

# **City of Miami, Florida**

Single Audit Reports in Accordance with  
OMB Circular A-133 and Chapter 10.550, *Rules of the  
Florida Auditor General*

Year Ended September 30, 2015

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RSM US LLP

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2016. Our report includes a reference to other auditors who audited the following component units and funds, as described in our report on the City's financial statements:

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

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes an emphasis of matter paragraph relating to the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, effective October 1, 2014.

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## **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*RSM US LLP*

Miami, Florida  
March 31, 2016



RSM US LLP

**Report on Compliance for Each Major  
Federal Program and State Project; Report on Internal Control  
Over Compliance; and Report on the Schedule of Expenditures of  
Federal Awards and State Financial Assistance Required By  
OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General***

**Independent Auditor's Report**

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

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

We have audited City of Miami, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state project for the year ended September 30, 2015. The City's major federal programs and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended September 30, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items CF 2015-01, CF 2015-02, CF 2015-03, CF 2015-04, CF 2015-05, CF 2015-06, CF 2015-07, and CF 2015-08. Our opinion on each major federal program and state project is not modified with respect to these matters.

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

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

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items IC 2015-01, IC 2015-02, IC 2015-03, IC 2015-04, IC 2015-05, IC 2015-06, IC 2015-07, and IC 2015-08 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

**Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General***

We have audited the financial statements of the City as of and for the year ended September 30, 2015, and have issued our report thereon dated March 31, 2016, which contained unmodified opinions on those financial statements, and included a reference to other auditors and an emphasis of matter paragraph for the adoption of GASB Statement Nos. 68 and 71. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

Miami, Florida

April 29, 2016, except for the Schedule of Expenditures of Federal Awards and State Financial Assistance for which the date is March 31, 2016

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
<i>Pass-Through Florida Department of Health</i>			
Child and Adult Care Food Program	10.558	A-2384 S-576	\$ 169,054 38,604 <u>207,658</u>
<i>Federal Pass-Through Miami-Dade County, Florida</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	WS-CC-PY'14-15-00	<u>89,279</u>
<b>Total U.S. Department of Agriculture</b>			<u>296,937</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-120013 B-07-MC-120013 B-08-MC-120013 B-09-MC-120013 B-10-MC-120013 B-11-MC-120013 B-12-MC-120013 B-13-MC-120013 B-14-MC-120013 B-15-MC-120013 B-08-MN-12-0016	257,819 91,494 162,625 2,163 360,633 14,063 317 193,239 2,304,348 1,592,932 343,321 <u>5,322,954</u>
Emergency Solutions Grant Program	14.231	E-12-MC-120002 E-13-MC-120002 E-14-MC-120002 E-15-MC-120002	106,009 10,736 251,191 139,588 <u>507,524</u>
<i>Federal Pass-Through Miami-Dade County, Florida</i>			
Supportive Housing Program	14.235	FL0189L4D001205 FL0190L4D001205 FL0211L4D001205	97,487 92,982 164,031 <u>354,500</u>

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
Home Investment Partnerships Program	14.239	M-05-MC-120211	1,098,798
		M-06-MC-120211	77,947
		M-07-MC-120011	129,515
		M-08-MC-120011	386,850
		M-09-MC-120011	729,023
		M-10-MC-120011	1,559,186
		M-11-MC-120011	125,192
		M-12-MC-120011	714,836
		M-14-MC-120011	988,189
		M-15-MC-120011	214,758
		<u>6,024,294</u>	
Housing Opportunities for Persons with AIDS	14.241	F-LH-10-F005	423,148
		F-LH-11-F005	85,687
		F-LH-14-F005	6,649,469
		F-LH-15-F005	3,794,560
		<u>10,952,864</u>	
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	FL145MR0001	1,817,854
		FL145MR0002	571,051
		<u>2,388,905</u>	
Section 8 Housing Choice Vouchers	14.871	FL145VO0001	1,768,615
<b>Total U.S Department of Housing and Urban Development</b>			<u>27,319,656</u>
<b><u>U.S Department of the Interior Fish and Wildlife Service</u></b>			
<i>Federal Pass-Through Florida Department of Environmental Protection</i>			
Clean Vessel Act Program	15.616	MV113	20,584
<b>Total U.S Department of the Interior Fish and Wildlife Service</b>			<u>20,584</u>
<b><u>U.S. Department of Justice</u></b>			
Equitable Sharing Program	16.922	not applicable not applicable	310,807 191,533
			<u>502,340</u>
<i>Pass-through Office of the Attorney General</i>			
Crime Victim Assistance	16.575	V003-14185 V13185	26,721 698
			<u>27,419</u>
Public Safety Partnership and Community Policing Grants Recovery	16.710	2009RJWX0026 (ARRA)	263,669
		2009-CKWX 0330	78,573
		2011ULWX0010	1,966,494
		2013ULWX0011	606,341
		2014ULWX0043	516,688
			<u>3,431,765</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2712	180,135
		2012-DJ-BX-0159	1,215
		2013-DJ-BX-0448	23,708
		2014-DJ-BX-0390	369,051
<i>Pass-through Miami-Dade County, Florida</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-DADE-26-R3-209	13,752
		2015-JAGC-DADE-26-R3-210	20,583
<b>Total Justice Assistance Grant</b>			<u>608,444</u>
Edward Byrne Memorial Competitive Grant Program	16.751	2014-WY-BX-002	3,427
<b>Total U.S Department of Justice</b>			<u>4,573,395</u>

