

# **City of Miami, Florida**

Single Audit Reports in Accordance with  
Uniform Guidance and Chapter 10.550, *Rules  
of the Florida Auditor General*

Fiscal Year Ended September 30, 2016

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RSM US LLP

**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**

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami, Florida (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2017. Our report includes a reference to other auditors who audited the following component units and funds, as described in our report on the City's financial statements:

<b>Component Units / Funds</b>	<b>Classification</b>
<ul style="list-style-type: none"><li>• Southeast Overtown Park West Redevelopment Agency</li><li>• Omni Community Redevelopment Agency</li><li>• Midtown Community Redevelopment Agency</li><li>• Virginia Key Beach Park Trust</li><li>• Liberty City Community Revitalization District Trusts</li></ul>	nonmajor special revenue fund nonmajor special revenue fund nonmajor special revenue fund nonmajor special revenue fund nonmajor special revenue fund
<ul style="list-style-type: none"><li>• Firefighters' and Police Officers' Retirement Trust</li><li>• General Employees' and Sanitation Employees' Retirement Trust and Other Managed Trusts</li></ul>	aggregate remaining fund information aggregate remaining fund information
<ul style="list-style-type: none"><li>• Miami Sports and Exhibition Authority</li><li>• Downtown Development Authority</li><li>• Bayfront Park Management Trust</li><li>• Coconut Grove Business Improvement District</li><li>• Wynwood Business Improvement District</li></ul>	discretely presented component unit discretely presented component unit discretely presented component unit discretely presented component unit discretely presented component unit

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item IC 2016-01 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **City's Response to Finding**

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

## **Purpose of this Report**

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

*RSM US LLP*

Miami, Florida  
March 30, 2017



RSM US LLP

**Report on Compliance for Each Major  
Federal Program and State Project;  
Report on Internal Control Over Compliance; and  
Report on Schedule of Expenditures of  
Federal Awards and State Financial  
Assistance Required by the Uniform Guidance and  
Chapter 10.550, *Rules of the Florida Auditor General***

**Independent Auditor's Report**

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

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

We have audited the City of Miami, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2016. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions applicable to its federal programs and state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General* (Chapter 10.550). Those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items CF 2016-01, CF 2016-02 and CF 2016-03. Our opinion on each major federal program is not modified with respect to these matters

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items IC 2016-02, IC 2016-03 and IC 2016-04 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General***

We have audited the financial statements of the City as of and for the year ended September 30, 2016, and have issued our report thereon dated March 30, 2017, which contained unmodified opinions on those financial statements, and included a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

Miami, Florida

April 28, 2017, except for the Schedule of Expenditures of Federal Awards and State Financial Assistance for which the date is March 30, 2017

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Fiscal Year Ended September 30, 2016

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Grant/Contract Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S Department of Agriculture</b>					
Pass-Through Florida Department of Health Child and Adult Care Food Program	10.558	A-2384 S-576	16165FL350N1099 16165FL350N1099/16165FL350N2020	\$ -	\$ 185,047 73,481 <u>258,528</u>
Federal Pass-Through Miami-Dade County, Florida Supplemental Nutrition Assistance Program	10.551	WS-SP-PY'15-14-00 WS-CC-PY'15-13-00	AA-26773-15-55-A-12 AA-26773-15-55-A-12		5,260 43,582 <u>48,842</u>
Federal Pass-Through Miami-Dade County, Florida State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	WS-SP-PY'15-14-00 WS-CC-PY'15-13-00	AA-26773-15-55-A-12 AA-26773-15-55-A-12		1,092 35,249 <u>36,341</u>
<b>Total U.S Department of Agriculture</b>					<u>343,711</u>
<b>U.S Department of Housing and Urban Development</b>					
Community Development Block Grants/Entitlement Grants	14.218	B-07-MC-120013 B-08-MN-120016 B-09-MC-120013 B-10-MC-120013 B-11-MC-120013 B-12-MC-120013 B-13-MC-120013 B-14-MC-120013 B-15-MC-120013 B-16-MC-120013		87,030	385 537,267 5,156 303,315 188 209,618 7,531 342,323 1,480,305 4,229,512 452,346 <u>1,436,962</u> <u>2,068,560</u>
Emergency Solutions Grant Program	14.231	E-15-MC-120002 E-16-MC-120002			282,222 127,632 <u>409,854</u>
Federal Pass-Through Miami-Dade County, Florida Supportive Housing Program	14.235	FL0189L4D001407 FL0190L4D001407 FL0211L4D001407	596000573 596000573 596000573		288,479 136,806 247,480 <u>672,765</u>

