



SINGLE AUDIT REPORTS IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND THE
FLORIDA SINGLE AUDIT ACT

City of Miami, Florida
Fiscal Year Ended September 30, 2011

Ernst & Young LLP

 **ERNST & YOUNG**

City of Miami, Florida

Single Audit Reports in Accordance with OMB Circular A-133
and the Florida Single Audit Act

Fiscal Year Ended September 30, 2011

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Report of Independent Certified Public Accountants 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, Members of the City Commission
and City Manager
City of Miami, Florida

We have audited 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, 2011, and have issued our report thereon dated May 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented component units and pension trust funds as described in our report on the City's financial statements. 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.

Internal control over financial reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

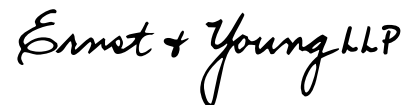
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02, to be material weaknesses.

Compliance and other matters

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 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*.

The City'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's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Honorable Mayor, members of the City Commission, the City Manager, City management and others within the entity, the audit advisory board, the Auditor General of the State of Florida, federal and state 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 'Ernst & Young LLP'.

May 18, 2012

Report of Independent Certified Public Accountants on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133, Section 215.97 Florida Statutes, and Chapter 10.550, Rules of the Auditor General and on the Schedule of Expenditures of Federal Awards and State Financial Assistance

The Honorable Mayor, Members of the City Commission,
and City Manager
City of Miami, Florida

Compliance

We have audited the City of Miami, Florida's (the City)'s compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the requirements described in the 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, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects 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; 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*; Section 215.97 Florida Statutes (Section 215.97); and Chapter 10.550, Rules of the Auditor General (Chapter 10.550). Those standards, OMB Circular A-133, Section 215.97, and Chapter 10.550 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in items 2011-04 and 2011-05 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding program income and reporting that are applicable to its CDBG – Entitlement Grants Cluster (CFDA Nos. 14.218 and 14.253). Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program cluster.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the 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, 2011. 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, Section 215.97 and Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as item 2011-03.

Internal control over compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine the 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, Section 215.97, and Chapter 10.550, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in 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 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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-03, 2011-04, and 2011-05 to be material weaknesses.

The City'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's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited 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, as of and for the year ended September 30, 2011, and have issued our report thereon dated May 18, 2012, which expressed reliance on other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the schedule) is presented for the purpose of additional analysis as required by OMB Circular A-133, Section 215.97, Florida Statutes, and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Honorable Mayor, members of the City Commission, the City Manager, City management, and others within the entity, the audit committee, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

June 20, 2012, except for the paragraph on the Schedule of Expenditures of Federal Awards and State Financial Assistance, as to which the date is May 18, 2012

City of Miami, Florida

Schedule of Expenditures of Federal Awards
and State Financial Assistance

For the Fiscal Year Ended September 30, 2011

Federal Grantor / State Agency pass-through grantor/program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
I. Federal Awards			
U.S. Department of Agriculture			
<i>Pass-through Florida Department of Education</i>			
Summer Food Service Program for Children	10.559	04-0899	\$ 353,283
<i>Pass-through Florida Department of Agriculture and Consumer Services</i>			
Cooperative Forestry Assistance	10.664	FDACS # 10-20	4,515
ARRA – Wildland Fire Management	10.688	16114	15,005
<i>Pass-through Florida Department of Health</i>			
Child and Adult Care Food Program	10.558	S-576	49,413
Child and Adult Care Food Program	10.558	A-2384	121,942
			<u>171,355</u>
Total U.S. Department of Agriculture			<u>544,158</u>
U.S. Department of Housing and Urban Development (HUD)			
		B-05-MC-120013, B-06-MC-120013, B-07-MC-120013, B-08-MC-120013, B-09-MC-120013, B-10-MC-120013	
Community Development Block Grants/Entitlement Grants	14.218		9,137,067
Community Development Block Grants/Entitlement Grants	14.218	R-08-0641	3,014,796
			<u>12,151,863</u>
ARRA - Community Development Block/ARRA Entitlement Grants (CDBG-R)	14.253	B-09-MY-12-0003	641,542
Total CDBG Entitlement Grants Cluster			<u>12,793,406</u>
Emergency Shelter Grants Program	14.231	S-06-MC-120002, S-08-MC-120002, S-09-MC-120002	511,792
Home Investment Partnerships Program	14.239	M-05-MC-120211, M-06-MC-120211, M-07-MC-120011, M-08-MC-120011, M-09-MC-120011	6,805,381
Housing Opportunities for Persons with AIDS	14.241	F-LH-05-F005, F-LH-07-F005	12,050,172
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	FL145MR001	1,794,574
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	FL145MR002	463,858
			<u>2,258,432</u>
ARRA - Homeless Prevention and Rapid Re-Housing Program Technical Assistance	14.262	S-09-MY-12-0002	1,936,242
Section 8 Housing Choice Vouchers	14.871	FL145VO	1,970,693
Subtotal Direct Programs			<u>36,389,876</u>
<i>Pass-through Miami Dade County:</i>			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawai	14.228	07-DB-3V-11-23-01-Z06	1,744,021
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawai	14.228	08-DB-D3-11-23-01-A01	182,195
Subtotal Indirect Programs			<u>1,926,216</u>
<i>Pass-through Miami Dade County:</i>			
Supportive Housing Program - 2009 SOUTH	14.235	FL0190B4D000801 & FL0190B4D000802	130,416
Supportive Housing Program - 2009 North	14.235	FL018B4D000801 & FL0189B4D000802	283,360
Supportive Housing Program - 2011 Miami HAP	14.235	FL0211B4D001003	60,570
Supportive Housing Program - Network of Dade	14.235	FL0190B4D000802	33,450
Supportive Housing Program - 2010-2011	14.235	FL0211B4D000801 & FL0211B4D000802	181,773
Subtotal Indirect Programs			<u>689,570</u>
Total U.S. Department of Housing and Urban Development (HUD)			<u>40,941,904</u>