**City of Miami, Florida**

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
<b><u>U.S. Department of Labor</u></b>			
<i>Federal Pass-through Miami-Dade County, Florida</i> ARRA-Unemployment Insurance	17.225	WS-CC-PY'14-13-00	<u>57,537</u>
<i>Federal Pass-through Miami-Dade County, Florida</i> WIA Adult Program	17.258	WS-CC-PY'14-13-00	232,125
<i>Pass-through South Florida Workforce Investment Board</i> WIA Adult Program	17.258	WS-CC-PY'14-13-00	24,624
<i>Pass-through Miami-Dade County, Florida</i> WIA Dislocated Worker Formula Grants	17.278	WS-CC-PY'14-13-00	<u>310,405</u>
<b>Total WIA Cluster</b>			<u>567,154</u>
<b>Total U.S. Department of Labor</b>			<u>624,691</u>
<b><u>U.S. Department of Transportation</u></b>			
<i>Pass-through Florida Department of Transportation</i> Highway Planning and Construction	20.205	APG63/410581-1 AQF49/418334-2	<u>351,411</u> <u>181,530</u> <u>532,941</u>
<i>Pass-through Florida Division of Transportation</i> National Priority Safety Programs	20.616	ARB27 ARM62 BDV25	3,191 82,715 4,683 <u>90,589</u>
<b>Total U.S. Department of Transportation</b>			<u>623,530</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Pass-through Miami-Dade County, Florida</i> Temporary Assistance for Needy Families	93.558	WS-CC-PY'14-15-00	422,977
<i>Pass-through South Florida Workforce Investment Board</i> Temporary Assistance for Needy Families	93.558	WS-CC-PY 14-15-00	<u>41,336</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>464,313</u>

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended September 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Grant/Contract Number	Federal Expenditures
<b><u>Executive Office of the President</u></b>			
<i>Pass-through South Florida HIDTA / Monroe County Sheriffs</i>			
High Intensity Drug Trafficking Areas Program	95.001	HITDA Letter April 09, 2015	18,571
		HITDA Letter July 10, 2013	2,338
		HITDA Letter July 10, 2014	26,242
<b>Total Executive Office of the President</b>			<u>47,151</u>
<b><u>U.S. Department of Homeland Security</u></b>			
National Urban Search and Rescue Response System	97.025	EMW-2012-CA-K00015	130,601
		EMW-2013-CA-K00015-S01	407,113
		EMW-2014-CA-K00009	656,786
<i>Federal Pass-through State of Florida</i>			
National Urban Search and Rescue Response System	97.025	EMW-95-k-4718	2,095
			<u>1,196,595</u>
Assistance to Firefighters Grant	97.044	EMW-2010-FO-09932	208,422
		EMW-2011-FO-09623	233,331
		EMW-2013-FO-035989	1,144,268
			<u>1,586,021</u>
<i>Pass Through-State of Florida Division of Emergency Management</i>			
Pre-disaster Mitigation	97.047	LPDM-PJ-04-FL-2009-006	1,364
<i>Federal Pass-Through Michigan Public Health Institute/Jackson Health System</i>			
Homeland Security Grant Program	97.067	not applicable	96
Homeland Security Grant Program	97.067	14-DS-C5-11-23-02-212	276,345
		14-DS-L2-11-23-02-413	4,405,445
		14DS-L5-11-23-02-456	94,824
		15-DS-P8-11-23-02-453	938,713
			<u>5,715,327</u>
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2012-FH-00828	667,598
		EMW-2011-FH-00899	1,792,173
			<u>2,459,771</u>
<b>Total U.S. Department of Homeland Security</b>			<u>10,959,174</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 44,929,431</u></u>

