

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

City of Miami, Florida  
Fiscal Year Ended September 30, 2013

Ernst & Young LLP



Building a better  
working world

City of Miami, Florida

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

Fiscal Year Ended September 30, 2013

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## Report of Independent Certified Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, 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 28, 2014. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units and pension trust funds as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

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 opinion 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 over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-0001 and 2013-0002 to be material weaknesses.

### **Compliance and Other Matters**

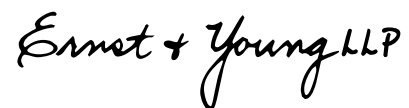
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

### **The City's Response to Findings**

The City's responses to the findings identified in our audit are 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 result of that testing, and not to provide an opinion on 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.



March 28, 2014



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**Report of Independent Certified Public Accountants 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 State Financial Assistance Required by OMB Circular A-133, Section 215.97 Florida Statutes, and Chapter 10.550, *Rules of the Auditor General***

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

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

We have audited the City of Miami, Florida (the City)'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects compliance supplement that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2013. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; *Section 215.97 Florida Statutes (Section 215.97)*; and *Chapter 10.550, Rules of the Auditor General (Chapter 10.550)*. Those standards and OMB Circular A-133, Section 215.97, and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides

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

### **Basis for Qualified Opinion on JAG Cluster and ARRA – Public Safety Partnership and Community Policing Grants**

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA Nos. 16.738 and ARRA-16.804 JAG Cluster and CFDA No. ARRA-16.710 ARRA – Public Safety Partnership and Community Policing Grants as described in finding number 2013-0008 for Allowable Cost/Cost Principles. Compliance with such requirement is necessary, in our opinion, for the City to comply with requirements applicable to those programs.

### **Qualified Opinion on JAG Cluster and ARRA – Public Safety Partnership and Community Policing Grants**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the JAG Cluster and ARRA – Public Safety Partnership and Community Policing Grants for the year ended September 30, 2013.

### **Unmodified Opinion on Each of the Other Major Federal Programs and State Projects**

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 other major federal programs and state projects that are identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2013.

## Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with OMB Circular A-133, Section 215.97, and Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as items 2013-0003 to 2013-07 and 2013-0009 as follows:

<b>Finding Number</b>	<b>CFDA/ CSFA No.</b>	<b>Program/ Cluster Name</b>	<b>Compliance Requirement</b>
2013-0003	20.205 and ARRA-20.205	Highway Planning and Construction	Davis Bacon Act
2013-0004	16.710	ARRA – Public Safety Partnership and Community Policing Grants	Reporting
	16.738 and 16.804 97.067	JAG Cluster Homeland Security Grant Program	Reporting Reporting
2013-0005	97.067	Homeland Security Grant Program	Procurement, Suspension, and Debarment
2013-0006	97.067	Homeland Security Grant Program	Cash Management
2013-0007	16.710	ARRA – Public Safety Partnership and Community Policing Grants	Allowable Cost/Cost Principles and Period of Availability
	16.738 and 16.804	JAG Cluster	Allowable Cost/Cost Principles and Period of Availability
2013-0009	55.012	Public Transit Service Development Program	Allowable Cost/Cost Principle and Period of Availability and Matching

Our opinion on each major federal program and state project is not modified with respect to these matters.

The City’s response to the noncompliance findings identified in our audit are 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 requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB

Circular A-133, Section 215.97, and Chapter 10.550 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

*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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-008 as it relates to allowable cost/cost principles for the JAG Cluster (CFDA Nos. 16.738 and 16.804) and the ARRA – Public Safety Partnership and Community Policy Grants to be a material weakness.

*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, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-0003 through 2013-0007 and 2013-0009 as indicated in the table on page 5 to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, Section 215.97, 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 OMB Circular A-133, Section 215.97, Florida Statutes and Chapter 10.550,  
*Rules of the Auditor General***

We have audited the basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2013, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated March 28, 2014 which contained unmodified opinions on those basic financial statements. 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 OMB Circular A-133, Section 215.97, and Chapter 10.550 and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

*Ernst & Young LLP*

May 8, 2014

City of Miami, Florida

Schedule of Expenditures of Federal Awards  
and State Financial Assistance

For the Fiscal Year Ended September 30, 2013

Federal Grantor/State Agency Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Grant/ Contract Number	Federal/State Expenditure
<b><u>U.S. Department of Agriculture</u></b>			
<i>Pass-Through Miami-Dade County</i>			
Supplemental Nutrition Assistance Program (SNAP)	10.551	WS-CC-PY-13-13-00	\$ 9,089
<i>Pass-Through Miami-Dade County</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	WS-CC-PY-12-13-00 WS-CC-PY-13-13-00	42,377 14,990
<b>Total SNAP Cluster</b>			<b>66,456</b>
<i>Pass-Through Florida Department of Health</i>			
Child and Adult Care Food Program	10.558	A-2384 S-576	122,430 39,283
			<b>161,713</b>
<i>Pass-Through Florida Department of Education</i>			
Summer Food Service Program for Children	10.559	04-0899 Contract # 04-0899	39,670 404,874
			<b>444,544</b>
<i>Pass-Through Florida Department of Education</i>			
ARRA-Recovery Act of 2009: Wildland Fire Management	10.688	FDACS-019032	10,000
<b>Total U.S. Department of Agriculture</b>			<b>682,713</b>
<b><u>U.S. Department of Commerce</u></b>			
<i>Pass-Through Florida Department of Environmental Protection</i>			
Coastal Zone Management Administration Awards	11.419	CM311	9,000
<b>Total U.S. Department of Commerce</b>			<b>9,000</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-120013 B-06-MC-120013 B-07-MC-120013 B-08-MC-120013 B-09-MC-120013 B-10-MC-120013 B-11-MC-120013 B-12-MC-120013 B-13-MC120013 B-11-MN-12-0016 B-13-MN-12-0016	594,959 620,961 493,776 240,780 212,009 161,660 1,758,199 2,273,980 1,860,264 2,362,383 2,017,614
			<b>12,596,585</b>

