

CITY OF COLUMBIA, SOUTH CAROLINA
Reports on Internal Control and Compliance
For the Year Ended June 30, 2009

CITY OF COLUMBIA, SOUTH CAROLINA
Columbia, South Carolina

TABLE OF CONTENTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 - 2
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	3 - 5
Schedule of Expenditures of Federal Awards	6 - 7
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	
I – Summary of Auditors' Results	9
II – Financial Statements Findings	10 - 11
III – Federal Awards Findings	12 - 16
Summary Schedule of Prior Audit Findings	17 - 18

**Independent Auditors' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Basic Financial
Statements Performed in Accordance With *Government Auditing Standards***

Honorable Mayor and City Council
City of Columbia, South Carolina
Columbia, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Columbia, South Carolina**, as of and for the year ended June 30, 2009, which collectively comprise the City of Columbia, South Carolina's basic financial statements and have issued our report thereon dated June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Columbia, South Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Columbia, South Carolina's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City of Columbia, South Carolina's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the City of Columbia, South Carolina's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2009-1 and 2009-3 to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Columbia, South Carolina's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Columbia, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2009-2.

The City of Columbia, South Carolina's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City of Columbia, South Carolina's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Webster Rogers LLP

Columbia, South Carolina
June 30, 2010

**Independent Auditors' Report On Compliance With Requirements Applicable to
Each Major Program and on Internal Control Over Compliance in Accordance
With OMB Circular A-133**

Honorable Mayor and City Council
City of Columbia, South Carolina
Columbia, South Carolina

Compliance

We have audited the compliance of the **City of Columbia, South Carolina** with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Columbia, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Columbia, South Carolina's management. Our responsibility is to express an opinion on the City of Columbia, South Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Columbia, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Columbia, South Carolina's compliance with those requirements.

As described in items 2009-7 and 2009-8 in the accompanying schedule of findings and questioned costs the City of Columbia, South Carolina did not comply with requirements regarding eligibility requirements that are applicable to its Empowerment Zone Programs. Compliance with such requirements is necessary, in our opinion, for The City of Columbia, South Carolina to comply with the requirements applicable to that program.

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In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the City of Columbia, South Carolina did not comply, in all material respects, with the requirements referred to above that are applicable to its Empowerment Zone Programs. Also, in our opinion, the City of Columbia, South Carolina complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of our auditing procedures disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-4, 2009-5, 2009-6, 2009-9 and 2009-10.

Internal Control Over Compliance

The management of the City of Columbia, South Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Columbia, South Carolina's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the City of Columbia, South Carolina's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Columbia, South Carolina's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City of Columbia, South Carolina's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in the City of Columbia, South Carolina's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects an entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Columbia, South Carolina's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2009-4, 2009-5, 2009-6, 2009-7, 2009-8, 2009-9 and 2009-10 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Columbia, South Carolina's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider items 2009-4, 2009-5, 2009-6, 2009-7, and 2009-8 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbia, South Carolina as of and for the year ended June 30, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2010. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The City of Columbia, South Carolina's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City of Columbia, South Carolina's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City of Columbia, South Carolina, management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.



Columbia, South Carolina
June 30, 2010

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor's/Agency's or Program Title	CFDA Number	Expenditures
U.S. Department of Agriculture		
Pass through programs from:		
South Carolina Forestry Commission		
Cooperative Forestry Assistance	10.664	\$ 7,566
U.S. Department of Commerce		
Direct		
Economic Adjustment Assistance	11.307	1,829,990
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants/Entitlement Grants	14.218	1,074,914
Home Investments Partnership Program	14.239	556,521
Housing Opportunities for Persons with AIDS	14.241	1,836,516
Empowerment Zone Program	14.244	2,441,512
Neighborhood Stabilization Program	14.256	356
Total Direct Programs U.S. Department of Housing and Urban Development		5,909,819
U.S. Department of the Interior		
Direct		
National Fire Plan - Rural Fire Assistance	15.242	27,150
U.S. Department of Justice		
Direct		
Bulletproof Vest Partnership Program	16.607	33,486
Public Safety Partnership and Community Policing Grants	16.710	31,069
Edward Byrnes Memorial Justice Assistance Grant	16.738	327,228
Public Safety Partnership and Community Policing Grants	16.742	37,957
Edward Byrnes Memorial Justice Assistance Grant	16.744	31,736
Total U.S. Department of Justice		461,476

