

# City of Miami, Florida

Single Audit Reports in Accordance with  
OMB Circular A-133 and Chapter 10.550, *Rules of the  
Florida Auditor General*

Year Ended September 30, 2014

**City of Miami, Florida**

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**Independent Auditor's 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**

To the Honorable Mayor and Members of the  
City Commission  
City of Miami, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami, Florida (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2015. Our report includes a reference to other auditors who audited the following component units and funds, as described in our report on the City's financial statements:

<b>Component Units / Funds</b>	<b>Classification</b>
• Southeast Overtown Park West Redevelopment Agency	nonmajor special revenue fund
• Omni Redevelopment Agency	nonmajor special revenue fund
• Midtown Community Redevelopment Agency	nonmajor special revenue fund
• Virginia Key Beach Park Trust	nonmajor special revenue fund
• Liberty City Community Revitalization District Trusts	nonmajor special revenue fund
• Firefighters' and Police Officers' Retirement Trust	aggregate remaining fund information
• General Employees' and Sanitation Employees' Retirement Trust and Other Managed Trusts	aggregate remaining fund information
• Miami Sports and Exhibition Authority	discretely presented component unit
• Downtown Development Authority	discretely presented component unit
• Bayfront Park	discretely presented component unit
• Civil Investigative Panel	discretely presented component unit
• Coconut Grove Business Improvement District	discretely presented component unit
• Wynwood Business Improvement District	discretely presented component unit

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes emphasis of matter paragraphs relating to the City's adoption of Government Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities* and the City's pension plans adoption of GASB Statement 67, *Financial Reporting for Pension Plan*.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McGladrey LLP*

Miami, Florida  
March 25, 2015



**Independent Auditor's Report on Compliance for Each Major  
Federal Program and State Project; Report on Internal Control  
Over Compliance; and Report on the Schedule of Expenditures of  
Federal Awards and State Financial Assistance Required By  
OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General***

To the Honorable Mayor and Members of the  
City Commission  
City of Miami, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited City of Miami, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2014. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards and OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, 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 or state project occurred. 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 on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program and State Project**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2014.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, 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 CF 2014-01, CF 2014-02, CF 2014-03, CF 2014-04, CF 2014-05, CF 2014-06, CF 2014-07, and CF 2014-08. Our opinion on each major federal program and state project is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items IC 2014-01, IC 2014-02, IC 2014-03, IC 2014-04, IC 2014-05, IC 2014-06, IC 2014-07, and IC 2014-08 that we consider to be a significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

**Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General***

We have audited the financial statements of the City as of and for the year ended September 30, 2014, and have issued our report thereon dated March 25, 2015, which contained an unmodified opinion on those financial statements, and included a reference to other auditors and emphasis of matter paragraphs for the City's adoption of GASB Statements 65 and the City's pension plans adoption of GASB 67. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

*McGladrey LLP*

Miami, Florida

June 5, 2015, except for the Schedule of Expenditures of Federal Awards and State Financial Assistance for which the date is March 25, 2015

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
<i>Pass-Through Miami Dade County, Florida</i>			
Supplemental Nutrition Assistance Program (SNAP)	10.551	WS-CC-PY-13-13-00	\$ 79,748
<b>Total SNAP Program Cluster</b>			<b>79,748</b>
<i>Pass-Through Florida Department of Health</i>			
Child and Adult Care Food Program	10.558	A-2384 S-576	139,497 34,709
			<b>174,206</b>
<i>Pass-Through Florida Department of Education</i>			
Summer Food Service Program for Children	10.559	04-0899	531,444
<b>Total U.S. Department of Agriculture</b>			<b>785,398</b>
<b><u>U.S. Department of Commerce</u></b>			
<i>Pass-Through Florida Department of Environmental Protection</i>			
Coastal Zone Management Administration Awards	11.419	CM311	13,198
<b>Total U.S. Department of Commerce</b>			<b>13,198</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-120013 B-06-MC-120013 B-07-MC-120013 B-08-MC-120013 B-09-MC-120013 B-10-MC-120013 B-11-MC-120013 B-12-MC-120013 B-13-MC-120013 B-14-MC-120013 B-08-MN-12-0016 B-11-MN-12-0016	375,799 415,139 716,599 1,200,205 262,464 628,486 678,820 180,274 5,141,984 1,390,641 29,559 1,619,485
			<b>12,639,455</b>
Emergency Solutions Grant Program	14.231	E-11-MC-120002 E-12-MC-120002 E-13-MC-120002 E-14-MC-120002 S-10-MC-120002	32,164 8,589 182,905 148,009 78
			<b>371,745</b>
<i>Federal Pass-Through Miami-Dade County, Florida</i>			
Supportive Housing Program	14.235	FL0189L4D001205 FL0190L4D001205 FL0211L4D001205	294,669 142,375 257,487
			<b>694,531</b>



