

CITY OF COLUMBIA, SOUTH CAROLINA
Reports on Internal Control and Compliance
For the Year Ended June 30, 2008

CITY OF COLUMBIA, SOUTH CAROLINA
Columbia, South Carolina

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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, 2008, which collectively comprise the City of Columbia, South Carolina's basic financial statements and have issued our report thereon dated July 23, 2009. 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 opinions 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 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 statement 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 2008-1 through 2008-7 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 consider items 2008-2, 2008-3, 2008-4, 2008-5, and 2008-6 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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 are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2008-2.

We noted certain matters we reported to management of the City of Columbia, South Carolina in a separate letter dated July 23, 2009.

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.

A handwritten signature in blue ink that reads "Webster Rogers LLP". The signature is written in a cursive style.

Columbia, South Carolina
July 23, 2009

**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, 2008. 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.

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, 2008. However, the results of our auditing procedures disclosed 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 2008-8, 2008-9, 2008-10 and 2008-11.

Members

SC Association of Certified Public Accountants
NC Association of Certified Public Accountants

Member

Division for CPA Firms, AICPA

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 2008-9, 2008-10, and 2008-11 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 2008-9 and 2008-10 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, 2008. 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 July 23, 2009. 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.

Welsh & Rogers LLP

Columbia, South Carolina
July 23, 2009

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

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	\$ <u>2,362</u>
U.S. Department of Commerce		
Direct		
Geodetic Surveys and Services	11.400	<u>70,000</u>
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants/Entitlement Grants	14.218	1,665,906
Home Investments Partnership Program	14.239	1,037,126
Housing Opportunities for Persons with AIDS	14.241	1,239,164
Empowerment Zones Program	14.244	<u>1,549,211</u>
Total Direct Programs U.S. Department of Housing and Urban Development		<u>5,491,407</u>
U.S. Department of Justice		
Direct		
National Institute of Justice Research, Evaluation and Development		
Project Grants	16.560	7,862
Local Law Enforcement Block Grant	16.592	93,249
Bulletproof Vest Partnership Program	16.607	404
Public Safety Partnership and Community Policing Grants	16.710	5,201
Edward Byrnes Memorial Justice Assistance Grant	16.738	<u>13,220</u>
Subtotal Direct Programs		<u>119,936</u>
Pass through programs from:		
South Carolina Department of Public Safety		
Paul Coverdale Forensic Sciences Improvement Program	16.742	35,336
Anti-Gang Initiative	16.738	<u>84,401</u>
Subtotal Pass Through Programs		<u>119,737</u>
Total U.S. Department of Justice		<u>239,673</u>

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008
(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	\$ 17,190
Highway Planning and Construction	20.205	1,979,235
State and Community Highway Safety	20.600	<u>122,327</u>
Total U.S. Department of Transportation		<u>2,118,752</u>
Environmental Protection Agency		
Direct		
Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	<u>100,742</u>
U.S. Department of Homeland Security		
Pass through programs from:		
South Carolina State Law Enforcement Division		
Homeland Security Grant Program	97.067	<u>77,844</u>
Total Federal Awards		<u>\$ 8,100,780</u>

**CITY OF COLUMBIA, SOUTH CAROLINA
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008**

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, 2008, total \$2,466,335 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	\$991,511

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified Opinion		
Internal control over financial reporting:			
Material weaknesses identified?	<u> X </u>	yes	<u> </u> no
Significant deficiencies identified not considered being material weaknesses?	<u> X </u>	yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> X </u>	yes	<u> </u> no

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	<u> X </u>	yes	<u> </u> no
Reportable condition(s) identified that are not considered to be material weaknesses?	<u> X </u>	yes	<u> </u> none reported
Type of auditor’s report issued on compliance for major programs:	Unqualified Opinion		
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	<u> X </u>	yes	<u> </u> no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Loan Program
14.244	Empowerment Zones Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000		
Auditee qualified as low-risk auditee?	<u> </u>	yes	<u> X </u> no

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

II – Financial Statements Findings

2008-1 Timely Invoicing of Grant Expenditures

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

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

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 are having 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 claim is submitted after the deadline.

