

# McGladrey & Pullen

Certified Public Accountants

## City of Miami, Florida

Single Audit Reports in Accordance with  
OMB Circular A-133 and the Florida Single  
Audit Act in Accordance with the *Rules of the  
Auditor General* of the State of Florida  
Year Ended September 30, 2009

## Table of Contents

---

Schedule of Expenditures of Federal Awards and State Financial Assistance	1 – 4
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	5
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 <i>Government Auditing Standards</i>	6 – 7
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, <i>Rules of the Auditor General</i>	8 – 10
Schedule of Findings and Questioned Costs	11 – 27
Schedule of Prior Year Findings and Questioned Costs	28

---

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2009

Federal Grantor / State Agency pass-through grantor/program Title	CFDA/ CSFA Number	Grant/Contract Number	Expenditures	
			Federal	State
<b><u>U.S. Department of Agriculture</u></b>				
Pass-through Florida Department of Education Summer Food Service Program	10.225	04-0899	\$ 513,928	\$ -
Pass-through Florida Department of Health Child Care Food Program	10.558		112,379	-
Pass-through Florida Department of Agriculture and Consum Urban and Community Forestry	10.664		13,514	-
Pass-through Florida Department of Health Out of School Time Snack Program	10.558		27,705	-
<b>Total Department</b>			<b>667,526</b>	<b>-</b>
<b><u>U.S. Department of Health &amp; Human Services</u></b>				
Miami Nice	93.009	90EJ0084/01	607,180	-
<b>Total Department</b>			<b>607,180</b>	<b>-</b>
<b><u>U.S. Department of Environmental Protection</u></b>				
U.S. Env Proct. Clean-up Grant	66.811	BF-96412404-1	157,131	-
Clean-Up Grants for The Model City Trust	66.811		32,875	-
Brownfield Assessment and Cleanup Cooperative Agreement	66.818	BF-96412504-1	41,265	-
Brownfield Assessment and Cleanup Cooperative Agreement	66.818	BF-96412404-1	58,672	-
Allapattah/Wynwood Area-Wide Assessment Grant	66.818	BF-96490207	258,100	-
<b>Total Department</b>			<b>548,043</b>	<b>-</b>
<b><u>U.S. Department of Homeland Security</u></b>				
South Florida USAR Program	97.025	EMW-2003-CA-0105	1,220,234	-
FEMA / USAR Grant Award	97.025	EMW-2008-CA-0521	769,244	-
FEMA / USAR Grant Award	97.025	2009-SR-24-K007	368,798	-
FEMA Hazard Mitigation	97.039	07DM-68-11-23-02	1,660,742	-
FEMA Recovery Assistance	97.036	01-RM-L5-11-23-02-029	98,281	-
FEMA Assist to Fire Fighters	97.044	EMW-2004-FG-08448	27,990	-
2006 FEMA/Assistance to Fire Fighters Grant Program	97.044	EMW-2006-FG-15609	119,779	-
Staffing for Adequate Fire and Emergency Response (Safer) Grant	97.083	EMW-2005-FF-02434	375,419	-
<b>Subtotal Direct Programs</b>			<b>4,640,487</b>	<b>-</b>
Pass-through FL Dept. of Law Enforcement Buffer Zone Protection Program Grant	97.078	2007-BZPP-53	137,955	-
<b>Subtotal Pass-Through Programs</b>			<b>137,955</b>	<b>-</b>
Pass-through FL Dept. of Community Affairs:				
FEMA – Department of Community Affairs	97.036		10,290	-
FEMA – Hurricane Katrina	97.036	06-KT-B&-11-23-00-524	6,997	-
FEMA – Hurricane Wilma	97.036	06-WL-K&-11-23-02-562	589,382	-
FEMA – Tropical Storm Fay	97.036		662	-
Urban Area Security Initiative Grant Program IV 2005	97.067	06DS-4H-11-23-02-342	176,999	-
Urban Area Security Initiative Grant Program V 2006	97.067	07DS-5S-11-23-02-379	6,679,678	-
Urban Area Security Initiative Grant Program V 2006	97.067	08DS-62-11-23-02	383,213	-
<b>Subtotal Pass-Through Programs</b>			<b>7,847,221</b>	<b>-</b>

(Continued)

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2009 (continued)