(Continued)



City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Fiscal Year Ended September 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Home Investment Partnerships Program	14.239	M-05-MC-120211		\$ -	\$ 653,984
		M-06-MC-120211			25,137
		M-07-MC-120011			254,889
		M-08-MC-120011			33,142
		M-09-MC-120011			132,016
		M-10-MC-120011			1,432,051
		M-11-MC-120011			375,996
		M-12-MC-120011			313,569
		M-15-MC-120011			932,086
		M-16-MC-120011		28,761	<u>4,181,631</u>
Housing Opportunities for Persons with AIDS	14.241	F-LH-10-F005			1,507,164
		F-LH-12-F005			834,107
		F-LH-13-F005			589,317
		F-LH-14-F005			41,359
		F-LH-15-F005			4,141,048
		F-LH-16-F005			3,875,421
Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	14.856	FL145MR0001			1,750,936
		FL145MR0002			614,548
Section 8 Housing Choice Vouchers	14.871	FL145			1,665,573
<b>Total U.S Department of Housing and Urban Development</b>					<u>27,355,980</u>
<b><u>U.S Department of Justice</u></b>					
Equitable Sharing Program	16.922	not applicable			343,532
		not applicable			135,263
Pass-Through Office of the Florida Attorney General Crime Victim Assistance	16.575	V003--14185	not applicable		1,124
		V003--14185	2014VAGX0026		28,852
Public Safety Partnership and Community Policing Grants Recovery	16.710	2013ULWX0011			156,080
		2014ULWX0043			665,359
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0448			22,753
		2015-DJ-BX-1015			323,673
Pass-Through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-DADE-26-R3-209	2014MUBX0002		6,819
		2016-JAGC-DADE-24-H3-180	2015MUBX1066		36,317
<b>Total Justice Assistance Grant</b>					<u>389,562</u>
Edward Byrne Memorial Competitive Grant Program	16.751	2014-WY-BX-0002			509,461
<b>Total U.S Department of Justice</b>					<u>2,229,233</u>

(Continued)

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Fiscal Year Ended September 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b><u>U.S Department of Labor</u></b>					
Federal Pass-Through Miami Dade County, Florida ARRA-Unemployment Insurance	17.225	WS-CC-PY'15-13-00 WS-SP-PY'15-14-00	AA-26773-15-55-A-12 AA-26773-15-55-A-12	\$ -	\$ 52,207 7,035 <u>59,242</u>
Federal Pass-Through Miami Dade County, Florida WIA Adult Program	17.258	WS-CC-PY'15-13-00 WS-SP-PY'15-14-00	AA-26773-15-55-A-12 AA-26773-15-55-A-12		336,282 33,600 <u>369,882</u>
Federal Pass-Through Miami-Dade County, Florida WIA Dislocated Worker Formula Grants	17.278	WS-CC-PY'15-13-00 WS-SP-PY'15-14-00	AA-26773-15-55-A-12 AA-26773-15-55-A-12		339,664 41,337 <u>381,001</u>
Federal Pass-Through Miami-Dade County, Florida WIA Rapid Response	17.278	WS-CC-PY'15-13-00 WS-SP-PY'15-14-00	AA-26773-15-55-A-12 AA-26773-15-55-A-12		41,706 7,588 <u>49,294</u>
<b>Total WIA Cluster</b>					<u>800,177</u>
<b>Total U.S Department of Labor</b>					<u>859,419</u>
<b><u>U.S. Department of Transportation</u></b>					
Pass-Through Florida Department of Transportation Highway Planning and Construction	20.205	AQF49/418334-2	not applicable		<u>303,917</u>
<b>Total U.S Department of Transportation</b>					<u>303,917</u>
<b><u>U.S Department of Health and Human Services</u></b>					
Pass-Through Miami-Dade County, Florida Temporary Assistance for Needy Families	93.558	WS-CC-PY'15-13-00 WS-SP-PY'15-14-00	AA-26773-15-55-A-12 AA-26773-15-55-A-12		340,720 40,232 <u>380,952</u>
<b>Total U.S Department of Health and Human Services</b>					<u>380,952</u>