City of Miami, Florida

Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)

Federal Grantor / State Agency pass-through grantor/program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
US Department of the Interior National Park Service			
ARRA – Save America's Treasures	15.929	N/A	42,500
Total U.S. Department of the Interior			42,500
U.S. Department of Justice			
U.S. Law Enforcement Trust Fund	16.UNKNOWN	N/A	122,280
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2007- DN-BX-K123	175,139
ARRA - Public Safety Partnership and Community Policing Grants	16.710	# 2009RJWX0026	2,735,382
Gang Resistance Education and Training - 2009	16.737	N/A	1,343
Gang Resistance Education and Training - 2010	16.737	N/A	22,563
Gang Resistance Education and Training	16.737	2009 JV-FX-0024	29,780
Total CFDA			53,686
Edward Byrne Memorial Justice Assistance Grant Program - SRO	16.738	N/A	25,677
Edward Byrne Memorial Justice Assistance Grant Program - 2008	16.738	2008-DJ-BX-0348	15,772
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1424	39,291
Total CFDA			80,740
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	# 2009-SB-B9-3068	746,946
Total Justice Assistance Grant Cluster			827,686
Paul Coverdell Forensic Sciences Improvement Grant Program - FY 2009	16.742	2009-CD-BX-0102	64,711
Paul Coverdell Forensic Sciences Improvement Grant Program - FY 2010	16.742	2010-CD-BX-0099	66,049
Total CFDA			130,759
Subtotal Direct Programs			4,044,932
<i>Pass through State of Florida, Florida Department of Law Enforcement</i>			
Crime Victim Assistance - FY10-11	16.575	Grant No. V 09185	24,216
U.S. Customs Law Enforcement Trust Fund	16.UNKNOWN	N/A	45,463
Subtotal Indirect Programs			69,679
<i>Pass Through Miami Dade County</i>			
Edward Byrne Memorial Formula Grant Program	16.579	N/A	25,303
Subtotal Indirect Programs			25,303
Total U.S. Department of Justice			4,139,914
U.S. Department of Transportation			
<i>Pass Through State of Florida Department of Transportation:</i>			
Highway Planning and Construction - Greenway - ELH	20.205	AP 150	37,722
ARRA - Highway Planning and Construction Brickell Key Bridge	20.205	APT06/426200-1-ARRA-403	1,445,345
ARRA - Highway Planning and Construction NE 2nd Ave., B1	20.205	APR37/426198-2-ARRA-456	196,874
ARRA - Highway Planning and Construction NE 2nd Ave., C	20.205	APR36/426198-1-ARRA-324	3,611,676
ARRA - Highway Planning and Construction ADA Sidewalk Dist 01	20.205	APR33/426549-1-ARRA-422	180,479
ARRA - Highway Planning and Construction ADA Sidewalk Dist 02	20.205	APR38/426550-1-ARRA-423	52,497
ARRA - Highway Planning and Construction ADA Sidewalk Dist 03	20.205	APR34/426552-1-ARRA-482	69,436
ARRA - Highway Planning and Construction ADA Sidewalk Dist 04	20.205	APR35/426553-1-ARRA-358	131,715
ARRA - Highway Planning and Construction ADA Sidewalk Dist 05	20.205	APR32/426554-1-ARRA-483	51,376
ARRA - Highway Planning and Construction NE 2nd Avenue B2	20.205	AQ242/426198-3ARRA-675	506,694
			6,283,814
Safety Belt Performance Grants	20.609	APV 84	1,291
Total Department U.S. Department of Transportation			6,285,106

City of Miami, Florida

Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)

