July 27, 2012

Honorable Members of the
City Commission
City of Miami
3500 Pan American Dr.
Coconut Grove, FL 33133-5504


Pursuant to Section 48 of the City of Miami’s (City) Charter, titled “Office of the Independent Auditor General”, and the Fiscal Year 2011 Audit Plan, we have performed an audit of the Educational Trust Fund which was established to award scholarships to the dependents of Solid Waste Department employees. The audit covered the period October 1, 2004 through September 30, 2010, and selected transactions prior and subsequent to this period.

The objectives of the audit were as follows: to determine whether the money received by the City from recycling revenue is maintained and accounted for in a special revenue fund; to determine whether the interest due to the scholarship fund was properly recorded and allocated to the said fund; to examine the process used in identifying and awarding scholarships to recipients; and, to ascertain whether the awards were disbursed directly to higher institutions of learning.

Sincerely,

[Signature]

Theodore P. Guba, CPA, CIA
Auditor General
Office of Independent Auditor General
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INTRODUCTION

On October 12, 1989, the City Commission adopted Ordinance No. 10654 that established the Educational Trust Fund (ETF) which is to be used to fund ten (10) scholarships each year to children of City of Miami Solid Waste Department (SWD) employees. The said ordinance provides that, “the monies received by the City of Miami from the recycling of newspapers and other salvageable materials shall be separately received, maintained and accounted for in an independent fund account to be held in the same manner as a trust account by the City for an educational fund hereby established upon the conditions as set forth in this section.” Upon the accumulation of one million dollars ($1,000,000) in the Educational Trust Fund, the accrued interest to the principal amount shall be used to award and pay for ten (10) scholarship awards each year to children of Solid Waste Department employees.

On July 29, 2004, the City Commission adopted Ordinance No. 12581 establishing the criteria and the selection process for awarding scholarships from the Educational Trust Fund. Pursuant to the said ordinance, the following criteria, among others, must be satisfied before awarding a scholarship: (1) parent or legal guardian of potential applicant must be a full-time permanent employee of the Solid Waste Department for a minimum of four (4) years, (2) applicant must be a dependent of a full-time permanent employee of the Solid Waste Department, and (3) applicant must be enrolled as a full or part-time student at a 4 year, 2 year, vocational and/or technical school that is fully accredited. Furthermore, the maximum scholarship award amount any qualified recipient should receive annually is $3,000 and any unutilized money shall be returned to the City of Miami’s Educational Trust. Finally, the ordinance stipulated that all applicants’ eligibility will be reviewed annually to ensure that they are still qualified to receive the scholarship funds. The first scholarship was awarded in the spring of 2005.
This audit was performed pursuant to the authority set forth in Section 48 of the City’s Charter titled “Office of the Independent Auditor General” and in accordance with the Fiscal Year 2011 Audit Plan. The audit focused primarily on whether scholarships, which were funded from the Educational Trust Fund and awarded to the dependents of Solid Waste Department employees, were in accordance with the provisions of Ordinance 12581 adopted by the City Commission.

The audit covered the period October 1, 2004 through September 30, 2010 and selected transactions prior and subsequent to this period. In general, the audit focused on the following broad objectives:

- To determine whether the money received by the City from recycling is maintained and accounted for in a special revenue fund,
- To determine whether the interest due to the scholarship fund was properly recorded and allocated to said fund,
- To examine the process used in identifying and awarding scholarships to recipients, and
- To ascertain whether the awards were disbursed directly to higher institutions of learning.
METHODOLOGY

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives. The audit methodology included the following:

- Interviewed and made inquiries to appropriate personnel; reviewed and observed applicable written policies and procedures in order to gain an understanding of the internal controls; assessed control risk; and, planned substantive testing.
- Reviewed prior related audits, applicable laws, regulations and agreements.
- Performed substantive testing consistent with the audit objectives.
- Used analytical review procedures for purposes of both planning substantive testing and confirming the reasonableness of audit conclusions and findings.
- Examined, on a test basis, applicable transactions and records.
- Determined compliance with all the objectives noted on page 2.
- Performed other audit procedures as deemed necessary.
- Drew conclusions based on the testing, made corresponding recommendations, and obtained the auditee’s responses and corrective action plans.
- Confirmed our understanding of key findings with the auditee.
- Reported our conclusions, findings, and recommendations to the City Commission, Audit Advisory Committee, and management via a clear and concise written audit report.
AUDIT CONCLUSIONS

