

City of Miami

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INDEPENDENT AUDITOR GENERAL



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June 29, 2020

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 2019
Report No. 20-09

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, 2018 through September 30, 2019. 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 four of the 13 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 did not fully comply with the requirements of FIP 8.
- FIP 11 - Cash Receipts policy does not fully comply with requirements of FIP 11; Investment policy should be revised.
- FIP 12 – Evaluation Committee recommendations were not provided to the Mayor and City Commission

Details of these findings are included on pages three through 11 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 Francis Suarez
Arthur Noriega, City Manager
Victoria Mendez, City Attorney
Todd Hannon, City Clerk
Sandra Bridgeman, Assistant City Manager/Chief Financial Officer
Nzeribe Ihekweba, Assistant City Manager/Chief of Infrastructure
Fernando Casamayor, Assistant City Manager/Chief of Operations
Jorge R. Colina, Chief of Police, Police Department
Joseph Zahralban, Fire Chief, Fire-Rescue Department
Christopher Rose, Director, Office of Management and Budget
Erica T. Paschal, Director of Finance, Finance Department
Hector Badia, Interim Director, Office of Capital Improvements
Milton Vickers, Director, Human Services Department
Annie Perez, Director, Procurement Department
Members of the Finance Committee
Members of the Audit Advisory Committee
Audit Documentation File

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Raymond Ishmael, CPA, CFE, Senior Auditor

Audit reviewed by: Mala Khilnani, CPA, CISA, Assistant to the Auditor General

**AUDIT OF COMPLIANCE WITH THE FINANCIAL INTEGRITY
PRINCIPLES – FISCAL YEAR 2019**

**OCTOBER 1, 2018 THROUGH SEPTEMBER 30, 2019
Report No. 20-09**

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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, 2018 through September 30, 2019, and focused on the following objectives:

- To determine whether the City complied with the 13 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, appropriate evidence 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 13 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 four of the 13 Financial Integrity Principles (FIP) resulting in seven findings.

Details of our findings and recommendations follow:

FIP 3: GRANT AND 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 (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 \$4 million related to various grant awards and other programs funded on a reimbursement basis. We tested two MPD awards which together represent \$1.5 million (or 37%) of the total population to test compliance with FIP3. The results of our testing, for which there were exceptions, are as follows:

FY 2016 COPS Hiring Program (PnG Award #2286):

During FY19, the MPD incurred 2016 COPS Hiring Program (PnG Award #2286) grant-related expenditures totaling \$704,376. According to the grant agreement, reimbursement requests were required to be submitted to U.S. Department of Justice on a quarterly basis. We noted that 100% of the expenditures have been reimbursed to the City; however, 22% (or \$153,269) of the expenditures were not submitted for reimbursement in a timely manner and were submitted 72 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 \$704,376 of grant-related expenditures was 85 days.

RECOMMENDATION 1 (FIP 3): 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:** Based on the analysis provided and the time period in question, the department experienced several personnel changes which impacted the day to day operations of the unit. Since that time, the department has worked to cross train various team members to ensure continuity of operations and ensure that grant specific procedures are followed. As stated, the City was fully reimbursed for all expenditures allowed under the grant.

- **Implementation Date:** On-going

FINDING 2 (FIP 3): CAPITAL IMPROVEMENTS PROGRAM GRANT REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER

During the audit period the Office of Capital Improvements (OCI) incurred/processed grant-related expenditures totaling approximately \$3.8 million related to various grant awards and other programs funded on a reimbursement basis. We tested three OCI awards which represented \$1.7 million (or 44%) of the total population, for compliance with FIP3. The following exception was noted:

(PnG Award #2354) FDEP – Stormwater Master Plan:

During FY19, the City incurred grant-related expenditures totaling \$694,668 for the design and creation of a Stormwater Master Plan Project (PnG Award #2354). According to the grant agreement, reimbursement requests were required to be submitted to the Florida Department of Environmental Protection upon completion of the task and Department approval of all associated task deliverables. We noted that 100% of the expenditures have been reimbursed to the City; however, 100% (or \$694,668) of the expenditures were not submitted in a timely manner (148 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 a total of \$694,668 was 367 days.

RECOMMENDATION 2 (FIP 3): FINANCE DEPARTMENT

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 in accordance with grantor requirements.

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

- **Auditee Response:** The Finance Department agrees that the time between the check date and the reimbursement date was 148 days; however, the Finance Department does not agree that reimbursement requests were not submitted in a timely manner since the repayment of the funds did not extend past a two-year period. Furthermore, the reimbursement was reflected as receivables on the Comprehensive Annual Financial Report (CAFR) to the extent allowed under accounting principles generally accepted in the United States of America (GAAP). The Finance Department will continue to coordinate efforts with the Office of Capital Improvements and the Office of Management and Budget to continuously improve internal control procedures and the collaborative effort necessary to ensure timeliness of OCI grant reimbursements.
- **Implementation Date:** Finance has created a division to monitor and review all compliance with Capital Projects funding sources and eligible expenditures. Continued efforts are being made to improve the process of obtaining critical documentation from contractors, vendors and departments users to ensure and obtain a determination from the program managers that the expenditures incurred are reimbursable, as well as avoid project deficits.