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

City of Miami, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
 Year Ended September 30, 2015

State Grantor/Pass-through Grantor/Program Title	CSFA Number	Grant/Contract Number	State Expenditures
<b><u>Department of Economic Opportunity</u></b>			
Division of Community Development	40.038	HL 025	\$ 2,000,000
<b>Total Department of Economic Opportunity</b>			<b><u>2,000,000</u></b>
<b><u>Florida Housing Finance Corporation</u></b>			
State Housing Initiatives Partnership (SHIP) Program	52.901	not applicable	1,124,065
<b>Total Florida Housing Finance Corporation</b>			<b><u>1,124,065</u></b>
<b><u>Department of Transportation</u></b>			
Public Transit Service Development Program	55.012	AQW24 / FM# 430987-1 AR716 AP993	5,219 47,890 187,214
<b>Total Department of Transportation</b>			<b><u>240,323</u></b>
<b><u>Department of Health</u></b>			
Emergency Medical Services (EMS) Matching Awards	64.003	Grant ID Code M3007	125,820
<i>Pass-through Miami-Dade County, Florida</i>			
County Grant Awards	64.005	EMS County Grant #C0013	31,857
<b>Total Department of Health</b>			<b><u>157,677</u></b>
<b><u>Florida Agency for Persons with Disabilities</u></b>			
Developmental Disabilities & Family and Supported Living 2011-2014	67.011	not applicable	126,932
<b>Total Florida Agency for Persons with Disabilities</b>			<b><u>126,932</u></b>
<b><u>Fish and Wildlife Conservation Commission</u></b>			
Florida Boating Improvement Program	77.006	FWC Contract # 12240	2,037
<b>Total Fish and Wildlife Conservation Commission</b>			<b><u>2,037</u></b>
<b>Total Expenditures of State Financial Assistance</b>			<b><u>\$ 3,651,034</u></b>

City of Miami, Florida

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2015

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

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state awards of the City of Miami, Florida (the City) for the year ended September 30, 2015. All expenditures related to federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position or cash flows, where applicable, of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

**Note 2. Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting since grants are accounted for in the governmental fund types of the City. Such expenditures are reported following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* and the Rules of the Department of Financial Services of the State of Florida, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Subrecipients**

The City provided federal awards to subrecipients as follows:

<b>Name of Program/Project</b>	<b>CFDA No.</b>	<b>Amount Provided to Subrecipients</b>
Community Development Block Grant:		
Grant/Entitlement Grant Cluster	14.218	\$ 1,584,121
Homeland Security Grant Program:		
Program V 2012	97.067	276,345
Program V 2013	97.067	3,613,161
Program V 2014	97.067	179,241
Total Homeland Security Grant Program		4,068,747
<b>Total</b>		<b>\$ 5,652,868</b>

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2015**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

	_____ X Yes	_____ No	
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Identification of major programs:

The programs tested as major were as follows:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunities for Persons with AIDS
14.856	Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation
14.871	Section 8 Housing Choice Vouchers
97.044	Assistance to Firefighters Grant
97.083	Staffing for Adequate Fire and Emergency Response
97.067	Homeland Security Grant
16.738	Edward Byrne Memorial Justice Assistance Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 1,347,883

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

(Continued)

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2015**

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

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?

\_\_\_\_\_ Yes

  X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes

  X   None Reported

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

Unmodified

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

\_\_\_\_\_ Yes

  X   No

Identification of major projects:

The project tested as major is as follows:

CSFA Number(s)

40.038

Name of State Project

Division of Community Development

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

\$300,000

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2015**

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**Section II – Financial Statements Findings**

A. Internal Control

None reported.