Based upon various tests performed and the audit findings noted, we conclude that adequate internal controls were not in place to ensure that:

- Correct amounts of interest were allocated to the Educational Trust Fund.
- Scholarship funds were not disbursed in excess of the amount authorized.
- Scholarships were not awarded to candidates that did not meet the stipulated criteria in the enabling legislation.

Based upon various tests performed and the audit findings noted, we conclude that adequate internal controls were in place to ensure that:

- The money received by the City from recycling is maintained and accounted for in a special revenue fund.
- The awards were disbursed directly to higher institutions of learning.

Overall, we conclude that the internal controls policies and procedures in place at the Finance Department and the Solid Waste Department could be enhanced to address the deficiencies noted above.
SUMMARY OF AUDIT FINDINGS

FINANCE DEPARTMENT

INCORRECT AMOUNT OF INTEREST ALLOCATED TO THE EDUCATIONAL TRUST FUND

Our audit test to determine whether the appropriate interest was allocated to the Educational Trust Fund disclosed the following discrepancies:

- In October 2006, when the City converted from the Government and Education Management System (GEMS) financial accounting system to the Oracle financial accounting system, the $1,215,953.94 balance in the “Educational Trust Fund” project account #650001 was inappropriately consolidated/commingled with the balances in the “Recycling and Education and Waste Tire” project account #197011, the “Educational Project Adopt a Waterway” project account #650002, and the “Municipal Fuel Tax Street Repairs” project account #693001.

- There was less allocation of accrued interest to the Educational Trust Fund (ETF) during the period October 2007 through April 2011 because such allocations were based on the balance of the ETF as of October 2006 when the City converted from GEMS to Oracle. As such, our audit testing disclosed that accrued interest totaling $4,335.42 was not allocated to the ETF.

See detailed audit finding and recommendation on pages 7 to 8.
SOLID WASTE DEPARTMENT

SCHOLARSHIP FUNDS DISBURSED IN EXCESS OF THE AMOUNT AUTHORIZED

Our audit test determined that four (4) of the thirty four (34) scholarship recipients, or 11.8%, received $6,000 in 1 academic year, contrary to the $3,000 limit for one academic year as stipulated in Ordinance No. 12581. As a result, four (4) payments totaling $12,000 were duplicated (4 x $3,000). In addition, we noted that during the 2007-2008 academic year, Valencia Community College returned $2,391.89 of unused scholarship monies to the City. The same amount was later disbursed to the University of Central Florida where the student enrolled for the 2008-2009 academic year. Furthermore, the student re-applied and received another $3,000 scholarship for the 2008-2009 academic year thus exceeding the limit stipulated by Ordinance No. 12581 by $2,391.89. Consequently, scholarship funds totaling $14,391.89 ($12,000 + $2,391.89) were disbursed in excess of the amounts authorized pursuant to Ordinance No. 12581.

See detailed audit finding and recommendations on pages 9 to 10.

SCHOLARSHIPS WERE AWARDED TO CANDIDATES THAT DID NOT MEET THE STIPULATED CRITERIA IN THE ENABLING ORDINANCE

Our audit test determined that eleven (11) of the thirty four (34) recipients, or 32%, did not satisfy one or more of the scholarship criteria and as such, were not eligible to receive scholarship funds totaling $33,000 (11 x $3,000). In addition, documentation supporting the eligibility for thirteen (13) scholarship award disbursements totaling $36,608.11 was not provided to our office for audit. Said documents were either never provided to the Solid Waste Department, or were not retained for audit.