City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
Home Investment Partnerships Program	14.239	M-05-MC-120211	760,082
		M-07-MC-120011	6,114
		M-09-MC-120011	242,888
		M-10-MC-120011	375,038
		M-11-MC-120011	547,718
		M-12-MC-120011	1,668,564
		M-06-MC-120211	14,865
		M-14-MC-120011	434,697
		<u>4,049,966</u>	
Housing Opportunities for Persons with AIDS	14.241	F-LH-09-F005	26,049
		F-LH-10-F005	346,551
		F-LH-11-F005	11,549
		F-LH-12-F005	1,424
		F-LH-13 -F005	6,323,539
		F-LH-14-F005	4,532,422
		<u>11,241,534</u>	
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	FL145MR0001	1,778,601
		FL145MR0002	561,603
		<u>2,340,204</u>	
Section 8 Housing Choice Vouchers	14.871	FL145VO0001	1,776,796
<b>Total U.S Department of Housing and Urban Development</b>			<u>33,114,231</u>
<b><u>U.S. Department of Justice</u></b>			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2012 DN-BX-K016	40,576
Equitable Sharing Program	16.922	not applicable not applicable	344,478 342,246
			<u>686,724</u>
<i>Pass-through Office of the Attorney General</i> Crime Victim Assistance	16.575	V12185 V13185	562 28,416
			<u>28,978</u>
ARRA-Public Safety Partnership and Community Policing Grants Recovery	16.710	2011ULWX0010	1,562,486
		2013ULWX0011	301,299
		2009RJWX0026	412,940
		<u>2,276,725</u>	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2712	118,865
		2013-DJ-BX-0448	286,780
<i>Pass-through Miami-Dade County, Florida</i> Edward Byrne Memorial Justice Assistance Grant Program		Miami RI 2014 SRO 2014	15,728 14,819
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government Recovery	16.804	# 2009-SB-B9-3068	70,697
<b>Total JAG Cluster</b>			<u>506,889</u>
<b>Total U.S Department of Justice</b>			<u>3,539,892</u>

**City of Miami, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2014**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Grant/Contract Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Labor</u></b>			
<i>Federal Pass-through Miami-Dade County, Florida</i> ARRA-Unemployment Insurance	17.225	WS-CC-PY-13-13-00	39,136
WIA Adult Program	17.258	WS-CC-PY-13-13-00	126,044
<i>Pass-through South Florida Workforce Investment Board</i> WIA Adult Program	17.258	WS-CC-PY 11-13-00	10,080
<i>Pass-through Miami- Dade County, Florida</i> WIA Dislocated Worker Formula Grants	17.278	WS-CC-PY-13-13-00	168,665
<b>Total WIA Cluster</b>			<u>304,789</u>
<b>Total U.S. Department of Labor</b>			<u>343,925</u>
<b><u>U.S. Department of Transportation</u></b>			
<i>Pass-through Florida Department of Transportation</i> Highway Planning and Construction	20.205	AQK54/FM# 420907-1 AFQF49/418334-2 AP 150	16,444 133,936 438
			<u>150,818</u>
<i>Pass-through Florida Division of Transportation</i> National Priority Safety Programs	20.616	ARJ12 ARB27	71,174 69,155
			<u>140,329</u>
<b>Total U.S. Department of Transportation</b>			<u>291,147</u>
<b><u>U.S. Department of Energy</u></b>			
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) Recovery	81.128	DE-EE0000778	57,917
<b>Total U.S. Department of Energy</b>			<u>57,917</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Pass-through Miami-Dade County, Florida</i> Temporary Assistance for Needy Families	93.558	WS-CC-PY-13-13-00	391,794
<i>Pass-through South Florida Workforce Investment Board</i> Temporary Assistance for Needy Families	93.558	WS-CC-PY 11-13-00	54,599
<b>Total U.S. Department of Health and Human Services</b>			<u>446,393</u>

