. Based on our audit testing of payment applications, reimbursement requests, and supporting documentation, we did not find anything indicating that grant expenditures were not used to renovate the facility in accordance with the terms of the Grant Agreement. The results of our testing performed for this particular grant are depicted in OIG Schedules 5A and 5B, attached to this report.

Gold Coast Rail Road Museum, Inc. (GOB Code 75300)

Gold Coast Rail Road Museum, Inc. received an award of \$489,132 from the BBC NFP Fund to extend and realign the mainline track located at 12450 Southwest 152nd Street, Miami, as well as the purchase of a tram for shuttling visitors. A grant agreement was executed on March 10, 2009. Grant funds were disbursed to the NFP, with the exception of \$21,844 in unspent funds.

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These funds are subject to recapture by the County to be returned to the NFP program. Notwithstanding these unspent funds, we verified that the other funds were used by the NFP, as described in the grant agreement. The project was closed on March 8, 2013.

On November 13, 2012, OIG audit staff conducted a site visit to the project's location. Overall, the mainline track appears to have been installed and the tram has been purchased. A shelter for the tram, costing approximately \$9,000, was purchased and installed with grant funds, even though this item was not listed on the agreement. Based on our audit testing of payment applications, reimbursement requests, and supporting documentation, we did not find anything indicating that grant expenditures were not used for the purpose intended and in accordance with the terms of the Grant Agreement. The results of our testing performed for this particular grant are depicted in OIG Schedules 6A and 6B, attached to this report.

IX. OBSERVATIONS

Overall, the OIG is satisfied that these NFPs funds appear to have been used for the intended purposes of the grant awards and that the County/public is receiving value. However, during its audit the OIG made observations pertaining to possible weaknesses in the administration and reimbursement processes of GOB grant funds awarded to the NFPs.

As earlier described, OIG Auditors prepared schedules depicting the results of our testing of the County's and the NFP's compliance with the administrative responsibilities imposed on them by the Administrative Rules and the grant agreement. (See Schedules 1 through 6.) Four disposition codes were utilized to categorize our results. The code "ER" for "exception reported" denotes a non-compliant act that, while not rising to the level of an "audit finding," has some significance when viewed collectively from an administrative perspective. No single non-compliant act raises any alarm that grant funds were not being used for the intended purpose and in accordance with grant requirements. Many of the exceptions reported pertain to timely notice and documentation requirements. The code "EN" for "exception noted" pertain to conditions that, while non-compliant, could be reasonably explained or bear little significance to the overall project.⁴ The exceptions reported (ER) found throughout the schedules are collectively summarized into the enumerated observations that follow.

⁴ The other two codes used are "Y" for a positive affirmation and "N/A" if the requirement was not applicable to the terms of the particular grant.

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The OIG has two general observations. First, NFPs generally, do not appear to have a comprehensive understanding of all administrative requirements outlined in the Administrative Rules and grant agreements. We acknowledge that a NFP has the responsibility to familiarize itself with the requirements, but we believe many of them lack experience and adequate resources to deal with the record keeping and reporting requirements imposed upon them. Thus, there is a need for the County to provide them with clear and consistent guidance regarding their contractually required record keeping and document submissions. We believe that more timely and effective communication of the administrative requirements by OMB/CUA could have avoided or rectified many of the issues noted in our observations of the six NFPs covered by this audit.

Our second observation is that OMB/CUA could have been more proactive in conducting their administrative activities related to enforcing NFP reporting requirements. As noted below, NFPs often did not comply with required record keeping and reporting standards, but OMB/CUA did not often approach the NFPs about their non-compliances, either.