Federal Grantor / State Agency pass-through grantor/program Title	CFDA/ CSFA Number	Grant/Contract Number	Expenditures	
			Federal	State
Pass-through State of Florida Division of Emergency Management (DEM)				
FEMA 2007 Pre-Disaster Mitigation Grant-Flagami/West End	97.039	PDMC 2005-004	\$ 1,278,634	\$ -
FEMA 2007 Pre-Disaster Mitigation Grants- NE 71 Street	97.039	FEMA 2005-022	170,790	-
<b>Subtotal Pass-Through Programs</b>			<b>1,449,424</b>	<b>-</b>
Pass-through Miami Dade County:				
Port Security Grant Program	97.056	2005-V0984-FL-GB	81,961	-
<b>Subtotal Pass-Through Programs</b>			<b>81,961</b>	<b>-</b>
Pass-through State of Florida Financial Services				
2007-2010 State Homeland Security Program	97.067	08DS-60-13-00-16-373	4,324	-
<b>Subtotal Pass-Through Programs</b>			<b>4,324</b>	<b>-</b>
<b>Total Department</b>			<b>14,161,372</b>	<b>-</b>
<b>U.S. Department of Housing and Urban Development (HUD)</b>				
Section 8 Housing Assistance Payment -Vouchers	14.871	FL145MR0001/002	1,569,382	-
Section 8 Housing Assistance Payment - Mod Rehab1	14.856	FL145MR0001/002	1,487,807	-
Section 8 Housing Assistance Payment - Mod Rehab2	14.856	FL145MR0001/002	341,696	-
Emergency Shelter Grant (ESG)	14.231	S-06MC120002	349,559	-
Housing Opportunities for Persons with Aids	14.241	F-LH-06-F005	12,304,675	-
Home Investment Partnership	14.239	M-06-MC-120211	5,341,818	-
Community Development Block Grant	14.218	B-06-MC-120013	9,160,806	-
Neighborhood Stabilization Program (NSP)	14.218		111,586	-
<b>Subtotal Direct Programs</b>			<b>30,667,329</b>	<b>-</b>
Pass-through Miami-Dade County:				
2007 Alliance Human Services	14.235		10,186	-
2009 Miami-Metro Homeless Assistance Program South	14.235	FL14B800040 & FL0190B4D000801	7,350	-
2009 Miami-Metro Homeless Assistance Program North	14.235	FL14B800039 & FL018B4D000801	17,041	-
2009-2010 Supportive Services Grant NOFA	14.235	FL0211B4D000801	67,715	-
<b>Subtotal Pass-Through Programs</b>			<b>102,292</b>	<b>-</b>
Pass-through Miami-Dade County Homeless Trust				
Super NOFA 2008-2009	14.235	FL14B700032	152,155	-
<b>Subtotal Pass-Through Programs</b>			<b>152,155</b>	<b>-</b>
Pass-through Miami Dade County:				
Miami-Dade County FY2005 CDBG Supplemental Disaster				
Recovery Initiative	14.228	07-DB-3V-11-23-01-Z06	26,418	-
<b>Subtotal Pass-Through Programs</b>			<b>26,418</b>	<b>-</b>
<b>Total Department</b>			<b>30,948,194</b>	<b>-</b>

(Continued)

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2009 (continued)

Federal Grantor / State Agency pass-through grantor/program Title	CFDA/ CSFA Number	Grant/Contract Number	Expenditures	
			Federal	State
<b><u>U.S. Department of Justice</u></b>				
U.S. Law Enforcement Trust Fund	16.UNKNOWN		\$ 591,362	\$ -
FY 2007 Gang Resistance Education and Training (GREAT) Program	16.737	2007- JV-FX- 0260	13,696	-
Solving Cold Cases with DNA	16.560	2007- DN-BX-K123	58,370	-
SMART GRANT	16.750		41,564	-
<b>Subtotal Direct Programs</b>			<b>704,992</b>	<b>-</b>
Pass through State of Florida, Florida Department of Law Enforcement				
FY 2008-09 Victims of Crime Act (V.O.C.A.)	16.575		13,932	-
U.S. Customs Law Enforcement Trust Fund	16.UNKNOWN		486,119	-
<b>Subtotal Pass-Through Programs</b>			<b>500,051</b>	<b>-</b>
Pass through State of Florida, Office of the Attorney General				
Paul Coverdell Forensic Science Improvement Grant	16.742	2006-DN-BX-0029	6,100	-
FY 2008 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0348	132,472	-
FY 2007 Edward Byrne Memorial Justice Assistance Grant Program	16.580	2007-DJ-BX-1372	50,892	-
<b>Subtotal Pass-Through Programs</b>			<b>189,464</b>	<b>-</b>
<b>Total Department</b>			<b>1,394,507</b>	<b>-</b>
<b><u>U.S. Fish and Wildlife Service, Department of the Interior</u></b>				
Pass Through Florida Department of Environmental Protection				
Clean Vessel Act	15.616	LE638	4,183	-
<b>Total Department</b>			<b>4,183</b>	<b>-</b>
<b><u>U.S. Corporation for National and Community Service</u></b>				
AmeriCorps Community Emergency Support (ACES) Grant	94.006	06AFHFL002005	91,810	-
<b>Total Department</b>			<b>91,810</b>	<b>-</b>
<b><u>U.S. Department of Education</u></b>				
Pass Through Miami Dade County Schools:				
21st CCLC – Lenora	84.287	710-193	38,191	-
21st CCLC – Lenora	84.287	130-2448A-8CCCA	31,631	-
<b>Total Department</b>			<b>69,822</b>	<b>-</b>
<b><u>U.S Department of Transportation</u></b>				
Pass Through State of Florida Department of Transportation:				
FDOT – Greenway – East Little Havana Bike Path (2001 Request)	20.205	AP 150	75,000	-
FDOT – Overtown Signage	20.205	ANK86 / 40 5586-1	35,977	-
FDOT – Greenway Flagler	20.205	A0Q04	175,060	-
FDOT – Venetian Causeway Improvements	20.205	APG63/410581-1	7	-
<b>Total Department</b>			<b>286,044</b>	<b>-</b>
United Way Donation 2009	97.024	LRO-159400-080	5,278	-
<b>Total Department</b>			<b>5,278</b>	<b>-</b>

