

City of Miami

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INDEPENDENT AUDITOR GENERAL



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July 1, 2016

Honorable Members of the City Commission
City of Miami
3500 Pan American Drive
Coconut Grove, FL 33133-5504

Re: Audit of Compliance with the Financial Integrity Principles – Fiscal Year 2015
Report No. 16-05

Executive Summary

We have completed an audit of the City's compliance with the Financial Integrity Principles, as codified and amended in Chapter 18, Article IX, Sections 18-541 and 18-542 of the City Code, primarily for the period October 1, 2014 through September 30, 2015. The audit was performed to determine if the City maintained a structurally balanced budget, developed and adopted short and long-term financial and capital improvement plans, established and maintained adequate internal control systems, and followed best business practices.

Overall, we found that the City did not comply with five of the thirteen Financial Integrity Principles (FIP) as follows:

- FIP 3 - Requests for grant and other reimbursements were not made in a timely manner.
- FIP 8 - The Multi-Year Capital Improvement Plan does not comply with the requirements of FIP 8 and best practices for capital planning.
- FIP 10 - Reporting and oversight requirements were not met - monthly financial reports were not issued in a timely manner.
- FIP 11 – The City's Cash Receipts policies and procedures are outdated.
- FIP 11 & 12 – Collective bargaining management practices did not comply with the requirements of FIP 11(f) and FIP 12(b) regarding consideration of the fiscal impact of collective bargaining agreements being reviewed by the Budget Director and Finance Committee; and recommendations provided to the City Manager prior to ratification by the City Commission.
- FIP 12 – Evaluation Committees did not comply with requirement for a majority of non-City employees and recommendations were not provided to the Mayor and City Commission.

These and other findings are included on pages three through 21 of the report.

We wish to express our appreciation for the cooperation and courtesies extended to us by the City management and staff while conducting the audit.

Sincerely,



Theodore P. Guba, CPA, CIA, CFE
Independent Auditor General
Office of the Independent Auditor General

cc: The Honorable Mayor Tomas Regalado
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Victoria Mendez, City Attorney
Todd Hannon, City Clerk
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Members of the Audit Advisory Committee
Audit Documentation File

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**AUDIT OF COMPLIANCE WITH THE FINANCIAL INTEGRITY
PRINCIPLES – FISCAL YEAR 2015
OCTOBER 1, 2014 THROUGH SEPTEMBER 30, 2015
Report No. 16-05**

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SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of the audit was to assess and report on whether the City of Miami (City) implemented and complied with policies, procedures and the City Code to maintain a structurally balanced budget, short and long-term financial and capital improvement plans, and adequate internal control systems. The audit primarily covered the period October 1, 2014 through September 30, 2015, and focused on the following objectives:

- To determine whether the City complied with the thirteen Financial Integrity Principles as codified and amended in Chapter 18, Article IX, Sections 18-541 and 18-542 of the City Code.
- To recommend additional policies or actions to Management for best business practices.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence in order to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The audit methodology included the following:

- Interviews and inquiries of appropriate personnel
- Reviews of written policies and procedures in order to gain an understanding of the internal controls
- Observations of current practices and processing techniques
- Tests of applicable transactions and records
- Other audit procedures as deemed necessary

BACKGROUND

In response to notifying the Governor of the State of Florida of a financial emergency in the City of Miami in 1996, the State established a five member Financial Oversight Board (FOB). The City, Governor and FOB entered into an agreement to take corrective action, which resulted in the development of a set of Financial Integrity Principles (FIP) to protect public funds. In 2000, the City Commissioners approved and adopted an ordinance to include the FIP in the City Code, which is periodically reviewed and updated, as needed. Each year, the Office of the Independent Auditor General (OIAG) is responsible for preparing and transmitting a written report to the Mayor and City Commissioners regarding the City's compliance with the FIP.

Currently, the City is required to comply with the following thirteen FIP included in the City Code:

- 1) Structurally Balanced Budget
- 2) Estimating Conference Process
- 3) Interfund Borrowing
- 4) Citywide Surplus/Strategic Rollover Funds
- 5) Reserve Policies
- 6) Proprietary Funds
- 7) Multi-Year Financial Plan
- 8) Multi-Year Capital Improvement Plan
- 9) Debt Management
- 10) Financial Oversight and Reporting
- 11) Basic Financial Policies
- 12) Evaluation Committees
- 13) Full Cost of Services

AUDIT FINDINGS AND RECOMMENDATIONS

Based on the results of our audit, we have concluded that the City of Miami did not comply with five of the thirteen Financial Integrity Principles (FIP) resulting in ten (10) findings.

Details of our findings and recommendations follow:

FIP 3: GRANT & OTHER REIMBURSEMENTS

Financial Integrity Principle 3 (FIP3) of the City Code states, “Recognizing that some programs are funded by grants or other entities on a reimbursement basis, the city shall apply for such reimbursements on a timely basis to minimize the period that city funds are used as float...”

The timely and accurate filing of reimbursement requests that are in compliance with grant requirements minimizes the period that City funds are used to pay for expenditures that should be covered by grant awards. In addition, filing delays due to non-compliance with grant provisions cause the City to forgo interest revenue it could be earning.

FINDING 1 (FIP 3): FIRE-RESCUE DEPARTMENT REQUESTS FOR GRANT REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER

During the audit period the Fire-Rescue Department (FRD) incurred/processed grant-related expenditures totaling \$10.7 million related to various grant awards including Urban Search and Rescue (USAR) Program, Urban Area Security Initiative (UASI) Grant Program, Staffing for Adequate Fire and Emergency Response (SAFER), and Assistance to Firefighters Grant (AFG). We selected the following three awards which together represent \$6,007,509 (or 56%) of the total population to test compliance with FIP3. The results of our testing are as follows:

(PnG Award #2087) FY2014 Urban Search and Rescue (USAR) Program Grant:

During fiscal year 2015 (FY15), the FRD incurred FY14 USAR (PnG Award #2087) grant-related expenditures totaling \$629,603. According to the grant agreement, reimbursement requests were required to be submitted to the U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA). Although the grant agreement did not specify the due dates for reimbursement requests, we considered the required dates for submission of the quarterly Federal Financial Reports (FFR) to be a reasonable measure of timeliness for submitting the reimbursement packages. We noted that 100% of the expenditures have been reimbursed to the City; however, 55% (or \$348,900) of the expenditures were not submitted for reimbursement in a timely manner. The number of days these expenditures were requested untimely ranged from 5 to 189 days (or an average of 131 days untimely). The average time that City funds were used as float (i.e., the time between the check date and cash receipt date) for the total \$629,603 of grant-related expenditures was 174 days.