Federal Grantor / State Agency pass-through grantor/program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
U.S. Department of Environmental Protection			
ARRA - Environmental Workforce Development and Job Training Cooperative Agreements	66.815	2J-95428109	92,592
ARRA - National Clean Diesel Emissions Reduction Program	66.039	2A-95422409-1	349,336
Total U.S. Department of Environmental Protection			441,928
US Department of Energy			
ARRA- Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-EE0000778	928,990
Total U.S. Department of Energy			928,990
U.S. Department of Education			
<i>Pass Through Miami Dade County Schools:</i>			
Twenty-First Century Community Learning Centers - Lenora	84.287	N/A	43,231
Twenty-First Century Community Learning Centers - Holmes	84.287	N/A	48,183
Total Department U.S. Department of Education			91,414
U.S. Department of Health & Human Services			
Compassion Capital Fund	93.009	90EJ0084/01	245,372
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724	DEV04	257,373
Total U.S. Department of Health and Human Services			502,745
U.S. Department of Homeland Security			
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2003-CA-0105	193,455
National Urban Search and Rescue (US&R) Response System FY09	97.025	2009-SR-24-K007	4,250
National Urban Search and Rescue (US&R) Response System FY10	97.025	2010-SR-24-K043	876,806
			1,074,511
Assistance to Firefighters Grant FY09	97.044	EMW-2009-FO-11434	223,505
Subtotal Direct Programs			1,298,016
Pass-through FL Dept. of Community Affairs			
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hurricane Katrina	97.036	06-KT-B&-11-23-00-524	5,905
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hurricane Wilma	97.036	06-WL-K&-11-23-02-562	19,195
			25,100
Homeland Security Grant Program			
V 2006	97.067	07DS-5S-11-23-02-379	2,457,010
V 2007	97.067	09DS-24-11-23-02-011	2,145,601
V 2008	97.067	10DS-48-11-23-02-195	1,647,920
V 2009	97.067	11DS-32-11-23-02-233	237,975
			6,488,506
Subtotal Direct Programs			6,513,606
<i>Pass-through State of Florida Department of Financial Services</i>			
Homeland Security Grant Program - 2008-2009 State	97.067	R-10-0005 File ID#09-01440	285,891
Subtotal Indirect Programs			285,891
Total CFDA			6,774,397
Total U.S. Department of Homeland Security			8,097,512
White House Office of National Drug Control Policy			
High Intensity Drug Trafficking Area- Cross Roads	99.UNKNOWN	N/A	16,855
High Intensity Drug Trafficking Area- 44 Street Boys	99.UNKNOWN	N/A	18,185
High Intensity Drug Trafficking Area- Young Blood	99.UNKNOWN	N/A	24,000
High Intensity Drug Trafficking Area - Gun Squad Goons	99.UNKNOWN	N/A	24,000
High Intensity Drug Trafficking Area - Operation Street Gangs	99.UNKNOWN	N/A	10,671
High Intensity Drug Trafficking Area - Victory Home Crew	99.UNKNOWN	N/A	3,558
Total Department White House Office of National Drug Policy			97,269
Total Expenditures of Federal Awards			\$ 62,113,440

City of Miami, Florida

Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)

Federal Grantor / State Agency pass-through grantor/program Title	CSFA Number	Grant/Contract Number	Federal Expenditures
II. State Financial Assistance			
Florida Agency for Persons with Disabilities			
Supported Employment Services - Developmental Disabilities 2008-2011	67.011	08-1360	148,391
Supported Employment Services - Developmental Disabilities 2011-2014	67.011		66,340
Total Department Florida Agency for Persons with Disabilities			<u>214,731</u>
Florida Department of Health			
<i>Pass-through Miami-Dade County:</i>			
County Grant Awards	64.005	C6013	56,532
Total Department Florida Department of Health			<u>56,532</u>
State of Florida, Housing Finance Agency			
State Housing Initiatives Partnership (SHIP) Program	52.901	N/A	942,494
Total Department State of Florida, Housing Finance Agency			<u>942,494</u>
State of Florida, Florida Inland Navigation District			
Bicentennial Park Bollard	UNKNOWN		513,255
MSM Bulkhead	UNKNOWN		17,500
Kennedy Floating Dock	UNKNOWN		12
Kennedy Shoreline Stabi	UNKNOWN		39,968
Derelect Vessel Removal	UNKNOWN		20,000
Spoil Island E Restor	UNKNOWN		2,510
Marine Stadium Restor	UNKNOWN		7,132
Small Scale DV Removal	UNKNOWN		18,375
Total Department State of Florida, Florida Inland Navigation District			<u>618,753</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,832,509</u>

See accompanying notes.

City of Miami, Florida

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Fiscal Year Ended September 30, 2011

1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal award programs and state financial assistance projects of the City of Miami, Florida (the City) for the year ended September 30, 2011. All 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 City's reporting entity is defined in Note 1 of the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement. 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 or changes in net assets of the City.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual 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*, Section 215.97, Florida Statutes, and Chapter 10.550, *Rules of the Auditor General*, State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements.

City of Miami, Florida

Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance (continued)

3. Subrecipients

Of the expenditures presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance, the City provided the following federal awards to subrecipients:

<u>Name of Program/Project</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grant/Entitlement Grants	14.218	\$ 3,203,266
National Urban Search and Rescue (US&R) Response System	97.025	84,164
Homeland Security Grant Program Program V 2007	97.067	6,017,160
Program V 2008	97.067	410,214
Program V 2009	97.067	2,575
Total Federal Expenditures		<u>\$ 9,717,379</u>

4. Grant Contingencies

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

City of Miami, Florida

Schedule of Findings and Questioned Costs

Fiscal Year Ended September 30, 2011

Part I—Summary of Auditor’s Results

Financial Statements Section

Type of auditor’s report issued (unqualified, qualified, adverse or disclaimer):

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

 X **yes**

 no

Significant deficiency(ies) identified?

 yes

 X **none reported**

Noncompliance material to financial statements noted?

 yes

 X **no**

Federal Awards and State Projects Section

Internal control over major programs:

Material weakness(es) identified?