1. All six NFPs did not submit an annual independent audit of the BBC GOB funds to the County as required by the Administrative Rules.⁵
2. All six NFPs did not submit an Exhibit J, Fund Summary Status Report to the County (that was to be submitted along with their annual independent audit reports). Exhibit J is a schedule, completed by the NFP and by an independent auditor that is supposed to provide a certified annual listing of actual project expenditures, total project reimbursements, and pending reimbursements throughout the project life.
3. Four NFPs either did not provide or timely provide written justifications indicating the reasons for the delays in submitting their reimbursement requests and did not disclose expected submission dates by a quarterly deadline established pursuant to the Administrative Rules. In addition, it appeared that OMB/CUA did not

⁵ Administrative Rules Section 2(A), Compliance Responsibilities, is a general requirement that an annual independent audit of the BBC GOB funds must be submitted by all recipients to the County no later than six months after the close of the Recipient's fiscal year for which a funding allocation was received and each year thereafter until the project completion. The audit must be performed by certified independent auditors and include: test for compliance with the Grant Agreement, Miami-Dade County Ordinance No. 05-47, applicable resolutions and the BBC GOB Administrative Rules; test to verify compliance with advance requirements; sufficient tests to verify a true and accurate reflection of project expenditures; tests to verify expenditure of required matched dollars; and verification of the Fund Summary Status Report, Exhibit J.

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find NFPs in non-compliance with this requirement and they did not issue a waiver of their required actions. There is no standardized OMB/CUA procedure in this area to ensure compliance.

4. Three NFPs did not properly administer and report “Other Funding Allocations” to complement their GOB grant funds, as stated in Exhibit 1 of each NFP’s grant agreement.⁶ In two instances, the NFP used other funding sources that were not shown in their Exhibit 1. In another instance, reimbursable expenses were not allocated by the NFP according to the ratio between grant funds and other funding sources, as stated on its Exhibit 1.
5. Three NFPs did not file monthly project status reports, as required by the Administrative Rules. Generally, NFPs appeared to be unaware of these reporting requirements until OMB/CUA brought it to their attention. Some NFPs also believed that project non-activity nullified the requirement for reporting.
6. Two NFPs did not expend grant funds, in accordance with the use listed on the Exhibit 1 of their grant agreements. One project had a decreased scope due to cost overruns for other project items and another project had an increased scope due to the availability of unused grant funds.
7. Two NFPs had missing grant fund support records, i.e., they did not have complete sets of records/documentation pertaining to their projects. Two other projects were beyond the records retention period, as outlined in the grant agreement, at the time of the audit.
8. One NFP did not submit its project closeout documentation within 45 days of the funding allocation expiration, as required by the Administrative Rules. It appears as though the delay was primarily due to an attempt by the NFP to provide documentation of expenditures in support of a 25% advance of funds that it received at grant inception.
9. One NFP did not timely file a pre-agreement expense request letter with the County. The Administrative Rules allow grant funds to be used to reimburse the NFP for expenses that it incurred up to one year prior to the first day of the application submission period; however, the rules require that the NFP provide written notification to

⁶ Exhibit 1 is grant agreement attachment showing the grantee’s name, project title, project narrative, GOB funding allocation narrative, estimated project revenues and expenses matched to project milestones with start/end dates, and other funding sources.

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the County, as part of its grant award process. The subject NFP did not provide such notice but then later submitted some pre-agreement expenses for reimbursement. OMB noticed these expenses and eventually obtained a belated written request from the NFP.

10. One NFP did not adequately complete or timely submit Exhibit A to OMB/CUA. Exhibit A provides a certification by the NFP naming those individuals that have authority to sign on its behalf for matters such as: contracts, scope changes, budget revisions, and requests for advances/ reimbursements.

X. RECOMMENDATIONS

1. OMB and CUA should meet with future grant recipients at grant inception to educate the recipients on their record keeping and reporting responsibilities. The process and resources used to educate should be comprehensive and consistently presented to each grant recipient.
2. OMB and CUA should establish a template to track reporting requirements and other milestones applicable for each currently active NFP or future grant recipient. They should use the template to confirm that the recipients are timely and accurately fulfilling their reporting requirements.
3. OMB and CUA should assure that the terms of the grant agreements and related exhibits are being fulfilled and enforced as stated. If terms are found to be not practical, then the terms need to be addressed through the proper chain of command.