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
 Year Ended September 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
<b><u>Executive Office of the President</u></b>			
<i>Pass-through South Florida HITDA/ Monroe County Sheriffs</i>			
High Intensity Drug Trafficking Areas Program	95.001	HITDA Letter July 10, 2013	43,820
		HITDA Letter Sept. 11, 2012	1,527
		HITDA Letter Nov 06,2012	10,984
<b>Total Executive Office of the President</b>			<b>56,331</b>
<b><u>U.S. Department of Homeland Security</u></b>			
National Urban Search and Rescue Response System	97.025	EMW-2011-CA-00067-S01	14,092
		EMW-2012-CA-K00015	328,307
		EMW-2013-CA-K00016	638,956
<i>Federal Pass-through State of Florida</i>			
National Urban Search and Rescue Response System	97.025	EMW-95-k-4718	89,280
			<b>1,070,635</b>
Assistance to Firefighters Grant	97.044	EMW-2010-FO-11434	128,632
		EMW-2011-FO-09623	3,976
		EMW-2012-FO-06964	35,127
			<b>167,735</b>
<i>Pass Through-State of Florida Division of Emergency Management</i>			
Pre-disaster Mitigation	97.047	LPDM-PJ-04-FL-2009-006	640,326
Homeland Security Grant Program	97.067	12DS-A1-11-23-02-428	163,231
		12DS-22-11-23-02-236	6,946,405
		121-DS-20-13-00-16	48,766
		13-DS-97-13-00-16-409	46,312
		14-DS-C5-11-23-02-212	4,962,920
		14-DS-L2-11-23-02-413	822,548
			<b>12,990,182</b>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2012-FH-00828	1,887,723
		EMW-2011-FH-00899	2,101,214
			<b>3,988,937</b>
<b>Total U.S. Department of Homeland Security</b>			<b>18,857,815</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 57,506,247</b>

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
 Year Ended September 30, 2014

State Grantor/Pass-through Grantor/Program Title	CSFA Number	Grant/Contract Number	State Expenditures
<b><u>Department of Environmental Protection</u></b>			
Local Economic Development Initiatives	40.012	not applicable	\$ 1,000,000
<b>Total Department of Environmental Protection</b>			<u>1,000,000</u>
<b><u>Florida Housing Finance Corporation</u></b>			
State Housing Initiatives Partnership (SHIP) Program	52.901	not applicable	88
		not applicable	689,463
		not applicable	134,404
		not applicable	4,679
		not applicable	3,574
		not applicable	37,419
<b>Total Florida Housing Finance Corporation</b>			<u>869,627</u>
<b><u>Department of Transportation</u></b>			
Public Transit Service Development Program	55.012	AQW24 / FM# 430987-1 AP993	183,742
			243,945
<b>Total Department of Transportation</b>			<u>427,687</u>
<b><u>Department of Health</u></b>			
Emergency Medical Services (EMS) Matching Awards	64.003	Grant ID Code M2035	238,000
<i>Pass-through Miami-Dade County, Florida</i>			
County Grant Awards	64.005	EMS County Grant #C0013	37,502
<b>Total Department of Health</b>			<u>275,502</u>
<b><u>Florida Agency for Persons with Disabilities</u></b>			
Developmental Disabilities & Family and Supported Living 2011-2014	67.011	not applicable	162,444
<b>Total Florida Agency for Persons with Disabilities</b>			<u>162,444</u>
<b><u>Fish and Wildlife Conservation Commission</u></b>			
Florida Boating Improvement Program	77.006	FWC Contract # 12240	8,856
<b>Total Fish and Wildlife Conservation Commission</b>			<u>8,856</u>
<b>Total Expenditures of State Financial Assistance</b>			<b><u>\$ 2,744,116</u></b>

City of Miami, Florida

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2014

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**Note 1. General and Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal programs and state awards of the City of Miami, Florida (the "City") for the year ended September 30, 2014. All expenditures related to federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position or cash flows, where applicable, of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

**Note 2. Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting since grants are accounted for in the governmental fund types of the City. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* and the Rules of the Department of Financial Services, State of Florida, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Subrecipients**