See detailed audit finding and recommendations on pages 10 to 11.
FINANCE DEPARTMENT

INCORRECT AMOUNT OF INTEREST ALLOCATED TO THE EDUCATIONAL TRUST FUND

Ordinance No. 10654, adopted on October 12, 1989 by the Miami City Commission, established the Educational Trust Fund which is to be used to fund ten (10) scholarship awards each year to children of Solid Waste Department employees. The said ordinance provides that, “the monies received by the City of Miami from the recycling of newspapers and other salvageable materials shall be separately received, maintained and accounted for in an independent fund account to be held in the same manner as a trust account by the City for an educational fund hereby established upon the conditions as set forth in this section.” Upon the accumulation of one million dollars ($1,000,000) in the Educational Trust Fund, the accrued interest to the principal amount shall be used to award and pay for ten (10) scholarship awards each year to children of Solid Waste Department employees.

Our audit test to determine whether the appropriate interest was allocated to the Educational Trust Fund disclosed the following discrepancies:

- Ordinance No. 10654 provides that the monies received by the City of Miami from the recycling of newspapers and other salvageable materials shall be separately received, maintained and accounted for in an independent fund account to be held in the same manner as a trust account. However, our audit test determined that in October 2006, when the City converted from the Government and Education Management System (GEMS) financial accounting system to the Oracle financial accounting system, the $1,215,953.94 balance in the “Educational Trust Fund” project account #650001 was inappropriately consolidated/commingled with the balances in the “Recycling and Education and Waste Tire” project account #197011, the “Educational Project Adopt a
Waterway” project account #650002, and the “Municipal Fuel Tax Street Repairs” project account #693001.

- As a result of the inappropriate consolidation of the different accounts as described above, the allocations of accrued interest to the Educational Trust Fund (ETF) were based on the balance of the ETF as of October 2006 when the City converted from GEMS to Oracle; consequently, there was less accrued interest allocated to the ETF during the period of October 2007 through April 2011. As such, our audit testing disclosed that accrued interest totaling $4,335.42 was not allocated to the ETF. Upon audit inquiry, the Finance Department stated that the said accrued interest, which was already recorded to the general ledger, will be recorded in the ETF as of fiscal year end 2011 (September 30, 2011) using an award number generated via the Oracle Programs and Grants (PnG) module.

**Recommendation**

We recommend that the City’s Finance Department (FD) transfer-out monies that belong to other projects from the “Educational Trust Fund” into the appropriate fund(s). In addition, we recommend that FD transfer accrued interest totaling $4,335.42 to the “Educational Trust Fund.”

**Auditee’s Response and Action Plan**

The auditee concurs with this audit finding and recommendation. See auditee’s written response on pages 12 to 16.
SOLID WASTE DEPARTMENT

SCHOLARSHIP FUNDS DISBURSED IN EXCESS OF THE AMOUNT AUTHORIZED

Ordinance No. 12581, adopted on July 29, 2004 by the Miami City Commission, established the criteria and the selection process for awarding scholarships from the Educational Trust Fund. Pursuant to said ordinance, the maximum scholarship award amount any qualified recipient should receive annually is $3,000, and any unutilized money should be returned to the City of Miami’s Educational Trust. Also, the ordinance stipulated that all applicants’ eligibility will be reviewed annually to ensure that they are still qualified to receive the scholarship funds. The Solid Waste Department awarded thirty nine (39) scholarships totaling $114,000 to thirty-four (34) recipients during the period March 2005 through February 2010.

Our audit test determined that four (4) of the thirty four (34) scholarship recipients received $6,000 in one academic year contrary to the $3,000 limit for one academic year as stipulated in Ordinance No. 12581. The scholarship award amount disbursed in excess of the amount authorized totaled $12,000 (4 x $3,000) for the four recipients.

In addition, we noted that during the 2007-2008 academic year, Valencia Community College returned $2,391.89 of unused scholarship monies to the City. The same amount was later disbursed to the University of Central Florida where the student enrolled for the 2008-2009 academic year. Furthermore, the student re-applied and received another $3,000 scholarship for the 2008-2009 academic year thus exceeding the limit stipulated by Ordinance No. 12581 by $2,391.89. Consequently, scholarship funds totaling $14,391.89 ($12,000 + $2,391.89) were disbursed in excess of the amounts authorized pursuant to Ordinance No. 12581.
**Recommendation**

We recommend that the Solid Waste Department enhance its internal control procedures to ensure that there are no scholarship funds disbursed in excess of the amount authorized.