(PnG Award #2073) FY2013 Assistance to Firefighters Grant (AFG):

During FY15, the FRD incurred FY13 AFG (PnG Award #2073) grant-related expenditures totaling \$1,144,268. According to the grant agreement, reimbursement requests were required to be submitted to the U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA). Although the grant agreement did not specify the due dates for reimbursement

requests, we considered the required dates for submission of the semi-annual Federal Financial Reports (FFR) to be a reasonable measure of timeliness for submitting the reimbursement packages. We noted that 100% of the expenditures have been reimbursed to the City; however, 75% (\$853,200) of the expenditures, which consisted of one invoice for equipment purchases, were not submitted for reimbursement in a timely manner. The reimbursement package was submitted 19 days after the semi-annual FFR was due to FEMA. The average time that City funds were used as float (i.e., the time between the check date and cash receipt date) for the total \$1,144,268 of grant-related expenditures was 31 days.

(PnG Award #1984) FY 2013 Homeland Security Grant Program – Urban Area Security Initiative (UASI):

During FY15, the FRD incurred FY13 UASI (PnG Award #1984) grant-related expenditures totaling \$4,233,638. According to the grant agreement, reimbursement requests were required to be submitted to the State of Florida, Division of Emergency Management (FDEM).

Of the total UASI expenditures 81% (or \$3.4 million) represents 'pass-through expenditures' of sub grantees and are not actual City of Miami expenditures. The City requests reimbursement for these expenditures on behalf of the sub grantees; however, the City only pays the money to the sub grantees after receiving reimbursement from the State. We tested these expenditures and confirmed that none of the sub grantee expenditures were floated by the City.

The remaining \$811,003 represents City of Miami UASI expenditures. Although the grant agreement states that "a request for reimbursement may be sent to your grant manager for review and approval at anytime during the contract period" and does not specify due dates for reimbursement requests, we considered the quarterly reporting requirements to be a reasonable measure of timeliness for submitting the reimbursement packages. We noted that 100% of these expenditures have been reimbursed to the City; however, 14% (or \$114,164) of the expenditures were not submitted for reimbursement in a timely manner. The number of days these expenditures were requested late ranged from 3 to 199 days (or an average of 32 days late). The average time that City funds were used as float (i.e., the time between the check date and cash receipt date) for the total \$811,003 of grant-related expenditures was 117 days.

RECOMMENDATION 1 (FIP3): FIRE-RESCUE DEPARTMENT

We recommend that the FRD continuously improve internal control procedures in order to ensure grant reimbursement requests are submitted in a timely manner so as to minimize the time that City funds are used as float. Also, such procedures should ensure that reimbursement packets contain accurate supporting documentation which is in accordance with grantor requirements.

- **Auditee Response: FY14 USAR Grant – PnG Award #2087:** We will accept the statement above if reimbursement requests are due quarterly.

Corrective Action Plan: To ensure reimbursement are submitted in a timely manner, the following action plan will be taken to improve the process.

- Draw down from PARS on a monthly basis as opposed to quarterly
- Monthly meetings to ensure completion of reimbursement
- Program Manager and staff officers will be notified by automated email reminder advising them of grant reimbursement due dates
- As an additional control, Program Manager will periodically review reimbursements to ensure these recommendations are followed

- **Implementation Date:** Immediately
- **Auditee Response: FY13 AFG Grant – PnG Award #2073:** We (Fire-Rescue) acquiesce to using the due dates for the Federal Financial Reports (FFR) as a “reasonable measure of timeliness” regarding reimbursement requests as defined by your finding. Regarding the statement “The reimbursement package was submitted 19 days after the semi-annual FFR was due to FEMA.” While we accept that one (1) reimbursement request was submitted 19 days after the FFR was due, we would like to point out that 7 of those 19 days were either Saturday, Sunday, or holiday. As a corrective action we have implemented a procedure of scheduling electronic reminders of report due dates at the time the grants are loaded in the system.
- **Implementation Date:** Immediately
- **Auditee Response: FY2013 UASI Grant – PnG Award #1984:** The Miami UASI is committed to ensuring that reimbursement requests are submitted in a timely manner and contain accurate supporting documentation.

In an effort to minimize the time that City funds are used as float, the Miami UASI plans to submit payroll expenditures every other month instead of quarterly. Also, the Miami UASI plans to revise packages held by the State of Florida so that isolated cases are removed from original package and repackaged in order to expedite payment to the City of Miami.

Please also note that even if the Miami UASI submits reimbursement requests to the State of Florida timely, if it falls in the middle of a quarter, our grantor cannot process reimbursement until the quarterly report pertaining to the expenditure date has been received. As a result, the City of Miami’s “float” time will continue to occur despite how fast the Miami UASI uploads reimbursement requests. Reimbursement requests are revised and resubmitted due to the lack of prior notification by the State of Florida concerning any new requirements that affect reimbursement requests.

The Miami UASI is required to follow the reimbursement checklist that is included in the UASI 2013 grant agreement (pages 55-57) and has also been incorporated into the UASI Administrative Process manual. Since we cannot submit expenditures for reimbursement until the payment has cleared, the Miami UASI is forced to wait an approximately (1) to (2) weeks for that process to occur. The result is having only (2) salary-related reimbursement requests and (1) isolated, non-salary related reimbursement request involving a supplier’s invoice.

As explained to the internal auditors, the Miami UASI has no control on how long it takes the Florida Division of Emergency Management (FDEM) or the Comptroller’s Office/Department of Financial Services (DFS) to reimburse the City of Miami.

- **Implementation Date:** Immediately

FINDING 2 (FIP3): MIAMI POLICE DEPARTMENT REQUESTS FOR GRANT REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER

During the audit period the Miami Police Department (MPD) incurred/processed grant-related expenditures totaling approximately \$5.5 million related to various grant awards and other programs funded on a reimbursement basis. We tested four awards which together represent \$1.6 million (or 30%) of the total population to test compliance with FIP3. The results of our testing, for which there were exceptions, are as follows:

(PnG Award #2104) Miami DUI Checkpoint and Saturation Patrol Overtime Project:

During FY15, the MPD incurred Miami DUI Checkpoint and Saturation Patrol Overtime Project (PnG Award #2104) grant-related expenditures totaling \$94,854. According to the grant agreement, reimbursement requests were required to be submitted to the Florida Department of Transportation (FDOT) on a quarterly basis. We noted that 100% of the expenditures have been reimbursed to the City; however, 20% (\$18,753) of the expenditures were not submitted for reimbursement in a timely manner. The number of days these expenditures were requested late ranged from 4 to 54 days (or an average of 29 days late). The average time that City funds were used as float (i.e., the time between the expenditure date and cash receipt date) for the total \$94,854 of grant-related expenditures was 104 days.