* * * * *

The OIG would like to thank OMB and CUA personnel for making themselves and their records available to us in a timely manner and for the courtesies extended to the OIG during the course of its review. The OIG would also like to thank all of the NFPs for their courtesies and facility access extended to OIG auditors.

Miami-Dade County

Office of the Inspector General



Appendix A

Office of Management and Budget Response

**Audit of the Building Better Communities General
Obligation Bond Program Not-for-Profit Community
Organization Capital Fund – Project 223 –
OIG Report No. 2**

**IG11-54-2A
July 29, 2013**



miamidade.gov

Management and Budget
111 NW 1st Street • 22nd Floor
Miami, Florida 33128-1926
T 305-375-5143 F 305-375-5168

July 18, 2013

Ms. Patra Liu
Interim Inspector General
19 W. Flagler Street, Suite 220
Miami, Florida 33130

Dear Ms. Liu:

Thank you for the opportunity to provide a response to the Office of the Inspector General's (OIG) Draft Report IG11-54-2 regarding the review of the Building Better Communities General Obligation Bond (BBC GOB) Program for the Non-for-Profit (NFP) Community Organization Capital Fund – Project No. 223. The Office of Management and Budget (OMB) has thoroughly reviewed the draft report and listed below is corresponding information related to "Section X, Recommendations":

- 1) We agree with the OIG that many of the organizations lack the expertise and resources to complete a capital improvement project. Due to the NFPs' organizational deficiencies in the proper administration of a capital program, OMB staff works as a partner with the NFPs to make sure the projects are completed within the standards required by the BBC GOB Program. The Request for Proposals (RFP) for these projects was initiated in 2006 and the grant agreements were executed for these six projects between Calendar Years' 2008 and 2009. In the seven years that have transpired between the RFP and the conclusion of this audit, many variables within the organizations may have changed. For example, administrative personnel, leadership and organizational priorities are constantly changing and have accelerated due to recent economic conditions. OMB and the previous Office of Capital Improvements are continually educating, training and at times reminding NFP staff of the BBC GOB Administrative Rules, grant agreement and reimbursement process. OMB staff conducts a site visit and meets with each NFP prior to the initiation of a grant agreement to familiarize itself with the project and the project administrators and is utilized as an orientation with the BBC GOB Program. Staff also conducts periodic site visits to verify project progress prior to releasing BBC GOB funds for payment.

- 2) As we discussed, staff does have a tracking template to help keep track of the 37 NFPs awarded BBC GOB funding. In addition, OMB staff sends a reminder e-mail around the 10th of each month with instructions on how to complete the monthly report. OMB also conducts an audit with each reimbursement request to bring the NFP into compliance with the BBC GOB Administrative Rules prior to any payments.

- 3) OMB staff does everything possible to monitor and enforce the BBC GOB Administrative Rules and Grant Agreement Terms. However, it should be noted that as part of our monitoring processes, we take into consideration that the NFPs are on a limited budget. For example, instead of an independent audit of the BBC GOB funds that can cost as much as \$4,000, OMB will accept the NFP's Annual Independent Financial Audit. Furthermore, OMB agrees with the OIG that Exhibit J, which is a summary of BBC GOB expenses, should always be included with the NFP independent audit (BBC GOB funding or Financial Audit).

In conclusion, OMB will continue to work diligently with the NFP's and address their administrative deficiencies. Accordingly, we would like to state that all projects under BBC GOB Project No. 223 have been completed or are near completion, with only negligible findings, and that the constituents of Miami-Dade County continue to benefit from these projects.

