

CITY OF MIAMI BEACH, FLORIDA
SINGLE AUDIT REPORT IN ACCORDANCE WITH
UNIFORM GUIDANCE
For the Year Ended September 30, 2016

CITY OF MIAMI BEACH, FLORIDA
SINGLE AUDIT
For the Year Ended September 30, 2016

CONTENTS

INDEPENDENT AUDITOR'S 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	1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.550 RULES OF THE AUDITOR GENERAL.....	3
Schedule of Expenditures of Federal Awards and State Financial Assistance	6
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	8
Schedule of Findings and Questioned Costs.....	9
Summary of Prior Year Audit Findings.....	13
Management's Corrective Action Plan.....	14

INDEPENDENT AUDITOR'S 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

The Honorable Mayor and City Commissioners
City of Miami Beach, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 28, 2017. Our report includes a reference to other auditors who audited the financial statements of the City of Miami Beach Florida Employees' Retirement Plan, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. Our report also includes a reference to other auditors who audited the financial statements of the City Pension Fund for Firefighters and Police Officers, as described in our report on the City's financial statements. The financial statements of the City Pension Fund for Firefighters and Police Officers were not audited in accordance with *Government Auditing Standards*.

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.

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

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003 to be significant deficiencies.

Compliance and Other Matters

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

The City's Response to Findings

The City's response to the 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe Horwath LLP

Miami, Florida
April 28, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550 RULES OF THE AUDITOR GENERAL

The Honorable Mayor and City Commissioners
City of Miami Beach, Florida

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

We have audited the City of Miami Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state financial assistance projects for the year ended September 30, 2016. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the 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 and state financial assistance 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 financial assistance project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Financial Assistance 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 financial assistance projects for the year ended September 30, 2016.

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 financial assistance 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 financial assistance project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the 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 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.



Crowe Horwath LLP

Miami, Florida
April 28, 2017

CITY OF MIAMI BEACH, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2016

Federal Grantor/Pass-Through Entity Program Title	Federal CFDA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
Federal Grants				
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Community Development Block Grant/Entitlement Grants	14.218	B-15-MC-12-0014	\$ 1,286,805	\$ 1,126,531
Home Investment Partnership Program	14.239	M-15-MC-12-0012	1,413,415	1,376,045
Pass-Through Dept. of Community Affairs:				
Pass-Through Miami Dade County				
Supportive Housing Program	14.235	FL0177L4D001407	42,056	-
Total U.S. Department of Housing and Urban Development			<u>2,742,276</u>	<u>2,502,576</u>
<u>U.S. Department of Justice</u>				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant Program - JAG Program (FY2013)	16.738	2013-DJ-BX-0450	3,948	-
Edward Byrne Memorial Justice Assistance Grant Program - JAG Program (FY2014)	16.738	2014-DJ-BX-0718	43,925	-
Edward Byrne Memorial Justice Assistance Grant Program - JAG Program (FY2015)	16.738	2015-DJ-BX-0953	15,350	-
Pass-Through Florida Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant Program Cluster - Criminal Justice Records Improvement	16.738	2016-JACG-DADE-26-H3-151	9,260	-
Subtotal JAG Program			<u>72,483</u>	<u>-</u>
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant Program - Smart Policing	16.751	2015-WY-BX-0002	37,401	-
National Institute of Justice				
Federal Equitable Sharing Agreement	16.000	FL-0130700	370,404	-
Pass-Through State of Florida Office of the Attorney General:				
Crime Victim Assistance - VOCA	16.575	V091-V14027	71,131	-
Total U.S. Department of Justice			<u>551,419</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Pass-Through Florida Department of Transportation:				
National Priority Safety Program (NHTSA 405 Funds)	20.616	G0715	100,000	-
Pass-Through State of Florida:				
Florida Department of Transportation				
Highway Planning and Construction - Middle Beach Recreational Corridor Phase 2	20.205	APT97	82,428	-
Pass-Through Florida Department of Transportation:				
Pass-Through University of South Florida (USF)				
Highway Planning and Construction - Pedestrian and Bicycle Safety Environment	20.205	TWO #945-002/BDV25	44,155	-
Subtotal Highway Planning and Construction			<u>126,583</u>	<u>-</u>
Total U.S. Department of Transportation			<u>226,583</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Pass-Through United Way of Miami-Dade:				
Emergency Food and Shelter National Board Program-EFS Phase 31	97.024	159400-076	2,621	-
Florida Division of Emergency Management:				
Pass-Through City of Miami				
Homeland Security Grant Program - Urban Areas Security Initiative 2014	97.067	15DS-P8-11-23-02-453	116,500	-
Florida Department of Community Affairs:				
Hazard Mitigation Grant	97.039	11HM-2Y-11-23-02-003	85,395	-
Pass-Through State of Florida:				
Division of Emergency Management				
Pre-Disaster Mitigation Grant - Talmudic University	97.047	13DM-24-11-23-02-281	76,162	76,162
Total U.S. Department of Homeland Security			<u>280,678</u>	<u>76,162</u>