(PnG Award #2065) Off Duty Police Patrol Service Special Taxing Districts:

During FY15, the MPD incurred Off Duty Police Patrol Service Special Taxing Districts (PnG Award #2065) expenditures totaling \$645,622. According to the interlocal agreement between Miami-Dade County (County) and the City, the County will reimburse the City for all costs within 30 days of receipt of itemized invoices. Of the \$645,622 total expenditures, to-date **\$108,777 (or 17%) has not been reimbursed to the City** and has been outstanding from 294-546 days (or an average of 351 days). In addition, we noted that 69% (or \$442,490) of the total expenditures were not submitted for reimbursement in a timely manner. The number of days these expenditures were requested late ranged from 1 to 218 days (or an average of 106 days late). Due to lack of available documentation, for an additional \$104,664 (or 16%) of the total expenditures, we were unable to determine whether reimbursement requests were submitted timely to the County. The average time that City funds were used as float (i.e., the time between the expenditure date and cash receipt date) for the total \$645,622 of expenditures reimbursable by the County was 210 days.

RECOMMENDATION 2 (FIP3): MIAMI POLICE DEPARTMENT

We recommend that the MPD continuously improve internal control procedures in order to ensure grant reimbursement requests are submitted in a timely manner so as to minimize the time that City funds are used as float. Also, such procedures should ensure that reimbursement packets contain accurate supporting documentation which is in accordance with grantor requirements.

- **Auditee Response: DUI Checkpoint Grant (PnG Award #2104):** We concur with the recommendations.
- **Implementation Date:** The recommendations were implemented effective September, 2015.

- **Auditee Response: Special Taxing Districts (PnG Award #2065):** We concur with the recommendations.
- **Implementation Date:** The recommendations were implemented effective March, 2016.

FINDING 3 (FIP3): CAPITAL IMPROVEMENTS & TRANSPORTATION PROGRAM GRANT REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER

During the audit period the City incurred/processed Capital Improvements and Transportation Program (CITP) grant-related expenditures totaling approximately \$6.2 million related to various grant awards and other programs funded on a reimbursement basis. We tested three CITP awards which together represent \$4.9 million (or 80%) of the total population to test compliance with FIP3. The results of our testing, for which there were exceptions, are as follows:

(PnG Award #2039) GOB – Englewood Drainage & Storm System Improvements:

During FY15, the City incurred Englewood Drainage & Storm System Improvements (PnG Award #2039) grant-related expenditures totaling \$1,701,887 of which \$1,535,954 was currently eligible for reimbursement due to retainage held by the contractor as well as the grantor. According to the grant agreement, reimbursement requests were required to be submitted to Miami-Dade County (grantor) on a quarterly basis. Of the \$1,535,954 total expenditures (which were currently eligible for reimbursement), to-date **\$32,973 (or 2%) has not been reimbursed to the City**. The unreimbursed amount has not been requested for reimbursement from the County and has been outstanding for 336 days. In addition, we noted that another 36% (or \$550,465) of the total expenditures were not submitted for reimbursement in a timely manner (81 days late). The average time that City funds were used as float (i.e., the time between the expenditure date and cash receipt date) for the total \$1,535,954 of grant-related expenditures is 146 days.

(PnG Award #2107) NW 33rd Street Roadway Improvements:

According to the Oracle PnG module, during FY15, the City incurred NW 33rd Street Roadway Improvements (PnG Award #2107) grant-related expenditures totaling \$1,461,307; however, upon examination of the supporting invoices we determined that the actual amount of grant-related expenditures during the audit period was \$1,248,054 (or \$213,253 less).

From the beginning of the audit period to-date, the grant-related expenditures now total \$1,426,834. Of this amount, **\$904,594 (or 63%) has not been reimbursed to the City**. Although the reimbursement was recently submitted to the County (on 6/8/16) the monies have been outstanding from 98-391 days (or an average of 248 days). In addition, we noted that 100% (or \$1.4 million) of the total expenditures were not submitted for reimbursement in a timely manner. The average time that City funds were used as float (i.e., the time between the expenditure date and cash receipt date) for the total \$1,426,834 of expenditures reimbursable by the County is 251 days.

According to the joint participation agreement between Miami-Dade County (County) and the City, the County will reimburse the City within 45 days of receipt of City invoices, in the following manner: incremental payments in percentages of the \$1,797,573 contract amount (initial payment of 30%, followed by payments of 20%, 20%, 20%, and a final payment of 10% of the contract amount) based on percentages of completion of the construction phases (beginning with the first

payment at the start of the project, followed by 50% of completion, 70% of completion, 90% of completion, and 100% completion). Although this format was specified in the Agreement, the invoices submitted to the County were prepared based on the contractor invoices (and applicable line items) rather than percentages of project completion. The difference in format of preparing the invoices means that the City could possibly have requested and received an additional \$190,982 to-date from the County.

RECOMMENDATION 3 (FIP3): FINANCE DEPARTMENT

Recognizing that the responsibility for CITP grant reimbursements was recently transferred to the Finance Department, during the audit period, we recommend that the Finance Department continuously improve internal control procedures in order to ensure grant reimbursement requests are submitted in a timely manner so as to minimize the time that City funds are used as float. Also, such procedures should ensure that reimbursement packets contain accurate supporting documentation which is in accordance with grantor requirements.

With respect to the Englewood Drainage & Storm System Improvements grant (PnG Award #2039), we recommend that the \$32,973 of grant-related expenditures which are eligible for reimbursement, be immediately requested from the County. With respect to the NW 33rd Street Roadway Improvements grant (PnG Award #2107), we recommend that a journal entry be prepared to correct the accounting for the award in Oracle. We also recommend that the Finance Department contact the County to clarify the invoicing guidelines and the possibility of requesting the additional \$190,982.

Lastly, we recommend that the Finance Department, Capital Improvements and Transportation Program (CITP), and Office of Management and Budget (OMB) continue to improve the collaborative effort necessary to ensure timeliness of CITP grant reimbursements, including consideration of systems improvements which could better facilitate the process.