City of Miami, Florida

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

For the Fiscal Year Ended September 30, 2013

Federal Grantor/State Agency Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Grant/ Contract Number	Federal/State Expenditure
<i>Federal Pass-Through Miami-Dade County</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	07-DB-3V-11-23-01-Z06	\$ 1,846
		08-DB-D3-11-23-01-A01	2,326,460
			<b>2,328,306</b>
Emergency Solutions Grant Program	14.231	E11MC120002	167,658
		E-12-MC-120002	377,557
		E13MC120002	161,967
			<b>707,182</b>
<i>Federal Pass-Through Miami-Dade County</i>			
Supportive Housing Program	14.235	FL0211B4D001114	163,536
		FL0190B4D001104	88,446
		FL0189B4D001104	95,230
		FL0189L4D001205	170,860
		FL0190L4D001205	38,256
		FL0211L4D001205	73,448
			<b>629,776</b>
Home Investment Partnerships Program	14.239	M-05-MC-120211	671,428
		M-07-MC-120011	380,444
		M-08-MC-120011	3,295
		M-09-MC-120011	1,983
		M-10-MC-120011	88,166
		M-11-MC-120011	2,079,343
		M-12-MC-120011	1,901,554
		M-13-MC120211	855,969
		M-06-MC-120211	128,527
			<b>6,110,709</b>
Housing Opportunities for Persons with AIDS	14.241	F-LH-05-F005	100,634
		F-LH-06-F005	183,380
		F-LH-09-F005	10,503
		F-LH-10-F005	403,794
		F-LH-12-F005	5,685,635
		FLH13F005	5,472,069
			<b>11,856,015</b>
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	FL145MR001	1,767,279
		FL145MR002	537,309
			<b>2,304,588</b>
Section 8 Housing Choice Vouchers	14.871	FL145VO0001	1,758,429
<b>Total U.S. Department of Housing and Urban Development</b>			<b>38,291,590</b>

City of Miami, Florida

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

For the Fiscal Year Ended September 30, 2013

Federal Grantor/State Agency Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Grant/ Contract Number	Federal/State Expenditure
<b><u>U.S. Department of Justice</u></b>			
<i>Pass-Through Florida Department of Law Enforcement</i>			
Crime Victim Assistance	16.575	V12185	\$ 30,534 <b>30,534</b>
Public Safety Partnership and Community Policing Grants	16.710	2011ULWX0010	1,478,397
ARRA-Public Safety Partnership and Community Policing Grants		# 2009RJWX0026	424,064 <b>1,902,461</b>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2712	20,063
		2012-DJ-BX-0159	349,693
		N/A	29,811
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units of Local Government	16.804	2009-SB-B9-3068	610,109 <b>1,009,676</b>
<b>Total JAG Cluster</b>			
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2011-CD-BX-0096	18,482 <b>18,482</b>
Equitable Sharing Program	16.922	N/A	159,076
		LETF	127,982 <b>287,058</b>
<b>Total U.S. Department of Justice</b>			
<b>3,248,211</b>			
<b><u>U.S. Department of Labor</u></b>			
<i>Federal Pass-Through Miami-Dade County</i>			
ARRA-Unemployment Insurance	17.225	RA-CC-PY12-02-00	16,123
		WS-CC-PY-12-13-00	25,333
		WS-CC-PY-13-13-00	10,612 <b>52,068</b>
WIA Adult Program	17.258	N/A	48,433
		WS-CC-PY-12-13-00	138,246
		WS-CC-PY-13-13-00	34,484
<i>Pass-Through South Florida Workforce Investment Board</i>			
WIA Adult Program	17.258	WS-CC-PY 11-13-00	40,319
<i>Federal Pass-Through Miami-Dade County</i>			
WIA Dislocated Worker Formula Grants	17.278	WS-CC-PY-12-13-00	161,973
		WS-CC-PY-13-13-00	49,591 <b>473,046</b>
<b>Total WIA Cluster</b>			
<b>Total U.S. Department of Labor</b>			
<b>525,114</b>			

City of Miami, Florida

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

For the Fiscal Year Ended September 30, 2013

Federal Grantor/State Agency Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Grant/ Contract Number	Federal/State Expenditure
<b><u>U.S. Department of Transportation</u></b>			
<i>Pass-Through Florida Department of Transportation</i>			
Highway Planning and Construction	20.205	AQ762/418334-1	\$ 387,202
		APR32/426554-1-ARRA-483	2,496
		AQK54/FM# 420907-1	716,648
		AQL02 / FM# 420915-1	823,471
		N/A	46,975
ARRA-Highway Planning and Construction		AQ242/426198-3ARRA-675	151,724
			<b>2,128,516</b>
<i>Pass-Through Florida Division of Emergency Management</i>			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	AQM52	39,138
		DOT Contract- AQS55	107,928
			<b>147,066</b>
			<b>2,275,582</b>
<b>Total U.S. Department of Transportation</b>			
<b><u>National Endowment for the Arts</u></b>			
Promotion of the Arts Grants to Organizations and Individuals	45.024	12-4292-7137	29,215
			<b>29,215</b>
<b><u>Environmental Protection Agency</u></b>			
Environmental Justice Small Grant Program	66.604	EQ-95458310-0	202
ARRA-Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-95461010	178,959
			<b>179,161</b>
<b><u>U.S. Department of Energy</u></b>			
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-EE0000778	568,785
			<b>568,785</b>
<b><u>U.S. Department of Education</u></b>			
<i>Pass-Through Miami-Dade County Public Schools</i>			
Twenty-First Century Community Learning Centers	84.287	LT/2013-2014 #001	46,804
			<b>46,804</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Federal Pass-Through Miami-Dade County</i>			
Temporary Assistance for Needy Families	93.558	WS-CC-PY-12-13-00	332,579
		WS-CC-PY-13-13-00	91,204

City of Miami, Florida

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

For the Fiscal Year Ended September 30, 2013

Federal Grantor/State Agency Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Grant/ Contract Number	Federal/State Expenditure
<i>Pass-Through South Florida Workforce Investment Board</i>			
Temporary Assistance for Needy Families	93.558	WS-CC-PY 11-13-00	\$ 50,249
<b>Total Program No. 93.558 and U.S. Department of Health and Human Services</b>			<b>474,032</b>
<b><u>Executive Office of the President</u></b>			
<i>Pass-Through South Florida HIDTA/Monroe County Sheriff</i>			
High Intensity Drug Trafficking Areas Program	95.001	HITDA Letter July 14, 2011	11,078
		HITDA Letter Nov 15, 2011	1,106
		HITDA Letter Oct 18, 2011	8,880
		HITDA Letter Sept 11, 2012	15,729
		HITDA Letter Sept 12, 2012	22,961
		HITDA Letter Nov 06, 2012	11,969
			<b>71,723</b>
<b>Total Executive Office of the President</b>			<b>71,723</b>
<b><u>U.S. Department of Homeland Security</u></b>			
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2011-CA-00067-S01	215,994
		EMW-2012-CA-K00015	828,700
			<b>1,044,694</b>
<i>Federal Pass-Through State of Florida</i>			
National Urban Search and Rescue (US&R) Response System	97.025	EMW-95-k-4718	57,866
			<b>57,866</b>
Total CFDA No. 97.025			<b>1,102,560</b>
Assistance to Firefighters Grant	97.044	EMW-2010-FO-09932	40,171
		EMW-2011-FO-09623	16,592
		EMW-2012-FO-06964	90,040
		EMW-2011-FH-00899	877,988
			<b>1,024,791</b>
<i>Pass-Through - State of Florida Division of Emergency Management</i>			
Pre-Disaster Mitigation	97.047	LPDM2010-006	348,597
Homeland Security Grant Program	97.067	010-DS-39-13-00-16-414	14,241
		10DS-48-11-23-02-195	6,369,835
		11DS-32-11-23-02-233	4,717,329
		11-DS-9Z-13-00-16-436	226,872
		R-10-0005 File ID#09-01440	39,880
		12DS-A1-11-23-02-928	9,961,713
		12DS-22-11-23-02-236	2,237,028
		121-DS-20-13-00-16	2,763
Total CFDA No. 97.067			<b>23,569,661</b>
<b>Total U.S. Department of Homeland Security</b>			<b>26,045,609</b>
<b>Total Expenditures of Federal Awards</b>			<b>72,447,539</b>