Continued

CITY OF MIAMI BEACH, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2016

Federal Grantor/Pass-Through Entity Program Title	Federal CFDA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
<u>Department of Agriculture and Consumer Services</u>				
Cooperative Forestry Assistance	10.664	N/A	15,000	-
Total U.S. Department of Agriculture and Consumer Services			15,000	-
<u>U.S. Department of Defense</u>				
Pass-Through State of Florida U.S. Army Corps:				
Continuing Authorities Program, Section 14 Project at the Mount Sinai Medical Center	12.106		106,250	106,250
Total U.S. Department of Defense			106,250	106,250
<u>U.S. Department of Interior</u>				
Pass-Through State of Florida Department of State: Department of Historical Resources				
Historic Preservation Fund Grants-In-Aid	15.904	F1202	1,785	-
Total U.S. Department of Homeland Security			1,785	-
Total Expenditures of Federal Awards			\$ 3,923,991	\$ 2,684,988
State Project/Pass-Through Entity Program Title	State CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
<u>State of Florida Department of Environmental Protection</u>				
Statewide Surface Water Restoration and Wastewater Projects (Clean Water State Revolving Loan Agreement)	37.077	SW131300	\$ 1,597,574	\$ -
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP12131	400,000	-
Total State of Florida Department of Environmental Protection			1,997,574	-
<u>State of Florida Department of Health</u>				
Pass-Through Miami-Dade County:				
Emergency Prev/Prep/Response-EMS County Grants	64.005	C-4013	4,650	-
Total State of Florida Department of Health			4,650	-
<u>State of Florida Department of Transportation</u>				
Public Transit Service Development Program	55.012	G0644	332,073	-
Total State of Florida Department of Transportation			332,073	-
<u>Florida Department of State</u>				
Division of Historical Resources:				
Historic Preservation Grants	45.031	S1644	14,545	-
Total Florida Department of State			14,545	-
<u>State of Florida Housing Finance Corporation</u>				
State Housing Initiatives Partnership (SHIP) Program	40.901	N/A	21,709	-
Total State of Florida Housing Finance Corporation			21,709	-
Total Expenditures of State Awards			\$ 2,370,551	\$ -

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
September 30, 2016

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the expenditure activity of all federal awards and state financial assistance project of the City of Miami Beach, Florida (the "City") for the year ended September 30, 2016. The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards and state financial assistance project received directly from federal and state agencies, as well as amounts passed through other government agencies are included in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance and is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements described in the *Department of Financial Services' State financial assistance projects Compliance Supplement*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. Expenditures are recognized following cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. NON-CASH AND FEDERAL INSURANCE

There were no non-cash awards or Federal insurance maintained in the current year.