(Continued)

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2009 (continued)

Federal Grantor / State Agency pass-through grantor/program Title	CFDA/ CSFA Number	Grant/Contract Number	Expenditures	
			Federal	State
<b>White House Office of National Drug Control Policy</b>				
High Intensity Drug Trafficking Area – (H.I.T.D.A. XIII)	99.UNKNOWN		\$ 11,168	\$ -
High Intensity Drug Trafficking Area – (H.I.T.D.A. 2008 Tough Karma)	99.UNKNOWN		2,561	-
<b>Total Department</b>			<b>13,729</b>	<b>-</b>
<b>State of Florida, Department of Environmental Protection</b>				
FDEP Flagami/West End Storm II	37.039	LP6056	-	289,664
FDEP Fairlawn Storm Sewer Phase III/San Marco & Biscayne Drainage	37.039	LP 8949	-	4,651
<b>Total Department</b>			<b>-</b>	<b>294,315</b>
<b>State of Florida, Department of Health</b>				
Agency for Persons with Disabilities State Program 2008-2011	67.011		-	196,926
<b>Subtotal Direct Programs</b>			<b>-</b>	<b>196,926</b>
Pass-through Miami-Dade County:				
Emergency Medical Services County Grant	64.005	C4013	-	2,134
Emergency Medical Services County Grant	64.005	C 5013	-	38,909
Emergency Medical Services County Grant	64.005	C6013	-	17,434
<b>Subtotal Pass Through Programs</b>			<b>-</b>	<b>58,477</b>
<b>Total Department</b>			<b>-</b>	<b>255,403</b>
<b>State of Florida, Department of Transportation</b>				
FDOT – Miami Streetcar Projects	55.014	AOA01	-	1,526
FDOT – Greenway Jose Marti	55.024	AOP78	-	109,619
<b>Total Department</b>			<b>-</b>	<b>111,145</b>
<b>State of Florida, Housing Finance Agency</b>				
State Housing Initiative Project (SHIP)	52.901	N/A	-	3,084,579
<b>Total Department</b>			<b>-</b>	<b>3,084,579</b>
<b>State of Florida, Bureau of Historic</b>				
City Hall Renovations	45.031	SC733	-	120,284
<b>Total Department</b>			<b>-</b>	<b>120,284</b>
<b>State of Florida, Department of Financial Services</b>				
My Safe Florida 2007	43.002	CF-038	-	265,834
<b>Total Department</b>			<b>-</b>	<b>265,834</b>
<b>State of Florida, Recreation Assistance Program</b>				
Morningside Park Pool Renovation	37.017	A8178	-	127
<b>Total Department</b>			<b>-</b>	<b>127</b>
<b>State of Florida, Department of Children and Families</b>				
Pass Through Miami Dade County Homeless Trust				
2008-2009 Homeless Assistance to Homeless Detainees	60.021	KF121	-	85,796
<b>Total Department</b>			<b>-</b>	<b>85,796</b>
<b>TOTAL EXPENDITURES FOR FEDERAL AND STATE FINANCIAL ASSISTANCE</b>			<b>\$ 48,797,688</b>	<b>\$ 4,217,483</b>

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

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2009

---

**Note 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, 2009. 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.

**Note 2. Basis of Accounting**

The accompany 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* 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.

**Note 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:

Name of Program/Project	CFDA Number	Amount Provided to Subrecipient
South Florida Urban Search and Rescue Program	97.025	\$ 384,539
Urban Area Security Initiative Grant	97.067	4,073,893
Community Development Block Grant	14.218	3,942,921
<b>Total Federal</b>		<b>\$ 8,401,353</b>

# McGladrey & Pullen

Certified Public Accountants

**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 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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Southeast Overtown Park West Redevelopment Agency, the Omni Redevelopment Agency, the Miami Midtown Community Redevelopment Agency, the Gusman and Olympia Special Revenue Fund, the Virginia Key Beach Park Trust, the Liberty City Community Revitalization District Trusts, the Firefighters' and Police Officers' Retirement Trust and the General Employees' and Sanitation Employees' Retirement Trust, Other Managed Trusts, the Miami Sports and Exhibition Authority, Downtown Development Authority, Bayfront Park Management Trust, and the Civil Investigative Panel, as described in our report on the City's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

***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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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



A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items IC 2009-01 to IC 2009-06, to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items IC 2009-01 and IC 2009-02 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*.