- **Auditee Response: GOB – Englewood Drainage & Storm System Improvements (PnG Award #2039):** The Finance Department concurs with the recommendation. The Finance Department has prepared the reimbursement request for the \$32,973 of eligible grant expenditures. The Finance Department will continue to work with the County to ensure that all eligible expenditures are requested for reimbursement.
- **Implementation Date:** Fourth Quarter of FY16
- **Auditee Response: NW 33rd Street Roadway Improvements (PnG Award #2107):** The Finance Department is working closely with the respective department on making the adjusting entries.
- **Implementation Date:** Fourth Quarter of FY16

FINDING 4 (FIP8): MULTI-YEAR CAPITAL IMPROVEMENT PLAN DOES NOT COMPLY WITH THE REQUIREMENTS OF FIP 8 & BEST PRACTICES

Financial Integrity Principle 8 (FIP8) of the City Code provides that,
“The City commission shall annually adopt a capital improvements plan (“CIP”) by November 30th of each year. The CIP shall address cost estimates for all necessary

infrastructure improvements needed to support city services, including information technology, with an adequate repair and replacement (“R&R”) component. Funded, partially funded and unfunded projects shall be clearly delineated. The CIP shall be detailed for the current fiscal year and for five additional years and, if practicable, additional required improvements aggregated for two additional five year periods. To the extent feasible, department heads shall be required to submit independent needs assessments for their departments for use in preparing the CIP. The CIP will be detailed by fund, include recommended project prioritization rankings, identified revenue sources, planned financing options and unfunded projects. The CIP shall include estimates of the operational impacts produced for the operation of the capital improvements upon their completion.

The CIP shall include a component reflecting all on-going approved capital projects of the city, the date funded, amount budgeted, amount spent since the start date, remaining budget, fiscal impact of known changes to financial assumptions underlying the project, estimated expenditures by fiscal year for the project and estimated completion date. Approved projects, with circumstances that arise which change the funding requirements of the project, shall be addressed in the CIP annually.”

Based on the testing conducted, we noted that the City Commission adopted a CIP by November 30th as required. However, upon reviewing the City’s Fiscal Year 2014-2015 Adopted Capital Budget and Multi-Year Capital Plan, we noted the following exceptions:

- Although the plan includes some details for the current fiscal year, it does not include a five year plan.
- The plan does not include recommended project prioritization rankings.
- The plan does not include repair and replacement components for necessary infrastructure improvements.
- For all on-going approved capital projects of the City, the plan did not include the following components:
 - the date funded,
 - remaining budget,
 - fiscal impact of known changes to financial assumptions underlying the project,
 - estimated expenditures by fiscal year for the project, and
 - estimated completion date.
- The plan does not address changes of the funding requirements, due to unforeseen circumstances, for approved projects.
- Although the CIP includes an “Operating Impact by Department” report, it only reflects the potential operating impact of completed projects. Instead, as part of the capital planning process, the CIP should reflect the estimated operational impacts that all projects will produce upon their completion.

We also noted that the City does not have capital planning policies. According to the Government Finance Officers Association (GFOA) best practices, capital planning policies “help to assure that each jurisdictions unique needs are fully considered in the capital planning process” and “can strengthen a government’s borrowing position by demonstrating sound fiscal management and showing the jurisdictions commitment to maximizing benefit to the public within its resource constraints.” One of the minimum requirements of these policies should be, “Identification of how decisions will be made in the capital planning process including a structured process for prioritizing need and allocating limited resources.”

As mentioned above, the City's CIP does not include project prioritization rankings. We noted during audit fieldwork that City Departments are providing the Office of Management and Budget (OMB) with a list of their capital project needs as well as their initial prioritizations; however, this information is not being compiled into a multi-year capital plan which prioritizes the City's overall needs. According to the GFOA best practices regarding multi-year capital planning, "Governments are continually faced with extensive capital needs and limited financial resources. Therefore, prioritizing capital project requests is a critical step in the capital plan preparation process." Furthermore, "A prudent multi-year capital plan identifies and prioritizes expected needs based on the City's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs."

The City does have a capital budget which identifies various funding sources linked to capital projects, and which reflects whether the projects are fully funded, partially funded, or unfunded; however, this budget is not itself a capital plan. The purpose of the capital budget is to support completion of the capital plan. Therefore, absent a prioritized, multi-year capital plan to guide the use of budgeted funds, projects may be fully funded for which work is not being initiated nor completed. As a result, the City is potentially losing money from funding sources with specific time requirements for project initiation and completion or use of funds.

Lastly, as discussed in prior audit reports and mentioned above, since many of the critical components of the CIP are missing, and are also not combined into a single report, by project, Commissioners and other stakeholders are unable to monitor the progress of projects and determine the effectiveness/efficiency of project management as well as progress of the overall multi-year capital plan.

RECOMMENDATION 4.1 (FIP8): OFFICE OF MANAGEMENT AND BUDGET

We recommend that the City develop and adopt a formal capital planning policies and procedures manual. As stated in the GFOA best practice advisory on "Capital Planning Policies," "The GFOA recommends that governments develop and adopt capital planning policies that take into account their unique organizational characteristics including the services they provide, how they are structured, and their external environment." The advisory further details several elements that capital planning policies should provide, at minimum, such as "a requirement that the planning process includes an assessment of the government's fiscal capacity so that the final capital plan is based on what can realistically be funded by the government rather than being simply a wish list of unfunded needs." Therefore, we recommend that the City use the GFOA guidelines as a starting point for developing the City's capital planning policies.

- **Auditee Response:** The City does have capital planning policies included in the introductory section of the Capital Budget including identification of how decisions will be made in the capital planning process and a structured process for prioritizing need and allocating limited resources. OMB will however work on developing separate formal capital planning policies and procedures.
- **Implementation Date:** December 10, 2016

RECOMMENDATION 4.2 (FIP8): OFFICE OF MANAGEMENT AND BUDGET

Based on the City's capital needs and limited resources, we recommend that the City develop a structured process for prioritizing capital project requests in order to develop overall project

prioritization rankings which should form the basis of the City's multi-year capital plan. According to the GFOA best practice advisory on "Multi-Year Capital Planning", when evaluating project submittals, governments should reflect the relationship of proposed projects' financial and governing policies, plans, and studies and also use a rating system to facilitate decision-making. Furthermore, we recommend that the City create a CIP oversight committee to vet and prioritize all capital project proposals. As stated in an article titled "Prioritizing Capital Improvement Planning" written by the Chair of the GFOA Committee on Economic Development and Capital Planning and published in the Government Finance Review, "The question of which projects get funded first when they are all important can be answered by a CIP oversight committee, which adds additional governance, structure and accountability. ... [In addition,] the prioritization matrix ...provides structure, objectivity, and a multi-dimensional approach to ranking capital improvement projects. The matrix tool helps with achieving consensus among a diverse group by mitigating the subjectivity in the decision-making process while prioritizing complex issues."