FINDING 3 (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 approximately \$7 million related to various grant awards including Urban Search and Rescue (USAR), Urban Area Security Initiative (UASI), and Assistance to Firefighters Grants (AFG) funded on a reimbursement basis. We tested two FRD awards which together represent \$2.3 million (or 33%) of the total population to test compliance with FIP3. The results of our testing, for which there were exceptions, are as follows:

FY 2018 FEMA Urban Search and Rescue (USAR) Program Grant (PnG Award #2459):

During fiscal year 2019 (FY19), the Fire-Rescue Department (FRD) incurred FY18 FEMA USAR (PnG Award #2459) grant-related expenditures totaling \$1,112,057. According to the grant agreement, the Federal Financial Reports (FFR) were required to be submitted to the U.S Department of Homeland Security, Federal Emergency Management Agency (FEMA) on a quarterly basis. Although the grant agreement did not specify the due dates for reimbursement requests, we considered the required dates for submission of the FFR to be a reasonable measure of timeliness for reimbursements.

Based on the result of our test, we noted that of the total \$1,112,057 grant-related expenditures, \$975,729 (or 88%) has not been reimbursed to the City and has been outstanding for 225 to 501 days (or an average of 358 days). On inquiry, the program manager stated that “We have been having difficulty with timely reconciliation and reimbursement of payroll dating back to 2017. We just hired a new employee to work on payroll reconciliation in order to draw down funds in a timely manner”. In addition, we noted that \$40,050 (or 4%) of the total expenditures were not submitted for reimbursement in a timely manner. The number of days these expenditures were requested late ranged from 30 to 57 days (or an average of 50 days late). The average time that City funds were used as float (i.e. the time between the check date and cash receipt date/fieldwork date) for the total \$1,112,057 of grant-related expenditures was 332 days.

RECOMMENDATION 3 (FIP 3): 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:** Our team has been having difficulty with timely reconciliation and reimbursement of payroll dating back to 2017. There was an unusual amount of deployments back to back on 2017, 2018 and 2019 that contributed to our payroll reconciliation to fall behind. This situation negatively impacted our ability to ask for reimbursement.

USAR just hired a new employee to focus on payroll reconciliation and draw down funds in a timely manner. The team has made great progress and continues to work diligently to address this concern.

We agree with reimbursement packets containing accurate supporting documentation. Our team thoroughly reviews the packets and includes accurate supporting documentation so there are no questions later. Nevertheless, this has never impacted our ability to ask for reimbursement.

- **Implementation Date:** Our team hired a Grant Funded Special Projects Assistant in November of 2019 with the purpose of correcting the payroll reconciliation delays.

FINDING 4 (FIP 3): HUMAN SERVICES DEPARTMENT/HOMELESS PROGRAM REQUESTS FOR GRANT REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER

During the audit period the Human Services Department/Homeless Program (HSD/HP) incurred/processed grant-related expenditures totaling \$1.8 million related to various grant awards and other programs funded on a reimbursement basis. We tested one award which represents \$946,000 (or 52%) of the total population to test compliance with FIP3. The results of our testing, for which there were exceptions, are as follows:

2018-19 Emergency Hotel/Motel Placement Program Grant (HTMT) (PnG Award #2501):

During FY19, the HSD/HP incurred HTMT (PnG Award #2501) grant-related expenditures totaling \$946,000. According to the grant agreement, payment/reimbursement requests shall be made to Miami-Dade County on a monthly basis. The payment request for the previous month is due by the 10th of the month following the month for which payment is invoiced.

Based on the result of our test, we noted that 100% of these expenditures have been reimbursed to the City; however, 25% (or \$234,505) of the expenditures were not submitted for reimbursement in a timely manner. The number of days these expenditures were requested late ranged from 31 to 457 days (or an average of 122 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 \$946,000 of grant-related expenditures was 140 days.

On inquiry, the Program Director stated that “the total amount for the Hotel/Motel funds allocated by the Homeless Trust was depleted before the end of the fiscal year. There is a policy adopted by the Miami Continuum of Care that no child should be left on the streets and that is the fundament of the grant, thus we have continued funding hotel-motel projects with General Fund dollars until a request for the shortfall is approved by the Miami Dade County Homeless Trust and its board of directors. Historically and wrongly, the lump sum amount has been reimbursed by the MDC Homeless Trust in the following fiscal year. This is an ongoing issue that has been happening for at least seven years and is in the process of being addressed by the city manager, the budget director along with the department director.”

