



**Auditor of State
Betty Montgomery**

CITY OF CLEVELAND
CUYAHOGA COUNTY

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CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Agriculture			
Direct Programs:			
Summer Food Service Program for Children 2002	10.559	-	32,993
Summer Food Service Program for Children 2003	10.559	-	147,259
		Subtotal	<u>180,252</u>
		Total Department of Agriculture	<u>\$ 180,252</u>
Department of Energy			
Pass Through Programs:			
Ohio Department of Development:			
Weatherization Assistance for Low-Income Persons 2002	81.042	D-02-111	639,534
Weatherization Assistance for Low-Income Persons 2003	81.042	-	829,797
		Subtotal	<u>1,469,331</u>
		Total Department of Energy	<u>\$ 1,469,331</u>
Department of Health and Human Services			
Direct Programs:			
Healthy Start Initiative Yr 3	93.926	-	1,139,794
Healthy Start Initiative Yr 4	93.926	-	897,220
		Subtotal	<u>2,037,014</u>
NACCHO	93.283	-	8,368
		Subtotal	<u>8,368</u>
Pass Through Programs:			
Cuyahoga County Board of Health:			
Immunization Grants 2002	93.268	-	8,956
Immunization Grants 2003	93.268	-	84,525
		Subtotal	<u>93,481</u>
Cardiovascular Health	93.991	-	32,420
		Subtotal	<u>32,420</u>
Ohio Department of Health:			
Childhood Lead Poisoning Prevention 2002	93.197	18-2-01-1-BD-02	1,734
Childhood Lead Poisoning Prevention 2003	93.197	18-2-01-1-BD-03	232,429
Childhood Lead Poisoning Prevention 2003	93.197	18-2-01-1-BE-03	62,224
Childhood Lead Poisoning Prevention 2004	93.197	18-2-001-1-BD-04	199,595
		Subtotal	<u>495,982</u>
Sexually Transmitted Diseases Program 2001	93.977	18-2-01-P-BX-02	(1,363)
Sexually Transmitted Diseases Diagnosis & Treatment	93.977	-	50,174
Sexually Transmitted Diseases Diagnosis & Treatment 2003	93.977	-	102,391
		Subtotal	<u>151,202</u>
Federal AIDS Prevention 2002	93.944	-	131,092
Federal AIDS Prevention 2003	93.944	-	648,117
		Subtotal	<u>779,209</u>
Community Access Program 2003	93.252	-	201,385
Community Access Program 2004	93.252	-	14
		Subtotal	<u>201,399</u>

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Health and Human Services--continued			
Human Immunodeficiency Virus (HIV) 2003	93.944	-	134,430
Human Immunodeficiency Virus (HIV) 2003	93.944	-	2,707
		Subtotal	<u>137,137</u>
Ohio Department of Alcohol and Drug Addiction Services:			
Centerpoint/Reward 2003	93.959	-	124,475
Centerpoint/Reward 2004	93.959	-	139,118
Drug Management 2003	93.959	-	30,299
Student Assistance 2002	93.959	-	622
Student Assistance 2003	93.959	-	41,813
Student Assistance 2004	93.959	-	40,868
		Subtotal	<u>377,195</u>
Ohio Department of Development:			
Low-Income Home Energy Assistance 2002	93.568	H-02-111	572,198
Low-Income Home Energy Assistance 2003	93.568	-	894,963
		Subtotal	<u>1,467,161</u>
Supplemental Empowerment Zone - Title XX	93.585	G-98-01-244	134,377
		Subtotal	<u>134,377</u>
Total Department of Health and Human Services			<u><u>\$ 5,914,945</u></u>
Department of Housing & Urban Development			
Direct Programs:			
Community Development Block Grants:			
CDBG XXI	14.218	-	28,985
CDBG XXII	14.218	-	318,493
CDBG XXIII	14.218	-	617,826
CDBG XXIV	14.218	-	893,056
CDBG XXV	14.218	-	415,274
CDBG XXVI	14.218	-	2,193,695
CDBG Yr 27	14.218	-	6,579,034
CDBG Yr 28	14.218	-	15,109,061
CDBG Yr 29	14.218	-	10,019,247
CDBG Float Loan	14.218	-	366,439
CDBG - Home Ownership Zone - Sec 108LN	14.218	CDBG Funded	3,546,672
		Subtotal	<u>40,087,782</u>
Yr 28 Fair Housing Grant	14.218	CDBG Funded	82,254
Yr 29 Fair Housing Grant	14.218	CDBG Funded	30,221
SHAP/CHORE 2001-2002	14.218	CDBG Funded	(178)
SHAP/CHORE 2002-2003	14.218	CDBG Funded	81,129
SHAP/CHORE 2003-2004	14.218	CDBG Funded	56,389
Youth at Risk 28	14.218	CDBG Funded	51,624
CDBG AIDS Yr 27 FY2000	14.218	CDBG Funded	1,856
CDBG AIDS Yr 28	14.218	CDBG Funded	458,586
CDBG AIDS Yr 28	14.218	CDBG Funded	218,362
Project Clean yr29 CDBG	14.218	CDBG Funded	526,932
Direct Programs:			
Demolition and Board Up yr 29	14.218	CDBG Funded	651,317
Code Enforcement yr 29	14.218	CDBG Funded	441,000