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

<b>Name of Program/Project</b>	<b>CFDA No.</b>	<b>Amount Provided to Subrecipients</b>
Community Development Block: Grant/Entitlement Grant Cluster	14.218	\$ 1,340,017
Homeland Security Grant Program:		
Program V 2010	97.067	171,216
Program V 2011	97.067	6,517,965
Program V 2012	97.067	3,016,503
Total Homeland Security Grant Program		<u>9,705,684</u>
<b>Total</b>		<u><u>\$ 11,045,701</u></u>

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2014**

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**I - Summary of Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified?	_____ Yes	_____ X	_____ None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified?	_____ X	_____ Yes	_____ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

	_____ X	_____ Yes	_____ No
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Identification of major programs:

The programs tested as major were as follows:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunities for Persons with AIDS
14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation
14.871	Section 8 Housing Choice Vouchers
16.710	Public Safety Partnership and Community Policing Grants Recovery (ARRA)
97.083	Staffing for Adequate Fire and Emergency Response
97.067	Homeland Security Grant
<u>Program Cluster</u>	
16.738	Edward Byrne Memorial Justice Assistance Grant
16.804	Edward Byrne Memorial Justice Assistance Grant (ARRA)

Dollar threshold used to distinguish between type A and type B programs: \$ 1,725,187

Auditee qualified as low-risk auditee?

	_____ Yes	_____ X	_____ No
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(Continued)

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2014**

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**Section I - Summary of Auditor's Results (Continued)**

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?	_____ Yes	X	_____ No
Significant deficiency(ies) identified?	_____ Yes	X	_____ None Reported

Type of auditor's report issued on compliance for major projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Florida Auditor General*?

_____ Yes	X	_____ No
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Identification of major projects:

The projects tested as major were as follows:

CSFA Number(s)

52.901

40.012

Name of State Program

State Housing Initiatives Partnership Program

Local Economic Development Initiatives

Dollar threshold used to distinguish between type A and type B projects:

\$300,000

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2014**

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**Section II – Financial Statements Findings**

A. Internal Control

None reported.

B. Compliance

None reported.



**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2014**

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**Section III – Federal Awards Findings and Questioned Costs**

A. Internal Control over Compliance

**IC 2014-01 – Equipment and Real Property Management**

U.S. Department of Justice  
JAG Program Cluster  
CFDA Nos. 16.738 and 16.804 (ARRA)

Criteria: In accordance with OMB Circular A-102 Common Rule, an appropriate system must be in place to manage and safeguard equipment acquired with federal funds. Property records must include a description of the property, a serial number or other identification number, funding source of the property, who holds title, the acquisition date, cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property, and ultimate disposition data, including the date of disposal, and sale price of the property. A physical inventory of equipment should be taken at least once every two years, and reconciled to the asset records.

Condition: We noted that an inventory listing representing equipment acquired with grant funds was not maintained and management has not performed a physical inventory in the past two years.

Context: See “Condition” above.

Questioned Costs: \$405,645 (fiscal year 2014 equipment purchases).

Cause: Lack of effective administrative oversight of the program.

Effect: This could result in improper accounting for assets held, improper disposition, and misappropriation of items acquired with federal funds.

Recommendation: We recommend that the department adhere to its established internal control policies and procedures which require the maintenance of a complete and accurate inventory listing and the performance of a physical inventory at least every two years.

Views of Responsible Official and Planned Corrective Actions: We concur with the auditor’s observation. The City will implement procedures whereby the inventory listing will include the attributes required by OMB A-102 Common Rule. In addition, the inventory will be at least every two years.

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2014**

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**IC 2014 – 02 Procurement, Suspension and Debarment**

U.S. Department of Justice  
JAG Program Cluster  
CFDA Nos. 16.738 and 16.804 (ARRA)

Criteria: Non-federal entities are precluded from contracting with or making sub-awards for covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. When a non-federal entity enters in a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by searching the excluded parties list maintained at *sam.gov*, collecting a certification from the entity, or adding a clause or condition to the contract for the covered transaction with that entity.

Condition: We noted no documentation evidencing that the City complied with the federal requirements for verifying the suspension and debarment of vendors used in the program. The City's policy requires that vendors be verified at *sam.gov*, management collect a certification from the vendor regarding suspension and debarment, and/or a clause be included in the vendor contract.