**Auditee’s Response and Action Plan**

The auditee concurs with this audit finding and recommendations. See auditee’s written response on page 17 to 18.

**SCHOLARSHIPS WERE AWARDED TO CANDIDATES THAT DID NOT MEET THE STIPULATED CRITERIA IN THE ENABLING ORDINANCE**

Ordinance No. 12581 adopted on July 29, 2004 by the Miami City Commission established the criteria and selection process for awarding scholarships from the Educational Trust Fund. Pursuant to the said ordinance, the following criteria, among others, must be satisfied before awarding a scholarship: (1) parent or legal guardian of the potential applicant must be a full-time permanent employee of the Solid Waste Department for a minimum of four (4) years, (2) applicant must be a dependent of a full-time permanent employee of the Solid Waste Department, and (3) applicant must be enrolled as a full or part-time student at a 4-year, 2-year, vocational and/or technical school that is fully accredited.

Our audit test determined that eleven (11) of the thirty four (34) recipients, or 32%, did not satisfy one or more of the above criteria and as such, were not eligible to receive scholarship funds totaling $33,000 (11 x $3,000):

- The parents/legal guardians of eight (8) of the eleven (11) recipients were not full-time permanent employees of the Solid Waste Department for a minimum of four (4) years, as required.
Three (3) of the eleven (11) recipients were not dependents of full-time permanent employees of the Solid Waste Department.

Documentation supporting the eligibility for thirteen (13) scholarship award disbursements totaling $36,608.11 was not provided to our office for audit. Said documents were either never provided to the Solid Waste Department, or were not retained for audit.

**Recommendation**

We recommend that the Solid Waste Department enhance its internal control procedures to ensure that scholarships are given only to candidates who meet the stipulated criteria in the enabling ordinance.

**Auditee’s Response and Action Plan**

See auditee’s written response on pages 18 to 22.
AUDITEE RESPONSES

FINANCE DEPARTMENT

Blake, Lewis

From: Chircut, Pete
Sent: Wednesday, October 26, 2011 10:42 AM
To: Blake, Lewis
Subject: RE: FS118exempt - Excerpt of Educational Trust Fund for Children of Certain Employees Audit Report & Request for an Exit Conference

Thanks for the revision the interest in question was recorded as of 9/30/2011

From: Blake, Lewis
Sent: Monday, October 24, 2011 4:11 PM
To: Wempe, Lawrence; Chircut, Pete
Cc: Bantos, Scarlette; Vongpay, Stephane
Subject: RE: FS118exempt - Excerpt of Educational Trust Fund for Children of Certain Employees Audit Report & Request for an Exit Conference
Importance: High

Pete/Larry,

Please note that the draft report (See attached excerpt) has been revised so as to include the last sentence (indicated with an asterisk mark).

Please review the language and confirm if we can now issue the draft report.

Thanks.
Lewis

From: Wempe, Lawrence
Sent: Friday, October 21, 2011 8:35 AM
To: Chircut, Pete; Blake, Lewis
Subject: RE: FS118exempt - Excerpt of Educational Trust Fund for Children of Certain Employees Audit Report & Request for an Exit Conference

The $4,335.42 is recorded in the general ledger but the monies were not added the award number in order for the funds to be available for use.

The decision was made to record all interest to the award number after the final interest allocation was made for FY-2011 (SEP-11).
Going forward the monies will be added to the award on a yearly basis.

Could you send a copy of Elena's excel file for the calculation of the $4,335.42. I will added the missing months as a backup to give to PnG.