 X **yes**

 no

Significant deficiency(ies) identified?

 yes

 X **none reported**

Type of auditor’s report issued on compliance for major programs (unqualified, qualified, adverse or disclaimer):

Qualified for the CDBG – Entitlement Grants Cluster (CFDA Nos.14.218 and 14.253); Unqualified for all other major programs

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133, Section 215.97, Florida Statutes, and Chapter 10.550. *Rules of the Auditor General*?

 X **yes**

 no

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

Identification of major federal programs and state projects:

Federal Programs:

CFDA number(s)	Name of federal program or cluster
14.218 and 14.253	U.S. Department of Housing and Urban Development: CDBG Entitlement Grants Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.249	Section 8 Moderate Rehabilitation Single Room Occupancy
14.262	ARRA – Homelessness Prevention and Rapid Re-Housing Program Technical Assistance
14.871	Section 8 Housing Choice Vouchers
16.710	U.S. Department of Justice: ARRA – Public Safety Partnership and Community Policing Grants
16.738 and 16.804	JAG Program Cluster
20.205 and ARRA-20.205	U.S. Department of Transportation: Highway Planning and Construction, including ARRA – Highway Planning and Construction
97.025	U.S. Department of Homeland Security: National Urban Search and Rescue (US&R) Response System
97.067	Homeland Security Grant Program

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

Part II—Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133, Section 215.97, Florida Statutes, and Chapter 10.550, Rules of the Auditor General audit.

Finding 2011-01: Material Weakness: Financial Statement Close Process

Criteria or specific requirement

The financial statement close process is defined as the process where the results of various transactions are summarized, reviewed, consolidated, edited, and prepared into a variety of regulatory and management financial reports. The boundaries of this process may begin with the preparation of the preliminary trial balance and end with the preparation of the financial statements and related disclosures. The process includes closing the general ledger and preparing the trial balances and any consolidation entries, accumulating and posting journal entries and preparing the financial statements and disclosures.

Condition

We note the following items related to the City's financial statement close process that, when considered in the aggregate, we consider to be a material weakness:

- Quantity and dollar amount of audit adjustments at September 30, 2011. During the year ended September 30, 2011 audit, we identified 49 audit differences (recorded and unrecorded) relating to errors in the City's accounts and disclosures.
- Inability to prepare complete and accurate financial statements for external reporting purposes in a timely manner and in accordance with applicable accounting guidance. The City's September 30, 2011 Comprehensive Annual Financial Report (CAFR) required several reviews and many revisions. The implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions* was not correctly implemented and reflected in several drafts of the City's CAFR. Presentation and disclosures related to the City's debt refunding were not in accordance with GASB accounting standards and requirements. Pension plan disclosures and Required Supplementary Information Schedules were not properly presented.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

- Accounting treatment of large complex transactions were not sufficiently supported by authoritative guidance (Parrott Jungle loan and Police Training Facility).
- No process in place to review the compensated absences reports and determine if the data used to calculate the compensated absences liability is complete and accurate.
- No process in place to review interfund transfers for proper recording in the general ledger. We noted that some of the transfers should be recorded as advances to/from other funds as they represent loans and not actual transfers or as expense reimbursements.
- No internal control procedures that would enable the proper cutoff and timely recording of liabilities under the accrual or modified accrual basis of accounting. Expenditures that should have been accrued at fiscal year-end were not recorded.
- No process in place to review the discount rate used in calculating its claims payable liability. We noted the City did not have a basis for the discount rate selected.
- No process in place to verify that all required arbitrage calculations for the fiscal year are performed timely and accurately.
- No process in place to review all debt agreements for debt covenant requirements and to ensure that necessary debt covenant calculations are performed timely and accurately.

Context

This finding is systematic in nature.

Effect

Until this material weakness is remediated, there is a reasonable possibility that a material misstatement to the annual financial statements could occur and not be prevented or detected by the City's controls in a timely manner.

Cause

There is a general lack of policies and procedures in place to cover all matters required in closing the City's year, preparing closing journal entries, sufficient management review of adjustments and other journal entries. Also there seems to be a lack of a sufficient complement of personnel

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

with a level of technical accounting expertise commensurate with the City's financial reporting requirements. Additionally, the City's current information system is either limited in its capabilities to provide all of the information needed by management or management is not fully utilizing the capabilities of its information system to obtain the necessary information.

Recommendation:

We recommend management review its current procedures for key processes, including the financial statement closing process, and determine the appropriateness of those processes for preventing and detecting misstatements, preparing reliable accurate monthly and annual financial statements and ensure such processes are consistent with best practices in the industry. Once the City has redefined these processes, job descriptions should be developed to support these processes to ensure responsibilities and accountability are put into place for these processes.

Views of responsible officials and planned corrective actions:

The City concurred with the comments made by the auditors. We are in the process of reviewing the Finance Department organizational structure for operational and structural improvements. The monthly closing process is undergoing monthly updating resulting from the recent release R12 from Oracle.

The annual closing process will be analyzed to identify weaknesses in process and documentation. We intend to reorganize the workload and assign specific responsibilities to associates to facilitate a timely closing process for 2012. Alternative software, to produce the annual report, is being reviewed for implementation by 2013.