Context: There was no documentation evidencing that the City complied with the federal requirements for verifying suspension and debarment for two of two vendors selected for testing.

Questioned Costs: Not applicable.

Cause: The City's established policies and procedures for addressing federal requirements related to suspension and debarment were not adhered to during the vendor procurement process.

Effect: Possible non-compliance with federal requirements for procurement, suspension & debarment.

Recommendation: We recommend that management adhere to the City's established policies and procedures requiring that vendors be verified at *sam.gov*, management collect a certification from the vendor regarding suspension and debarment and/or a clause be included in the vendor contract to comply with federal requirements.

Views of Responsible Official and Planned Corrective Actions: We concur with the auditor's observation. The City is in the process of updating its procedures by ensuring that where a project is funded with Federal awards, contracting officers subject the vendor to a check at *sam.gov*, and therefore ensure compliance with federal requirements.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2014**

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**IC 2014 – 03 Reporting**

U.S. Department of Homeland Security  
Staffing for Adequate Fire and Emergency Response  
CFDA No. 97.083

Criteria: Grantees must submit *Programmatic Quarterly Performance Reports* within 30 days of the end of each grant quarter. Grant quarters are based on the grant's period of performance and not on the calendar or fiscal year.

Condition: We noted that *Programmatic Quarterly Performance Reports* were not submitted timely to the grantor.

Context: Two of two *Programmatic Quarterly Performance Reports* selected for testing were not submitted to the grantor within 30 days of the end of each grant quarter as required by the program guidelines.

Questioned Costs: Not applicable.

Cause: Financial information required to be included in the *Programmatic Quarterly Performance Reports* were not readily available to allow for the completion and filing of the reports in a timely manner.

Effect: Failure to comply with program reporting requirements may result in a disallowance of program expenditures and/or loss of future grant funding.

Recommendation: We recommend that the City implement internal control policies and procedures necessary to allow for ongoing compliance with the reporting requirements of the grant program.

Views of Responsible Official and Planned Corrective Actions: The Department is now utilizing the due date criteria as set forth in the reporting requirement section (page 10) of the "SAFER Grants Management 101 Webinar for FY 2009/2010 Grantees" document which specifically addresses the Programmatic Quarterly Performance Reports due dates.

Aware of the 30 day window for submission, the Program Manager and Budget Unit will be proactively collecting the data needed after the end of each grant quarter and the completion of the report will take priority over previously scheduled tasks to ensure compliance within the 30 day window for submission.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2014**

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**IC 2014 – 04 Reporting**

U.S. Department of Homeland Security  
Homeland Security Grant Program  
CFDA 97.067

Criteria: 2 CFR Section 215.52 requires that financial reports submitted to grantors be accurate, complete and supported by accounting records.

Condition: Financial information reported to the grantor in six *Quarterly Status Reports* were not supported by and/or reconciled to the accounting records of the City.

Context: Six of fifteen quarterly reports selected for testing were not supported by and/or reconciled to the accounting records of the City.

Questioned Costs: Not applicable.

Cause: The *Quarterly Status Reports* were not subjected to supervisory review and were not reconciled to the expenditures incurred for the period being reported on.

Effect: Non-compliance with the quarterly reporting requirements of the grant program and incorrect financial data may have been reported to grantor.

Recommendation: We recommend that the City implement internal controls policies and procedures requiring that all financial reports be formally reconciled to the underlying financial accounting records and be reviewed and approved by supervisory personnel prior to submission to the grantor.

Views of Responsible Official and Planned Corrective Actions: We concur with the auditor's observation. However, there were technical issues in the accounting system that resulted in several adjustments being made via journal entries. Those journal entries were prepared after submission of the reports and therefore, differences resulted. Further, depending on the date that the financial information is downloaded from Oracle, there could be discrepancies between the report and the information in PnG. Note that as of the end of the year, the City and the grantor reconciled. That is, all reimbursable expenditures have been reported and the amounts reimbursed as evidenced by the Close-Out report that was provided to the auditor for the 2011 and 2012 grant years.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2014**

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**IC 2014 – 05 Reporting**

U.S. Department of Housing and Urban Development  
Section 8 Housing Choice Vouchers  
CFDA No. 14.871

Criteria: The Uniform Financial Reporting Standards (24 CFR section 5.801) require grantees to submit timely GAAP-based unaudited and audited financial information electronically to HUD on the Financial Assessment Sub-system, FASS-PH.