- **Auditee Response:**

OMB will work with the Office of Capital Improvements and the Independent Auditor General to determine a proper methodology for including prioritization in the capital plan for FY 2017-18. The new layout of the reports included in the soon-to-be Proposed FY 2016-17 Capital Budget in conjunction with the new computer system (which OMB and the Office of Capital Improvements are working together to implement) will address inclusion of the elements not currently included in the plan.

OMB will work with the Office of Capital Improvements and the City Manager's Office to create an Internal Capital Oversight Committee to vet and prioritize all capital project proposals. Members of the Committee will consist of select staff from the Office of Capital Improvements, the Independent Auditor General, and OMB.

It should be recognized that Elected Officials approve all capital projects and therefore, ultimately, set priorities independent of the internal Capital Oversight Committee.

- **Implementation Date:** New report layout - July 10, 2016. Creation of internal Capital Oversight Committee - December 10, 2016. Prioritization and further improvements to the layout – December 31, 2017 (when the new system is implemented).

RECOMMENDATION 4.3 (FIP8): OFFICE OF MANAGEMENT AND BUDGET

In order to ensure the CIP serves its critical purpose of addressing the current and long-term needs of the City's constituents, we recommend that all missing components be added to the CIP, as required by the FIP. We also recommend that the design and presentation of the plan be revamped to be more user-friendly for internal as well as external stakeholders of the City. The missing components include: a five-year capital plan; recommended project prioritization rankings; repair and replacement components for necessary infrastructure improvements; estimated operational impacts that all projects will produce upon their completion; and for on-going approved capital projects: the date funded; remaining budget; fiscal impact of known changes to financial assumptions underlying the project; estimated expenditures by fiscal year for the project; estimated completion date; and, changes to funding requirements due to unforeseen circumstances.

- **Auditee Response:** The presentation of the capital plan will be improved in the soon-to-be Proposed FY 2016-17 Capital Budget, though it will not include some components

until a new computer system is procured and implemented. OMB and the Office of Capital Improvements are working together to implement a new computer system that will allow full compliance.

The Office of Management and Budget (OMB) agrees that the plan does not include recommended project prioritization rankings. The plan does not address: changes of the funding requirements due to unforeseen circumstances for approved projects; the fiscal impact of known changes to financial assumptions underlying the project; the estimated expenditures by fiscal year for the project; or operating impacts for each project before each's expected completion; and, repair and replacement components for necessary infrastructure improvements.

Although the Fiscal Year 2014-2015 plan, which is the subject of this audit, did not include the date funded, the remaining budget, and the estimated completion date for on-going approved capital projects, this information was included in the appendix of the Fiscal Year 2015-2016 Capital Budget. Lastly, the Office of Management and Budget does not agree with OIAG's assertion that the CIP is missing a five-year capital plan. Rather OMB contends that the capital plan does include a five year plan, clearly delineated by year.

- **Implementation Date:** partial implementation by July 10, 2016; full implementation by December 31, 2017.

RECOMMENDATION 4.4 (FIP8): OFFICE OF MANAGEMENT AND BUDGET

For all on-going approved capital projects, we recommend that the following components be presented for each project – project number and description, Commission district, date funded, amount budgeted, amounts spent since the start date (including current period expenditures), remaining budget, fiscal impact of known changes to financial assumptions underlying the project, estimated expenditures by fiscal year for the project, and estimated completion date - so that City Commissioners and other stakeholders can readily ascertain the true status/progress of individual City projects as well as the overall progress of the multi-year capital plan.

- **Auditee Response:** The majority of the above information is included in the appendix to the capital plan in the FY 2015-16 Adopted Capital Budget. The presentation of the capital plan will be improved in the soon-to-be Proposed FY 2016-17 Capital Budget, though it will not include some components until a new computer system is procured and implemented. OMB and the Office of Capital Improvements are working together to implement a new computer system that will allow full compliance.
- **Implementation Date:** partial implementation by July 10, 2016; full implementation by December 31, 2017.

RECOMMENDATION 4.5 (FIP8): OFFICE OF MANAGEMENT AND BUDGET

Lastly, we recommend that the Office of Management & Budget (OMB), Finance Department (FD), and Capital Improvements & Transportation Program (CITP) continue to improve the collaborative effort necessary to compile the required information for the CIP including consideration of systems improvements which could better facilitate development of the City's Multi-Year Capital Plan and Capital Budget as well as capital project monitoring and reporting.

- **Auditee Response:** The Office of Capital Improvements (OCI) has continued to work toward this goal during the audit period. OCI has informed OMB that a Business Analyst has been hired to manage the procurement and implementation of the new capital improvement tracking system and that the new system will be procured and implemented by December 2017.
- **Implementation Date:** December 31, 2017.

FINDING 5 (FIP10): REPORTING AND OVERSIGHT REQUIREMENTS WERE NOT MET – MONTHLY FINANCIAL REPORTS WERE NOT TIMELY ISSUED

Financial Integrity Principle 10 (FIP10) of the City Code provides that,

“The City shall provide for the on-going generation and utilization of financial reports on all funds comparing budgeted revenue and expenditure information to actual on a monthly and year-to-date basis. The finance department shall be responsible for issuing the monthly reports to departments; the mayor and city commission, and provide any information regarding any potentially adverse trends or conditions. These reports should be issued within thirty (30) days after the close of each month.

The external auditor shall prepare the city’s comprehensive annual financial report (CAFR) by March 31 of each year. The single audit and management letter of the city shall be prepared by the external auditor by April 30 of each year. The external auditor shall present the findings and recommendations of the audit, single audit and management letter, to the mayor and city commission at a scheduled commission meeting prior to July 30 of each year.”