We noted certain matters that we reported to management of the City in a separate letter dated April 20, 2010.

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

*McGladrey & Pullen, LLP*

Miami-Dade County, Florida  
April 20, 2010

# McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report  
on Compliance With Requirements Applicable to Each  
Major Federal Program and State Project and on Internal  
Control Over Compliance in Accordance With OMB  
Circular A-133 and Chapter 10.550, *Rules of the Auditor General*  
and on Schedule of Expenditures of Federal Awards and  
State Financial Assistance**

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

## ***Compliance***

We have audited the compliance of the City of Miami, Florida (the "City") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009. 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 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 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 Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in item CF 2009-08 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding equipment and real property management that are applicable to its Homeland Security Grant Program ("HSGP"). Compliance with this requirement is necessary, in our opinion, for the City to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009. However, the results of our auditing procedures also disclosed other instances of noncompliance with those requirements that 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 2009-01 to CF 2009-03.

### ***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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of 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 would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items IC 2009-05, IC 2009-07, IC 2009-08 and IC 2009-09 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item IC 2009-08 to be a material weakness.

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 it.

*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 of Miami, Florida (the "City"), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 20, 2009. Our report was modified to include a reference to other auditors. Our audit and the audit of other auditors were 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 is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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

*McGladrey & Pullen, LLP*

Miami-Dade County, Florida  
April 20, 2010

Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2009

---

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

***Financial Statements***

Type of auditor's report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	<u>    X    </u> Yes	<u>          </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>    X    </u> Yes	<u>          </u> None Reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>    X    </u> No

***Federal Awards***

Internal control over major programs:		
Material weakness(es) identified?	<u>    X    </u> Yes	<u>          </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u>    X    </u> Yes	<u>          </u> None Reported

Type of auditor's report issued on compliance for major programs:		Qualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u>    X    </u> Yes	<u>          </u> No

Identification of major programs:

The programs tested as major were as follows:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
97.067	Homeland Security Grant Program
14.241	Housing Opportunities for Persons with AIDS

Dollar threshold used to distinguish between type A and type B programs:	\$	1,463,931
Auditee qualified as low-risk auditee?	<u>          </u> Yes	<u>    X    </u> No

(Continued)

The City Miami, Florida

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

*State Financial Assistance*

Internal control over major projects:

Material weakness(es) identified?

           Yes        X   No

Significant deficiency(ies) identified that are not  
considered to be material weakness(es)?

  X   Yes                 None Reported

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

Unqualified

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

  X   Yes                 No

Identification of major projects:

The project tested as major is as follows:

CSFA Number(s)  
52.901

Name of State Financial  
Assistance Project  
State Housing Initiative Program ("SHIP")

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

\$ 300,000

The City Miami, Florida

Schedule of Findings and Questioned Costs (Continued)  
 Fiscal Year Ended September 30, 2009

Finding Number	Description	Significant Deficiency	Material Weakness
<b>Financial Statements Findings</b>			
<b>Control Deficiencies</b>			
IC 2009-01	Bank Reconciliations		X
IC 2009-02	Recording of Accruals and Accounts Payable		X
IC 2009-03	Payroll Processing	X	
IC 2009-04	Oracle Human Resource Management System Implementation	X	
IC 2009-05	Filing For Grant Reimbursements	X	
IC 2009-06	Capital Asset Management	X	
<b>Federal Awards and State Financial Assistance Findings and Questioned Costs</b>			
<b>Internal Control over Compliance</b>			
IC 2009-07	Payroll Certification	X	
IC 2009-08	Equipment and Real Property Management		X
IC 2009-09	Program Income	X	
<b>Compliance</b>			
CF 2009-01	Equipment and Real Property Management		
CF 2009-02	Program Income		
CF 2009-03	Environmental Reviews		

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

I – Financial Statements Findings

A. Internal Control

IC 2009-01 – Bank Reconciliations

Criteria: Internal control policies and procedures require timely monthly reconciliation, proper recording and disposition of reconciling items, and supervisory review of all bank accounts.

Condition: We noted the following deficiencies as it relates to bank reconciliations:

- Bank reconciliations for the main depository account for the months of March 2009 through August 2009 were not prepared in a timely manner.
- The September 2009 main disbursement account bank reconciliation included \$110,000 of voided checks as other reconciling items. These checks were voided prior to year end, but were not removed from the outstanding checks listing.

Context: The finding is considered systemic in nature.

Effect: Failure to adhere to internal control policies and procedures requiring the timely reconciliation and supervisory review of bank accounts could result in material misstatements to the financial statements and/or misappropriation of resources.

Cause: Lack of proper tools and resources necessary to ensure bank reconciliations are performed in a timely manner and reconciling items are properly treated.

Recommendation: We recommend that management adhere to the policy which requires that bank account reconciliations be prepared and reviewed by a supervisor on a monthly basis. In addition, all significant reconciling items should be properly investigated, recorded, and disposed of in a timely manner.