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Housing & Urban Development--continued			
Safe Schools Program FY 2003	14.218	CDBG Funded	150,000
		Subtotal	<u>2,749,492</u>
Multifamily Property Disposition	14.199	-	6,790,644
		Subtotal	<u>6,790,644</u>
HOME Investment Partnerships Program 1992	14.239	-	1,006,427
HOME Investment Partnerships Program 1993	14.239	-	39,700
HOME Investment Partnerships Program 1995	14.239	-	75,416
HOME Investment Partnerships Program 1996	14.239	-	327,416
HOME Investment Partnerships Program 1997	14.239	-	630,560
HOME Investment Partnerships Program 1998	14.239	-	(145,057)
HOME Investment Partnerships Program 1999	14.239	-	1,036,046
HOME Investment Partnerships Program 2000	14.239	-	61,795
HOME Investment Partnerships Program 2001	14.239	-	1,810,065
HOME Investment Partnerships Program 2002	14.239	-	1,091,533
HOME Investment Partnerships Program 2003	14.239	-	319,700
		Subtotal	<u>6,253,601</u>
Emergency Shelter Grants Program 2000	14.231	-	83,340
Emergency Shelter Grants Program 2001	14.231	-	60,367
Emergency Shelter Grants Program 2002	14.231	-	916,924
		Subtotal	<u>1,060,631</u>
Housing Opportunities for Persons With Aids 2001	14.241	CDBG Funded	19,542
Housing Opportunities for Persons With Aids 2002	14.241	CDBG Funded	654,984
Housing Opportunities for Persons With Aids 2003	14.241	CDBG Funded	557,438
Housing Opportunities for Persons With Aids 2004	14.241	CDBG Funded	215,168
		Subtotal	<u>1,447,132</u>
Lead - Based Paint Hazard Control in Privately - Owned Housir	14.900	-	840,439
		Subtotal	<u>840,439</u>
Empowerment Zones Program	14.244	-	9,333,725
		Subtotal	<u>9,333,725</u>
Total Department of Housing and Urban Development			\$ <u>68,563,446</u>
Department of Justice			
Direct:			
Local Law Enforcement Block Grants Program 00	16.592	-	24,674
Local Law Enforcement Block Grants Program 01	16.592	-	1,885,812
Local Law Enforcement Block Grants Program 02	16.592	-	652,076
		Subtotal	<u>2,562,562</u>
Pass Through Programs:			
Ohio Office of Criminal Justice Services:			
Byrne Formula Grant Program 2002	16.579	00-DG-A-017424	42,748
Byrne Formula Grant Program 2003	16.579	-	784,494
		Subtotal	<u>827,242</u>
Violence Against Women Formula Grants 1996	16.588	-	95,789
Violence Against Women Formula Grants 1997	16.588	-	172,552
Violence Against Women Formula Grants 1999	16.588	98-WFVA2-8670	346,071
Violence Against Women Formula Grants 2001	16.588	00-WFVA2-8670	5,707
Violence Against Women Formula Grants 2002	16.588	01-WFVA2-8670	54,295
Violence Against Women Formula Grants 2003	16.588	02-WFVA2-8699	296,989
		Subtotal	<u>971,403</u>