B. Compliance

None reported.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2015**

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

A. Internal Control over Compliance

**IC 2015 – 01 Allowable Costs/Cost Principles**

U.S. Department of Homeland Security  
Staffing for Adequate Fire and Emergency Response (SAFER)  
CFDA No. 97.083

Criteria: OMB Circular A-87 requires employees' salaries and wages to be supported by periodic certifications when the employees are expected to work solely on a single federal award or cost objective. These certifications should be prepared at least semi-annually and should be signed by the employee and supervisory officials with firsthand knowledge of the work performed by the employee.

Condition: We noted that payroll certifications were not prepared for the period from March 31, 2015 to May 31, 2015 for grant award contract EMW-2012-FH-00828.

Context: See "Condition" above.

Questioned Costs: \$78,572

Cause: Lack of effective administrative oversight of the program. Management was not aware that payroll certifications were required to be completed for the grant program's period of availability 60 day extension period ending May 31, 2015.

Effect: Failure to comply with OMB Circular A-87's payroll certification requirements may result in a disallowance of program expenditures and/or loss of future grant funding.

Recommendation: We recommend that the City implement internal control policies and procedures necessary to allow for ongoing compliance with OMB Circular A-87 payroll certification requirements.

Views of Responsible Official and Planned Corrective Actions: Payroll certifications were prepared and are on file for the period covered and specified by the original grant agreement. It is the sixty day extension period from April 2015 thru May 2015 for which certifications were not completed because we could not find directives specifying the need for certifications for grant extension periods.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2015**

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**IC 2015 – 02 Reporting**

U.S. Department of Homeland Security  
Staffing for Adequate Fire and Emergency Response (SAFER)  
CFDA No. 97.083

Criteria: Grantees must submit a semi-annual Federal Financial Report (SF-425) within 30 days of the periods ending June 30th (report due by July 31st) and Dec 31st (report due by Jan 30th).

Condition: We noted that the semi-annual Federal Financial Report (SF-425) for the period ending June 30, 2015 was not submitted timely to the grantor.

Context: The June 30, 2015 semi-annual Federal Financial Report (SF-425) selected for testing was not submitted timely to the grantor.

Questioned Costs: Not applicable.

Cause: Lack of effective administrative oversight of the program. Management was not aware of the specific closeout reporting requirements of the grant program.

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

Recommendation: We recommend that the City implement internal control policies and procedures necessary to allow for ongoing compliance with the reporting requirements of the grant program.

Views of Responsible Official and Planned Corrective Actions: The grant project was completed in April of 2015 and we assumed that the SF-425 report available for completion in June of 2015 would not need to be completed because a final SF-425 report would be turned in with the grant closeout. To get clarification on the issue we called the FEMA Helpdesk during this time and they stated that the pending June SF-425 did not need to be completed as the grant project was completed in April. However, in October 2015, while trying to resolve other online system issues with the 2011 AFG grant, we again checked the status of the SF-425 reports and saw that they were still pending and available for completion.

The reports were then completed immediately and all on the same day as shown in the documentation provided. Furthermore, FEMA was contacted regarding this matter on February 2, 2016. FEMA gave us the same answer stating that the June SF-425 was not needed, however, after a further conversation where we explained that we ended up completing the June SF-425 in October because the reports would still show as pending online, we were then advised that indeed the reports needed to be completed if the grant was completed within the SF-425 reporting period. Thus, a miscommunication occurred which will be easily mitigated moving forward given the knowledge gained during our difficulties.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2015**

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**IC 2015 – 03 Allowable Costs/Cost Principles**

U.S. Department of Housing and Urban Development

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

Criteria: Grantees must maintain complete and accurate accounts and other records for programs in accordance with HUD requirements.

Condition: We noted the following deficiencies related to program participant records maintained by the City:

- *Section 8 Housing Choice Voucher Program* – One participant’s housing assistance payment (HAP) form was not signed by City personnel, as required by program guidelines.
- *Section 8 Moderate Rehabilitation* – One participant’s form *HUD – 52517, Section 8 Moderate Rehabilitation Program Addendum to Lease* for fiscal year 2015 was not maintained in the participant’s file, as required by program guidelines.