From: Chircut, Pete
Sent: Thursday, October 20, 2011 3:30 PM
To: Wempe, Lawrence
Subject: FW: FS118exempt - Excerpt of Educational Trust Fund for Children of Certain Employees Audit Report & Request for an Exit Conference
Importance: High
From: Blake, Lewis  
Sent: Wednesday, October 19, 2011 1:15 PM  
To: Chircut, Pete  
Cc: Barrios, Scarlette; Vongxay, Stephane  
Subject: FW: FS119exempt - Excerpt of Educational Trust Fund for Children of Certain Employees Audit Report & Request for an Exit Conference  
Importance: High  

Pete,

As recently discussed, attached is the excerpt of the report which Diana approved (See Attached e-mail). The excerpt also includes her June 24th responses to the MOU—the responses indicate her approval of the noted findings regarding allocation of interest.

If the interest allocation matter has been subsequently corrected, please provide us with evidence ASAP and we’ll surely mention it in the report. Thanks.

Lewis

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From: Barrios, Scarlette  
Sent: Tuesday, October 04, 2011 2:47 PM  
To: Gomez, Diana  
Cc: Blake, Lewis  
Subject: FS119exempt - Excerpt of Educational Trust Fund for Children of Certain Employees Audit Report & Request for an Exit Conference

Dear Ms. Gomez,

Attached is the above referenced excerpt of the Educational Trust Fund for Children of Certain Employees Audit Report Draft (which is FS119 Exempt) as it relates to your department. The findings in the report draft are based on an MOU (Memorandum of Understanding) that you have previously responded to. Your response to the MOU has been scanned into the report.

Please review the excerpt of the audit report draft and indicate whether you approve of its contents by responding to this e-mail by October 13, 2011. Also indicate whether or not you wish for us to schedule an “Exit Conference” (which is optional) during which we can discuss the contents of the audit report draft, or any other matters.

Thank you,

Scarlette Barrios  
Staff Auditor  
Office of the Independent Audit General  
Phone: 305-416-2042
Date: May 25, 2011

To: Diana Gomez, Director
Finance Department

From: Elena Dobrov, CPA, Senior Staff Auditor
Office of the Independent Auditor General

Subject: Audit of the Educational Trust Fund Established for Scholarship awards to the Dependents of Solid Waste Department Employees.

Dear Ms. Gomez,

Pursuant to the ongoing audit of the Educational Trust Fund established for the scholarship awards to the dependents of Solid Waste Department employees for the period October 1, 2004 through September 30, 2010, and selected transactions prior and subsequent to this period, please confirm or clarify our understanding of the following and provide any additional records on or before June 6, 2011.

Ordinance No. 10654, adopted on October 12, 1989 by the Miami City Commission, established the Educational Trust fund to be used to fund ten (10) scholarship awards each year to children of Solid Waste Department employees. The said Ordinance provides that, "the monies received by the City of Miami from the recycling of newspapers and other salvageable materials shall be separately received, maintained and accounted for in an independent fund account to be held in the same manner as a trust account by the City for an educational fund hereby established upon the conditions as set forth in this section." Upon the accumulation of one million dollars ($1,000,000) in the Educational Trust Fund, the accrued interest to the principal amount shall be used to award and pay for ten (10) scholarship awards each year to children of Solid Waste Department employees.
INCORRECT AMOUNT OF INTEREST ALLOCATED TO THE EDUCATIONAL TRUST FUND

Our audit test to determine whether the appropriate interest was allocated to the Educational Trust Fund disclosed the following discrepancies:

- Ordinance No. 10654 provides that the monies received by the City of Miami from the recycling of newspapers and other salvageable materials shall be separately received, maintained and accounted for in an independent fund account to be held in the same manner as a trust account. However, our audit test determined that in October 2006 when the City converted from the Government and Education Management System (GEMS) financial accounting system to the Oracle financial accounting system, the $1,215,953.94 balance in the "Educational Trust Fund" project account # 650001 was inappropriately consolidated/commingled with the balances in the "Recycling and Education and Waste Tire" project account # 197011, "Educational Project Adopt a Waterway" project account # 65002, and "Municipal Fuel Tax Street Repairs" project account # 693001.