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Justice--continued			
Juvenile Accountability Incentive Block Grants 2002	16.523	-	478,937
Juvenile Accountability Incentive Block Grants 2003	16.523	-	306,127
		Subtotal	<u>785,064</u>
Cops in School	16.710		1,116,770
		Subtotal	<u>1,116,770</u>
Distressed Neighborhoods	16.609	-	2,359,691
		Subtotal	<u>2,359,691</u>
Cops More Federal	16.726		620,539
		Subtotal	<u>620,539</u>
Bulletproof Vest Partnership Program 2001	16.607	-	45,298
		Subtotal	<u>45,298</u>
Law Enforcement Trust Fund	16.XXX	-	2,136,985
		Subtotal	<u>2,136,985</u>
		Total Department of Justice	<u>\$ 11,425,554</u>
Department of Treasury			
Direct Programs:			
G.R.E.A.T. 2001	21.053	ATC010045	694
G.R.E.A.T. 2002	21.053	ATC020121	28,488
		Subtotal	<u>29,182</u>
		Total Department of Treasury	<u>\$ 29,182</u>
Department of Labor			
Direct Programs:			
Urban/Rural Opportunities Grant	17.258		413,710
Youth Opportunity Area Grant	17.259	-	5,423,030
		Subtotal	<u>5,836,740</u>
Pass Through Programs:			
Ohio Department of Jobs and Family Services:			
WIA 2002	17.258	-	6,959,891
WIA 2003	17.258	-	5,549,735
WIA 2004	17.258	-	2,353,995
WIA Aging 2000-2001	17.258	-	(18,475)
WIA Aging 2003	17.258	-	120,039
WIA 2001-2002	17.258	-	18,475
WIA 2002-2003	17.258	-	74,689
WIA 2004	17.258	-	34,021
WIA SHARED COSTS/INTERDEPT CHG	17.258	-	(122,677)
		Subtotal	<u>14,969,693</u>
		Total Department of Labor	<u>\$ 20,806,433</u>
Department of Transportation			
Direct Programs:			
AIP FYOI LOI Award	20.106	-	24,825,700
		Subtotal	<u>24,825,700</u>
TSA Cooperative Agreement	20.XXX	-	1,025,872
		Subtotal	<u>1,025,872</u>
Federal Grant - Memphis Ave. Brooklyn	20.205	-	65,237
Federal - Memphis Ave.	20.205	-	505,407
		Subtotal	<u>570,644</u>

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grant/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
Department of Transportation--continued			
Pass Through Programs:			
Ohio Department of Transportation			
Brookpark Road Relocation	20.205	-	5,989,695
Uptown Shaker	20.205		(8,965)
Broadway-Miles	20.205		71,362
Bessemer Ave	20.205	-	(13,960)
Transportation Enhance TEA 21	20.205	-	437,718
Lakewood Hts. Blvd.	20.205	-	1,235,256
		Subtotal	<u>7,711,106</u>
		Total Department of Transportation	<u>\$ 34,133,322</u>
Environmental Protection Agency			
Direct Programs:			
Air Pollution Control Program Support 2002	66.001	-	214,271
Air Pollution Control Program Support 2003	66.001	-	1,904,401
Air Pollution Control Program Support 2004	66.001	-	575,846
		Subtotal	<u>2,694,518</u>
Pass Through Programs:			
Ohio Environmental Protection Agency:			
Air Pollution Control Program Support 1999	66.001	-	23,883
		Subtotal	<u>23,883</u>
Bio-Watch Program	66.810	-	4,447
		Subtotal	<u>4,447</u>
		Total Environmental Protection Agency	<u>\$ 2,722,848</u>
Department of Homeland Security			
Direct Programs:			
FEMA- Fire 2003	97.044	-	543,264
		Subtotal	<u>543,264</u>
FEMA- Federal	97.036	-	542,602
		Subtotal	<u>542,602</u>
		Department of Homeland Security	<u>\$ 1,085,866</u>
Department of the Interior			
Direct Programs:			
UPARR Bisbee Park	15.919	-	68,248
		Subtotal	<u>68,248</u>
Pass Through Programs:			
Ohio Department of Natural Resources			
Naturworks - Woodland Rec. Ctr.	15.916	-	100,000
		Subtotal	<u>100,000</u>
		Department of the Interior	<u>\$ 168,248</u>
		Grand Total	<u>\$ 146,499,427</u>

**CITY OF CLEVELAND
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Basis of Presentation:

The accompanying Schedule of Federal Awards Expenditures includes the federal grant activity of the City of Cleveland (the "City") and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Longwood Grant:

The United States Department of Housing and Urban Development (HUD) made available an UpFront grant to the City in connection with the demolition, rebuilding and redevelopment of the Longwood apartments.