Context:

- *Section 8 Housing Choice Voucher Program* – Exceptions were noted in one of sixty participant files selected for testing.
- *Section 8 Moderate Rehabilitation* – Exceptions were noted in one of sixty participant files selected for testing.

Questioned Costs:

- *Section 8 Housing Choice Voucher* – \$10,030
- *Section 8 Moderate Rehabilitation* – \$4,564

Cause: Lack of effective administrative oversight of the program.

Effect: Failure to maintain complete and accurate accounts and other records for the program may result in a disallowance of program expenditures and/or loss of future grant funding.

Recommendation: We recommend that the City’s Department of Community and Economic Development adhere to its internal control policies and procedures to allow for ongoing compliance with HUD requirements to maintain complete and accurate accounts and other records for the program.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2015**

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Views of Responsible Official and Planned Corrective Actions:

Section 8 Voucher Program

The City's Department of Community and Economic Development (the Department) agrees that the *Housing Assistance Payment* (HAP) form was not signed by City staff even though it was already executed by the other party, the landlord. The City approved the client's continued eligibility and the leasing agreement; however, due to an administrative oversight, City staff failed to notice the missing signature on the HAP form. This was an isolated incident as all previous years' HAP forms were properly signed and executed. Please note that the City is never a participant in any leasing relationship with landlords. The HAP form is utilized for the owner to agree with the City to the terms of the assistance being extended by the Section 8 program on behalf of the client. The lack of a signature on this form did not in any way jeopardize the lease agreement between the participant and the landlord. The City believes that all costs charged to the program were allowable, since the City complied with all other program rules and guidelines. Additionally, the participants in question met all eligibility requirements to participate in the program. The City will continue to provide training to all staff in the Section 8 unit and strengthen supervision of that unit to eliminate omissions like this. Our quality control program which was instituted half way in the current year will be used to assess progress in our attempt to eliminate all errors from the program.

Section 8 Moderate Rehabilitation

The Department agrees that form *HUD – 52517, Section 8 Moderate Rehabilitation Program Addendum to Lease* for FY 2015 was not present in file. This was an administrative oversight since all previous leases for this tenant and this landlord included form HUD-52517. The City believes that all costs charged to the program was allowable, since the tenant was income qualified, the HAP payment was not wrongly calculated and the rent was not higher than program regulations.

The City will continue to provide training to all staff in the Section 8 unit and strengthen supervision of that unit. Our quality control program which was instituted half way in the current year will be used to assess progress in our attempt to eliminate all sort of errors from the program.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2015**

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**IC 2015 – 04 Special Tests and Provisions**

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

Criteria: Grantees must maintain complete and accurate accounts and other records for programs, in accordance with HUD requirements.

Condition: We noted the following deficiencies related to records kept on file for the program participants:

- One participant's rent comparable report was not present in file
- One participant's Housing Quality Standards (HQS) inspection report showed a property address that did not match the participant's address.

Context: Exceptions were noted in two of thirteen participant files selected for testing.

Questioned Costs: \$19,608

Cause: Lack of effective administrative oversight of the program.

Effect: Failure to maintain complete and accurate accounts and other records for the program may result in a disallowance of program expenditures and/or loss of future grant funding.

Recommendation: We recommend that the City's Department of Community and Economic Development adhere to its internal control policies and procedures to allow for ongoing compliance with HUD requirements to maintain complete and accurate accounts and other records for the program.

Views of Responsible Official and Planned Corrective Actions:

The City's Department of Community and Economic Development (the Department) agrees that the rent comparable report was not present in file. The completion of a rent comparable is one of the first processes in any recertification which makes the possibility that it was not performed very remote. We believe that the form was misfiled during the staffing turnover since the missing form is from a May 2014 recertification. The City has hired a new staff person who is experienced in processing Section 8 vouchers to replace the retired staff person. In addition, all staff in the Section 8 unit have attended various training geared towards providing them with the necessary skills to process section 8 files with minimum or no errors. We also believe that our newly instituted quality control program will go a long way to reduce, if not eliminate errors in the program.