Responses to the specific deficiencies in your comment are addressed below:

1. 10 audit differences – the City concurred. The majority of the differences arose from the subsequent search. The City will improve the cut-off process as detailed later. The other material difference in dollar value was the accrual of GASB 49 for pollution remediation. The City established the accrual based on past history and conservatism. We are instituting specific processes to eliminate errors related to the subsequent search findings.
2. The FY11 year-end close was an unusually difficult process due to the turnover of key position within the department, the implementation of GASB 54 presented various challenges to properly convert the previous reporting structure to the new requirements; and the upgrade of the City's financial system to Oracle R12 at the same time as our fiscal year end process. To address these challenges, Finance has identified key positions

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

which will be responsible in these areas with clearly defined requirements and deadlines. A Chief Accountant has been given the responsibility for GASB Statement No. 54. The presentation and disclosures related to the City's debt is assigned to the Debt Service Coordinator which is tasked with maintaining all outstanding debt issuances disclosures. The coordination and assurance of receiving all pension plan disclosures and required supplementary information schedules have been assigned to the Treasury Manager.

3. We agree and we will reconcile the Accounts Receivable Account for Jungle Island and the Police Training facility. Going forward, the City will document all significant transactions and maintain records in general accounting.
4. The reserve for compensated absences can be affected by changes in departments throughout the organization. While many of the departments in the city are changing the compensated absence rules, the City provided the document, layout and rules of existing compensated absence report which encompasses the existing agreements. All the assumption and rules were provided to the auditor. Going forward finance will maintain files of all departmental agreements and will work with HR for interpretation of the agreement to develop the appropriate monitoring reports with ITD.
5. All operating transfers were in the budget book and approved by the Commission. Non-operating transfers will be reviewed by the Finance Department and recorded appropriately.
6. We agree and the City has a closing schedule that was send out to departments ahead of the fiscal year end asking the department heads to notify vendors to send in invoices for year end, and provide instructions for year-end accruals. In addition, going forward, the Finance Department will notify vendors by August end to submit invoices dated as of September 30th or before to the City in a timely manner and will also instruct Accounts Payables staff to review invoices for dates prior to September 30, 2012 for accrual throughout the closing period.
7. We agree, finance is committed to monitoring the discount rates and establish a discount rate based on the ten year treasury trend.
8. We agree, arbitrage calculations are not required to be performed on an annual basis and the City has always complied with the required calculations on a timely basis. In order to clearly and quickly demonstrate the compliance with the City's arbitrage calculation timelines, Treasury has prepared "white papers" on all outstanding debt issuances which include the last time arbitrage was calculated and the date for the next calculation.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

9. We agree and in an effort to clearly and quickly demonstrate compliance with all of the City's debt covenant requirements and calculations, Treasury has prepared "white papers" on all outstanding debt issuances which include all debt covenants, such as reserves, and details the calculation method.

Finding 2011-02: Material Weakness: Capital Assets

Criteria or specific requirement:

Organizations are required to adopt adequate internal controls to properly record, summarize, and report accounting transactions, including those associated with the acquisition and disposition of capital assets, to provide reasonable assurance that the capital asset and related balances are not materially misstated.

Condition:

We noted the following issues with capital assets:

- The City does not record Neighborhood Stabilization Program (NSP) properties based on cost (appraised value) and does not classify these assets as held for sale.
- Closed projects were not put into service and depreciated timely, resulting in an adjustment of \$63.7 million, net of accumulated depreciation, to transfer closed projects from construction in progress to depreciable assets.
- In the current fiscal year, the City recorded adjustments relating to capital assets for errors relating to prior years with a cumulative increase to change in net assets of \$7.6 million as of September 30, 2011. Had these errors been corrected in fiscal year 2010, the impact would have been an increase in beginning net assets of \$7.6 million in fiscal year 2011.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

Context

This finding is systematic in nature.

Effect

Capital assets represent a significant account balance for the City (over \$1.1 billion) and improper accounting could result in a material misstatement of the financial statements, debt compliance issues, insurable value issues.

Cause

The decentralized nature of the City's responsibility for projects and lack of timely communication between the financial accounting and department managers, including overall lack of effective supervisory oversight and review of capital asset balances is the root cause of many of the items noted.

Recommendation

We recommend improved communication between the accounting department and the project managers. The accounting department should also evaluate when projects are closed rather than rely solely on information obtained from the project managers. Additionally, we recommend the City prepare periodic reconciliations of CIP balances to the Oracle Capital Asset Module to ensure that all amounts are properly captured and reported in the financial statements and perform a review of detail schedules on an ongoing basis to ensure that balances recorded are capital in nature and individual assets are properly classified on the capital asset detail schedules.

Views of responsible officials and planned corrective actions

We agree and will develop a process to review with the project managers and identify closed projects on a timely basis. The construction in progress projects were administrated and monitored by the CIP department in the City. Finance will co-ordinate with CIP to ensure the projects are closed on a timely basis and the construction in progress will be recorded promptly. The City will set up policies and procedures on construction in progress management, closing project steps and reconciliation of project costs. Specific responses to your comments are addressed below:

- NSP properties will be recorded based on costs (appraised value) and classify such as inventory for sale.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

- Construction in progress monitored in spreadsheets will be recorded in the Fixed Assets module of the financial system and reconciled to the General Ledger.
- Prior year adjustments were the result of closing out a capital project that covered a number of years. Working with CIP and reconciling accounts will support the timely and accurate recording of fixed assets.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

Part III – Federal Awards and State Financial Assistance Projects Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by OMB Circular A-133 section .510(a), Section 215.97, Florida Statutes, and Chapter 10.550, Rules of the Auditor General, State of Florida, such as material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs, as well as any abuse findings involving federal awards or state projects that are material to a major program.