Recommendation: We recommend the City consistently follow adopted policies and procedures that establish specific criteria for when and how a grant will be billed.

Management Response: The procedure for grants and contracts is as follows: Effective December 21, 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 grants 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 the receipt. Any receivable, outstanding longer than 60 days, must be communicated to the Deputy Finance Director. This procedure is to be followed until revised.

2008-2 Compliance with Laws and Regulations

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

Condition: During our testing of disbursements of local hospitality tax revenue, we noted two disbursements of \$750,000 each that did not appear to meet any of the purposes authorized by Section 6-1-730. The funds were used by one non-public entity to construct a recreational facility. We were informed the other entity did not submit any documentation on the actual use of the funds.

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 by one non-public entity 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 other entity did not submit any documentation on the actual use of the

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

funds. The funds were appropriated for a purpose within the legislation and are silent with regards to sub-recipient non reporting of use. Per City policy, no additional funds have been advanced until said accounting is received.

2008-3 Compliance with City Procurement Policy

Criteria: City procurement policy requires all expenditures in excess of \$10,000 to be approved by City Council.

Condition: During the audit, we noted where the City disbursed funds to an entity in excess of six million dollars without documented approval from City Council.

Effect: Non-compliance with published procurement polices and procedures increases the risk an unauthorized purchase will not be detected.

Recommendation: We recommend the City more closely monitor compliance with its procurement policy.

Management Response: Management agrees the expenditures were disbursed without council approval and will reaffirm the desire to adhere to City policy.

2008-4 Depositing of Revenue

Criteria: Good business practices require that revenue be deposited intact in authorized bank accounts.

Condition: During the audit, we noted that the City sold a tract of land, and the proceeds from the sale were not deposited in a City bank account. Instead, the sale proceeds were remitted directly to a third party.

Effect: When cash resulting from a financial transaction is not deposited in the bank, it increases the risk the underlying transaction will not be properly recorded in the City's accounting records. This increases the risk that the financial statements prepared will not be accurate. It also increases the risk of fraudulent activity going undetected.

Recommendation: We recommend the City promptly deposit all cash receipts in a City bank account.

Management Response: Management agrees the receipt was not deposited and will reaffirm the desire to adhere to City policy.

2008-5 Review of Journal Entries

Criteria: Good business practices and City policies and procedures require the review of journal entries prior to them being posted to the accounting records.

Condition: The City did not consistently comply with its policy of having an independent review of a journal entry prior to its being recorded in the accounting records.

Effect: The purpose of the independent review of journal entries is to mitigate the risk of an incorrect or unauthorized entry being recorded in the accounting records. If this review is not performed, the risk of an incorrect or unauthorized entry increases.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Recommendation: We recommend that the City consistently follow its policy of requiring all journal entries to be reviewed prior to being posted.

Management Response: Management is strengthening controls over journal entry preparation and posting.

2008-6 Capital Assets

Criteria: Good business and accounting practices require the correct recording of all capital assets owned by the City. While the City has performed a physical inventory of its capital assets, the results of this inventory have not been correctly recorded in the City's detail capital asset listing.

Condition: The detail capital asset listing in the City's accounting records is not accurate. In order to generate accurate information, the asset listing in the accounting records has to first be exported to an excel spreadsheet for analysis.

Effect: The data generated by the City's capital asset information system is not reliable.

Recommendation: We recommend that the City enter the information obtained from the physical inventory of capital assets into the accounting system's capital asset module to include the source of funds used to purchase the asset.

Management Response: Management has changed the posting requirement of capital assets to include funding source information.

2008-7 Communicating Internal Control Matters

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.

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.