The funding for the Plan is forecast to come from a variety of public and private sources, including, without limitation, tax-exempt bonds issued under Section 103 of the Internal Revenue Code of 1986, private sector equity derived from benefits associated with the low income housing tax credits, HUD section 221 (d)(4) mortgage insurance, HUD UpFront Grant Program Funds, and City general obligation bond, public utility, Housing Trust Fund, and NDA funds.

The UpFront Grant will be allocated and loaned to the Developer throughout the various phases of the project in accordance with a Promissory Note, Interest on this Note shall begin to accrue on April 1, 2006 at a fixed annual rate of 0.25% with this Note maturing on April 1, 2046.

Park Village

United States Department of HUD made available an UpFront Grant in the amount of \$981,836 for the rehabilitation of the Park Village Apartments.

In addition to the Upfront Grant, funding for the Plan includes, without limitation, a private lender first mortgage, a Community Development Block Grant Float Loan and private sector equity derived from benefits associated with low income housing tax credits.

The UpFront Grant funds are being loaned to the Developer in accordance with the Promissory Note. Interest on this Note began to accrue on March 19, 2003 at a fixed annual rate of 5.23% per annum with this Note maturing on March 19, 2033.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Cleveland
Cuyahoga County
601 Lakeside Avenue
Cleveland, OH 44114

To the Honorable Jane L. Campbell, Mayor, Members of Council, and the Audit Committee:

We have audited the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the City of Cleveland, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 18, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 18, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the City in a separate letter dated June 18, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 18, 2004



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT OF COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Cleveland
Cuyahoga County
601 Lakeside Avenue
Cleveland, OH 44114

To the Honorable Jane L. Campbell, Mayor, Members of Council, and the Audit Committee:

Compliance

We have audited the compliance of the City of Cleveland, Cuyahoga County, Ohio, (the City) 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 December 31, 2003. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City'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's compliance with those requirements.

In our opinion, the City 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 December 31, 2003. However, we noted certain immaterial instances of noncompliance applicable to its major federal programs that we have reported to management of the City in a separate letter dated June 18, 2004. The results of our auditing procedures also disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2003-002.

Internal Control Over Compliance

The management of the City 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'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the City as of and for the year ended December 31, 2003, and have issued our report thereon dated June 18, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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.

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



Betty Montgomery
Auditor of State

June 18, 2004

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 FOR THE YEAR ENDED DECEMBER 31, 2003

SCHEDULE OF FINDINGS

SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA# 14.199, Multifamily Property Disposition CFAD# 14.218, Community Development Block Grants CFDA# 14.244, Empowerment Zone Program CFDA# 14.239, Home Investment Partnerships Program CFDA# 17.258, W.I.A. – Adult CFDA# 17.259, W.I.A. – Youth Opportunity Area Grant CFDA# 20.106, Airport Improvement Program CFDA# 20.205, Highway Planning and Construction
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 3,000,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**CITY OF CLEVELAND
CUYAHOGA COUNTY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

**SCHEDULE OF FINDINGS
(CONTINUED)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Those comments with an asterisk (*) denote comments that were previously reported to management in the December 31, 2002 audit report for which corrective action has not been taken.

Finding Number	2003-001
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City of Cleveland, Codified Ordinance, Section 173.071, states "The members of Council shall be entitled to be reimbursed the cost of expenses incurred by them in the performance of their official duties in an amount not to exceed twelve hundred (\$1,200) per month."

During our testing of Council Member reimbursements, we discovered that for the month of June 2003 Kevin Conwell, submitted and received reimbursements for \$1,200 and \$999.08. Since the maximum reimbursement is \$1,200 Mr. Conwell was over reimbursed \$999.08.

In accordance with the forgoing facts, and pursuant to the Ohio Revised Code Section 117.28, a Finding for Recovery for public monies improperly expended is hereby issued against Kevin Conwell, Council Member, in the amount of \$999.08 and in favor of the City of Cleveland's General Fund.