Our review to determine whether the required reports were issued in a timely manner disclosed that monthly financial reports were not issued by the Finance Department within thirty (30) days after the close of each month, as required, for three (3) of the 11 months tested. The number of days late ranged from four (4) to 24 days as noted below:

#	Reporting Period	Date Books (GL) Closed	Date Report Due	Date Report Issued	# of Days Early/(Late)
1	10/31/14	11/12/14	12/12/14	1/5/15	(24)
2	11/30/14	12/9/14	1/8/15	1/12/15	(4)
3	12/31/14	1/12/15	2/11/15	2/27/15	(16)

There is an apparent lack of effective internal controls to ensure that the monthly financial reports are prepared and issued in a timely manner. Transmitting financial reports untimely diminishes their relevance and usefulness.

It should be noted that the remaining financial report requirements (CAFR, Single Audit and Management Letter) were met.

RECOMMENDATION 5 (FIP10): FINANCE DEPARTMENT

We recommend that the Finance Department implement internal control policies and procedures necessary to allow for ongoing compliance with the monthly financial reporting requirements. Such policies/procedures may include cross-training qualified/appropriate FD staff to perform timely account balance reconciliations, reviews and approvals.

- **Auditee Response:** The Finance Department concurs with the recommendations. Beginning with FY 2015 the Finance Department, (the "Department") transitioned publishing the monthly report to Hyperion Financial Management, ("HFM"). During the first three months of FY 2015 (October 2014, November 2014, December 2014), the Department encountered issues, which were fully resolved with the December 2014 report.
- **Implementation Date:** The Finance Department has been successfully using HFM to publish the monthly financial reports since January 2015.

FINDING 6 (FIP11): CASH RECEIPTS POLICIES & PROCEDURES ARE OUTDATED

In accordance with Financial Integrity Principle 11 (FIP11) of the City Code, "Basic financial policies. The city shall endeavor to maintain formal policies, which reflect "best practices"" in such areas as debt, cash management and investments, and revenue collection.

Our review of the City's basic financial polices disclosed that the City's Debt and Investment Policies were recently updated on 5/26/16 and 2/26/15, respectively; however, the Cash Receipts Policies and Procedures Manual appears to have been last updated in 2005. As a result, the cash receipts manual does not reflect current best practices and Finance Department (FD) procedures. Furthermore, the FD is currently in the process of implementing a new Point of Sale (POS) system, city-wide, which would streamline cash receipts procedures across the City's off-site cash handling locations including City parks, marinas, NET, Police, and City Clerk's offices.

As stated in the City's Cash Receipts Policy, "Good controls are designed to safeguard assets and insure the accuracy and reliability of accounting data. Good controls also promote operational efficiency and ensure adherence to city, state, and federal statutes." Therefore, it's imperative that the policy is updated to ensure proper receipt, handling, money transfer, and documentation of City funds.

RECOMMENDATION 6 (FIP11): FINANCE DEPARTMENT

We recommend that the City's Cash Receipts Policies and Procedures Manual be updated to reflect current best practices as well as procedures relative to implementation of the new POS system. Upon completion of the updated manual, we recommend that all employees involved with the cash receipts process receive a copy of the manual (and sign for its receipt) along with periodic training to ensure compliance.

- **Auditee Response:** We agree with the recommendation. The Finance Department began a review of the existing Cash Receipts Policies and Procedures Manual. However, the policies procedures had to be revised to incorporate the implementation of the new POS system. Upon completion of the updated manual, all employees involved with the

cash receipts process will receive a copy of the manual (and sign for its receipt) along with periodic training to ensure compliance. The POS system is scheduled to be implemented by the end of FY2016.

- **Implementation Date:** Concurrent with full implementation of the POS System

FINDING 7 (FIP11): COLLECTIVE BARGAINING MANAGEMENT PRACTICES DID NOT COMPLY WITH THE REQUIREMENTS OF FIP 11(f) and FIP 12(b)

Financial Integrity Principle 11 (FIP11) of the City Code, section (f) "Collective Bargaining Management Practices" provides that,

"all memorandums of understanding (M.O.U.s) entered into between the city and any collective bargaining unit that amends, alters, or modifies any existing collective bargaining agreement and that may have a fiscal impact of \$40,000.00 or more be reviewed by the budget director, reviewed by the finance committee with recommendations to the city manager. The finance committee shall provide its recommendations regarding such M.O.U.s to the city manager not less than 14 days prior to consideration by the city commission of any said M.O.U. for ratification. In the event that the finance committee is unable to meet within the timeframes provided herein, then the city manager may proceed to the city commission for ratification."

We tested two of the collective bargaining agreements executed during the audit period, as follows: (1) the Agreement between the City and the Fraternal Order of Police (FOP), for the period of 10/1/14-09/30/15; and (2) the Agreement between the City and the International Association of Fire Fighters (IAFF), for the period of 10/1/14-09/30/16.

Based on our review of documentation provided by the Budget Director, Finance Committee meeting minutes, and City Commission agenda items, meeting minutes, and resolutions, we noted the following exceptions to FIP 11(f):

- We were unable to corroborate the fiscal impact of each contract. The Budget Director provided support showing calculation of the fiscal impact of the IAFF contract, which was reflected in his calculations to be approximately \$6.6 million; however this figure was not included on the Commission "Agenda Item Summary Form". The Budget Director did not provide support showing calculation of the fiscal impact of the FOP contract; however, the figure shown on the Commission meeting "Agenda Item Summary Form" is "\$3.5 million total net impact."
- During the Finance Committee meetings, both contracts were discussed; however there were no references to the total fiscal impacts of the contracts. With respect to the IAFF contract, the Finance Committee members expressed concern about the long-term financial impact of the contract on the City's pension costs and this concern was read into the record by the City Manager at the City Commission meeting.
- We were not provided support to reflect that recommendations of the Finance Committee were provided to the City Manager.
- Both Finance Committee meetings took place less than 14 days prior to consideration by the City Commission:
 - IAFF - The Finance Committee meeting occurred on October 15, 2015 and the City Commission meeting, when the contract was ratified, occurred on October 22, 2015.

- FOP – The Finance Committee met on November 13, 2014 and the City Commission meeting, when the contract was ratified, occurred on November 20, 2014.

RECOMMENDATION 7 (FIP11): OFFICE OF MANAGEMENT AND BUDGET

We recommend that the Budget Director retain calculations of the fiscal impact of all collective bargaining agreements as well as the audit trail demonstrating that this information was provided to the Finance Committee and City Manager. We also recommend that the Finance Committee meeting agenda and meeting minutes clearly demonstrate that members review the fiscal impact of all collective bargaining agreements and vote on recommendations to be provided to the City Manager. Lastly, we recommend that the Finance Committee meeting recommendations are formally provided to the City Manager not less than 14 days prior to the City Commission meetings ratifying the collective bargaining agreements, and supporting documentation is retained.