Views of Responsible Officials and Planned Corrective Action: The City is currently developing an Oracle Cash Management Reconciliation Report aimed at automating the bank reconciliation process. The reconciliation of the Main Depository account, in particular, is currently a very tedious and manually intensive. The Finance Department initially deployed the Reconciliation Report in January 2009, and suspended the manual reconciliation process for a couple of months. However, a number of issues were noted during the period the City attempted to utilize the Reconciliation Report. When it became clear that the Reconciliation Report needed further refinement, Finance pulled the Report back into development, and resumed the manual process to finish the pending reconciliations before the fiscal year-end. It should be noted that throughout first roll-out period of the Reconciliation Report, partial reconciliations were being performed on a timely basis to ensure all bank activity was properly accounted for in the general ledger. The delay, unfortunately, resulted in the reconciliations for the months of July and August being prepared in October and November, respectively. As the Reconciliation Report is still in development, the Finance Department has been performing the reconciliation process using the manual method to ensure timely completion of the Main Depository account's reconciliation.

As part of the monthly reconciliation of the Main Disbursement account, the City had properly removed the voided checks referenced in the finding from its records. However, the voided checks were not removed from the bank's listing of outstanding checks. This final step in the voiding process, notification to the bank, was not completed timely. This has since been corrected and internal procedures have been modified to ensure communication with the bank is completed immediately upon the voiding of a check. The City does not believe this will be an issue in the subsequent fiscal year.



Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

IC 2009-02 – Recording of Accruals and Accounts Payable

Criteria: Internal control procedures should be established and complied with that enable the proper and timely recording of liabilities under the accrual or modified accrual basis of accounting, as defined.

Condition: We noted expenditures that should have been accrued at fiscal year end were not recorded in the accounting year end closing process. This condition was exacerbated as a consequence of the decentralized nature of some aspects of the City's accounting function.

Context: \$4.3 million of year end accruals.

Effect: The City's year end liability balance could be materially understated.

Cause: The cause is due to a breakdown in the system of controls, lack of effective supervisory oversight, and untimely submission of information by various City departments.

Recommendation: We recommend that the City comply with its established process, whereby outstanding invoices that have not yet been approved and entered into the system for payment are analyzed, reviewed, and manually recorded for financial reporting purposes. In addition, a time schedule should be established that require all applicable departments to submit the necessary information to the finance department to accommodate for timely recording.

Views of Responsible Officials and Planned Corrective Action: The City Departments are responsible for providing information to the Finance Department at year-end regarding goods and services that need to be accrued for at year end. The Finance Department prepares and communicates year-end closing policies and procedures to all departments to ensure invoices are approved and received timely to be properly accrued for at year-end. During fiscal year 2010, the City manager sent additional communications to departments stressing compliance with the stated policies. Several departments were not responsive which led to liabilities not being recorded timely. Better coordination between City departments is necessary to ensure all year-end invoices are submitted timely. The Finance Department will continue its efforts to obtain relevant year-end financial information on a timely manner.

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

IC 2009-03 – Payroll Processing

Criteria: Organizations should have adequate internal controls to properly record, summarize, and report accounting transactions, including those associated with the payroll process, to provide reasonable assurance that the financial statements are not materially misstated.

Condition: We noted the following matters within the payroll process:

- Formal internal control policies and procedures have not been established requiring review and approval of the individual pay period's payroll register. There is no "system trail" to evidence supervisory review and approval of the payroll registers for final payment.
- Payroll registers are reconciled to the general ledger on a monthly basis however; differences that are identified during this process are not analyzed, investigated, and corrected.

Context: The finding is considered systemic in nature.

Effect: Increase risk of misstatement of the financial statements. Reconciling exceptions that could include unauthorized payments could go undetected.

Cause: Formal internal control policies and procedures have not been established requiring the review of payroll transactions by supervisory personnel.

Recommendation: We recommend the City establish formal internal control policies and procedures requiring review and approval of all payroll transactions to ensure that transactions are properly reconciled to the general ledger, recorded, and reported in the financial statements.

Views of Responsible Officials and Planned Corrective Actions: The City accepts the recommendations of the auditors. Subsequent to year-end, management of the payroll function was moved from the Employee Relations Department to the Finance Department. Of primary focus is the documentation of policies and procedures. This process will take some time to complete as the City contends with the challenges of the implementation, and therefore expects completion of policy and procedure documentation to extend beyond fiscal year 2010. By moving Payroll under the management of the Finance Department, there will be centralization of the general ledger and payroll functions, which will allow for better follow-through and resolution of differences identified during the reconciliation process, however, due to the challenges encountered with the implementation, the City expects correction of this finding will extend beyond fiscal year 2010.

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

IC 2009-04 – Oracle Human Resource Management System Implementation

Criteria: Internal controls should require that the City establish a comprehensive plan, perform adequate parallel testing, and data validation procedures prior to implementing a new software application to ensure that the application is functioning properly to prevent misstatement of the financial statements. Additionally, a comprehensive knowledge of an organization's accounting software is paramount to effectively maintaining and producing financial data consistent with management assertions.