Condition: We noted that GAAP-based unaudited and audited financial information was not electronically submitted to HUD on the Financial Assessment Sub-system (FASS-PH), as required by program guidelines.

Context: See “Condition” above.

Questioned Costs: Not applicable.

Cause: Management was not aware that the GAAP-based unaudited and audited financial information was required to be specifically submitted to HUD on the Financial Assessment Sub-system (FASS-PH).

Effect: Failure to comply with program reporting requirements may result in a disallowance of program expenditures and/or loss of future grant funding.

Recommendation: We recommend that the City implement internal control policies and procedures necessary to allow for the ongoing compliance with the reporting requirements of the grant program.

Views of Responsible Official and Planned Corrective Actions: The City of Miami uploads their audited financial statements onto the City of Miami’s website which is available to the general public and also submitted to the HUD Centralized Financial system. In our discussion with HUD, HUD has indicated that the current upload of the City’s financial statements to HUD’s centralized system is not sufficient since it does not cover the 12 months ending March 31, 2014 (HUD’s fiscal year). HUD has therefore requested that the Department obtain an audit of the Section 8 Voucher program covering HUD’s fiscal year going forward. Interim unaudited financial statements are scheduled for submission for the period ending 03/31/2015, using HUD’s FASS-PH system on or before 05/31/2015, to comply with the reporting requirements of HUD. Audited financial statements will need to be submitted on or before 11/30/2015, for the period ending 03/31/2015, upon completion of that audit. The Department will be working with the City’s Finance Department to procure an auditor for the purpose of performing a program specific audit that covers the period requested by HUD, as soon as possible.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2014**

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**IC 2014 – 06 Reporting**

U.S. Department of Housing and Urban Development (HUD)  
Section 8 Housing Choice Vouchers  
CFDA No. 14.871

Criteria: Grantees are required to submit *Form HUD-50058, Family Report* electronically to HUD each time the grantee completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The grantee must also submit the *Family Report* when a family ends participation in the program or moves out of the grantee's jurisdiction under portability. The *Family Report* is required to be submitted to HUD within 60 days of the "effective date of action", as listed on line 2b of the report.

Condition: We noted that *Form HUD-50058, Family Reports*, were not always filed in a timely manner, which is within 60 days of the "effective date of action" as listed on line 2b of the reports.

Context: Two of thirteen reports selected for testing were not filed timely.

Questioned Costs: Not applicable.

Cause: Lack of effective administrative oversight of the program.

Effect: Failure to comply with program reporting requirements may result in a disallowance of program expenditures and/or loss of future grant funding.

Recommendation: We recommend that the City implement internal control policies and procedures necessary to allow for the ongoing compliance with the reporting requirements of the grant program.

Views of Responsible Official and Planned Corrective Actions: The City's PHA Administrative Plan, approved by City Commission contains the policies and procedures for the implementation of the Section 8 Housing Voucher program. Form HUD-50058 is completed for every client whenever there is a new admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The City's Department of Community and Economic Development ("Department") has reviewed these files and agrees that the forms were submitted outside the regulatory required 60 days.

The manner in which Section 8 regulations and performance measures are designed allows and accounts for these instances where information or case specific scenarios do not allow for meeting the 60-day rule. Even though the City strives for 100% efficiency and correctness, the Section 8 program understands that this is sometimes not achievable due to conditions and situations outside the control of staff.

For this very same reason, federal regulations under 24 CFR § 985.103 categorizes a Public Housing Agency (PHA) performing at 90% of efficiency or higher, based on the Section 8 Management Assessment Program (SEMAP) report, as a "High Performing" PHA. The City has been a High Performing PHA for over 10 years. In addition, a PHA that scores 60% to 89% is considered a "Standard" PHA, not a "Troubled" PHA.