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)

Federal Grantor/Pass-Through Grantor's/Agency's or Program Title	CFDA Number	Expenditures
U.S. Department of Transportation		
Pass through programs from:		
South Carolina Department of Transportation		
Older Driver Program	20.200	\$ 152
Highway Planning and Construction	20.205	3,552,785
State and Community Highway Safety	20.600	<u>145,119</u>
Total U.S. Department of Transportation		<u>3,698,056</u>
Environmental Protection Agency		
Direct		
Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	<u>260,369</u>
Department of Health and Human Services		
Direct		
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	<u>38,818</u>
U.S. Department of Homeland Security		
Pass through programs from:		
South Carolina State Law Enforcement Division		
Homeland Security Grant Program	97.067	<u>226,850</u>
Total Federal Awards		<u>\$ 12,460,094</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. The information presented on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. For purposes of the schedule, federal programs include all federal awards and procurement relationships entered into directly between the primary government, the City of Columbia, South Carolina, and the federal government and sub-grants from non-federal organizations made under federally sponsored agreements.

2. EDA Grants:

The City of Columbia maintains revolving loan funds pursuant to an Economic Development Administration Loan Grant of the U.S. Department of Commerce grant # 04-39-03312 and CFDA #11.307. The accounts for these loan funds are reported in the basic financial statements under the Redevelopment Program Fund. Outstanding balances at June 30, 2009, total \$2,516,335 which includes original federal funds and matching City funds.

3. Subrecipient

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Federal Granting Agency</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Department of Housing and Urban Development	14.241	\$ 1,829,328
Department of Housing and Urban Development	14.244	1,312,737
		<u>\$ 3,142,065</u>

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Columbia, South Carolina.
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. None of the deficiencies is reported as a material weakness.
3. One instance of noncompliance material to the financial statements of the City of Columbia, South Carolina, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. Seven significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133. Five of the significant deficiencies are reported as material weaknesses.
5. The auditors' report on compliance for the major federal award programs for the City of Columbia, South Carolina expresses an adverse opinion on the Empowerment Zone Programs and an unqualified opinion on the other major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included: Economic Adjustment Assistance – CFDA Number 11.307, Community Development Block Grants/Entitlement Grants - CFDA Number 14.218, Housing Opportunities for People with AIDS – CFDA Number 14.241, Empowerment Zone Program – CFDA Number 14.244, and Edward Byrnes Memorial Justice Assistance Grant – CFDA Number 16.738.
8. The threshold used for distinguishing between Type A and Type B programs was \$318,903.
9. The City of Columbia, South Carolina did not qualify as a low risk auditee.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Findings – Financial Statements Audit

Significant Deficiencies

2009-1 Timely Requesting of Reimbursement of Grant Expenditures

Condition: The City does not consistently follow its policy on the submission of claims for reimbursement.

Criteria: Good business practices require the timely submission of claims for reimbursement.

Cause: Employees responsible for requesting reimbursement for grant expenditures are not adhering to the published policies on reimbursements of grant expenditures. These policies, among other things, require monthly submission of reimbursement requests to the respective grantor agency.

Effect: The lack of consistency in the timely submission of claims for reimbursement generates a negative impact on cash flow. Unrestricted funds that could be used for other purposes have to be used to fund grant expenditures. Not timely invoicing grantor agencies also increases the risk revenue will not be recorded timely or accurately as well as not being reimbursed at all if the claim is submitted after the deadline for submission has passed.

