

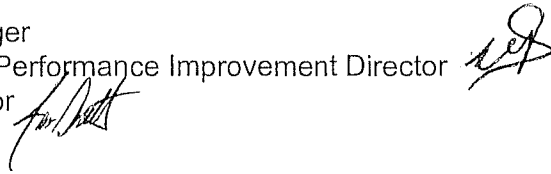


MIAMI BEACH

BUDGET AND PERFORMANCE IMPROVEMENT
Internal Audit Division

INTERNAL AUDIT REPORT

TO: Jorge M. Gonzalez, City Manager
VIA: Kathie G. Brooks, Budget and Performance Improvement Director
FROM: James J. Sutter, Internal Auditor



DATE: October 15, 2008
AUDIT: South Florida Hispanic Chamber of Commerce Audit
PERIOD: October 1, 2006 through March 31, 2008

This is a regularly scheduled audit of a non-profit agency receiving monies annually from the City's General Fund Citywide accounts.

INTRODUCTION

The South Florida Hispanic Chamber of Commerce or SFHCC was founded on July 21, 1994 with the mission of promoting the continued growth and development of the business community and the tourism industry of Miami-Dade County. This non-profit 501c(6) organization helps its over 650 members expand their business opportunities, encourage mutual beneficial ties with the public and private sectors and serve as an active, strong and visible advocate of the Hispanic business community.

The SFHCC is governed by an active and diverse Board of Directors with its corporate offices presently located at 301 Arthur Godfrey Road, suite #500. Membership is open primarily to all persons of Hispanic descent who are 18 years of age and older and reside, own property, own a business or work in South Florida. There shall be an annual meeting of members to elect directors and conduct any other business as might come before the meeting. Board meetings shall be held at least four times each year.

Beginning in FY 04/05, the City provided SFHCC with \$20,000 annually through the City Budget's General Fund Citywide Accounts under the City Service expenditure category (Special Projects). There is no written funding agreement with the City specifying how the supplied funds should be spent and what corresponding reports are to be filed. To receive the funds, they must first submit an invoice to the Finance Department requesting payment. The check is subsequently issued and the monies are deposited into SFHCC's separate bank account to pay such operating expenditures as payroll, postage, printing, courier service, etc. The agency does not have an annual audit performed by independent accountants.

The monies received from the City plus other revenues obtained from donations, memberships, fundraisers, etc. have been used in a variety of beneficial ways which includes but is not limited to the following:

- The Minority Business & Education Program which provides business information, training and technical assistance for small businesses.
- Annual scholarships and paid internships provided to both high school and college students.
- Loan Link Program which helps both businesses and individuals find financial assistance.
- Lunch and Learns to help educate members on topics of interest.
- Education Enrichment Program whereby essay contest student winners are given the

- opportunity to enhance their education outside the state of Florida.
- Fifty scholarships have been granted in the past thirteen years to Hispanic student enrolled in the Academy of Hospitality and Tourism of Miami-Dade County Public Schools.
- An annual toy drive sponsored during the Holiday season that benefits the MRM's Center for Women and Children.

OVERALL OPINION

The South Florida Hispanic Chamber of Commerce stages a number of meaningful community projects to benefit its members. The City disbursed grant funds were properly deposited into and paid from a separate bank account. Reviewed expenditures for such approved operating expenditures as payroll, postage, printing, courier service, etc. were sufficiently documented and timely paid. However, the following items were noted during testing and are in need of improvement:

- The supporting documentation for expenditures paid with City provided grant funds could be better centralized and organized as to expedite independent verification and reconciliation.
- The City does not presently require non-profit organizations receiving Citywide funds to sign grant agreements to specify how the monies are to be spent, what records should be submitted, etc.

PURPOSE

To determine whether the grantee's revenues and expenses related to the City grant were properly accounted for, recorded and reported.

OBJECTIVES

1. Confirm that grant revenues received from the City were deposited intact, properly documented and correctly recorded.
2. Confirm that tested monies were expended for the grantee's specified programs.
3. Confirm that annual certified financial statements (if required) were timely submitted, and the amounts reported therein agree with corresponding amounts previously reported to reports submitted to the City.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding: Accounting Records Maintenance
The South Florida Hispanic Chamber of Commerce or SFHCC properly maintained a separate HSBC checking account to receive and expend City provided grant funds. Similarly, all reviewed expenditures were for such approved operating expenses as salaries, courier service, telephone, postage, printing, etc. and were timely paid.

Internal Audit's observation is that all the non-profit organization's invoices were grouped together regardless of the funding source and they were not labeled accordingly. In addition,

the supporting payroll documentation was kept by the corresponding employees and found to be in differing organizational states. As a result, the needed supporting documentation was more time consuming to locate and was not readily available for previous employees.

Recommendation(s):

All expenditures paid with City disbursed grant funds supporting documentation should be stored together by fiscal year to facilitate review.

Management Response:

SFHCC maintains binders with tabs for every month of the year to keep their paid invoices readily available. Since we know which invoice was paid with a particular account, we do not specify from what source of funding it comes from. However, we find that your recommendation of specifying when invoices are paid from City funds makes sense as it facilitates everything.

Staff has been keeping their time sheets in an Excel spreadsheet for the last two months. Previously, they kept all their payroll information in an organized fashion but in different formats. We concur that it facilitates the process when everything is uniform.

2. Finding: Absence of a Grant Agreement

The City provides grant monies to SFHCC annually but does not require a signed agreement detailing how the funds are to be spent, what reports are to be filed, is an audit or review required and by when, etc. Therefore, the City has little voice once the funds are disbursed other than to withhold future contributions and is unsure if the monies were spent properly. Other organizations like Miami-Dade County and the Miami Beach Visitor and Convention Authority require that the non-profit organizations sign a grant agreement before issuing any grant monies.

Recommendation(s):

The City should research the possibility of securing a signed grant agreement detailing the desired terms prior to disbursing the designated monies.

Management Response:

The City is researching the options available to formalize the grant process for non-profit agencies receiving funds through the citywide accounts.

EXIT CONFERENCE

Findings were presented to the Agency's administration to solicit management responses. Their responses are included in the report.

JS:MC:mc

(Audit performed by Mark Coolidge, Senior Auditor)

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cc: Liliam Lopez, President, South Florida Hispanic Chamber of Commerce
Jose Cruz, Budget Officer