City of Miami, Florida

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

For the Fiscal Year Ended September 30, 2013

Federal Grantor/State Agency Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Grant/ Contract Number	Federal/State Expenditure
<b><u>Department of Environmental Protection</u></b>			
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP8949	\$ 133,673
<b>Total Department of Environmental Protection</b>			<b>133,673</b>
<b><u>Florida Housing Finance Corporation</u></b>			
State Housing Initiatives Partnership (SHIP) Program	52.901	N/A	190,069
<b>Total Florida Housing Finance Corporation</b>			<b>190,069</b>
<b><u>Department of Transportation</u></b>			
Public Transit Service Development Program	55.012	AQW24 / FM# 430987-1 AQ140 AP993	111,788 460,524 261,617
<b>Total Department of Transportation</b>			<b>833,929</b>
<b><u>Department of Health</u></b>			
<i>State Pass-Through Miami-Dade County</i>			
County Grant Awards	64.005	EMS County Grant #C0013	55,734
<b>Total Department of Health</b>			<b>55,734</b>
<b><u>Florida Agency for Persons with Disabilities</u></b>			
Supported Employment Services-Developmental Disabilities	67.011	N/A	181,551
<b>Total Florida Agency for Persons with Disabilities</b>			<b>181,551</b>
<b><u>Department of Law Enforcement</u></b>			
Drug Control/Money Laundering Investigations- Matching Funds	71.005	N/A	809
<b>Total Department of Law Enforcement</b>			<b>809</b>
<b><u>Agency for Workforce Innovation</u></b>			
Persons with Disabilities	75.013	FDOE Reg.	10,957
<b>Total Agency for Workforce Innovation</b>			<b>10,957</b>
<b><u>Fish and Wildlife Conservation Commission</u></b>			
Florida Boating Improvement Program	77.006	FWC Contract # 11406	31,099
<b>Total Fish and Wildlife Conservation Commission</b>			<b>31,099</b>
<b>Total Expenditures of State Financial Assistance</b>			<b>1,437,821</b>
<b>Total Expenditures For Federal Awards and State Financial Assistance</b>			<b>\$ 73,885,360</b>

See accompanying notes.

# City of Miami, Florida

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

Fiscal Year Ended September 30, 2013

### **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, 2013. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through from other government agencies, are included in the accompanying Schedule. The City's reporting entity is defined in Note 1 of the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the net position or changes in net position of the City.

### **2. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting, which generally recognizes expenditures when incurred. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments and Non-profit Organizations*, Section 215.97, Florida Statutes, and Chapter 10.550, *Rules of the Auditor General*, State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements.



City of Miami, Florida

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

**3. Subrecipients**

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

<u>Name of Program/Project</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grant/Entitlement Grants Cluster	14.218	\$ 2,200,502
Homeland Security Grant Program		
Program V 2008	97.067	5,122,419
Program V 2009	97.067	6,200,192
Program V 2010	97.067	4,808,560
Program V 2011	97.067	981,565
Total Homeland Security Grant Program		<u>17,112,736</u>
Total Federal Expenditures passed through to subrecipients		<u>\$ 19,313,238</u>

**4. Grant Contingencies**

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

City of Miami, Florida

Schedule of Findings and Questioned Costs

Fiscal Year Ended September 30, 2013

**Part I – Summary of Auditor’s Results**

**Financial Statements Section**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

  X   **yes**

       **no**

Significant deficiency(ies) identified?

       **yes**

  X   **none reported**

Noncompliance material to financial statements noted?

       **yes**

  X   **no**

**Federal Awards and State Projects Section**

Internal control over major programs:

Material weakness(es) identified?

  X   **yes**

       **no**

Significant deficiency(ies) identified?

  X   **yes**

       **none reported**

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

Qualified for JAG Cluster (CFDA Nos. 16.738 and 16.804) and for ARRA –Public Safety Partnership and Community Policing Grants (CFDA No. 16.710); Unmodified for all other major programs.

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

  X   **yes**

       **no**

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

Identification of major federal programs and state projects:

**Federal Programs:**

<b>CFDA number(s)</b>	<b>Name of federal program or cluster</b>
14.218	U.S. Department of Housing and Urban Development: Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program
ARRA-16.710	U.S. Department of Justice: ARRA – Public Safety Partnership and Community Policing Grants
16.738 and ARRA-16.804	JAG Cluster
20.205 and ARRA-20.205	U.S. Department of Transportation: Highway Planning and Construction, including ARRA – Highway Planning and Construction
97.067	U.S. Department of Homeland Security: Homeland Security Grant Program

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

State Projects:

**CSFA number(s)**      **Name of state project**

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55.012                      Florida Department of Transportation:  
   Public Transit Service Development Program

Dollar threshold used to distinguish between  
Type A and Type B programs:

Federal programs	\$	2,173,426
State projects	\$	300,000

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Auditee qualified as low-risk auditee for federal purposes?                             **yes**                        X   **No**

## City of Miami, Florida

### Schedule of Findings and Questioned Costs (continued)

#### **Part II – Financial Statement Findings Section**

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

#### **A. Current-Year Findings**

##### **Finding 2013-0001: Material Weakness: Financial Statement Close Process**

###### *Criteria or specific requirement:*

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

###### *Condition:*

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

- The first several versions of the City's Comprehensive Annual Financial Report presented for audit contained numerous issues such as:
  - Lack of discussion and analysis of significant differences in the Management's and Discussion Analysis. Differences were identified and described but business reasons for differences were not addressed.
  - Amounts within the financial statements themselves, or between the footnotes and basic financial statements or combining financial statements and basic financial statements, were inconsistent.
  - Amounts within the financial statements and footnotes did not agree to supporting documentation and/or the City's general ledger trial balance.