Finding 2011-03 Reporting

Federal Program Information:

U.S. Department of Housing and Urban Development (HUD):
CDBG – Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (CDBG), CFDA No. 14.228

U.S. Department of Justice:
JAG Program Cluster (JAG), CFDA Nos. 16.738 and 16.804
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government, Grant Award #2009-SB-B9-3068

Criteria

2 CFR Section 215.52 requires that financial reports are prepared accurately and completely. Reports shall be submitted timely and agree with the accounting records that support the audited financial statements (general ledger) and the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Condition/context

CDBG

We selected 2 out of the 4 Quarterly Expenditure and Progress Reports to test, and the one annual report for calendar year 2010, submitted on January 5, 2011. We noted that for both quarterly reports tested, the data reported in the “Projected Cumulative Expenditure” column was not clerically accurate as it did not include all projected expenditures reported in other columns. Also, we noted that the same amount of quarterly expenditures was reported in the “Total Expended (This Quarter)” column for two consecutive quarters, where the expenditures were

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

incurred in one quarter (accrual basis reporting) and paid in the next quarter (cash basis reporting), although the cumulative expenditures were reported accurately. We also noted that for one of the two quarterly reports tested, the report for the quarter ended September 30, 2011, was submitted after the deadline indicated in the grant agreement.

JAG

We noted for one out of two quarterly SF-425 financial reports tested, the report disclosed quarterly program expenditures of \$ \$583,061, where quarterly expenditures recorded in the general ledger were \$561,201. The difference was not reconciled, resulting in an overstatement of the reported quarterly expenditures of \$21,860.

Questioned costs

CDBG

Not applicable.

JAG

\$21,860

Cause/effect

The reports submitted were not subjected to a thorough supervisory review to ensure accuracy and completeness, including verification that amounts reported agreed with or were reconciled to the accounting records. This could result in incorrect and/or inconsistent information between the reports filed and the underlying financial records and indicates that the City may not be in compliance with the provisions of the grant programs. Controls and monitoring activities over the preparation and timely submission of the reports, including supervisory review and approval, are not operating effectively.

Recommendation

The City should ensure that employees are properly trained in reporting requirements. Additionally, the City should ensure that all required financial/performance reports are properly prepared, reconciled to the underlying financial records, as applicable, and reviewed by supervisory personnel prior to timely filing with the grantor. Procedures should be put in place to

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

ensure that all required reports are submitted timely to the grantor, and copies of all submitted reports are maintained in the City's program files.

Views of responsible officials and planned corrective action

CDBG

The City agrees all reports are required to be submitted timely and accurately. As of October 1, 2011, policies and procedures were implemented requiring supervisory review and approval prior to submission.

JAG

The Police Department agrees with the finding and recommendation that the City needs to submit timely and accurate reports. The Financial Point of Contact (FPOC) designated by the Department and approved by the grantor continues to be trained and monitored by supervisory personnel when submitting reports. The FPOC continues to submit to all reports to the assigned supervisor for review and approval.

2011-04 Program Income

Federal Program Information

U.S. Department of Housing and Urban Development (HUD):
CDBG –Entitlement Grants Cluster CFDA Nos. 14.218 and 14.253

Criteria:

2 CFR Section 215.2 indicates that program income includes, but is not limited to, income from fees for services performed, the use or rental of real property or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. Unless specified in the Federal awarding agency regulations or the terms and conditions of the award, program income shall be deducted from program outlays.

The Code of Federal Regulation (24 CFR sections 570.504(a)) requires that receipts and expenditures related to program income must be accurately accounted for and program income from CDBG funds should be treated as additional funds subject to all the same rules.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

Condition/context

We noted that program income for all awards in this program cluster was not reported during fiscal 2011 in connection with reimbursement requests submitted in HUD's Integrated Disbursement & Information System (IDIS) by the City, as required by the grant program. Total program income recorded in the financial records for fiscal 2011 is \$636,913. We note that these funds were reported and returned to HUD subsequent to September 30, 2011.

Questioned Costs

\$636,913.

Cause

The City did not track program income received on a regular basis, or report program income received in order for it to be deducted from the reimbursements received during fiscal 2011 from the grantor agency.

Effect

The City's program income was not reported to the grantor agency, which resulted in over-reimbursements by the grantor agency in fiscal 2011. This resulted in amounts owed back to the grantor agency.

Recommendation

The City should track, record, and report to HUD all program income on a regular basis. The City should implement procedures to ensure that all sources of program income have been properly captured, accounted for, and used or returned to HUD at least quarterly, in accordance with grant requirements. Additionally, management should ensure that proper supervisory and review monitoring controls are in place to ensure completeness of program income.

Views of responsible officials and planned corrective action:

The Department of Community Development agrees with the finding and recommendation that the City has established policies and procedures to ensure timely reporting of Program Income to HUD. The Department is reporting Program Income on a monthly basis using the Integrated Disbursement & Information System (IDIS) as required by the grant program. The City has complied by reporting all program income to HUD as of June 30, 2012.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

2011-05 Reporting

Federal Program Information

U.S. Department of Housing and Urban Development (HUD):
CDBG Entitlement Grants Cluster, CFDA Nos. 14.218 and 14.253

Criteria:

2 CFR Section 215.52 requires that financial reports are prepared accurately and completely. Reports shall be submitted timely and agree with the accounting records that support the audited financial statements (general ledger) and the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Condition/context

We noted that the City did not complete or submit the required quarterly SF-425 *Federal Financial Report* during fiscal 2011.