I agree [ ] I disagree [ ] Please initial: [ ]

Explanation: ___________________________________________________________

_____________________________________________________________

- As a result of the inappropi rate consolidation of the above different accounts into one account, the allocation of accrued interest to the Educational Trust Fund for the period 2007 through 2010 were based on the balance of the Educational Trust Fund as of October 2006 when the City converted from GEMS to Oracle, hence resulting in less allocation of accrued interest totaling $4,335.42 to the Educational Trust Fund in the period October 2007 through April 2011.
Memorandum of Understanding

I agree. I disagree. Please initial: 

Explanation: 

Please confirm our understanding by signing on the space provided below and returning this memorandum to us. Please indicate whether the Educational Trust Fund will be segregated and reported as an independent fund account, as provided by ordinance no. 10654. Also, indicate whether the unallocated interest totaling $4,315.42 will be restored to the Educational Trust fund. In the event that you disagree with the item listed above, please provide your explanation and attach all supporting documents. In order for us to meet our audit deadline, a response by June 6 would be greatly appreciated.

If you have any questions, please feel to contact me at 305-416-1796 or by e-mail at cdobrev@miamigov.com.

Thank you for your attention in this matter.

Ms. Diana Gentry, Director

Date

CC: Victor I. Igwe, CPA, CIA, Independent Auditor General
    Stephane Vongxay, Staff Auditor
    Audit Documentation File
Date: May 19, 2011

To: Frederick Hobson, Director
Solid Waste Department

From: Elena Dobrev, CPA, Senior Staff Auditor
Office of the Independent Auditor General

Subject: Audit of the Educational Trust Fund Established for Scholarship awards to the Dependents of Solid Waste Department Employees.

Dear Mr. Hobson,

Pursuant to the ongoing audit of the Educational Trust Fund established for the scholarship awards to the dependents of Solid Waste Department employees for the period October 1, 2004 through September 30, 2010, and selected transactions prior and subsequent to this period. Please confirm or clarify our understanding of the following and provide any additional records on or before by June 2, 2011.

Ordinance No. 12581, adopted on July 29, 2004 by the Miami City Commission, established the criteria and the selection process for awarding scholarships from the Educational Trust Fund. Pursuant to said Ordinance, the maximum scholarship award amount any qualified recipient could receive annually is $3,000 and any unutilized money shall be returned to the City of Miami’s Educational Trust. Also, the Ordinance stipulated that all applicants’ eligibility will be reviewed annually to ensure that they are still qualified to receive the scholarship funds. The Solid Waste Department awarded thirty nine (39) scholarships totaling $114,000 to thirty-four (34) recipients, during the period March 2005 through February 2010. Our audit disclosed the following questionable disbursements:
SCHOLARSHIP FUNDS DISBURSED IN EXCESS OF THE AMOUNT AUTHORIZED

- Our audit test determined that four (4) of the thirty four (34) scholarship recipients received $6,000 in one academic year contrary to the $3,000 limit for one academic year as stipulated in Ordinance No. 12581. The scholarship award amount disbursed in excess of the amount authorized totaled $12,000 for the four recipients.

In addition, we noted that during the 2007-2008 academic year, Valencia Community College returned $2,391.89 of unused scholarship monies to the City. The same amount was later disbursed to the University of Central Florida where the student enrolled for 2008-2009 academic year. Furthermore, the student re-applied and received another $3,000 scholarship for the 2008-2009 academic year thus exceeding the limit stipulated by Ordinance No. 12581 by $2,391.89.

The excess disbursements of scholarship funds were caused by inadequate internal control procedures.

I agree      I disagree    Please initial:  

Explanation:______________________________

SCHOLARSHIPS WERE AWARDED TO CANDIDATES THAT DID NOT MEET THE STIPULATED CRITERIA IN THE ENABLING ORDINANCE

- Ordinance No. 12581 adopted on July 29, 2004 by the Miami City Commission established the criteria and selection process for awarding scholarships from the Educational Trust fund. Pursuant to said Ordinance, the following criteria, among others, must be satisfied before awarding a scholarship: (1) parent or legal guardian of potential
Page 1

Memorandum of Understanding,

apparent that 31 full-time permanent employees of the Solid Waste Department for a period of more than 8 years (2) years, or more be a replacement of a different permanent employee of the Solid Waste Department, and where, in turn, in a year's time, the new employee shall have served under this contract for a period of 4 years, 2 year, minimum (4) years, in full-time service, shall be fully

Our audit has determined that an average of 179 recipients of 350 recipients, or 65%, did not satisfy the criteria of the above criteria and as such were not eligible to receive the average benefit, amounting $51,000.