(Continued)

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
 Fiscal Year Ended September 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b><u>Executive Office of the President</u></b>					
Pass-Through South Florida HITDA/Monroe County Sheriffs Office High Intensity Drug Trafficking Areas Program	95.001	HITDA Letter July 10, 2014 HITDA Letter April 09, 2015 G15MI0001A	G16MI0001A G16MI0001A G15MI0001A	\$ -	\$ 11,496 61,322 5,936 <u>78,754</u>
<b>Total Executive Office of the President</b>					<u>78,754</u>
<b><u>U.S Department of Homeland Security</u></b>					
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2013-CA-K00015-S01 EMW-2014-CA-K00009			101,584 519,779
Federal Pass Through State of Florida National Urban Search and Rescue (US&R) Response System	97.025	EMW2015CA00042	2015-CA-00042-S01		905,177 <u>1,526,540</u>
Assistance to Firefighters Grant	97.044	EMW-2011-FO-09623 EMW-2013-FP-00810			2,224 4,904 <u>7,128</u>
Homeland Security Grant Program	97.067	15-DS-P8-11-23-02-453 16DS-P4-11-23-02-245 16DS-T9-10-60-02-432 16-DS-U7-11-23-02-368		3,521,051 - 7,830 271,043 <u>3,799,924</u>	4,283,294 98,962 70,357 871,357 <u>5,323,970</u>
<b>Total U.S Department of Homeland Security</b>					<u>6,857,638</u>
<b>Total Expenditures for Federal Awards</b>					<u>\$ 5,868,484</u> <u>\$ 38,409,604</u>

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

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Fiscal Year Ended September 30, 2016

State Grantor/Pass-through Grantor/Program Title	CSFA Number	Grant/Contract Number	State Expenditures
<b><u>Florida Housing Finance Corporation</u></b>			
State Housing Initiatives Partnership (SHIP) Program	40.901	Not applicable	\$ 811,377
<b>Total Florida Housing Finance Corporation</b>			<b>811,377</b>
<b><u>Department of Transportation</u></b>			
Public Transit Service Development Program	55.012	AR716	14,309
		ARP46/FM#430987-2-84-01	634,866
<b>Total Department of Transportation</b>			<b>649,175</b>
<b><u>Department of Health</u></b>			
Pass-Through Miami-Dade County, Florida			
Grants to States for Construction of State Home Facilities	64.005	EMS County Grant #C0013	51,195
<b>Total Department of Health</b>			<b>51,195</b>
<b><u>Florida Agency for Persons with Disabilities</u></b>			
Supported Employment Services-Developmental Disabilities	67.011	Not applicable	66,502
<b>Total Florida Agency for Persons with Disabilities</b>			<b>66,502</b>
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 1,578,249</b>

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

**City of Miami, Florida**

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
Fiscal Year Ended September 30, 2016**

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

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state awards of the City of Miami, Florida (the City) for the year ended September 30, 2016. All expenditures related to federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position or cash flows, where applicable, of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

**Note 2. Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting since grants are accounted for in the governmental fund types of the City. Such expenditures are reported following the cost principles contained in the Uniform Guidance and the Rules of the Department of Financial Services of the State of Florida, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Recovery**

The City did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2016**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

	_____ X Yes	_____ No	
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Identification of major programs:

The programs tested as major were as follows:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program
14.241	Housing Opportunities for Persons with AIDS
14.856	Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation
14.871	Section 8 Housing Choice Vouchers
97.025	National Urban Search and Rescue (US&R) Response System