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

Recommendation: We recommend that 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.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

III – Federal Awards Findings:

2008-8 Report Submission

All Major Programs

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 end of the audit period.”

Condition: The City’s reporting package was not submitted to the Office of Management and Budget prior to the March 31, 2009, deadline.

Effect: The City could be sanctioned by the Federal government using the following sanctions:

- (a) Withholding a percentage of Federal awards until the audit is completed satisfactorily;
- (b) Withholding or disallowing overhead costs;
- (c) Suspending Federal awards until the audit is conducted; or
- (d) Terminating the Federal award(s).

Recommendation: The City should adopt policies and procedures to ensure that the City’s annual audit is performed and submitted in a timely manner.

Management response: Management has improved the procedures for reporting fraud and abuse. Additional measures are being discussed for implementation.

2008-9 Subrecipient Monitoring

Community Development Block Grants/Entitlement Grants

Criteria: OMB Circular A-133 and the Community Development Block Grants require that any grant subrecipients be monitored to ensure the use of Community Development Block Grant funds in accordance with applicable laws and requirements.

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

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.

Management Response: Management has internally communicated the need to document subrecipient monitoring.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

2008-10 Procurement and Suspension and Debarment

Community Development Block Grants/Entitlement Grants

Criteria: Non-federal entities are prohibited from contracting with or making sub awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. The verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA).

Condition: During our federal testing, we noted that the City lacked documentation of their search conducted to ensure that contractors had not been suspended or debarred prior to signing contracts with respective contractors.

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

Effect: Noncompliance with Procurement and Suspension and Debarment compliance requirements.

Recommendation: We recommend that the City implement the use of checklists for all construction projects to assist them with ensuring that they comply with the Procurement and Suspension and Debarment requirements along with all other compliance requirements. Management should adopt procedures for periodic review and documentation of such checklists.

Management Response: Management has internally communicated the need to document compliance with this requirement.

All Major Programs

2008-11 Equipment Records

Criteria: OMB Circular A-110 Subpart C paragraph 32 subparagraph (f) states that procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

Equipment records shall be maintained accurately and shall include the following information:

- a. A description of the equipment.
- b. Manufacturer's serial number, model number, federal stock number, national stock number, or other identification number.
- c. Source of the equipment, including the award number.
- d. Whether title vests with the recipient or the Federal Government.
- e. Acquisition date.
- f. Information from which one can calculate the percentage of Federal participation in the cost of the equipment.
- g. Location and condition of the equipment and the date the information was reported.
- h. Unit acquisition cost.
- i. Ultimate disposition data, including date of disposal and sales price.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Condition: The City's individual equipment records do not contain all of the above information on equipment purchased with federal awards.

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

Effect: The City's individual property records are not maintained in accordance with the requirements of OMB Circular A-110 as listed above in the criteria section.

Recommendation: The City should maintain its individual equipment records such that the information indicated in the criteria section is included.

Management response: Management has internally communicated the need to document compliance with this requirement.

**CITY OF COLUMBIA, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008**

All Major Programs

Finding 2007-16 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.

Corrective Action Taken: The Data Collection Form is planned on being submitted during August 2009.

Current Status: This is a repeat finding in 2008.

Housing Opportunity for Persons with AIDS Program

Finding 2007-17 Subrecipient Monitoring

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

Corrective Action Taken: The City of Columbia is writing policies and procedures to help ensure future monitoring procedures are adequately documented.

Current Status: This is a repeat finding in 2008.

Housing Opportunity for Persons with AIDS Program

Finding 2007-18 Reporting

Finding: The City of Columbia failed to submit required reports when due.

Corrective Action Taken: The City of Columbia is writing policies and procedures to help ensure future reporting deadlines are met.

All Major Programs

Finding 2007-19 Equipment Records

Finding: 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.

Corrective Action Taken: The City of Columbia is in the process of determining if the equipment record's software will allow this type input.

Current Status: This is a repeat finding in 2008.