CITY MIAMI BEACH, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 September 30, 2016

Section 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

Significant deficiencies identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards and State Financial Assistance

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

Internal Control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a), Section 215.97, *Florida Statutes* and Chapter 10.550, *Rules of the Auditor General* No

Identification of major programs and state financial assistance projects:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	U.S. Department of Housing and Urban Development: Home Investment Partnership Program
<u>CSFA Number(s)</u>	<u>Name of State Financial Assistance Project</u>
37.077	Florida Department of Environmental Protection: Statewide Surface Water Restoration and Wastewater Projects (Clean Water State Revolving Loan Agreement)
37.039	Florida Department of Environmental Protection: Statewide Surface Water Restoration and Wastewater Projects
55.012	Florida Department of Transportation: Public Transit Service Development Program

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

Federal	\$750,000
State	\$231,893

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

Material Weakness

2016-001	Bank reconciliations
Criteria:	Policies and procedures should reasonably assure that bank accounts are reconciled in a timely manner.
Condition:	We noted that there were several accounts which had not been reconciled within 30 days of the bank statement dates.
Context:	During our review of bank reconciliations for the month ended September 30, 2016, we noted that 15 bank accounts out of 33 tested were not reconciled within 30 days of the bank statement date. Further, we noted that 1 bank reconciliation was completed within 30 days of the bank statements date but was not reviewed in a timely manner and 2 bank reconciliations did not include the date that the reconciliation had been performed out of the 33 tested.
Cause:	There is no written or formal policy being followed that bank reconciliations must be completed and reviewed for all bank accounts in a timely manner.
Effect:	Banking errors and discrepancies could occur without being identified in a timely manner.
Recommendation:	The City should implement a policy requiring bank accounts to be reconciled within 30 days of the bank statement date and that copies of the bank reconciliations be forwarded to the appropriate manager for review on a timely basis. The appropriate manager should review the work of the subordinates to ensure that it is being performed in a timely manner. Instituting a time deadline and requiring supervisory review should speed up the reconciliation of bank accounts and identify any discrepancies that might occur.
Management's Response:	The existing bank reconciliation procedure was updated in April 2017. The procedure states that bank reconciliations shall be completed within 30 days from the close of the books for the month, which is typically 10 to 15 days after the bank statement date. To address timelines of the closing of the books, at the beginning of each fiscal year, a monthly closing memorandum is prepared by the Finance Department and distributed to all Finance staff. In addition, the Deputy Finance Director (DFD) has started monthly meetings to ensure that the underlying issues causing reconciling items are addressed and identified. Furthermore, the Bank Reconciliation procedure updated in April 2017 states that bank reconciliations are signed by the preparer and reviewed/signed and dated by a supervisor, manager, or Deputy Director.

Significant Deficiencies

2016-002	IT Controls
Criteria:	Information Systems controls should reasonably assure that electronic information is not compromised by unauthorized access to systems and that access is granted only as needed for individuals within the entity to perform their assigned responsibilities while maintaining adequate segregation of duties.
Condition:	We noted the following with respect to the City's information systems: <ol style="list-style-type: none">1. Management does not perform a periodic review of access to validate the appropriateness of each user with access to Munis.

2. Termination process – during our interim procedures, we noted that eight terminated user accounts were still active which could lead to unauthorized activity. During our year end procedures, we noted that the eight employees' accounts had been disabled.

Context: Not applicable

Cause: There is no written or formal policy being followed to ensure review that individuals might have inappropriate access levels to financially significant databases and terminated users may continue to have access to the system resulting in a lack of controls.

Effect: Individuals could access financially significant databases and perform functions that are not commensurate with their job responsibilities and terminated employees could continue to have access to the system after the termination date.

Recommendation: Our recommendations are as follows:

1. Management has not developed and implemented procedures to perform a periodic review (Quarterly) for the financially significant databases to ensure that access levels of users remains commensurate with job responsibilities. Such a review should capture changes to application security and functionality as a result of new updates, organizational changes that result from departmental role adjustments, and errors and omissions in the current user administration process. These reviews should be documented and conducted by an individual independent of the administrative functions on the application. If this is not possible, management should have two individuals conduct the review.
2. We recommend that terminated users be removed from the system within forty eight (48) hours from termination in order to avoid unauthorized activity.