## City of Miami, Florida

### Schedule of Findings and Questioned Costs (continued)

- Quantity and dollar amount of audit adjustments at September 30, 2013. During the year ended September 30, 2013 audit, we identified 24 audit differences (recorded) relating to errors in the City's accounts and disclosures.
- Double recording of certain accruals.
- No process in place to review interfund transfers for proper recording in the general ledger. We noted that some of the transfers should be recorded as advances to/from other funds, as they represent loans and not actual transfers, or as expense reimbursements to specific functional areas.
- Limited internal control procedures that would enable the proper cutoff and timely recording of liabilities under the accrual or modified accrual basis of accounting. Expenditures that should have been accrued at fiscal year-end were not recorded.
- No process in place to verify that all required arbitrage calculations for the fiscal year are performed timely and accurately.
- No timely process in place to review pending claims identified by the legal department to determine whether they meet the criteria for accrual and/or disclosure, in accordance with the definitions described by Financial Accounting Standards Board (FASB), Statement No. 5 *Accounting for contingencies*.
- The City does not have a process for identifying and correcting the useful life entered into the City's fixed asset system by Fixed Asset staff.

#### *Context:*

This finding is systematic in nature.

#### *Cause:*

There is a general lack of formalized policies and procedures in place to cover all matters required in closing the City's year, preparing closing journal entries, sufficient management review of adjustments, and other journal entries. Additionally, the City's current information system is either limited in its capabilities to provide all of the information needed by management or management is not fully utilizing the capabilities of its information system to obtain the necessary information.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

*Effect:*

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

*Recommendation:*

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

*Views of responsible officials and planned corrective actions*

The City has thoroughly reviewed each of the comments made by the auditors. The City's Finance Department continuously reviews and modifies the department's organizational structure for operational and structural improvements, as needed. The annual closing process is also continually being evaluated in an effort to identify weaknesses in the process and documentation. We intend to reorganize certain workloads which would assign specific responsibilities to staff in order to facilitate and ensure a timely and successful closing process for fiscal year 2014.

Citywide the administration has requested that performance appraisals are completed and up to date for all employees and included in the respective employee's personnel file. The Finance Department is currently evaluating the performance of its staff to ensure expectations are met and in line with the goals of the department. Additionally, the Finance Department has begun the implementation of the software, Hyperion Financial Management, ("HFM"). HFM is a financial reporting tool that will streamline the overall reporting processes, particularly as it relates to the preparation of the Comprehensive Annual Financial Report (CAFR).

## City of Miami, Florida

### Schedule of Findings and Questioned Costs (continued)

The respective responses specific material weaknesses as it relates to the City's financial statement close process are addressed below:

1. We agree that although the dollar amounts for major changes in the financial position and results of operations were identified, going forward more detailed explanations and reasons for those major changes will be incorporated in Management's Discussion and Analysis.
2. As part of the year end preparation of the financial statements and related disclosures, draft reports are subject to change. The City is hopeful that the implementation of HFM will address the inconsistencies and facilitate the review of the draft reports.
3. Please refer to response #2 above.
4. The audit differences identified during the course of the audit were a combination of amounts identified by the City and the auditors.
5. The majority of the items were identified as part of the subsequent search. The City continues to review and the specific processes to eliminate the double recording of certain accruals related to the subsequent search findings.
6. All operating transfers were noted in the budget book and approved by the City Commission.
7. We agree and the City has a closing schedule that is sent out to departments prior to the fiscal year end with instructions for year-end accruals and requests that department heads notify vendors to submit invoices for the year end.
8. During the 2014 fiscal year, the necessary arbitrage reports were prepared by a financial advisor and reviewed by the City's Finance Department.
9. For fiscal year ending September 30, 2013, the City Attorney's Office and Finance Department worked closely together to review and perform the legal analysis.
10. Please refer below to the response provided for Capital Asset Finding 2013-0002.



## City of Miami, Florida

### Schedule of Findings and Questioned Costs (continued)

#### **Finding 2013-0002: Material Weakness: Capital Assets**

##### *Criteria or specific requirement:*

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

##### *Condition:*

We noted the following issues with capital assets:

- The City does not record Neighborhood Stabilization Program (NSP) properties based on cost (appraised value) and does not classify these assets as held for sale.
- Closed projects were not put into service and depreciated timely, resulting in an adjustment of \$454k to current year depreciation expense, net of accumulated depreciation, to transfer closed projects from construction in progress to depreciable assets.
- In the current fiscal year, the City recorded adjustments relating to capital assets for errors relating to prior years with a cumulative increase to change in net position of \$4.2 million as of September 30, 2013. These items related to expenditures for projects that were incurred and expensed during fiscal year 2012 rather than being capitalized. We also identified additional \$1.3 million comprised of items that were incorrectly accounted for in prior periods and, corrected in the current period once identified. These items related to depreciation calculation errors in the amount of \$0.8 million and recording of donated land in the amount of \$0.5 million received in 2012 and 2013.
- Depreciation expense policies are not formally documented and consistently followed, and no policy or procedure exists to reconcile the actual depreciation expense for assets placed in service in the system to the estimated depreciation expense for assets placed in service in the fixed asset details maintained in MS Excel.
- Completed projects were not removed from the CIP ending balance in a timely manner, resulting in adjustments totaling \$9.2 million. In addition, an adjustment of \$196k was recorded to remove property incorrectly included in the capital additions balance.

## City of Miami, Florida

### Schedule of Findings and Questioned Costs (continued)

#### *Context:*

This finding is systematic in nature.

#### *Cause:*

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

#### *Effect:*

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

#### *Recommendation:*

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

#### *Views of responsible officials and planned corrective actions*

The City concurred with the comments made by the auditors. The accounting staff of Finance department continues to work closely with the CIP department and has developed a process to ensure that the accounting and reporting of capital assets and construction in progress are appropriate and timely recorded into the Oracle Capital Asset Module.