By not looking at these submittals as a percentage of all Form 50058 submitted within the 60 days instead of individual submissions, this finding puts a stricter requirement than HUD on the City. The Department understands that even as a High Performing PHA there is room for improvement and will continue to strengthen the current internal control policies with additional quarterly quality control of all Section 8 files by the Director's office to ensure the attainment of 100% HUD Form 50058 submittals within the required 60 days.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2014**

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**IC 2014 – 07 Allowable Costs/Cost Principles**

U.S. Department of Housing and Urban Development (HUD)

- Section 8 Moderate Rehabilitation  
CFDA No. 14.856
- Section 8 Housing Choice Vouchers  
CFDA No. 14.871

Criteria: Grantees must maintain complete and accurate accounts and other records for programs in accordance with HUD requirements.

Condition: We noted the following deficiencies related to records kept on file for the program participants:

Section 8 Voucher Program

- One participant's lease agreement did not include the names of the landlord and tenant.
- One participant's lease agreement was not signed by the tenant.
- Two participants' lease agreement did not cover rental period for which expenditures were being charged to the program.
- One participant's housing assistance payment contract (HUD Form 52641) did not list an effective date and/or date range (rental period) for which expenditures were being charged to the program.

Section 8 Moderate Rehabilitation

- Five participants' housing assistance payment contract was not signed by the City Manager indicating proper review and approval of contract terms.

Context:

Section 8 Voucher Program

- Exceptions were noted in five of sixty participant files selected for testing.

Section 8 Moderate Rehabilitation

- Exceptions were noted in one of sixty participant files selected for testing.

Questioned Costs:

- Section 8 Voucher Program – \$4,227
- Section 8 Moderate Rehabilitation – \$3,325

Cause: Lack of effective administrative oversight of the program.

Effect: Failure to maintain complete and accurate accounts and other records for the program may result in a disallowance of program expenditures and/or loss of future grant funding.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2014**

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Recommendation: We recommend that the City's Department of Community and Economic Development adhere to its internal control policies and procedures to allow for ongoing compliance with HUD requirements to maintain complete and accurate accounts and other records for the program.

Views of Responsible Official and Planned Corrective Actions: The City of Miami's Department of Community and Economic Development ("Department") has reviewed all the pertinent files represented by the above findings and agree with the deficiencies noted. The Section 8 Voucher and Moderate Rehabilitation Programs are paper intensive programs with numerous forms and documents that requires that all forms and documents are in perfect alignment. It is therefore not surprising that for such a high paper intensive program, typos, scrivener's errors or outright omission of pertinent information can occur. The high occurrence of these deficiencies is attributed to staff turnover due to retirement and changes in the Program Manager position during the program year. The unit is now fully staffed and the new Program Manager and Client Support Specialists are undergoing training. The Department will strengthened the current internal control policies by adding quarterly quality control review of all Section 8 files by the Director's office.

Please note that all the deficiencies noted are mainly of an administrative nature and not directly related to Program Eligibility or non-adherence to the Section 8 Administrative Plan.



**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2014**

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**IC 2014 – 08 Reporting**

U.S. Department of Housing and Urban Development (HUD)  
Section 8 Moderate Rehabilitation  
CFDA No. 14.856

Criteria: Grantees are required to file the following reports on Section 8 project-based programs involving public housing agencies and private owners:

- HUD-52663, Requisition for Partial Payment of Annual Contributions. The report is required to be filed 90 days prior to the HUD fiscal year-end.
- HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement. The report is required to be filed within 45 days of HUD's fiscal year-end.

Condition: We noted *HUD-52663, Requisition for Partial Payment of Annual Contributions* and *HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement* reports were not filed by the reporting deadlines stated in the "Criteria" above.

Context: See "Condition" above.

Questioned Costs: Not applicable.

Cause: Lack of effective administrative oversight of the program.

Effect: Failure to comply with program reporting requirements may result in a disallowance of program expenditures and/or loss of future grant funding.

The late filing of *HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement (the report)* resulted in a delay for the City receiving grant program funding for the period from March 2014 thru October 2014. Funding was ultimately received after the filing of the report in October 2014 by the City.

Recommendation: We recommend that the City adhere to its established internal control policies and procedures in order to comply with the reporting requirements of the grant program.