Condition: We noted the following deficiencies as it relates to Oracle Human Resource Management System (HRMS) implementation:

- in certain instances employee vacation and sick hour balances were not properly transferred from the prior system/database to the Oracle HRMS payroll module,
- in certain instances employee vacation hours earned were improperly calculated due to programming errors,
- adjustments were made to employee vacation and sick hour balances without proper support and supervisory approval,
- Oracle Human Resource Management System (HRMS) is programmed to automatically approve each employee's hours worked in the event that the employee's supervisor does not approve the hours entered into the HRMS for the pay period,
- staff is not fully versed in the application and operation of the Oracle HRMS and as a consequence they are not able to fully utilize the system at its optimum to properly produce the necessary information and reports needed to process payroll data in a viable manner.

Context: The condition was noted during the testing of the payroll balances.

Effect: Increase risk of misstatement of the financial statements. The lack of knowledge of the system could result in incorrect financial reporting and difficulty producing appropriate support for financial activity.

Cause: Inadequate planning, parallel testing, and designing of IT system controls during the implementation of the Oracle HRMS module. Lack of training provided to employees on the Oracle HRMS payroll module.

Recommendation: We recommend that the City perform more comprehensive planning, testing, and data validation procedures to ensure that newly implemented software applications are functioning properly to prevent misstatement of the financial statements. Additionally, we recommend that applicable users of the Oracle HRMS receive ongoing training to help them fully utilize the capabilities of the software.

Views of Responsible Officials and Planned Corrective Action: The City agrees with the findings and recommendation of the auditors. The timeline associated with the implementation of the HRMS/Payroll modules was extremely aggressive and led to some shortcomings in planning, configuration, testing, and training of City staff at the time of go-live. Since the go-live in June of 2009, the City has been addressing and correcting many of the issues encountered with the implementation. One important component to the solution is going to be a request for additional staff members for the Payroll section. This, along with a commitment to continuous improvement will address the issues noted and mitigate findings in future periods; however, we believe complete correction of this finding will extend beyond fiscal year 2010.

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

IC 2009-05 – Filing for Grant Reimbursements

Criteria: The City's internal control system should be designed to ensure that claims for reimbursements are filed in a timely manner, soon after the incurrence and payment of qualified related expenditures.

Condition: As of September 30, 2009 the City had not received reimbursements for approximately \$35 million of qualifying reimbursable grant expenditures. \$14 million of the \$35 million have been outstanding greater than one year. The \$35 million balance is comprised of the following amounts:

*Unbilled Balances Greater than One Year*

FEMA – In fiscal year 2006, the City recorded a receivable of \$16.5 million for reimbursable hurricane-related expenditures. As of September 30, 2009, \$7.9 million had not been collected/reimbursed from the grantor (over 48 months since the expenditures were incurred).

Other Grants – Excluding the FEMA \$7.9 million discussed above, the City had approximately \$6.0 million of other amounts that had not been billed or submitted to the grantor for reimbursement as of September 30, 2009 (over 24 months since the expenditures were incurred).

*Unbilled Balances Less than One Year*

In addition to the above amounts, the City had approximately \$21 million of grant expenditures that had not been billed or submitted to the grantor for reimbursement that were at least 60 days old as of September 30, 2009.

Reasons for the delay in the receipt of grant funding are the result from the following deficiencies in administering the grant programs of the City:

- Delay in the compiling and filing of proper documentation necessary to receive reimbursements.
- Incomplete/improper reimbursement packages submitted to grantors, which were subsequently rejected.
- In certain instances management has decided not to submit for reimbursement until certain capital projects are 100% complete, even though the grantors did not impose such restrictions on the City.
- The City's grant management process is decentralized format which has resulted in ineffective oversight over grant administrators.

Context: Condition was noted during the testing of grant receivable balances.

Effect: The delay in requesting for reimbursements does have an adverse effect on cash flows and may affect the collectability of the amount due.

Cause: Individual departments administering grants did not compile and file the proper documentation needed to receive such reimbursements after the incurrence and payment of a qualified related expenditure.

Recommendation: We recommend that the City establish a control system to ensure that amounts expended are timely submitted for reimbursement, all required forms are compiled and prepared in the format prescribed by the grantor, and reimbursement packages are reviewed and approved by supervisory personnel.

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2009**

---

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the recommendation of the auditors. The City's grants and awards processes are decentralized. Each department assigns program managers to their grants who are responsible for filing reimbursements with grantors and liaising with the Finance Department for reporting purposes. The Finance Department will continue to strengthen relationships with those program managers to help ensure timely submission of financial information. Additionally, the fire department, which is associated with this finding, plans to request additional fiscal staff to be able to more timely reconcile, compile, and submit reimbursement requests to FEMA and UASI (grantors), and therefore reduce the duration of the related receivable balances.