## City of Miami, Florida

### Schedule of Findings and Questioned Costs (continued)

Responses to the specific material weaknesses as it relates to the City's capital assets are addressed below:

1. Neighborhood Stabilization Program (NSP) properties will be recorded based on cost (appraised value) and classify those properties assets as held for sale.
2. The City has made significant improvements and continues to enhance the reporting and accounting of capital assets. The adjustment of \$454 thousand compared to prior year's audit adjustment of \$188.4 million is an indication that the City is committed to ensuring that all amounts are properly captured and reported in the financial statements. The construction in progress continues to be monitored in spreadsheets which are recorded in Oracle's Fixed Asset module and reconciled to the general ledger.
3. In the current fiscal year, the City identified and recorded adjustments relating to capital assets for errors relating to prior years with a cumulative increase to change in net position of \$4.2 million as of September 30, 2013, compared to \$12.6 million as of September 30, 2012. The Finance department continues to work closely with the departments and reconcile accounts to identify and support the accurate recording of capital asset activity.
4. During the fiscal year 2013 reporting period, the City has implemented a process to reconcile the depreciation for the FY13 reporting period. It was this process that identified a number of errors made with depreciation recorded during fiscal year 2012. The City will continue to improve the process and document the depreciation policies to ensure those polices are consistently followed.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**B. Prior-Year Findings**

**Finding 2012-01: Material Weakness: Financial Statement Close Process**

*Criteria or specific requirement:*

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

*Condition:*

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

- The first several versions of the City's Comprehensive Annual Financial Report presented for audit contained numerous issues such as:
  - Lack of discussion and analysis of significant differences in the Management's and Discussion Analysis. Differences were identified and described, but business reasons for differences were not addressed.
  - Amounts within the financial statements themselves, or between the footnotes and basic financial statements or combining financial statements and basic financial statements, were inconsistent.
  - Amounts within the financial statements and footnotes did not agree to supporting documentation and/or the City's general ledger trial balance.
- Quantity and dollar amount of audit adjustments at September 30, 2012. During the year ended September 30, 2012 audit, we identified 24 audit differences (recorded and unrecorded) relating to errors in the City's accounts and disclosures.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

- No process in place to review the compensated absences reports and determine if the data used to calculate the compensated absences liability is complete and accurate.
- Limited internal control procedures that would enable the proper cutoff and timely recording of liabilities under the accrual or modified accrual basis of accounting. Expenditures that should have been accrued at fiscal year-end were not recorded.
- No process in place to ensure the preparation of reasonable estimates for future claims liabilities related to pollution remediation obligations.
- No process in place to verify that all required arbitrage calculations for the fiscal year are performed timely and accurately.
- No process in place to review pending claims identified by the legal department to determine whether they meet the criteria for accrual and/or disclosure, in accordance with the definitions described by Financial Accounting Standards Board, Statement No. 5 *Accounting for contingencies*.

*Current status:*

Finding repeated.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**Finding 2012-02: Material Weakness: Capital Assets**

*Criteria or specific requirement:*

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

*Condition:*

We noted the following issues with capital assets:

- The City does not record Neighborhood Stabilization Program (NSP) properties based on cost (appraised value) and does not classify these assets as held for sale.
- Closed projects were not put into service and depreciated timely, resulting in an adjustment of \$188.4 million, net of accumulated depreciation, to transfer closed projects from construction in progress to depreciable assets.
- In the current fiscal year, the City recorded adjustments relating to capital assets for errors relating to prior years with a cumulative increase to change in net assets of \$12.6 million as of September 30, 2012.
- Depreciation expense policies are not formally documented and consistently followed, and no policy or procedure exists to reconcile the actual depreciation expense for assets placed in service in the system to the estimated depreciation expense for assets placed in service in the fixed asset details maintained in MS Excel.

*Current status:*

Finding repeated.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**Finding 2012-03: Material Noncompliance: Budgetary Amendments**

*Criteria or specific requirement:*

Florida Statutes 166.241, *Fiscal years, budgets, and budget amendments*, paragraph (4) allows that the fiscal year budget may be amended by the governing body of a municipality at any time within the fiscal year, or within 60 days following fiscal year-end. If total appropriations for expenditures of the fund are not changed, then approval for such amendment may be provided by a motion of the governing body as recorded in the minutes, or the establishment of procedures by the governing body, which allows the designated budget officer to authorize budget amendments. If the proposed budget amendment results in a change to the total appropriations for expenditures in the fund, the amendment must be adopted and approved in the same manner as the original budget.

*Condition:*

In connection with our year-end audit procedures, we noted that the final, amended budget for fiscal 2012 was not approved by the City Commission within the 60-day period specified in the Florida Statutes.

*Current status:*

Process has been corrected. The budget amendments were taken to the Commission for approval within 60 days of the close of the fiscal year.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**2012-04 Significant Deficiency: Investments**

*Observation:*

The City does not have a supervisory function in place to provide oversight to the decision-making process for the purchase and sale of investments. The individual with the authority to execute transactions through a broker is not required to request approval from anyone else or discuss with upper management the decision-making process, the merits or riskiness of the trade, or potential alternative transactions prior to execution. A review and approval of purchases and sales of investments by appropriate supervisory personnel in order to reduce the risks of ill-advised transactions that may be detrimental to the City, as well as opportunity costs related to selecting a certain investment when better alternatives exist. Additionally, there are additional risks related to one individual having full authority to perform investment-related transactions, including the potential for misappropriation of City assets.

The City's investment policy has not been updated since 2007, and no process to review the considerations of the policy for its relevance to current market conditions and the related effect on investment fair values is in place.

*Current status:*

Corrected.



City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

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

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

**Finding 2013-0003 – Davis Bacon Act**

*Federal program information:*

U.S. Department of Transportation (DOT):

Highway Planning and Construction, including ARRA – Highway Planning and Construction (DOT), CFDA Nos. 20.205 and ARRA-20.205

*Criteria:*

The Davis-Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors who work on federally funded construction projects with total project costs of more than \$2,000, are to be paid wages that are at least equal to the prevailing wage rate for the project's location. 29 CFR sections 5.5 and 5.6 require the contractor or subcontractor to submit weekly, a copy of each payroll for the preceding week and a statement of compliance signed by the contractor or subcontractor indicating that the payrolls are correct and complete.

*Condition and context:*

We requested all pay periods wherein each applicable contractor and subcontractor should be in compliance with the Davis–Bacon Act. The City was not able to provide records to support compliance for 2 of 40 selections from a population of 5 contractors. In addition, one certified payroll was received by the City several months after the City's year-end.

*Questioned Costs:*

N/A

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

*Cause:*

The City does not have adequate monitoring procedures to ensure that all required certified payrolls are received in a timely manner from contractors and subcontractors.

*Effect:*

Failure to monitor contractor and subcontractor compliance with the requirements could lead to disallowed costs.

*Recommendation:*

The City should enhance its monitoring controls over Davis-Bacon compliance and implement written procedures for monitoring to ensure that staff or consultants, where applicable, obtain all payrolls on a timely basis.