Views of Responsible Official and Planned Corrective Actions: The condition noted above occurred due to a turnover in the position of the Assistant Director for Finance in the Department. The City worked with HUD to submit the required reports. To prevent this from happening in the future, Forms HUD-52663 and 52681 has been added to our schedule of external reports which are monitored in the Director's office to ensure that the turnover of staff does not result in late submission of the reports in future. In addition, other staff in the Finance unit will be trained in the completion of the forms to provide extra redundancy in case of an emergency or staff turnover.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2014**

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B. Compliance

**1. CF 2014 – 01 Equipment and Real Property Management**

- U.S. Department of Justice  
JAG Program Cluster  
CFDA Nos. 16.738 and 16.804 (ARRA)

See Section III – Federal Awards Findings and Questioned Costs  
IC 2014-01 – Equipment and Real Property Management

**2. CF 2014 – 02 Procurement, Suspension and Debarment**

- U.S. Department of Justice  
JAG Program Cluster  
CFDA Nos. 16.738 and 16.804 (ARRA)

See Section III – Federal Awards Findings and Questioned Costs  
IC 2014 – 02 Procurement, Suspension and Debarment

**3. CF 2014 – 03 Reporting**

- U.S. Department of Homeland Security  
Staffing for Adequate Fire and Emergency Response  
CFDA No. 97.083

See Section III – Federal Awards Findings and Questioned Costs  
IC 2014 – 03 Reporting

**4. CF 2014 – 04 Reporting**

- U.S. Department of Homeland Security  
Homeland Security Grant Program  
CFDA 97.067

See Section III – Federal Awards Findings and Questioned Costs  
IC 2014 – 04 Reporting

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2014**

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**5. CF 2014 – 05 Reporting**

- U.S. Department of Housing and Urban Development  
Section 8 Housing Choice Vouchers  
CFDA No. 14.871

See Section III – Federal Awards Findings and Questioned Costs  
IC 2014 – 05 Reporting

**6. CF 2014 – 06 Reporting**

- U.S. Department of Housing and Urban Development  
Section 8 Housing Choice Vouchers  
CFDA No. 14.871

See Section III – Federal Awards Findings and Questioned Costs  
IC 2014 – 06 Reporting

**7. CF 2014 – 07 Allowable Costs/Cost Principles**

- U.S. Department of Housing and Urban Development  
Section 8 Moderate Rehabilitation - CFDA No. 14.856  
Section 8 Housing Choice Vouchers - CFDA No. 14.871

See Section III – Federal Awards Findings and Questioned Costs  
IC 2014 – 07 Allowable Costs/Cost Principles

**8. CF 2014 – 08 Reporting**

- U.S. Department of Housing and Urban Development  
Section 8 Moderate Rehabilitation  
CFDA No. 14.856

See Section III – Federal Awards Findings and Questioned Costs  
IC 2014 – 08 Reporting

**Section IV – State Financial Assistance Findings and Questioned Costs**

A. Internal Control over Compliance

None reported.

B. Compliance

None reported.

City of Miami, Florida

**Summary Schedule of Prior Year's Audit Findings  
Fiscal Year Ended September 30, 2014**

<b>Finding #</b>	<b>Finding Title</b>	<b>Status</b>
<b>Findings related to financial statements:</b>		
2013-0001 and 2012-01	Material Weakness – Financial Statement Close Process	Corrected
2013-0002 and 2012-02	Material Weakness – Capital Assets	Corrected
<b>Findings and questioned costs in administering federal awards and state assistance:</b>		
2013-0003	Davis Bacon – CFDA #20.205 and #20.205 (ARRA)	Corrected
2013-0004	Reporting CFDA #97.067 and JAG Cluster, CFDA #16.738 and 16.804 (ARRA)	Repeated for CFDA #97.067. See IC 2014-01
2013-0005	Procurement, Suspension, and Debarment - CFDA #97.067	Corrected
2013-0006	Cash Management – CFDA #97.067	Corrected
2013-0007	Payroll Certification – CFDA #16.710 (ARRA) and JAG Cluster, CFDA #16.738 and 16.804 (ARRA)	Corrected
2013-0008	Allowable Costs/Costs Principles – CFDA #16.710 (ARRA) and JAG Cluster, CFDA #16.738 and 16.804 (ARRA)	Corrected
2013-0009	Internal Control Environment: Allowable Costs/Cost Principles, Matching, Period of Availability – CSFA #55.012	Corrected
2012-05	Reporting – CFDA #16.710 (ARRA), #16.738, #16.804 (ARRA)	Corrected
2012-06	Davis Bacon – CFDA #20.205 and #20.205 (ARRA)	Corrected