The Department agrees that the HQS inspection report shows a property address that did not match the participant's address. However, the HQS inspection report did show the correct participant's name on the report and a review of the report shows that it was indeed for the participant's residence. This error occurred because of the use of an inspection template by the inspector which requires being vigilant to ensure that all the fields have been updated. The City is looking to a technical solution to perform inspections so that the need to use templates could be eliminated. Meanwhile, we will continue to provide training, additional supervision and the use of the quality control program to eliminate such errors.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2015**

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**IC 2015 – 05 Reporting**

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

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

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

Context: See “Condition” above.

Questioned Costs: Not applicable.

Cause: The City’s September 30, 2015 audited financial statements could not be submitted to the grantor to meet the reporting requirements of the program, since program guidelines require GAAP-based audited reports be completed on a March 31<sup>st</sup> period end basis. Management has determined that it is not cost effective for the City to obtain audited financial statements for the period ended March 31, 2015, in order to comply with the program’s reporting requirements.

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

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

Views of Responsible Official and Planned Corrective Actions: The City’s September 30, 2015 audited financial statements could not be submitted to the grantor to meet the reporting requirements of the program, since program guidelines require GAAP-based audited reports be completed on a March 31<sup>st</sup> period end basis. Management determined that it is not cost effective for the City to obtain audited financial statements for the period ended March 31, 2015, in order to comply with the program’s reporting requirements.

To comply with the audited financial statement requirements, the City will align the fiscal year of the program with that of the September 30, 20xx fiscal year of the City, in order to comply with 24 CFR section 5.801. Compliance is anticipated for the fiscal year ending 09/30/2017.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2015**

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**IC 2015 – 06 Reporting**

U.S. Department of Housing and Urban Development (HUD)  
Section 8 Moderate Rehabilitation  
CFDA No. 14.856

Criteria: Grantees are required to file *HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement* report within 45 days of HUD's fiscal year-end.

Condition: We noted *HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement* report was not filed within 45 days of HUD's fiscal year-end, as required by program guidelines.

Context: See "Condition" above.

Questioned Costs: Not applicable.

Cause: Lack of effective administrative oversight of the program.

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

Recommendation: We recommend that the City adhere to its established internal control policies and procedures to allow for the ongoing compliance with the reporting requirements of the grant program.

Views of Responsible Official and Planned Corrective Actions: The Department acknowledges that *HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement* report was not submitted timely. The City worked with HUD and continues to receive reimbursements for the Section 8 moderate rehabilitation program. To ensure that such forms are submitted timely, it has been added to the City's external report spreadsheet and managed through a task in Microsoft Outlook which is monitored by the Assistant to the Director and the Director of the Department.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2015**

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**IC 2015 – 07 Eligibility**

U.S. Department of Housing and Urban Development  
Housing Opportunities for Persons with AIDS (HOPWA)  
CFDA No. 14.241

Criteria: The U.S. Department of Housing and Urban Development has defined total housing costs to include both shelter and the costs for reasonable amounts of utilities. The amount necessary to cover a resident's reasonable utility costs in determining housing assistance is the utility allowance.

Condition: We noted that one tenant was afforded a housing utility allowance in excess of the amount allowed by program guidelines.

Context: The exception was noted in one of the sixty tenants tested.

Questioned Costs: \$336

Cause: Management made a clerical error in calculating the utility allowance for the specified tenant and the City's established internal controls did not identify the error.

Effect: The rental assistance provided to the tenant was not in accordance with the applicable requirements of *24 CFR section 574.310* as stated in the "Criteria" above.

Recommendation: We recommend that management assess the operating effectiveness of established internal control policies and procedures in preventing and detecting calculation errors and make necessary changes to allow for ongoing compliance with the program guidelines, as deemed applicable.

Views of Responsible Official and Planned Corrective Actions: We concur with the auditor's observation. The City does have procedures in place whereby the utility allowance is recalculated. There was a clerical error due to an oversight. The City has made the appropriate adjustment to the utility allowance credited to the client, and the housing assistance payment (HAP) has been adjusted.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2015**

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**IC 2015 – 08 Reporting**

U.S. Department of Homeland Security  
Assistance to Firefighters Grant  
CFDA No. 97.044

Criteria: Grantees are required to submit the following financial and programmatic reports for each award received, as a condition of their award acceptance:

- *Federal Financial Reports (SF-425)* are due within 30 days of the end of each semi-annual period. Reports are due six months after the initial grant award date and every six months thereafter, as applicable.
- *Semi-annual Programmatic Performance Reports* are due six months after the initial grant award date and every six months thereafter, as applicable.