Recommendation: We recommend the City consistently follow adopted policies and procedures that establish specific criteria for when and how reimbursement of grant expenditures will be performed.

Management Response: The procedure for grants and contracts is as follows. “Effective December 31, 2008, a trial balance will be run on or about the first day of the month for all grant funds. From said trial balance, a journal entry will be prepared debiting grant accounts receivable and crediting grant revenue. The journal entry will be dated the last day of the previous month. A drawdown request for the amount of the journal entry must accompany the journal entry as documentation. This procedure must be followed for all grants (federal, state, and other). The drawdown when received will be dated the date of receipt. Any receivable outstanding longer than 60 days must be communicated to the Deputy Finance Director. This procedure is to be followed until revised.” Since the effective date of the policy, noncompliance issues have been addressed and continue to improve.

2009-2 Compliance with Laws and Regulations

Condition: During our testing of disbursements of local hospitality tax revenue, we noted a disbursement of \$250,000 that did not appear to meet any of the purposes authorized by Section 6-1-730 of the South Carolina Code of Laws. The funds were used to construct a recreational facility.

Criteria: Section 6-1-730 of the South Carolina Code of Laws specifies the purposes for which local hospitality tax revenue may be used.

Cause: Unknown.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Effect: The City appears to have expended local hospitality tax revenue on purposes that are not permitted under Section 6-1-730.

Recommendation: We recommend that the City consult with legal counsel and follow authorized policies and procedures prior to committing to expend hospitality tax revenue.

Management Response: The expenditures questioned have been reviewed by management. No dispute exists as to the facts involved, but management disagrees with the finding, and no corrective action is anticipated. Management does not contend these expenditures were a prudent use of hospitality resources. That determination is not within the scope of this response. The appropriations were used to construct a recreational facility. The recreational facility will bring in at least one tourist to Columbia and is deemed to be an allowable activity. The funds were appropriated and expended for a purpose within the legislation.

2009-3 Communicating Internal Control Matters

Condition: The City does not have formal policies or procedures in place to facilitate the reporting of fraud and abuse and questionable accounting or auditing practices that could affect the accuracy of the financial reports prepared.

Criteria: Good business practices dictate the need of having a financial reporting system in place that is sufficient to provide reasonable assurance the entity can prepare accurate financial statements in conformity with generally accepted accounting principles.

Cause: Unknown.

Effect: Without clear policies and procedures in place, the likelihood of unreported violations is increased.

Recommendation: We recommend the City establish formal policies and procedures to encourage the reporting of fraud and abuse and questionable accounting or auditing practices.

Management Response: Management has improved the procedures for reporting fraud and abuse. Additional measures are being discussed for implementation. Also, several senior staff meetings have occurred to document an environment for reporting fraud or abuse. Management has a continued interest in improving this activity.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Findings and Questioned Costs – Major Federal Award Programs Audit

2009-4 Subrecipient Monitoring

**Community Development Block Grants/Entitlement Grants CFDA 14.218
Empowerment Zone Program CFDA 14.244**

Condition: There was limited documentation of the City performing any monitoring of its subrecipients.

Criteria: OMB Circular A-133, the Empowerment Zone Programs and the Community Development Block Grants require that any grant subrecipients be monitored to ensure the use of federal awards in accordance with applicable laws and requirements.

Cause: Employees failed to document monitoring efforts. The City does not have a scheduling system in place to document when monitoring visits are to be conducted or who is to perform the monitoring.

Questioned Costs: There were no questioned costs related to this finding.

Effect: The City was not able to fully determine whether subrecipient use of the grant funds was in accordance with applicable laws and requirements in a timely manner.

Recommendation: The City should adequately document monitoring visits on subrecipients, and documentation of these visits and procedures performed should be retained in the subrecipient's grant file maintained by the City of Columbia.