Dollar threshold used to distinguish between type A and type B programs: \$ 1,152,288

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes    \_\_\_\_\_ X No

(Continued)

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2016**

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

State Financial Assistance

Internal control over major projects:

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

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

Unmodified

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

\_\_\_\_\_ Yes   X   No

Identification of major projects:

The projects tested as major were as follows:

<u>CSFA Number(s)</u>	<u>Name of State Project</u>
55.012	Public Transit Service Development Program
40.901	State Housing Initiatives Partnership (SHIP) Program

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

\$300,000

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2016**

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**Section II – Financial Statements Findings**

A. Internal Control

**IC 2016-01 – Self Insurance Actuarial Valuation**

Criteria: An actuarial analysis should include claim experience for all years with open case reserves that are expected to be paid by an organization in future periods when developing an estimate of the year-end self-insurance liability.

Condition: We noted that the City's self-insurance liability actuarial valuation report did not consider claim experience data for policy years from 1985 and prior when developing an estimate of the City's year end self-insurance liability. Our review of the actual loss runs for this period indicated that significant case reserves were still open for the time period that would be relevant to the actuarial analysis performed for the fiscal year-ended September 30, 2016.

Context: The City's self-insurance liability balance was adjusted to increase the balance by approximately \$11.4 million for the fiscal year-ended September 30, 2016, which is approximately 6% of the total liability.

Cause: Lack of effective management oversight of the actuary services provided and review of the self-insurance liability actuarial valuation report resulted in the condition noted above. The City's actuary determined that claim experience data for policy years from 1985 and prior were not relevant to their analysis, even though significant case reserves were still open for such related claims.

Effect: The development of the City's loss experience could result in the miscalculation of the estimated liability.

Recommendation: We recommend that management personnel with requisite knowledge oversee the actuarial services being provided and perform an in-depth review of the self-insurance liability actuarial valuation report. We further believe that it is prudent that the actuary incorporates all relevant claims and loss experience, which should encompass the historical period that represent the life cycle of the initiation of the claims and their corresponding settlements.

Views of Responsible Official and Planned Corrective Actions: The City concurs with the auditor recommendation. The administration will insist that on all future actuarial services that all data available be used in preparation of future actuarial reports.

B. Compliance

None reported.



**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2016**

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

A. Internal Control over Compliance

**IC 2016 – 02 Reporting**

U.S. Department of Housing and Urban Development

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

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

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

Context: See “Condition” above.

Questioned Costs: Not applicable.

Cause: Lack of effective administrative oversight of the program. The City’s September 30, 2016 audited financial statements could not be submitted to the grantor to meet the reporting requirements of the program, since program guidelines require GAAP-based audited reports be completed on a March 31<sup>st</sup> period end basis. Management has determined that it is not cost effective for the City to obtain audited financial statements for the period ended March 31, 2016, in order to comply with the program’s reporting requirements.

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

Recommendation: We recommend that management communicate the reporting limitations of the City to the grantor, as it relates to the City’s fiscal year, and further discuss alternative reporting options that may be available, to comply with the program’s reporting guidelines going forward.

Views of Responsible Official and Planned Corrective Actions: The City’s September 30, 2016 audited financial statements could not be submitted to the grantor to meet the reporting requirements of the program, since program guidelines require GAAP-based audited reports be completed on a March 31<sup>st</sup> period end basis. Management determined that it is not cost effective for the City to obtain audited financial statements for the period ended March 31, 2016, in order to comply with the program’s reporting requirements.

To comply with the audited financial statement requirements, the City will align the fiscal year of the program with that of the September 30, 20xx fiscal year of the City, in order to comply with 24 CFR section 5.801. Compliance is anticipated for the fiscal year ending September 30, 2017.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2016**

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**IC 2016 – 03 Equipment and Real Property Management**

U.S. Department of Homeland Security  
Urban Search and Rescue (US&R)  
CFDA No. 97.025

Criteria: The program Cooperative Agreement requires that equipment inventory records include the FEMA cache number for each item, as it is specifically identified on the current FEMA approved equipment cache list.