*Views of responsible officials and planned corrective action:*

The enforcement of the construction contract is handled by a Construction Engineering and Inspection (CEI) firm. The firm is chosen based on its ability and experience associated with the Federal Highway Administration (FHWA) 1273 requirements. The contractor and CEI have both been held accountable, and payments have been withheld per contract. Each specific construction contract that falls under the FHWA 1273 rules has the requirements stated within each contract. Additionally, the Florida Department of Transportation (FDOT), the pass-through agency, performs regular audits of the construction files with an emphasis on compliance of all FHWA 1273 requirements. If there are any issues with the documentation, payments are withheld by the City until all issues are brought into compliance. This reaction falls under our standard contract language dictating that payments be withheld when documentation is not complete.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**Finding 2013-0004 – Reporting**

*Federal program information:*

U.S. Department of Homeland Security:

Homeland Security Grant Program (HSG), CFDA No. 97.067

U.S. Department of Justice:

ARRA – Public Safety Partnership and Community Policing Grants (COPS),

CFDA No. ARRA-16.710

JAG Program Cluster (JAG), CFDA Nos. 16.738 and ARRA-16.804

*Criteria:*

Financial Reports:

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

ARRA 1512 Reporting:

Section 1512 of ARRA requires disclosure of the total federal amount of ARRA expenditures, represented by the cumulative total for the amount of federally funded expenditures through the date of the report. For reports prepared on the accrual basis, this is defined as the sum of cash disbursements for direct charges for property and services; the amount of indirect expense incurred; the value of in-kind contributions applied; and the net increase or decrease in the amounts owed by the recipient for (1) goods and other property received; (2) services performed by employees, contractors, subcontractors, subawardees, and other payees; and (3) programs for which no current services or performance is required.

For pass-through ARRA funding from the State Department of Transportation, the Award Agreement specifies that the grantee must submit monthly reports for each award number to the State by the 10<sup>th</sup> day of each month, including the number of jobs created, the total hours worked, and the total payroll expenditures for the month prior.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

*Condition/context:*

**HSG**

We selected 10 out of the 18 Financial History Report/Quarterly Status Reports submitted during the fiscal year to test. For six of the ten reports tested, no supporting documentation was maintained for the financial data submitted to the grantor agency. Therefore, we were unable to test the related internal controls and compliance procedures.

**COPS**

We selected all four Quarterly ARRA 1512 Reports to test. We noted that for two out of the four reports tested, the total cumulative expenditure amount reported did not agree to the cumulative expenditures per the supporting documentation. We noted no reconciliation or review of the ARRA 1512 Report from the client.

**JAG**

We selected all four Quarterly ARRA 1512 Reports to test. We noted that for one of the reports tested, the total cumulative expenditure amount reported did not agree to the cumulative expenditures per the supporting documentation. We observed no reconciliation or review of the ARRA 1512 Report from the client.

*Questioned costs:*

None.

*Cause:*

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

*Effect:*

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

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

*Recommendation:*

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

*Views of responsible officials and planned corrective action*

**HSG**

We do not agree with the statement that no response was provided to the request for financial documentation to support the amounts reported for the City's Division of Emergency Management, Fire-Rescue Department, and Miami Police Department in the UASI 2008, UASI 2009, UASI 2010, UASI 2011 for October – December 2012 and April – June 2013 quarterly reports. A CD with the documentation to support the amounts reported for those City of Miami expenditures was provided to the auditor.

**JAG and COPS**

The City concurs with the auditor's findings. The City will train employees on proper grant reporting requirements. Additionally, a system will be setup were grant reports will be reconciled and reviewed by the immediate supervisor before submission to the grantor.

*Auditor's Conclusion*

Finding is still appropriate for HSG as appropriate supporting documents were not provided during testing on a timely basis.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**Finding 2013-0005-Procurement, Suspension, and Debarment**

*Federal program information:*

U.S. Department of Homeland Security:  
Homeland Security Grant Program (HSG), CFDA No. 97.067

*Criteria:*

Procurement, Suspension and Debarment: Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. When a non-federal entity enters into 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 checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the contract for the covered transaction with that entity.

*Condition/Context:*

We selected the largest vendor included in the population which compromised the majority of the expenditures incurred under the Federal program for testing. The expenditures were incurred during prior years although the Federal reimbursement was requested and received in the current year. We noted no documentation evidencing that the City had checked the EPLS, and a certification from the vendor was not collected or clause or condition included in the contract. We noted that the City's current policy is to document the EPLS check; however, these selections had no documentation of the EPLS check being performed.

*Questioned Costs:*

N/A

## City of Miami, Florida

### Schedule of Findings and Questioned Costs (continued)

#### *Cause/Effect:*

Internal controls with respect to suspension and debarment were not operating effectively at the time the expenditures under the Federal program were incurred as no documentation was maintained to indicate that the EPLS was checked. Additionally, there was no evidence that the City had obtained a certification from the entity or added a clause or condition to the contract with the entity. Therefore, we could not verify the City met its requirement to verify the entities were not suspended or debarred or otherwise excluded.

#### *Recommendation:*

The City should perform the required verification by checking the EPLS (and documenting evidence of the verification, when it was performed and by whom), collecting a certification from the entity, or adding a clause or condition to the contract with that entity in accordance with Federal requirements.

#### *Views of responsible officials and planned corrective action*

##### a. Our response:

- i. We do not agree with the statement “a certification from the vendor was not collected”. The Miami UASI has the contractor or consultant sign the debarment form (Attachment E), which is documentation that the State has always required. Therefore, the Miami UASI has met its requirement to verify that the contractors or consultants who worked on the UASI grant program were not suspended, debarred, or otherwise excluded.
- ii. Please note that the Excluded Parties List System (EPLS) has been replaced by the System for Award Management (SAM) approximately (1) year ago. We acknowledge that the Miami UASI did not check the Excluded Parties List System (EPLS) because it is a Purchasing Department function. Our Purchasing Department would be performing the [www.sam.gov](http://www.sam.gov) website excluded parties search on vendors during the course of the procurement process resulting in approving a City of Miami purchase order to a vendor who is a contractor or consultant.

##### b. Our corrective action plan:

- i. In the future, we will include a SAM printout in addition to the debarment form (Attachment E) as part of UASI grant related records.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**Finding 2013-0006 – Cash Management**

*Federal program information:*

U.S. Department of Homeland Security:  
Homeland Security Grant Program (HSG), CFDA No. 97.067

*Criteria:*

In accordance with OMB Circular A-102 Common Rule, the City's methods and procedures for transferring funds should minimize the time elapsing between the transfer to the City of grant funds and the City's need for the funds.

*Condition/Context:*

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

*Questioned costs:*

Not applicable.

*Cause:*

Drawdown or reimbursement requests were submitted to the grantor prior to the City incurring and paying for qualifying expenditures.

*Effect:*

This resulted in noncompliance with the cash management requirements of the grant program. This grant is on a reimbursement basis, which requires that the City incur and pay for qualifying expenditures prior to requesting funding from the grantor.



## City of Miami, Florida

### Schedule of Findings and Questioned Costs (continued)

#### *Recommendation:*

We recommend that the personnel administering the grant program comply with the City's established process, whereby qualifying expenditures are incurred and paid for prior to requesting reimbursement from the grantor.