Questioned Costs

Not applicable.

Cause

Controls and monitoring activities over the preparation of the reports, including supervisory review and approval, are not operating effectively.

Effect

The reports were not submitted to the grantor agency, which indicates that the City may not be in compliance with the provisions of grant programs and agreements.

Recommendation

The City should ensure that employees are properly trained in reporting requirements. Additionally, the City should ensure that all required financial reports are properly prepared, reconciled to the underlying financial records, as applicable, and reviewed by supervisory personnel prior to being filed with the grantor. Procedures should be put in place to ensure that

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

all required reports are submitted timely to the grantor, and copies of all submitted reports are maintained in the City's program files.

Views of responsible officials and planned corrective actions

The Department of Community Development agrees with the finding that report SF 425 should be filed on a quarterly basis. The City will commence reporting as of June 30, 2012.

City of Miami, Florida

Summary Schedule of Prior Audit Findings

Status of Prior Year Findings

Finding Nos. IC 2010-07 and CF 2010-03 – Equipment and Real Property Management

Federal program information

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

Criteria

Equipment and Real Property Management

Condition

It was reported that the City does not have an up-to-date inventory listing representing all equipment acquired with federal funds as of September 30, 2010. In addition, management has not performed a physical inventory within the past two years.

Questioned costs

Undetermined.

Current Status

1. A web-based inventory management system was created that captures:
 - a. description of the property,
 - b. serial number or other identification number
 - c. source of property
 - d. who holds title
 - e. acquisition date
 - f. cost of the property
 - g. percentage of federal participation in the cost of the property
 - h. location, use and condition of the property,
 - i. ultimate disposition data including the date of disposal and sale price of the property (if applicable)
2. Miami UASI staff with the assistance of USAR Logistics staff did a physical inventory of equipment purchases for both City of Miami Departments as well as our sub-grantees
3. An inventory policy was created that outlines the processes and procedures for inventory management, both for City Departments and our sub-grantees

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding Nos. IC 2010-08 and CF 2010-02 – Payroll Costs

Federal program information

U.S. Department of Housing and Urban Development
CFDA No. 14.218 and 14.253 – CDBG Entitlement Grants Cluster
CFDA No. 14.856 – Section 8 Housing Assistance Payment – Moderate Rehabilitation

Criteria

Allowable Costs/Cost Principles

Condition

Quarterly comparisons of budget to actual payroll costs charged to the program showed budgeted costs exceeded actual by greater than ten percent. Additionally, payroll cost was not properly adjusted to reflect an after the fact distribution of actual cost charged to the program.

Questioned costs

\$73,739 (All HUD programs combined)

Current Status

Commencing on October 1, 2010, the Department of Community Development began recording the differences between budget and actual payroll costs on a bi-weekly basis, rather than on an annual basis.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding Nos. IC 2010-09 and CF 2010-01 – Payroll Certifications

Federal program information

U.S. Department of Homeland Security

CFDA #97.067 – Homeland Security Grant Program

CFDA #97.025 – National Urban Search & Rescue Response System

Criteria

Allowable Costs/Cost Principles

Condition

Payroll certifications were not prepared for employees who worked solely on the grant program.

Questioned costs

\$23,310

Current Status

Commencing on October 1, 2010, the City implemented a procedure whereby employees who work solely on one grant program will indicate as such on their timesheet and sign it. Additionally, the time-sheet is reviewed by the employee's supervisor.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding Nos. IC 2010-10 and CF 2010-04 – Equipment & Real Property Management

Federal Program Information

U.S. Department of Justice

CFDA #16.710 – Public Safety Partnership and Community Policy Grants

Criteria

Equipment and Real Property Management.

Condition

An appropriate system is not in place to manage and safeguard equipment acquired with federal funds as required by OMB Circular A-102 Common Rule. An inventory listing which includes description of the property, a serial number or other identification number, the source of 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 is not maintained.

Questioned costs

Undetermined.

Current Status

Standard operating procedures (SOP's) have been developed and implemented to document internal procedures are followed and complied with OMB Circular A-102. These procedures established an inventory control function and clerk to ensure compliance.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding Nos. IC 2010-11 and CF 2010-05 – Cash Management

Federal Program Information

U.S. Department of Homeland Security

CFDA #97.067 – Homeland Security Grant Program

U.S. Department of Justice

CFDA #16.710 – COPS – Public Safety Partnership and Community Policy Grants

Criteria

Cash Management

Condition

The predecessor auditor reported that, for the City's reimbursement basis grants that the drawdown of grant funding or the submission and receipt of reimbursements occurred before the payment and/or incurrence of qualifying reimbursable program expenditures. Additionally, funding received from grantor was not expended on qualifying expenditures within at least two weeks from date of receipt.

Questioned costs

Not applicable.