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

IC 2009-06 – Capital Asset Management

Criteria: 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 financial statements are not materially misstated.

Condition: We noted the City's capital asset detail schedules required significant adjustments to remove amounts improperly capitalized.

We also noted the following conditions relating to capital assets:

- individual depreciable assets (buildings, equipment, improvements, etc.) were misclassified on the capital asset detail schedule as construction in progress (CIP) items,
- reconciliation of CIP balances to the Oracle Capital Asset Module is not performed on a periodic basis.

While the City had policies and procedures in place to account for capital assets, the internal controls requiring timely recording and review of capital asset related transactions did not function effectively.

Context: The finding is considered systemic in nature.

Effect: Capital assets represent a significant account balance for the City and improper accounting could result in a material misstatement of the financial statements.

Cause: The cause is due to a breakdown in the system of controls resulting from lack of effective supervisory oversight and review of capital asset balances.

Recommendation: We recommend the City adhere to its internal control policies and procedures to provide reasonable assurance that the following occurs on a routine basis:

- 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,
- capital asset inventory is performed at least annually,
- review 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: The City agrees with the recommendation of the auditors. During fiscal year 2009, the City had been working through many issues encountered with the reconciliation of the Capital Improvement Program to the data in the Oracle system. The City was able to address many of the concerns from the prior year. Through the process of continuous improvement, the City believes it can continue to address the issues noted and mitigate the findings in future periods.

The City of Miami, Florida

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

**B. Compliance**

None noted.

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

III –Federal Awards and State Financial Assistance Findings and Questioned Costs

A. Internal Control over Compliance

IC 2009-05 – Filing for Grant Reimbursements

See Part II – Financial Statement Findings reported as item IC 2009-05.

IC 2009-07 – Payroll Certification

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

Criteria: OMB Circular A-87 requires that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications should be prepared at least semi-annually and should be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

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

Questioned Costs: Undetermined.

Context: The finding is considered systemic in nature.

Effect: Unallowable costs may have been charged to the program.

Cause: The City does not have internal controls in place to ensure compliance with OMB Circular A-87, which requires proper certification by employees who work solely on the grant program.

Recommendation: The City should implement procedures whereby semi-annual payroll certifications are signed by employees who work solely on the grant program.

Views of Responsible Officials and Planned Corrective Action: To better address payroll certification we have implemented a new procedure regarding this matter. The three grant funded employees in question have a calendar that shows their daily time usage. The document is updated daily by the City. They are required to review and sign this document on a monthly basis and a supervisor reviews and signs off on a semi-annual basis.



Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

IC 2009-08 – Equipment & Real Property Management

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

Criteria: In accordance with the Readiness Cooperative Agreement, 44 CFR Part 13 and A-102 Common Rule, an appropriate system must be in place to manage and safeguard equipment acquired with federal funds. Equipment records shall be maintained and a physical inventory of equipment shall be taken at least once every two years and reconciled to the asset records. In addition, property records must include a 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.

Condition: We noted that the City does not have an up to date inventory listing representing all equipment acquired with federal funds as of September 30, 2009. In addition, management has not performed a physical inventory within the past two years.

Questioned Costs: Undetermined.

Context: The finding is considered systemic in nature.

Effect: Failure to properly identify all equipment acquired with federal funds may result in management not being able to accurately track and account for assets. This could result in improper disposition and misappropriation of an item acquired with federal funds.

Cause: Management has not maintained an up to date inventory listing of capital assets acquired with federal funds nor performed a physical inventory within the past two years.

Recommendation: We recommend that the a policy is adopted and adhered to that requires that equipment acquired with federal funds are listed and recorded to help ensure that all items are properly accounted for in a manner consistent with the requirements of the Cooperative Agreement, 44 CFR Part 13 and A-102 Common Rule. In addition, the City should establish policies which require that a physical inventory be taken and reconciled to the asset control listing at least once every two years.

Views of Responsible Officials and Planned Corrective Action: Even though equipment records were being maintained and a physical inventory of equipment was being conducted, this process was not complete or up to the standards that we believe they should have been. This was a result of inadequate staff being assigned specifically to inventory control.

To better address equipment & real property management we have reviewed our procedures and have implemented a new procedure on this matter, and we have hired temporary personnel specifically assigned to inventory control. New inventory procedures are being drafted in line with State and Federal Guidelines and will be implemented. Additionally, a web-based application has been created and will be implemented shortly to allow the City to track grant equipment purchases over \$1,000. Fields in the online application will include: equipment locations, purchasing agencies, primary individuals responsible for equipment maintenance, asset descriptions, serial numbers, use and condition of equipment, photos, and federal participation dollars associated with the cost of the equipment acquisitions. In addition, we are currently exploring how to address the issue of disposal/sale of equipment with the grantor. Once these issues are resolved, they will be included in the online tool as well as the new inventory procedures document.