- **Auditee Response:** OMB agrees with these exceptions and this recommendation. OMB will put a policy in place directing what steps will be taken upon the completion of each collective bargaining agreement.
- **Implementation Date:** November 30, 2016

FIP 12: EVALUATION COMMITTEES

Financial Integrity Principle 12(a) (FIP12) of the City Code provides that, “An evaluation committee, consisting of a majority of citizen and/or business appointees from outside city employment, shall be created, to the extent feasible, to review City solicitations ("requests for proposals" (RFPs), "requests for qualifications" (RFQs), etc.). The recommendation(s) of the evaluation committee shall be provided to the Mayor and City Commission on all such solicitations prior to presentation to the City Commission for official action.”

During the audit period the Procurement Department (PD) evaluated and/or awarded contracts for six (6) Capital Improvement Department (CIP) solicitations and nine (9) general solicitations. We tested a sample of 10 solicitations (including five CIP and five general) to determine whether City solicitations complied with the requirements of FIP12. Based on our review we noted the findings detailed below.

FINDING 8 (FIP12): COMPOSITION OF EVALUATION COMMITTEES DID NOT COMPLY WITH REQUIREMENT FOR A MAJORITY OF NON-CITY EMPLOYEES

For three (3) solicitations, an evaluation committee was formed; however, it did not consist of a majority of citizens and/or business appointees from outside the City. See Exhibit I below.

Exhibit I

RFP/RFQ #	Solicitation Title	Solicitation Type (CIP/General)	Total # Evaluation Committee Members	# of City Employees	# of Outside (Citizen/Business) Appointees
RFP 484326	Actuarial Services	General	5	3	2
RFQ 495344	Commercial Solid Waste Hauling Services	General	4	4	0
RFP 499325	Administration of Parking Surcharge Program	General	4	2	2

With respect to RFQ 495344 for Commercial Solid Waste Hauling Services, we noted that since this solicitation was a request for qualifications (RFQ), which would result in the selection of multiple proposers as being eligible to enter into Commercial Solid Waste Franchise Agreements with the City, the PD evaluated proposers on a pass/fail basis (rather than establishing scoring criteria) and also assembled an internal review team consisting of only City employees, rather than seeking outside committee members. According to FIP12, RFQs are included in the definition of City solicitations requiring evaluation committees composed of a majority of outside appointees. In addition, we reviewed another RFQ solicitation to compare the procedure used by the PD for evaluating proposers and forming the evaluation committee, and noted that proposers were scored in a manner that could have been applied to the Commercial Solid Waste Hauling Services RFQ and that an evaluation committee was formed in accordance with FIP12.

RECOMMENDATION 8 (FIP12): PROCUREMENT DEPARTMENT

We recommend that the Procurement Department implement internal control policies and procedures to ensure that for city solicitations, evaluation committees are formed which consist of a majority of citizen and/or business appointees from outside city employment. In those cases where the Procurement Department has exhausted attempts to obtain a majority of outside appointees, we recommend that PD retain documentation of the steps taken and any correspondence which demonstrates PD's attempt to comply with the requirements of FIP12. Lastly, we recommend that the PD implement a consistent scoring methodology for evaluating RFQ solicitations so that evaluation committees rigorously scrutinize proposers and make recommendations in the best interest of the City.

- **Auditee Response:** All RFQs are not considered equal. A comparison made between the RFQ501331, Miscellaneous Management Advisory and Consulting Services, and RFQ495344, Commercial Solid Waste Hauling Services, would show different processes used, as the solicitations were handled differently for the following reasons:
 - a) RFQ501331 was for the purpose of pre-qualifying firms with applicable expertise to provide these services in the future, as may be required by the City. The firms were prequalified using the same process as a Request for Proposals (RFP) to determine the experience, qualifications, past performance and work products, including the experience and qualifications of the key employees and subcontractors. Technical criteria were itemized with their respective weights. There were three categories of expertise and firms were ranked accordingly within each category. Work, when required, will be competitively bid amongst the pool members in the respective Category.
 - b) RFQ495344 was for the purpose of qualifying for Franchise Agreements for commercial solid waste hauling services. The prospective proposers were given specific minimum requirements to meet in order to be offered a franchise agreement. They either met the requirement or they did not; the review was handled as a pass fail, unlike the RFQ above.
 - c) Although, an Evaluation Selection Committee (Committee) was appointed by the City Manager for RFQ501331, as the Committee needed to evaluate the technical strength of each proposals, this was not required by RFQ495344. Instead, PD went through the process of appointing a Committee, but upon further review of what was needed, and what was issued in the solicitation, PD utilized three of the internal personnel appointed by the City Manager for a Review Team to conduct the review of the proposals to determine pass/fail.

- As stated previously, all RFQ solicitations are not considered equal. A consistent scoring methodology for evaluating RFQ solicitations so that evaluation committees rigorously scrutinize proposers and make recommendations in the best interest of the City, may not be the best approach in all cases. PD recommends that we look at designing a hybrid process when faced with evaluation of technical proposals that contain weighted evaluation criteria, versus, those that contain just pass/fail criteria that meet the stated requirements of the solicitation. Either way, Committees, or Review Teams will rigorously scrutinize proposers and make recommendations in the best interest of the City.
- And lastly, to the extent possible, PD consistently works towards recruiting outside experts to serve on all Committees. However, holding up a competitive solicitation process because an external Committee member is not available is neither feasible nor in the best interest of the City. In those situations, the composition of the Committee according to FIP12, RFQs may not have the majority of the Committee members originating from outside appointees. PD will document those instances for the file, when there is an issue such as this.
- **Implementation Date:** Immediately.

FINDING 9 (FIP12): EVALUATION COMMITTEE RECOMMENDATIONS WERE NOT PROVIDED TO THE MAYOR AND CITY COMMISSION

For four (4) solicitations, the recommendation(s) of the evaluation committees were not provided to the Mayor and City Commission prior to official action. See Exhibit II and Exhibit III below.