Management Response: The Office of Community Development has been instructed that monitoring visits / documentation must be maintained for all grants.

2009-5 Allowable Costs

Community Development Block Grants/Entitlement Grants CFDA 14.218

Condition: The City was not able to document a vehicle purchased with CDBG funds that was used to carry out CDBG assisted activities.

Criteria: CDBG Regulations require all grant expenditures be for goods or services that benefit the grant's purpose. 24 CFR 570.506 identifies records that must be maintained to support activities assisted with CDBG funds. Federal regulations also require that proper records are maintained for equipment acquired with federal awards.

Cause: The City failed to maintain a log of the time and/or miles driven in support of CDBG related activities. The City does not have a formal policy requiring a log to be maintained.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Questioned Costs: \$15,316

Effect: Noncompliance with Allowable Costs/Costs Principles compliance requirement.

Recommendation: We recommend the City have someone knowledgeable of grant requirements review the proposed expenditure prior to approving payment and ensuring proper documentation is maintained on all expenditures.

Management Response: Management has agreed this was an unallowed cost item and will refund the federal grant for the expenditure. Also, internal workflow has been modified to include the Office of Finance to review all federal grant expenditures.

2009-6 Subrecipient Agreement

Empowerment Zone Program CFDA 14.244

Condition: The City failed to execute a subrecipient agreement containing the required items from OMB Circular A-133 Section .400 prior to making an award to the Columbia Empowerment Zone, Inc.

Criteria: HUD regulations and OMB Circular A-133 Section .400 requires the pass through entity to communicate certain items for any federal awards it makes.

Cause: Unknown.

Questioned Costs: There were no questioned costs related to this finding.

Effect: The City is not in compliance with OMB Circular A-133 Section .400.

Recommendation: The City should execute either a subrecipient agreement or other legal instrument that authorizes CEZ, Inc. to carry out the duties and responsibilities for such empowerment zone activities as have been approved by the governance board and contains the items required by OMB Circular A-133 Section .400.

Management response: The Office of Community Development has been instructed that subrecipient agreements are required to be executed before any grant funds are disbursed.

2009-7 Eligibility

Empowerment Zone Program CFDA 14.244

Condition: The Sumter-Columbia Empowerment Zone was not able to clearly document the use of the proceeds of a loan that were used in the Empowerment Zone to either acquire or support a business located in the Empowerment Zone consistent with the purpose of the approved Implementation Plan.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Criteria: Eligibility for the program requires that businesses receiving loans be physically located within the boundaries of the empowerment zone.

Cause: Individuals recommending the loan be made were not aware of the federal requirements.

Questioned Costs: \$179,000.

Effect: The City was not in compliance with 24 CFR 85.20(b)(3) which requires that effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets.

Recommendation: We recommend the City have someone knowledgeable of grant requirements review the proposed expenditure prior to disbursing funds.

Management Response: Management has refunded this loan under protest and has refunded the federal grant for the expenditure. Also, internal workflow has been modified to include the Office of Finance to review all federal grant expenditures.

2009-8 Eligibility

Empowerment Zone Programs CFDA 14.244

Condition: The Sumter-Columbia Empowerment Zone made a \$280,000 loan for the acquisition of commercial property with the intended purpose of leasing this property for use as office space.

Criteria: Eligibility for the program requires that loans not be made to existing businesses located outside the empowerment zone boundaries to assist them in locating within the empowerment zone boundaries.

Cause: Individuals recommending the loan be made were not aware of the federal requirements.

Questioned Costs: \$280,000.

Effect: The City violated the prohibition against the business relocation provisions found at 24 CFR Part 598.215 (c). There was also no evidence this loan met the Resident Benefit Standards found at 24 CFR Part 598.610. There were no provisions in the loan agreement to ensure that the recipient was made aware of and responsible to meet any outcomes or standards to ensure that Empowerment Zone residents benefited from this loan.