On June 14, 2004, Mr. Conwell repaid \$1,000 to the City of Cleveland's General Fund.

Finding Number	2003-002 *
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The City's has implemented control procedures for the payroll process that involve the approval of time worked by employees each pay period. This approval is evidenced by a signature of the employee's supervisor on the employee's time sheet.

Police Department employees utilize a computerized time-keeping device called KMAN to record their time on a daily basis. Once each officer's data is entered into the system a Daily Duty Assignment (DDA) report is generated which summarizes the hours worked for all officers on the shift.

Cleveland Division of Police - Timekeeping Manual established the following policies and procedures:

§ III.2.2, states "The timekeeper shall prepare two copies of the Daily Duty Assignment report after entering all timekeeping data each day."

§ III.2.3, states "The Officer in Charge of the Unit will review the report for completeness and accuracy."

§ III.2.5, states "One copy shall be sent through the normal chain of command to the Inspection Unit."

§ III.2.6, states "One copy shall be retained at the Administrative Unit for a period of not less than three years."

Due to prior reports detailing noncompliance with these policies and procedures, the Cleveland Division of Police issued Division Notice #03-251, dated July 22, 2003, reminding all administrative units that the timekeeping manual requires "Two DDA reports shall be generated daily and each reviewed and signed by the unit/platoon Officer-in-Charge and the timekeeper. One of the DDA reports shall be forwarded through the chain of command to the Inspection Unit and one retained at the Administrative Unit."

**CITY OF CLEVELAND
CUYAHOGA COUNTY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

**SCHEDULE OF FINDINGS
(CONTINUED)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2003-002 *
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(Continued)

A test of 1,152 DDA reports disclosed that 264 were not signed/approved by the respective Officer-in-Charge, 36 could not be located, and 14 instances in which the employee was not listed on the DDA report provided. This resulted in a 27% error rate.

When the preliminary results were communicated to the Police Department, through the City's Internal Audit Manager, we received additional documentation. However, 21 of the DDA reports received were dated in 2004, instead of 2003. Furthermore, Police Departmental memos obtained indicated the DDA reports were being provided to the individuals who examined and approved the reports at that time for their current signature, instead of obtaining the reports that were originally signed. Based on these factors, we would not accept the additional information.

Community Oriented Policing Services (COPS) Distressed Neighborhoods Federal Grant, CFDA# 16.609

A test of 84 DDA reports from this federal program disclosed that 28 were not signed/approved by the respective Officer-in-Charge. This resulted in a 33% error rate.

The failure of the Police Department to provide supervisory approvals of DDA reports and the inability of the Department's monitoring controls to detect this weakness may result in the City compensating police officers for time not earned.

We recommend that all Daily Duty Assignment reports be reviewed and approved by the respective Officer-in-Charge. Also, when the DDA reports are received by the Inspection Unit they should be monitored for proper approvals. If the DDA is not approved then the Inspection Unit should return it for a proper approval. Finally, the Administrative and Inspection Units should establish formal procedures to ensure the DDA reports are properly safeguarded and filed.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2003-002 *
CFDA Title and Number	COPS – Distressed Neighborhoods, CFDA # 16.609
Federal Agency	Department of Justice

See finding number 2003-002.

**CITY OF CLEVELAND
CUYAHOGA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2003**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (B)**

Finding Number	Finding Summary	Fully Corrected?	Not corrected, partially corrected, different corrective action taken; finding no longer valid; Explain
2002-001	Wire transfers were not properly approved and they were not posted in a timely manner.	No	Transfers were properly approved but they were not posted timely. Matter reported in management letter.
2002-002	Several funds had negative cash balances contrary to legal requirement.	No	There were several funds with negative cash balances but they were not material. Matter reported in management letter.
2002-003	Police department time sheets were not properly approved.	No	Reported in current schedule of findings as item 2003-002.
2002-004	City was not monitoring compliance for HUD grant.	Yes	
2002 A-133 Letter	HUD report on Empowerment Zone Grants issued \$11,636,069 in Questioned Costs	No	City is contesting HUD report amount of Questioned Cost - remains unresolved.
2001-015	WIA contracts with United Labor Agency #57188 and \$58525	No	Partially corrected – The City is furnishing additional documentation on the remaining \$1,500,000 of Questioned Cost to the Ohio Department of Jobs and Family Services