Condition: We noted that *Federal Financial Reports (SF-425)* and *Semi-annual Programmatic Performance Reports* were not submitted timely to the grantor.

Context: Two of three *Federal Financial Reports (SF-425)* and two of three *Semi-annual Programmatic Performance Reports* selected for testing were noted submitted timely.

Questioned Costs: Not applicable.

Cause: Lack of effective administrative oversight of the program.

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

Recommendation: We recommend that the City implement internal control policies and procedures necessary to allow for ongoing compliance with the reporting requirements of the grant program.

Views of Responsible Official and Planned Corrective Actions: We are implementing steps where the grant reporting function will be a shared function of the Grant Manager plus the Accountant Supervisor. By having this internal control adjustment we will track and record the grant report(s) due dates as a grant is first received with both the Grant Manager and Accountant Supervisor; both will ensure we stay in compliance with the due dates as the reports become due. Should the reports be late due to FEMA issues, we will document in writing our notification to FEMA and FEMA's response each time issues come up that delay our ability to submit reports by the due date.

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2015**

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A. Compliance

**1. CF 2015 – 01 Allowable Costs/Cost Principles**

- U.S. Department of Homeland Security  
Staffing for Adequate Fire and Emergency Response (SAFER)  
CFDA No. 97.083

See Section III – Federal Awards Findings and Questioned Costs  
IC 2015-01 – Allowable Cost/Cost Principles

**2. CF 2015 – 02 Reporting**

- U.S. Department of Homeland Security  
Staffing for Adequate Fire and Emergency Response (SAFER)  
CFDA No. 97.083

See Section III – Federal Awards Findings and Questioned Costs  
IC 2015 – 02 Reporting

**3. CF 2015 – 03 Allowable Costs/Cost Principles**

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

See Section III – Federal Awards Findings and Questioned Costs  
IC 2015 – 03 Allowable Costs/Cost Principles

**4. CF 2015 – 04 Special Tests and Provisions**

- U.S. Department of Housing and Urban Development  
Section 8 Housing Choice Vouchers  
CFDA 14.871

See Section III – Federal Awards Findings and Questioned Costs  
IC 2015 – 04 Special Tests and Provisions

**5. CF 2015 – 05 Reporting**

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

See Section III – Federal Awards Findings and Questioned Costs  
IC 2015 – 05 Reporting

**City of Miami, Florida**

**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2015**

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**6. CF 2015 – 06 Reporting**

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

See Section III – Federal Awards Findings and Questioned Costs  
IC 2015 – 06 Reporting

**7. CF 2015 – 07 Eligibility**

- U.S. Department of Housing and Urban Development  
Housing Opportunities for Persons with AIDS (HOPWA)  
CFDA No. 14.241

See Section III – Federal Awards Findings and Questioned Costs  
IC 2015 – 07 Eligibility

**8. CF 2015 – 08 Reporting**

- U.S. Department of Homeland Security  
Assistance to Firefighters Grant  
CFDA No. 97.044

See Section III – Federal Awards Findings and Questioned Costs  
IC 2015 – 08 Reporting

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

A. Internal Control over Compliance

None reported.

B. Compliance

None reported.

## City of Miami, Florida

### Summary Schedule of Prior Years' Audit Findings Fiscal Year Ended September 30, 2015

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#### Findings and questioned costs in administering federal awards and state assistance:

2014-01	Equipment and Real Property Management – CFDA #16.738 and 16.804	Corrected
2014-02	Procurement, Suspension and Debarment – CFDA #16.738 and 16.804	Corrected
2014-03	Reporting – CFDA #97.083	Corrected
2014-04	Reporting – CFDA #97.067	Corrected
2014-05	Reporting – CFDA #14.871	Repeated; See IC 2015-05
2014-06	Reporting – CFDA #14.871	Corrected
2014-07	Allowable Costs/Cost Principles – CFDA #14.856 and 14.871	Repeated; See IC 2015-03
2014-08	Reporting – CFDA #14.856	Repeated; See IC 2015-06
2013-0004	Reporting CFDA #97.067 and JAG Cluster – CFDA #16.738 and 16.804 (ARRA)	Corrected