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2009**

---

A physical inventory has not been performed as often as it should be due to the lack of staff assigned specifically to inventory control. We have implemented a new procedure on this matter and we have hired temporary personnel specifically assigned to conduct a physical inventory. All equipment acquisitions on record over \$1,000 will be verified with a site visit. Additionally, they will be tagged with a barcode sticker/decal and the inventory data will be directly inputted into the web-based application for tracking purposes.

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

IC 2009-09 – Program Income

U.S. Department of Housing and Urban Development  
Community Development Block Grant  
CFDA# 14.218  
Grant Number B-08-MC-12-0013

Criteria: 24 CFR 85.25 describes program income as gross income received that was directly generated by a grant-supported activity. The Department of Housing and Urban Development requires that program income generated from the use of Community Development Block Grant funds be reported at least quarterly. In addition, funds must first be drawn from program income before using entitlement funds.

Condition: We noted that program income is not being reported on a quarterly basis. Additionally, program income is not being used/expended before entitlement funds.

Questioned Costs: Undetermined.

Context: The finding is considered systemic in nature.

Effect: Failure to report program income on a quarterly basis can result in non-compliance with grant requirements and improper drawdown of entitlement funds.

Cause: Reporting program income semi-annually resulted in amounts being improperly drawn from entitlement funds first instead of program income.

Recommendations: Management should immediately implement quarterly reporting of program income.

Views of Responsible Official and Planned Corrective Action: Management concurs with the observation and will immediately implement quarterly reporting.

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

B. Compliance

CF 2009-01 – Equipment & Real Property Management

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

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

IC 2009-07 – Equipment & Real Property Management

CF 2009-02 – Program Income

U.S. Department of Housing and Urban Development  
Community Development Block Grant  
CFDA# 14.218  
Grant Number B-08-MC-12-0013

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

IC 2009-09 – Program Income

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2009

---

CF 2009-03 – Environmental Reviews

U.S. Department of Housing and Urban Development  
Community Development Block Grant  
CFDA# 14.218  
Grant Number B-08-MC-12-0013

Criteria: 24 CFR 58.1 and 24 CFR 570.604 requires that the recipient of Community Development Block Grant funding perform environmental reviews when the recipient executes a grant agreement with the Department of Housing and Urban Development. 24 CFR 58.22(b) states that if a project or activity is exempt under §58.34, or is categorically excluded (except in extraordinary circumstances) under §58.35(b), the recipient may undertake the activity immediately after the responsible entity has documented its determination of exempt status in writing as required in §58.34(b) and §58.35(d), but the recipient must comply with applicable requirements under §58.6.

Condition: We noted instances where environmental reviews were not performed or activities were undertaken before preparation of the required documentation for environmental reviews.

Questioned Costs: Not applicable.

Context: Three of the twenty-five items selected for testing had exceptions. Specifically, in 1 instance the environmental review was not performed for an administrative or management activity. In the other 2 instances the required documentation of exempt status was created after expenditures were incurred and paid for relocation and administrative related activities.

Effect: Failure to appropriately document environmental reviews can result in non-compliance with grant requirements and loss of grant funding.

Cause: Lack of effective oversight and review by supervisory personnel resulted in non-compliance with environmental review requirements of the grant program.

Recommendation: The City should immediately implement procedures to ensure that environmental reviews are performed in a timely manner and in accordance with requirements prescribed by the grantor.

Views of Responsible Official and Planned Corrective Action: The City agrees with the recommendation and will immediately review all activities including administration accounts and document that they are categorically exempted.

The City of Miami, Florida

Schedule of Prior Year Findings and Questioned Costs  
Fiscal Year Ended September 30, 2009

Finding #	Finding Title	Status	Other Explanation
<b>Findings related to financial statements:</b>			
IC 2008-01	Significant Issues Documentation	Corrected	
IC 2008-02	Bank Reconciliations	Certain Corrective Action Taken	See current year finding IC 2009-01.
IC 2008-03	Grants Management	Corrected	
IC 2008-04	Filing for Grant Reimbursements	Not Corrected	See current year finding IC 2009-05.
IC 2008-05	Capital Asset Management	Not Corrected	See current year finding IC 2009-06.
<b>Findings and questioned costs in administering federal awards:</b>			
<u>Federal</u>			
CF 2008-01	Eligibility - Housing Opportunities for Persons with AIDS	Corrected	
CF 2007-10	<b>Equipment and Real Property Management as it pertains to:</b>		
	CFDA #97.025 – U.S. Department of Homeland Security Urban Search and Rescue (USAR)	Not Corrected	The Fire Department is still working towards developing an effective capital asset inventory system.
	CFDA #97.076 – U.S. Department of Homeland Security Urban Area Security Initiative Grant Program II 2004 (UASI)	Not Corrected	The Fire Department is still working towards developing an effective capital asset inventory system. See current year finding IC-2009-08.
<u>State</u>			
06-19	CFDA #16.011 & 97.008 – U.S Department of Homeland Security – Urban Areas Security Initiative Grant (UASI).	No longer relevant	