Recommendation: We recommend the City have someone knowledgeable of grant requirements review the proposed expenditure prior to disbursing funds.

Management Response: The loan has been repaid and credited to the federal grant. Also, internal workflow has been modified to include the office of Finance to review all federal fund expenditures.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

2009-9 Timely Submission of Reports

All Major Federal Programs

Condition: The data collection form for the year ended June 30, 2009, was not submitted on or before March 31, 2010.

Criteria: OMB Circular A-133 Subpart C, paragraph 320 subparagraph (a) states: “for fiscal years beginning on or after June 30, 1998, the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor’s report(s) or nine months after the audit period.”

Cause: The City’s financial statements were not completed prior to April 1, 2010, due to the Columbia Empowerment Zone, Inc., a component unit, not completing their financial statements in a timely manner.

Questioned Costs: There were no questioned costs related to this finding.

Potential Effect: The City of Columbia could be sanctioned by the Federal Government by either (a) withholding a percentage of the award until the audit is complete, (b) suspending the award until the audit is complete, or (c) terminating the award. The City was not in compliance with the reporting requirement.

Recommendation: The City of Columbia should adopt appropriate procedures to help ensure the timely submission of reports.

Response: The City Manager has instructed all component units that final financial information is required to be presented to the City by October 1. This should enable the City to meet submission deadlines.

2009-10 Special Reporting

Economic Adjustment Assistance CFDA 11.307

Condition: The amounts reported on lines III-C-14, III-D-20, V-C-9, and V-C-11 on the September 30, 2008, and March 31, 2009, ED-209S reports did not agree with amounts reported in the City’s general ledger.

Criteria: Where applicable, amounts on grant financial reports should agree with amounts reported in the entity’s general ledger.

Cause: The individual preparing the ED-209S reports did not compare the amounts on the report to the amounts reported in the City’s general ledger.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Questioned Costs: None.

Effect: The City was not in compliance with federal regulations requiring amounts on grant reports, where applicable, be supported by amounts recorded in the general ledger.

Recommendation: We recommend the City have someone in the Office of Finance review the report prior to submission to the grantor agency.

Management Response: The Office of Finance will review all federal grant reports prior to submission to the grantor agency.

**CITY OF COLUMBIA, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

All Major Programs

Finding 2008-8 Report Submission

Condition: The City of Columbia had not submitted the Data Collection Form to the Federal Clearing House prior to the March 31, 2009, deadline.

Recommendation: The auditor recommended policies and procedures be adopted that will help the City prepare its financial statements timely so that the March 31st deadline can be met.

Current Status: This is a repeat finding (Finding 2009-9) in 2009.

Community Development Block Grants/Entitlement Grant

Finding 2008-9 Subrecipient Monitoring

Condition: The City of Columbia failed to maintain documentation of monitoring visits.

Recommendation: The auditor recommended the City adequately document monitoring visits on subrecipients, and documentation of these visits and procedures performed should be retained in the subrecipient's grant file maintained by the City.

Current Status: This is a repeat finding (Finding 2009-4) in 2009.

Community Development Block Grants/Entitlement Grants

Finding 2008-10 Procurement Suspension and Disbarment

Condition: The City of Columbia failed to document their search to ensure contractors had not been suspended or disbarred prior to signing contracts with respective contractors.

Recommendation: The auditor recommended using checklists for all construction projects to help ensure compliance with grant requirements.

Current Status: No similar findings were noted in the 2009 audit.

All Major Programs

Finding 2008-11 Equipment Records

Condition: The City of Columbia's equipment records do not indicate the source funds used to acquire the equipment or the award number. The equipment records also do not indicate who holds title.

**CITY OF COLUMBIA, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

Recommendation: The auditor recommended the City maintain its individual equipment records such that all information required by federal regulations is available.

Current Status: The City is in the process of compiling the necessary information, and no further action is warranted.