Current Status

CFDA #97.067

During the entire FY2011 period, in response to the FY2010 finding, reporting was based solely on expenditures incurred. We established a system for utilizing a series of spreadsheets to ensure that we were meeting the state requirement and reconcile to the City's General Ledger.

CFDA #16.710

The City implemented a policy to draw funds on a cost reimbursement basis for FY11. Draw Downs were prepared strictly based on already incurred costs as posted in the City's General Ledger.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding No. IC 2010-12 – Reporting

Federal Program Information

U.S. Department of Homeland Security

CFDA #97.067 – Homeland Security Grant Program

U.S. Department of Justice

CFDA #16.710 – Public Safety Partnership and Community Policing Grants

Criteria

Reporting

Condition

Reports filed with grantor are not formally reviewed and approved by supervisory personnel.

Questioned costs

Not applicable.

Current Status

The City designated during the second quarter of FY11 the Financial Point of Contact (FPOC) to complete the required reports. The FPOC continues to be trained and monitored by supervisory personnel when submitting reports. The FPOC must submit to all reports to the assigned supervisor for approval.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding Nos. IC 2010-13 and CF 2010-06 – Subrecipient Monitoring

Federal Program Information

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

Criteria

Subrecipient Monitoring

Condition

The predecessor auditors reported that the only monitoring activity performed over subrecipients is the review and approval of reimbursement packages submitted to the City. The City did not comply with the subrecipient monitoring requirements of OMB Circular A-133.

Questioned costs

Not applicable.

Current Status

During FY2011, in response to FY2010 audit findings, the UASI staff worked closely with all sub-grantees to establish/maintain their budgets, oversee the allowability of their projects and implement requested amendments. In addition, we have maintained ongoing communication with all sub-grantees. To this end, in addition to phone calls and emails, we established "Project Review" meetings where we met with all sub-grantees on a monthly basis to discuss the status of their projects. During those meetings any changes or additions to grant requirements were also discussed. These meetings were conducted by the UASI Program Manager.

Furthermore, we created reporting forms that all sub-grantees must submit for open grant awards that list the status of their projects. We required that these forms be submitted to UASI staff on a quarterly basis.

Lastly, we visited sub-grantees on-site and increased the frequency of our Urban Area Working Group meetings to increase interaction with all sub-grantees.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding Nos. IC 2010-14 and CF 2010-07 – Reporting

Federal Program Information

U.S. Department of Housing and Urban Development
CFDA# 14.871 – Section 8 Housing Choice Vouchers

Criteria

Reporting

Condition

The City is required to submit to HUD unaudited financial statements 2 months after its fiscal year end and audited financial statements 9 months after the fiscal year end. In the prior audit, it was reported that the City did not submit the unaudited and audited financial statements as required by HUD.

Questioned costs

Not applicable.

Current Status

The required submission of unaudited and audited financial statements was fulfilled by the Department.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding No. CF 2010-08 – Reporting

Federal Program Information

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

Criteria

Reporting

Condition

Reports filed with grantor did not include all incurred expenditures as required to be reported.

Questioned costs

Not applicable.

Current Status

During the entire FY2011 period, in response to the FY2010 finding, reporting was based solely on expenditures incurred. We established a system for implementation and a series of spreadsheets to ensure that we were meeting this state requirement.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding No. CF 2010-09 – Allowable Costs/Cost Principles

Federal Program Information

U.S. Department of Housing and Urban Development
CFDA# 14.218 – Community Development Block Grants/Entitlement Grants

Criteria

Allowable Costs/Cost Principles

Condition

The predecessor auditors reported that the City reimburses its subrecipient for administrative costs based on a percentage of the estimated grant award as opposed to actual direct costs incurred by the subrecipient.

Questioned costs

Undetermined.

Current Status

The Department implemented during FY11 a policy requiring the review of source documents prior to approving reimbursement of costs for the façade program to ensure the proper administration percentage is disbursed to the sub-recipient.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Finding No. CF 2010-10 – Allowable Costs/Cost Principles

Federal Program Information

U.S. Department of Justice

CFDA# 16.710 – Public Safety Partnership and Community Policing Grants – ARRA

Criteria

Allowable Costs/Cost Principles

Condition

The City's police officers are entitled to receive compensation described as special pay items for such activities as crime prevention, shift differential, and incentive lump-sum pay. However, such activities do not qualify for grant reimbursement. It was reported that the City submitted costs associated with special pay activities for grant reimbursement.

Questioned costs

\$10,636.

Current Status

These non-allowable cost relate the 5/28/10 pay check date when all officers supported by the grant did not cost to the correct fund. This situation occurred due to technical problems experienced in Oracle during consolidation of Police organization structures the interface failed. During reconciliation this payroll period was missed.

Corrections have been applied and interface is properly functioning. Non-allowable costs were reversed from the grant award.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

Findings and questioned costs in administering federal awards:

Finding #	Finding Title	Status
IC 2009-07	Payroll Certification – CFDA #97.067	Corrected, see finding IC-2010-09.
IC 2009-08	Equipment and Real Property Management – CFDA #97.067	Corrected, see finding IC-2010-07.
CF 2009-01	Equipment and Real Property Management – CFDA #97.067	Corrected, see finding CF-2010-03.
CF 2009-02	Program Income CFDA #14.218	Corrected
CF 2009-03	Environmental Reviews CFDA #14.218	Corrected

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