Condition: We noted that the equipment inventory records maintained by management did not include the FEMA cache number for each item as required by program guidelines.

Context: See “Condition’ above.

Questioned Costs: Undeterminable.

Cause: Lack of effective administrative oversight of the program. The inventory database system was not properly designed to allow for the tracking of all pertinent inventory information as required by program guidelines.

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

Recommendation: We recommend that the City update their equipment inventory database to include the FEMA cache number for each item, as required by program guidelines.

Views of Responsible Official: We have contracted a vendor to update and perform the necessary maintenance to our current database that will allow us to perform the necessary steps in-order to assure the equipment cache number, respective PO numbers, and other vital information is loaded onto the item description for each purchase made. This maintenance is scheduled to occur in April 2017.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2016**

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**IC 2016 – 04 Procurement and Suspension and Debarment**

U.S. Department of Homeland Security  
Urban Search and Rescue (US&R)  
CFDA No. 97.025

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

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

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

Questioned Costs: Not applicable.

Cause: The City's vendor contract and procurement review controls does not incorporate an assessment of the vendor's suspension or debarment.

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

Recommendation: As described in the condition above. A review control should be established whereby a debarment check is completed prior to the execution of a vendor contract and subsequently verified at a minimum on an annual basis. Additionally, documentation evidencing the verification of the suspension and debarment of vendors used in the program should be kept on file to demonstrate compliance.

Views of Responsible Official: The City created a Program Directive that assures the purchasing team will check the sam.gov website for each purchase we make with a supplier. The debarment record check will be kept with our justification documents for each purchase.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2016**

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A. Compliance

**1. CF 2016 – 01 Reporting**

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

See Section III – Federal Awards Findings and Questioned Costs  
IC 2016-02 – Reporting

**2. CF 2016 – 02 Equipment and Real Property Management**

- U.S. Department of Homeland Security  
Urban Search and Rescue (US&R)  
CFDA No. 97.025

See Section III – Federal Awards Findings and Questioned Costs  
IC 2016 – 03 Equipment and Real Property Management

**3. CF 2016 – 03 Procurement and Suspension and Debarment**

- U.S. Department of Homeland Security  
Urban Search and Rescue (US&R)  
CFDA No. 97.025

See Section III – Federal Awards Findings and Questioned Costs  
IC 2016 – 04 Procurement and Suspension and Debarment

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

A. Internal Control over Compliance

None reported.

B. Compliance

None reported.

**City of Miami, Florida**

**Summary Schedule of Prior Years' Audit Findings  
Fiscal Year Ended September 30, 2016**

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<b>Finding No.</b>	<b>Finding Title</b>	<b>Current Year Status</b>
<b>Federal Awards Findings and Questioned Costs</b>		
<b>Internal Control over Compliance Findings</b>		
IC 2015-01	Allowable Costs/Cost Principles – CFDA #97.083	Corrected
IC 2015-02	Reporting – CFDA #97.083	Corrected
IC 2015-03	Allowable Costs/Cost Principles – CFDA #14.856 and 14.871	Corrected
IC 2015-04	Special Tests and Provisions – CFDA #14.871	Corrected
IC 2015-05	Reporting – CFDA #14.871	Repeated; See IC 2016-02
IC 2015-06	Reporting – CFDA #14.856	Corrected
IC 2015-07	Eligibility – CFDA #14.241	Corrected
IC 2015-08	Reporting – CFDA #97.044	Corrected
<b>Compliance Findings</b>		
CF 2015-01	Allowable Costs/Cost Principles – CFDA #97.083	Corrected
CF 2015-02	Reporting – CFDA #97.083	Corrected
CF 2015-03	Allowable Costs/Cost Principles – CFDA #14.856 and 14.871	Corrected
CF 2015-04	Special Tests and Provisions – CFDA #14.871	Corrected
CF 2015-05	Reporting – CFDA #14.871	Repeated; See IC 2016-02
CF 2015-06	Reporting – CFDA #14.856	Corrected
CF 2015-07	Eligibility – CFDA #14.241	Corrected
CF 2015-08	Reporting – CFDA #97.044	Corrected