Sincerely,



Jennifer Moon
Director

- c. Edward Marquez, Deputy Director
Nan Markowitz, Office of Management and Budget
Frank Barriga, Office of Management and Budget

Miami-Dade County

Office of the Inspector General



Appendix B

Department of Cultural Affairs Response

**Audit of the Building Better Communities General
Obligation Bond Program Not-for-Profit Community
Organization Capital Fund – Project 223 –
OIG Report No. 2**

**IG11-54-2A
July 29, 2013**

Memorandum

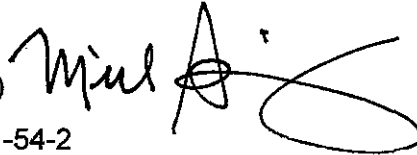
MIAMI-DADE
COUNTY

Date: July 12, 2013

To: Patra Liu
Interim Inspector General

From: Michael Spring, Director
Department of Cultural Affairs (CUA)

Subject: Response to OIG Draft Report, IG11-54-2



Thank you for the opportunity to review the Office of Inspector General's (OIG) draft report regarding the OIG's review of the Building Better Communities General Obligation Bond (BBC-GOB) Program for the Not-for-profit (NFP) Community Organization Capital Fund – Project 223, dated June 25, 2013. We agree with the summary in the report that both the BAC and the GoldCoast Railroad Museum projects which we managed were successful BBC-GOB projects and that the County funds were put to good use in accordance with the intent and expected results of each grant. Furthermore, it is worth noting that in the case of the GoldCoast Railroad Museum, the grantee was even able to accomplish its project under budget and realize a savings of \$21,844.

We respectfully request that you incorporate our response below regarding the BBC-GOB NFP projects being managed by the Department of Cultural Affairs to ensure the accuracy of the report.

Page 3 of 13

Footnote 3 at the bottom of the page provides some history on the management of the BBC-GOB Program. In fact, the Office of Capital Improvements (OCI) initially managed all of the projects within the NFP fund and in June 2008, OCI asked CUA to manage the "cultural" projects which were included in that fund. For the purposes of this report, this included both the Bakehouse Art Complex, Inc. (BAC) and the Gold Coast Railroad Museum, Inc. projects. At the time these were turned over to CUA, the BAC was already underway with their GOB project and had received funds from the County.

Page 5 of 13

The chart on this page incorrectly shows the BAC's project close date as "pending." It was accurately reported as "closed in June 2013" on page 7 of 13.

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The BAC did receive a grant of \$18,230 (not \$19,300 as the report states) from CUA's Capital Development Grant Program which was awarded in FY11-12 and is still currently ongoing/open. The scope of work considered in this project is unique from the scope of renovation work covered in the BAC's BBC-GOB Project. This capital grant was for "facility-wide energy efficient lighting upgrades." Although it could be considered a "renovation," this work does not overlap with the work that was undertaken in BAC's BBC-GOB Project.

CUA would like to emphasize that our capital projects managers serve as partners to the cultural organizations; CUA's project managers stay in contact with grantees via telephone, site visits and/or email directly and continuously monitor the projects throughout all stages of development. Therefore, the project managers are aware of what delays are being experienced and what managerial issues are taking place within the respective organizations.

c: Lisa M. Martinez, Senior Advisor, Office of the Mayor

Miami-Dade County

Office of the Inspector General



Appendix C

Sunrise Community's Response

**Audit of the Building Better Communities General
Obligation Bond Program Not-for-Profit Community
Organization Capital Fund – Project 223 –
OIG Report No. 2**

**IG11-54-2A
July 29, 2013**



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July 8, 2013

Ms. Patra Liu
Interim Inspector General
Miami-Dade County
Office of the Inspector General
19 W. Flagler Street, Suite 220
Miami, FL 33130

Re: OIG Draft Report, IG 11-54-2

Dear Ms. Liu:

Thank you for providing us with the Office of the Inspector General draft report indicating the audit findings as it pertains to the administration of the Building Better Communities grant awarded to Sunrise Community, Inc.

After reviewing the findings, we wish to inform you that internal procedures will be developed and implemented in order to avoid such oversight in the management of future grant awards.

We appreciate the opportunity to provide a response and look forward to receiving the final report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Leslie W. Leech, Jr.", is written over a printed name and title.

Leslie W. Leech, Jr.
President

c: Margaret Feldman
Mark Gapski
Marcella Henry
Kirk Zaremba

2013 JUL 10 AM 10:54
MDC-OFFICE OF THE
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