#### *Views of responsible officials and planned corrective action*

It is our belief that we are practicing due diligence and limiting undue financial exposure to the City until the State has completed their final review of the already occurred expenditure on the submitted reimbursement request. The City has in place Memorandums of Agreements (MOAs) with the sub grantees that extend the Federal Grant Guidance to them. The agreements formalize the sub grantees commitment to follow "UASI Grant Program agreement requirements and/or special conditions." In addition they commit to "purchase, receive, and pay invoices in full for equipment, services, and allowable personnel costs prior to submitting the same for reimbursement to the Sponsoring Agency." In response to the "Effect" noted in the Auditor's Finding, the sub grantee is an extension of our commitment with the State and thus a qualifying expenditure on their part has taken place prior to requesting funding from the State. We believe we are following sound financial practices by insuring the sub grantees have incurred eligible expenditures prior to submitting reimbursement requests to the State. Our goal is to reimburse the Subgrantee as soon as possible after the State has issued payment on the reimbursement request (for the eligible expenditure already incurred). Due to various manual and system processes the average time for the reimbursement to the sub grantee should take less than 1 month. Furthermore, we have the State Administrative Agent (SAA) confirmation that this practice is acceptable.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**Finding 2013-0007 – Payroll Certification**

*Federal program information:*

U.S. Department of Justice:

ARRA – Public Safety Partnership and Community Policing Grants (COPS), CFDA

No. ARRA-16.710

JAG Cluster (JAG), CFDA Nos. 16.738 and ARRA-16.804

*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 and supervisory official having firsthand knowledge of the work performed by the employee.

*Condition/Context:*

**COPS**

We selected 25 employees from a total population of 43 employees and noted that for those 25 employees who worked solely on the JAG program, payroll certifications were not prepared.

**JAG**

We selected 10 employees from a total population of 10 employees and noted that for those 10 employees who worked solely on the COPS program, payroll certifications were not prepared.

*Questioned costs:*

None.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

*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 a specific grant program. We did, however, note that employee time cards indicated these employees worked specifically on the applicable grant program and were properly approved by a supervisor.

*Effect:*

Payroll certifications for employees who worked on the grant programs were unable to be tested. Unallowable costs may have been charged to the programs.

*Recommendation:*

The City should implement procedures whereby semiannual payroll certifications are signed by employees who work solely on the grant program and a supervisory official having firsthand knowledge of the work performed by the employees.

*Views of responsible officials and planned corrective action*

The City concurs with the auditor's findings. The City will implement a semi-annual payroll certifications process to ensure that all grant-funded employees are working solely on grant-related activities in the department.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**Finding 2013-0008 – Allowable Costs/Cost Principles**

*Federal program information:*

U.S. Department of Justice:

ARRA – Public Safety Partnership and Community Policing Grants (COPS), CFDA

No. ARRA-16.710

JAG Program Cluster (JAG), CFDA Nos. 16.738 and ARRA-16.804

*Criteria:*

OMB Circular A-87 requires that the auditee maintain internal control over expenditures, which includes supervisory review of expenditures incurred and supporting documents to assure expenditures are properly incurred and complete and accurate.

*Condition/Context:*

**COPS**

We selected 25 employees with costs totaling \$57,836 from a total population of 1,117 employees with costs totaling \$1,902,448. We noted for 14 employees totaling \$3,008 out of the 25 selections, the City was not able to provide proof of approval for employees request for personal time off/sick. Therefore, formal review and approval of the grant expenditure by supervisory personnel did not occur.

**JAG**

We selected 10 employees with costs totaling \$46,149 from a total population of 238 employees with costs totaling \$524,088. We noted for 5 employees totaling \$4,757 out of the 10 selections, the City was not able to provide proper support for the expenditure, therefore we cannot deem these expenditure allowable activities/costs. Internal control and compliance procedures could not be tested.

*Questioned costs:*

**COPS**

\$98,963

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**JAG**

\$54,030

*Cause:*

The support for the above grant expenditures was not provided. Formal internal control policies and requiring support and timely supervisory review of grant expenditures by a qualified and knowledgeable individual of expenditures for allowability being maintained have not been established.

*Effect:*

This could result in unallowable or unsubstantiated costs being expended and requested for reimbursement.

*Recommendation:*

We recommend the City establish formal internal control policies and procedures requiring supervisory review and approval of all grant expenditures to assure allowability. All reviews and approvals should be properly documented. Controls should be adequate to prevent and detect potential noncompliance with grant provisions.

*Views of responsible officials and planned corrective action*

The City concurs with the auditor's findings. Leave Time Request forms weren't available at the time of the audit and therefore, not included in the grant files. Policies and procedures will be implemented to ensure that all grant-funded employee files contain the proper documentation to assure that expenditures are allowable. These files will be reviewed on a monthly basis as well as all expenditures charged to the grant by a supervisor.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

**Finding 2013-0009 – Internal Control Environment: Allowable Costs/Cost Principles; Matching, Period of Availability**

*State of Florida Program Information:*

Florida Department of Transportation:

Public Transit Service Development Program (FDOT), CSFA No. 55.012

*Criteria:*

The state of Florida requires that the auditee establish and maintain internal control over expenditures, which includes supervisory review of expenditures incurred and supporting documents to assure expenditures are properly incurred and in the correct period and are complete and accurate.

*Condition/Context:*

We noted for one selection totaling \$38,267 out of 8 selections from a total population of 48 expenditures totaling \$747,274, the City was not able to provide proof of supervisory approval for the selected expenditure. Therefore, formal review and approval of the grant expenditure by supervisory personnel did not occur.

*Questioned costs:*

Not applicable.

*Cause:*

Internal controls were not operating effectively and there was lack of supervisory oversight.

*Effect:*

Formal internal control policies and requiring timely supervisory review of grant expenditures by a qualified and knowledgeable individual of expenditures have not been established. This could result in unallowable or unsubstantiated costs being expended or inaccurate or inconsistent information being reported to the grantor agency. This could result in grant noncompliance by the City going undetected.

City of Miami, Florida

Schedule of Findings and Questioned Costs (continued)

*Recommendation:*

We recommend the City establish formal internal control policies and procedures requiring supervisory review and approval of all grant expenditures to assure allowability. All reviews and approvals should be properly documented. Controls should be adequate to prevent and detect potential noncompliance with grant provisions.

*Views of responsible officials and planned corrective action*

Procedures are in place to prevent this issue from occurring. It was simply a missed approval in a group of multiple invoices. All invoices in the package were reviewed, but one signature was missed.