Exhibit II

Solicitation Type (CIP/General)	RFP/RFQ #	Solicitation Title	Date Contract Executed	Amount
CIP	RFQ 14-15-026	CEI Services for NE 2nd Avenue Reconstruction Project	1/15/2016	\$ 436,095
CIP	RFQ 13-14-016	CEI Services for Miami River Greenway to South Miami Ave Project (B-30631) - Metric Engineering, Inc.	2/27/2015	\$ 70,722
CIP	RFQ 12-13-030	Miscellaneous Construction, Engineering, and Inspection Services		
		a) Target Engineering Group	3/18/2015	\$ 500,000
		b) RJ Behar& Company, Inc.	3/18/2015	\$ 500,000
		c) A & P Consulting Transportation Engineers	4/1/2015	\$ 500,000
		d) Metric Engineering, Inc.	4/1/2015	\$ 500,000
		e) Parsons Brinckerhoff, Inc.	5/6/2015	\$ 500,000
		f) EAC Consulting, Inc.	8/5/2015	\$ 500,000

According to the Procurement Department, contracts for the first three solicitations (RFQ 14-15-026, RFQ 13-14-016, and RFQ 12-13-030) were awarded and executed under City Manager’s authority, pursuant to City of Miami Ordinance, Section 18-87(m) Item 14, “Award of contract” which states,

“...at the successful conclusion of negotiations the City Manager may award and execute contracts for professional services,...which do not exceed \$500,000.00 in total compensation. The decision of the City Manager shall be final.... All professional service contract awards of \$500,000.00 or more in total compensation under this section shall be made by the City Commission, whose decision shall be final.”

However, the City Manager’s authority to award and execute professional services contracts within certain dollar limits does not negate the requirement for the evaluation committee recommendations to be provided to the Mayor and City Commission as stated in FIP12. Furthermore, City Code 18-87(i) “Ranking reported” (which precedes City Code Section 18-87(m)), states the following:

“On completion of the committee selection process the committee shall report the ranking order of the firms to the City Manager. The City Manager shall immediately advise the Mayor and City Commission in writing of the three or more firms selected and their ranking order to preference. The City Clerk will be provided with a copy of each report and memo referenced in this section.”

Therefore, this section of the City Code is consistent with the notification requirement, as stated in FIP12, for the Mayor and City Commission to be advised of the evaluation committee results.

Exhibit III

Solicitation Type (CIP/General)	RFP/RFQ #	Solicitation Title	Date Contract Executed	Amount
CIP	RFQ 14-15-025	CEI Services for Flagler Street Reconstruction Project (B-30606) - A&P Consulting Transportation Engineers Corp.	10/30/2015	\$ 1,739,214

According to the Procurement Department, the \$1.7M professional services contract awarded pursuant to RFQ 14-15-025 was awarded under City Commission Resolution No. R-14-0372 (List of Expedited Projects-updated as of 9/10/14) which “authorized the City Manager to advertise for, receive, review, reject, and evaluate responses and award contracts for the listed projects.” However, the City Manager’s authority to award and execute professional services contracts under the authority of Resolution No. R-14-0372 does not negate the requirement for the evaluation committee recommendations to be provided to the Mayor and City Commission as stated in FIP12.

RECOMMENDATION 9 (FIP12): PROCUREMENT DEPARTMENT

We recommend that the Procurement Department implement internal control policies and procedures to ensure that the recommendation(s) of the evaluation committees are provided to the Mayor and City Commission prior to official action, as stated in FIP 12 as well as City Code Section 18-87(m).

- **Auditee Response:** In the past, the City has not made it a practice to share such Evaluation Selection Committee recommendations with the City Commission, Mayor, nor the City Clerk, prior to proceeding with negotiations. Notwithstanding, we have updated our procedures and implemented such practice to align with our City Code. Moving forward, whenever an Evaluation Selection Committee memo is put forth to the City Manager with a recommendation to negotiate, a duplicate memo will be prepared for the City Manager’s signature (*specifically for procurements covered under FS 287.055, if applicable*), addressing the City Commission, Mayor and copying the City Clerk on the Committee’s recommendation.

It is notable to point out that CIP procurements for both construction and professional services were assumed by PD in early 2014. PD continues to review and redefine the processes to be in line with the Procurement Code; it is work in progress – and every day we strive to make it better.

- **Implementation Date:** Effective Immediately.

FINDING 10 (FIP12): RFQ SOLICITATION DID NOT RESULT IN AN AWARD

On December 6, 2013 the Capital Improvements & Transportation Department (CITP) issued RFQ 13-14-005 for Structural Engineering Services for Miscellaneous Projects. Over a year later, on December 19, 2014, an evaluation committee convened to review the responses to RFQ-13-14-005 and provided a recommendation to the City Manager. On January 22, 2015 the City Manager approved the evaluation committee's recommendation for the Procurement Department to negotiate a contract with the respondent for the provision of structural engineering services. However, we noted that the contract was never executed.

The Procurement Department indicated that, "the Services were solicited for and evaluated in early 2015, but negotiations were never held with recommended firm. The proposal is stale at this point and solicitation will be rejected and resolicited for." In regards to our inquiry about how the CITP Department (who requested the proposal) fulfilled their need for these services, PD indicated that, "CITP ...access[ed] their A/E Consultants, specifically those that held sub-contractual agreements with Structural Engineers."

Delays in the procurement process also result in delays of City needed goods and services. Specifically, with respect to solicitations for capital projects, delays in contract awards may result in project delays. For those CITP projects which rely on grant funding or bond funding contingent upon specific timelines for funds to be expended, there is a risk that the City will lose the ability to seek reimbursement for these project costs.

RECOMMENDATION 10 (FIP12): PROCUREMENT DEPARTMENT

We recommend that the Procurement Department implement internal control policies and procedures necessary to ensure expediency of all city solicitations.

- **Auditee Response:** Since transferring to PD in early 2014, the CITP solicitation team has established the practice of including CITP's Assistant Director in its bi-weekly workload meetings to discuss the progress of solicitations already issued, and the priority of upcoming solicitations, as determined by CITP. Additionally, at the bi-weekly workload meetings, CITP's Assistant Director informs the solicitation team of any funding source deadlines related to proposed solicitations. The situation with RFQ 13-14-005 for Structural Engineering Services resulted from the absence of periodic meetings between the CITP solicitation team members to discuss individual workloads prior to transferring to PD. As a result, RFQ 13-14-005 was left unattended when the responsible staff member separated from City employment immediately before the CITP solicitation team's transfer to PD. Currently, PD has implemented the periodic workload meetings, in addition to weekly staff meeting to go over internal workload, as well as a timeline and checklist to be used as quality control tools to ensure that CITP solicitations are completed within the normal and anticipated time frames.
- **Implementation Date:** Periodic workload meetings were implemented after the CITP solicitation team transferred from CITP to PD. This practice will continue going forward.