RECOMMENDATION 4 (FIP 3): HUMAN SERVICES DEPARTMENT/HOMELESS PROGRAM

We recommend that the HSD/HP ensure that the HTMT grant is fully funded at the beginning of the year in order to minimize the time City funds are used as float. The HSD/HP, along with the Office of Management and Budget and the City Manager’s Office, should work to obtain additional funding for the HTMT grant to ensure that shortfalls are not funded with City funds and reimbursements are timely.

- **Auditee Response:** We are in agreement with the findings. The City Manager, Budget Director and DHS Director have agreed to meet to address the recurrent shortfall issue with the Miami Dade County Homeless Trust.
- **Implementation Date:** In progress.

FINDING 5 (FIP8): MULTI-YEAR CAPITAL IMPROVEMENT PLAN DID NOT FULLY COMPLY WITH THE REQUIREMENTS OF FIP 8

Financial Integrity Principle 8 (FIP8) of the City Code provides that,

“The City commission shall annually adopt a capital improvements plan (“CIP”) simultaneously with the adoption of the City’s final budget pursuant to Section 200.065, Florida Statutes. 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 simultaneously with the adoption of the City’s final budget as required. However, upon reviewing the City’s Fiscal Year 2018-2019 Adopted Capital Budget and Multi-Year Capital Plan, we noted the following exceptions:

- The plan does not include a component reflecting the funding date of capital improvement projects.
- The plan does not address the fiscal impact of known changes to financial assumptions underlying the projects (e.g., the curtailment of federal or state funding for certain types of projects). Also, the plan does not address approved projects which require a change of funding requirements due to unforeseen circumstances (e.g., a utility line relocation that necessitates a material change order and therefore, the incurrence of a material unforeseen expenditure).
- We noted that the plan has a narrative description of "Prioritization Criteria", including examples as to how such criteria can be applied (e.g., Life/Safety: Projects related to structural issues at City facilities that demand immediate attention). However, there is no indication that individual projects within the plan are assigned a prioritization criterion even though departments submit capital project requests in prioritization order.

RECOMMENDATION 5 (FIP8): OFFICE OF MANAGEMENT AND BUDGET

We recommend that the capital plan include the date of funding for each capital project and the fiscal impact of known changes to financial assumptions underlying the projects (e.g., the curtailment of federal or state funding for certain types of projects). Additionally, the plan should address approved projects which require a change of funding requirements due to unforeseen circumstances (e.g., a utility line relocation that necessitates a material change order and therefore, the incurrence of a material unforeseen expenditure).

Finally, we recommend the capital plan include recommended project prioritization rankings, in order to address needs and to allocate resources efficiently.

- **Auditee Response:** The Office of Management and Budget (OMB) agrees that Adopted FY 2018-19 Capital Improvement Plan does not include a component reflecting the funding date of capital improvement projects, that the plan does not address the fiscal impact of known changes to financial assumptions underlying the projects, and that the plan does not address approved projects which require a change of funding requirements due to unforeseen circumstances.

Just as in prior years, OMB continues to maintain that individual projects were included or not included in the plan according to the prioritization criterion and the department prioritizations.

OMB continues to work with the Office of Capital Improvements (OCI) and the Program Administrator to implement the new E-Builder system that will replace the previous TRACS system. The above findings will be addressed with this new implementation.

- **Implementation Date:** Phase 2, the current phase of the E-Builder system implementation, will be complete by September 2020. Phases 3 and 4 of the E-Builder system implementation will start thereafter.

FINDING 6 (FIP11): CASH RECEIPTS POLICY DOES NOT COMPLY WITH REQUIREMENTS OF FIP 11; INVESTMENT POLICY SHOULD BE REVISED

Section 18-542(11) of the City Code provides that the City shall endeavor to maintain formal policies, which reflect “best business practices” in the areas of cash management and investments and revenue collection. The Code states that the Cash Management and Investment Policy “shall require 24-month gross and net cash-flow projections by fund and address adequacy, risk, liquidity and asset allocation issues.” The Code further states that the Revenue Collection Policy “shall provide for maximum collection and enforcement of existing revenues, monitoring procedures, and the adequacy level of subsidy for user fees.”

We reviewed the City’s Cash Receipts Policy. As noted in our prior two audits, the City’s Cash Receipts Policy appears to have been last updated in 2005. As a result, the cash receipts manual does not reflect current best practices and does not address procedures relative to implementation of the POS system. The City’s Cash Receipts Policy states that, “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 is imperative that the policy be updated to ensure proper receipt, handling, money transfer, and documentation of City funds.

