

**City of Miami, Florida
Management Letter in Accordance
With Chapter 10.550, *Rules of the
Florida Auditor General* and
Independent Accountant's Report
on the Examination of the City's Compliance
with Section 218.415, Florida Statutes**

Fiscal Year Ended September 30, 2019

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RSM US LLP

**Management Letter in Accordance with
Chapter 10.550, Rules of the
Florida Auditor General**

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

Report on the Financial Statements

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 fiscal year ended September 30, 2019, and have issued our report thereon dated March 20, 2020. Our report includes a reference to other auditors who audited the financial statements of the following component units and funds:

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

This management letter does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors.

Auditor's Responsibility

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; 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 Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project, Report on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs (the schedule); and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Those reports and schedule are dated March 20, 2020, except for the report on compliance for each major federal program and major state project and report on internal control over compliance, for which the date for those reports are April 23, 2020. Disclosures in those reports and schedule should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions taken to address the findings and recommendations made in the preceding annual financial audit report are disclosed in Appendix B – *Status of Prior Years' Findings and Recommendations to Improve Financial Management*.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This is disclosed in Note 1 of the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. Such recommendations are included in Appendix A – *Current Year's Findings and Recommendations to Improve Financial Management*.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor, City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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Miami, Florida
March 20, 2020, except for the
report on compliance for each major federal program and major state
project and report on internal control over compliance, for which
the date of each report is April 23, 2020

City of Miami, Florida

Appendix A – Current Year Findings and Recommendations to Improve Financial Management

ML 2019-01 User Access Reviews

Criteria: Access rights to an organization’s relevant financial reporting applications should be monitored by management on an ongoing basis.

Condition: We noted that Oracle and Active Directory user access listings were provided to individual City departments for review. However, certain departments did not respond to the request and/or did not perform a review of the user access listings as requested by the department of innovation and technology.

Cause: The department of innovation and technology follows up with individual departments when a response is not received however, there is no policy in place requiring departments to respond in a timely manner and provide documented changes that result from their reviews.

Effect: Risks include unauthorized use, disclosure of proprietary information, modification, damage or loss of data.

Recommendation: We recommend that management implement a policy requiring each department to perform the review of user access rights in a specified period of time from the date of the request. Furthermore, noncompliance with the policy should be reported to the department director and city manager, and also result in removal of system access rights due to lack of response.

Views of Responsible Officials and Planned Corrective Actions:

Oracle

The Department of Innovation and Technology agrees with the recommendation and will coordinate with City Administration to ensure that all departments comply with the City’s user access review policies and procedures on an ongoing basis.

Active Directory

The process that was implemented last year depended on feedback from the liaisons of every department/area, but it was not time bound. If no feedback was received, no action was taken. Understanding that this lack of action is unacceptable, we started working on a new process and policy. The new process sets liaison feedback to expire within 30 days and disables any reported inactive account by default. The new policy and process were adopted in early March 2020.

Appendix A – Current Year Findings and Recommendations to Improve Financial Management

ML 2019-02 User Access De-Provisioning

Criteria: Information technology general controls require that user accounts be added, modified and deleted in a timely manner, in order to reduce the risk of unauthorized and inappropriate access to an organization's relevant reporting applications or data.

Condition: We noted that termination alerts and/or Help Desk work orders are not being completed each time user access rights are removed/disabled for terminated/separated employees.

Cause: Management represented that there was programming bug in the system which resulted in certain employees not being identified by the system's termination alerts.

Effect: Risks include unauthorized use, disclosure of proprietary information, modification, damage or loss of data.

Recommendation: We recommend that management implement procedures to identify and ensure that all access de-provisioning requests are accounted for and processed in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: The individuals identified during the audit were not picked up by the alert due to a programming bug. The alert has been modified and we successfully tested the changes against several scenarios. We will continue monitoring the alert to ensure it picks up all cases. To ensure that we have a single source for all termination instances, the Help Desk will be creating work orders for all termination alerts.

City of Miami, Florida

Appendix B – Status of Prior Years’ Findings and Recommendations to Improve Financial Management

Finding No	Finding Title	Current Year Status
ML 2018-01	User Access Authorization	Corrected
ML 2018-02	Data Backup and Restoration	Corrected
ML 2018-03	Change Management	Corrected
ML 2015-02	Accounts Receivable	Corrected
ML 2014-04	User Access Reviews	Corrected



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Independent Accountant's Report

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

We have examined the City of Miami, Florida's (the City) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the period October 1, 2018 to September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the period October 1, 2018 to September 30, 2019.

This report is intended solely for the information and use of the Florida Auditor General, the Honorable Mayor, Members of the City Commission, the City Manager, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Miami, Florida
March 20, 2020