## City of Miami, Florida

### Summary Schedule of Prior Audit Findings

#### **Status of Prior Year Findings**

#### **Finding 2012-05 Reporting**

##### *Federal Program Information:*

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

U.S. Department of Justice:  
ARRA – Public Safety Partnership and Community Policing Grants (COPS), CFDA  
No. ARRA-16.710  
JAG Program Cluster (JAG), CFDA Nos. 16.738 and ARRA-16.804

U.S. Department of Transportation:  
Highway Planning and Construction, including ARRA – Highway Planning and Construction  
(DOT), CFDA Nos. 20.205 and ARRA-20.205

##### *Criteria*

##### Financial Reports:

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

##### Performance Reports:

OMB No. 1103-0094 requires that performance reports be submitted at least once a year during the life of the grant for all COPS grants, and should include an accurate report of the number of active COPS grant positions filled/hired, the number of unfilled COPS grant positions which are intended to be filled by the grantee in the future, and the number of unfilled COPS grant positions which are not intended to be filled by the grantee in the future.

##### ARRA 1512 Reporting:

Section 1512 of ARRA requires that the Total Federal Amount of ARRA Expenditures, represented by the cumulative total for the amount of federally funded expenditures through the date of the report. For reports prepared on the accrual basis, this is defined as the sum of cash disbursements for direct charges for property and services; the amount of indirect expense incurred; the value of in-kind contributions applied; and the net increase or decrease in the



## City of Miami, Florida

### Summary Schedule of Prior Audit Findings (continued)

amounts owed by the recipient for (1) goods and other property received; (2) services performed by employees, contractors, subcontractors, subawardees, and other payees; and (3) programs for which no current services or performance are required.

For pass-through ARRA funding from the State Department of Transportation, the Award Agreement specifies that the grantee must submit monthly reports for each award number to the State by the 10<sup>th</sup> day of each month, including the number of jobs created, the total hours worked, and the total payroll expenditures for the month prior.

#### Federal Funding Accountability and Transparency Act (FFATA) Reporting:

2 CFR Sections 170.200 and 170.220 require that subawards made by the agency to non-Federal entities that are greater than \$25,000 must be reported by the end of the month following the month in which the subaward was made.

#### *Condition/context*

#### **CDBG**

We selected two out of the four FFATA reports submitted during the fiscal year to test. We noted that for one of the two reports tested, that only four of the six subawards made during the period were reported. The other two subawards were not reported, although they met the criteria for reporting (ie. greater than \$25,000) as they represented awards of \$70,000 and \$47,500, respectively.

#### **COPS**

We selected the annual performance report submitted to the grantor agency during fiscal year 2012 to test. We noted that no supporting documentation was maintained for the report data submitted to the grantor agency, and we were therefore unable to verify the number of positions reported.

We selected two out of the four Quarterly ARRA 1512 Reports to test. We noted that for both of the reports tested, the total cumulative expenditure amount reported did not agree to the cumulative expenditures per the supporting documentation, resulting in a difference of expenditures incurred to date of \$82,484 for one quarterly report, and a difference of expenditures incurred to date of \$3,544 for the other quarterly report.

## City of Miami, Florida

### Summary Schedule of Prior Audit Findings (continued)

#### **JAG**

We selected two out of the four Quarterly Federal Financial SF-425 Reports to test. We noted that for one of the reports tested, the total amount reported in the “Cumulative Expenditures Previously Reported” was \$12,000 less than the amount according to the supporting documentation. For the same quarterly report, the total amount reported in the “Current Period Expenditures” column was \$12,000 more than the amount for the same period according to the supporting documentation. The total “Projected Cumulative Expenditures” column was reported accurately and in agreement with the supporting documentation.

We selected three out of the four Quarterly ARRA 1512 Reports to test. We noted that for one of the reports tested, the total cumulative expenditure amount reported did not agree to the cumulative expenditures per the supporting documentation by \$30,372.

#### **DOT**

We selected seven out of the forty-five State of Florida – Department of Transportation Monthly Employment Reports to test. We noted that for three of the reports tested, the total number of jobs reported and the associated payroll costs reported did not agree to the supporting documentation, by \$17,415 and \$8,160, and \$8,452, respectively.

*Current Status:*

#### **CDBG**

Procedures are being developed to ensure that FFATA reporting is performed timely and that all eligible projects are reported, including requiring documentation of FFATA reporting in order to set up a related project or activity within the Oracle general ledger system.

#### **COPS**

Finding Repeated. See Finding 2013-0004.

#### **JAG**

Finding Repeated. See Finding 2013-0004.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

**DOT**

Corrected.

**2012-06 Davis Bacon Act**

*Federal Program Information*

U.S. Department of Transportation:  
Highway Planning and Construction, including ARRA – Highway Planning and  
Construction (DOT), CFDA Nos. 20.205 and ARRA-20.205

*Criteria:*

The Davis-Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors to work on Federally-funded construction projects with total project costs of more than \$2,000 are to be paid wages that are at least equal to the prevailing wage rate for the project's location. 2 CFR sections 5.5 and 5.6 require that the contractor or subcontractor to submit a copy of the payroll and a certification as to its compliance with the Davis-Bacon Act for each week that work is performed on the project.

*Condition/context*

We selected five out of seven projects subject to the Davis-Bacon Act to test. For one of the five projects tested, the weekly certified payrolls for one of the project's subcontractors were not submitted to the contractor or the City. Although the City did not make any further payments to the subcontractor after April 25, 2012 for the period March 25, 2012 to April 25, 2012, the City made payments to the subcontractor of \$9,719, although the required certified payrolls were not submitted.

*Current Status:*

Finding Repeated. See Finding 2013-0003.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

**Finding 2011-03 Reporting**

*Federal Program Information:*

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

CDBG – Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (CDBG), CFDA No. 14.228

U.S. Department of Justice:

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

*Criteria*

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

*Condition/context*

**CDBG**

We selected 2 out of the 4 Quarterly Expenditure and Progress Reports to test, and the one annual report for calendar year 2010, submitted on January 5, 2011. We noted that for both quarterly reports tested, the data reported in the “Projected Cumulative Expenditure” column was not clerically accurate as it did not include all projected expenditures reported in other columns. Also, we noted that the same amount of quarterly expenditures was reported in the “Total Expended (This Quarter)” column for two consecutive quarters, where the expenditures were incurred in one quarter (accrual basis reporting) and paid in the next quarter (cash basis reporting), although the cumulative expenditures were reported accurately. We also noted that for one of the two quarterly reports tested, the report for the quarter ended September 30, 2011, was submitted after the deadline indicated in the grant agreement.

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

**JAG**

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

*Current Status*

**CDBG**

Corrected.

**JAG**

Corrected.

**2011-04 Program Income**

*Federal Program Information*

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

*Criteria:*

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

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

City of Miami, Florida

Summary Schedule of Prior Audit Findings (continued)

*Condition/context*

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

*Current Status*

Corrected.

**2011-05 Reporting**

*Federal Program Information*

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

*Criteria:*

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

*Condition/context*

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

*Current Status*

Corrected.

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