Management's Response:

1. Management will develop and implement procedures to perform a periodic review (Quarterly) for the financially significant databases to ensure that access levels of users remains commensurate with job responsibilities. Such a review will capture changes to application security and functionality as a result of new updates, organizational changes that result from departmental role adjustments, and errors and omissions in the current user administration process. These reviews will be documented and conducted by an individual independent of the administrative functions on the application. If this is not possible, management will have two individuals conduct the review.
2. Terminated users will be removed from the system within forty eight (48) hours from termination in order to avoid unauthorized activity, providing IT is notified of such termination in a timely manner.

2016-003 Schedule of Expenditure of Federal Awards and State Financial Assistance

Criteria: Policies and procedures should reasonably assure that Federal award and State financial assistance expenditures be accurately reflected on the Schedule of Expenditure of Federal Awards and State Financial Assistance.

Condition: We noted that there was one Federal award and two State projects amounts that had to be adjusted on the final Schedule of Expenditure of Federal Awards and State Financial Assistance received from the City.

Context: During our audit procedures we noted that the expenditures on the Schedule of Expenditure of Federal Awards did not include all of the expenditures related to one Federal award over the duration of the grant period and included amounts that were actually refunds of state financial assistance for one State project and did not include all of the expenditures related to another State project over the duration of the grant period.

Cause: There is no written or formal policy being followed to ensure that expenditures are being accurately and completely included on the Schedule of Expenditure of Federal Awards and State Financial Assistance.

Effect: Expenditures related to Federal awards and State projects could be incorrectly included or excluded from the schedule and this could affect the dollar threshold that would trigger the necessity to perform a Federal single audit and the determination of type A and type B programs.

Recommendation: The City should implement a policy requiring employees to prepare the Schedule of Expenditure of Federal Awards and State Financial Assistance on a timely basis. An appropriate level of management should review the work of the subordinates to ensure that it is being performed in a timely manner. Instituting a time deadline and requiring supervisory review should identify any discrepancies that might occur.

Management's Response: The City is in the process of formalizing a procedure that would allow for quarterly reporting and monitoring of grant balances. The formalized procedure will consist of the quarterly preparation of a grant roll-forward schedule that will allow for all grant balances to be reconciled between the grant roll-forward schedule and the general ledger. This will ensure that all grant related receivables, expenditures, deferrals and revenues balances are complete and accurate at year end. This reconciliation will essentially be a quarterly SEFA and will allow the City to review grant balances on a grant by grant basis and at a City-wide level. The quarterly and final SEFA will be reviewed by a Financial Analyst III or above in a timely manner.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

No items noted.

CITY MIAMI BEACH, FLORIDA
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
September 30, 2016

Summary of Prior Year Audit Findings

There were no prior year audit findings

CITY MIAMI BEACH, FLORIDA
MANAGEMENT'S CORRECTIVE ACTION PLAN
September 30, 2016

Finding 2016-003 Schedule of Expenditure of Federal Awards and State Financial Assistance

Corrective Action Plan:

The City will formalize a procedure that would allow for quarterly reporting and monitoring of grant balances. The procedure will consist of a quarterly preparation of a grant roll-forward schedule that will allow for all grant balances to be reconciled between the grant roll-forward schedule and the general ledger. This will ensure that all grant related receivables, expenditures, deferrals and revenues balances are complete and accurate at year end. This reconciliation will essentially be a quarterly SEFA and will allow the City to review grant balances on a grant by grant basis and at a City-wide level. The quarterly and final SEFA will be reviewed by a Financial Analyst III or above in a timely manner.

Anticipated Completion Date: September 30, 2017

Contact Information:

For more information or questions concerning findings, please contact Allison Williams, Deputy Finance Director, Finance Department at (305) 673-7466.