- The permanent positions of eight (8) of the seventeen (17) recipients, were not full-time permanent employees of the Solid Waste Department for a period of 8 years (4) years, as required.
- Nine (9) of the seventeen (17) recipients were not permanent employees of the Solid Waste Department.
- Documentation supporting the eligibility for one of the recipients awarded $16,300.80 was not provided in the office for which solid waste service were otherwise provided to the Solid Waste Department, or were not received on time.

I certify: The undersigned

Explanations: I agree with bullets one (1) and three (3). However, I disagree with bullet two (2). Please see attached explanation.

Please explain your understanding by checking one of the options provided below and writing in the appropriate space. In the event that you disagree with the information above, please provide your explanation and any supporting documentation. In order for this to be accepted and addressed, it is required that you respond by June 3, 2004.
If you have any questions, please feel to contact me at 305-416-1796 or by e-mail at edobey@nmi.gov.com.

Thank you for your attention in this matter.

Mr. Frederick Hobson, Director

Date

CC: Victor I. Igwe, CPA, CIA, Independent Auditor General
    Staphane Vor, Staff Auditor
    Audit Documentation File

OFFICE OF INDEPENDENT AUDITOR GENERAL | 440 G.W. 2nd Avenue, Suite 711/1stnt, FL 33136-1930
SCHOLARSHIP WERE AWARDED TO CANDIDATES THAT DID NOT MEET THE STIPULATED CRITERIA IN THE ENABLING ORDINANCE

Upon careful revision of the finding spread sheet that you submitted to my office, the results show that nine (9) of the seventeen (17) recipients were apparently not dependents of a full-time permanent employee of the Solid Waste Department. However, after reviewing the supporting documents referencing the scholarship criteria (please see attached criteria); our record indicates that the criteria to prove dependency are listed as such "as verified on recent tax return and/or birth certificate". Base on this specification, six (6) of the nine (9) named recipients in your report have presented copies of their birth certificate to satisfy this criteria.

Therefore, base on this discovery, there were only three (3) named recipients from your report who did not meet this particular criteria.

If you have any questions or concerns please feel free to contact at (305) 960-2802.

Thank you.

FH/kd
City of Miami
Department of Solid Waste
Educational Trust Fund
Scholarship Selection Criteria

Potential Selection Criteria to Apply Ranking/Point System:

- Parents or legal guardian of potential applicant must be a full time/permanent employee of the Department of Solid Waste for a minimum of four (4) years
- Applicant must have a high school diploma or GED
- Applicant must be enrolled as a full or part-time student at a 4-yr., 2-yr., vocational and/or technical school that is fully accredited
- Applicant must be a legal resident of the United States
- Applicant must have valid social security number
- Applicant must be a dependent of a full time, permanent employee of the Department of Solid Waste (as verified on recent tax return and/or birth certificate)
- Applicant's eligibility criteria will be reviewed annually (not automatically awarded)
- Maximum annual scholarship will be $3,000.00, per student and will be awarded no more than 4 years per student.
- Scholarships will not cover dorm fees
- If awarded, monies will be deposited in school’s educational account and any monies not utilized shall be returned to the City of Miami Recycling and Educational Fund. No monies will be paid directly to the student.

Consideration for Selection Process and Logistics:

- Annual application period to coordinate w/Fall and/or Spring Admission
- Selection Committee composed of volunteers from Solid Waste, Employee Relations, AFSCME Union, Dade County School Board and Miami Dade College
- Use of point system to enable various factors to be considered other than academic performance
- Seek partnerships with Educational Institutions offering Educational Information and Academic Counseling as needed (involve parents)
- Celebrate success with communications within Solid Waste on progress made to support educational achievements