We also reviewed the City’s Investment Policy which includes cash management, to determine whether the City has established policy which requires 24-month gross and net cash-flow projections by fund and addresses adequacy, risk, liquidity, and asset allocation in accordance with Section 18-542(11)(b). While the City’s Investment Policy addresses adequacy, risk, liquidity, and asset allocation issues, it does not require a 24-month gross and net cash-flow projection by fund.

RECOMMENDATION 6 (FIP11): FINANCE DEPARTMENT

As recommended in our prior two audits, the City’s Cash Receipts Policies and Procedures Manual should be updated to reflect current best practices as well as procedures relative to implementation of the 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.

As recommended in our prior audit, the Cash Management and Investments Policy should be revised to require a 24-month cash flow projection in accordance with Section 18-542(11)(b) and utilize the projection to ensure adequate amounts of liquidity, investment diversification, and portfolio management to control risks and manage reasonably anticipated cash flow requirements.

- **Auditee Response:**

- **Cash Receipts and Procedures Manual**

- In July 2016 the City implemented the new CORE iPayment Revenue Portal (POS System). Simultaneously, the Finance Department in conjunction with CORE Technologies created a POS User Manual (Main Cashiering Procedures) tailored to the City's customization of the POS System. The Manual was shared with all POS users, who were then trained by CORE and Finance's POS Administrator. All POS users must be trained prior to utilizing the POS system; therefore, training occurs when access is granted to new employees and on an as needed basis.

- The Finance Department is currently in the process of updating the Cash Receipts Policies and Procedures Manual to reflect best practices as recommended in the prior audit. The Finance Department purchased the Association of Public Treasurers of the United States and Canada, "Cash Handling Training Manual" as a guide for strengthening these procedures and policies, to ensure they are current and aligned with industry best practices for cash management. There was a delay to the previously planned implementation date due to the vacancy of the Treasurer position. The position has subsequently been filled.

- **Investment Policy**

- The Finance Department has historically produced a manual 24-month gross and net cash-flow projections by fund to addresses adequacy, risk, liquidity, and asset allocation in accordance with Section 18-542(11)(b). During Fiscal Year 2019 the Finance Department implemented Sympro Debt Manager to automate the creation of the 24-month cash-flow projection by fund.

- Although the Finance Department's procedures meet the Financial Integrity Principle's requirement to perform a 24-month cash flow projection and to utilize the projection to ensure adequate amounts of liquidity, investment diversification, and portfolio management to control risks and manage reasonably anticipated cash flow requirements, we are in the process of revising the Investment Policy to articulate the 24-month cash flow projection in accordance with FIP Section 18-542(11)(b). There was a delay to the previously planned implementation date due to the vacancy of the Treasurer position. The position has subsequently been filled. .

- **Implementation Date:** The updated Cash Receipts Policies and Procedures Manual should be completed by December 30, 2020. Subsequently, the policy will be reviewed by the Office of the City Attorney and then presented to Finance Committee and City Commission for approval.

The revision to the Investment Policy should be completed by September 30, 2020. Subsequently, the policy will be reviewed by the Office of the City Attorney and then presented to Finance Committee and City Commission for approval.

FINDING 7 (FIP12): EVALUATION COMMITTEE RECOMMENDATIONS WERE NOT PROVIDED TO THE MAYOR AND CITY COMMISSION

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

Exhibit I

Solicitation Type (CIP/ General)	RFQ #	Solicitation Type	Amount
CIP	18-19-012	Miscellaneous CEI Services Pool (6 Agreements)	\$500,000 each
CIP	18-19-016	Design Criteria Professional for Repair and Reconstruction of Citywide Roads	\$497,602

According to the Procurement Department (PD), the contracts were awarded and executed under the 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.

RECOMMENDATION 7 (FIP12): PROCUREMENT DEPARTMENT

We recommend that the PD 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 both FIP 12 and City Code Section 18-87(m).

- **Auditee Response:** The Procurement Director on June 9, 2020, sent an email directive to all Procurement staff requiring them to comply with FIP12. The email was inclusive of a) the sample memo currently used to comply with FIP12 from the City Manager to the Mayor and City Commissioners; and b) the email language to be used for the email to be sent from the Procurement Director to the Mayor and City Commission on behalf of the City Manager. Additionally, this FIP12 requirement is being added to both the Goods and Services RFP/Q process checklist, and to the Architecture and Engineering and Construction RFP/Q process

checklists. Procurement staff is required to submit these completed checklists in the routing of the award recommendation to the Director of Procurement for approval prior to sending to the City Manager for final approval. The aforementioned inclusion of FIP 12 in process checklists, will prevent compliance with FIP 12, from slipping through the cracks as it occurred with the two (2) projects cited above.

- **Implementation Date:** Immediately.