



**Joseph M. Centorino**, Inspector General

TO: Honorable Mayor and Members of the City Commission  
FROM: Joseph M. Centorino, Inspector General

DATE: August 15, 2023

RE: City Department and Division Follow-up Self-Assessment of OIG Audit Recommendations on: Miami Beach Garden Conservancy, Inc. Management Agreement Audit (OIG No. 22-11), State Beachfront Management Agreement (#3595) Financial Audit Report – City (OIG No. 22-25), and, Follow-Up Review of Selected BDO Audit Recommendations (OIG No. 22-26)  
OIG No. 23-15

PERIOD: January 1, 2022, through December 31, 2022

It is an internal audit best practice to conduct a follow-up analysis of completed engagements, typically within a year from its issue date, to determine whether the auditee has taken any corrective actions to resolve the identified deficiencies. Consequently, the City of Miami Beach Office of the Inspector General (OIG) examined its issued audit reports related to the 2022 calendar year in connection with OIG Nos. 22-11, 22-25, and 22-26, to identify City departments or divisions that were recommended to implement corrective action(s).

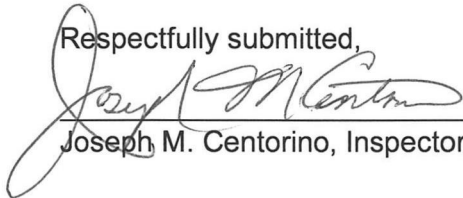
Due to the OIG's limited internal audit staff, rather than conducting a test-based follow-up analysis to determine the sufficiency of every implemented corrective action, the OIG requested that each applicable City department or division perform a self-assessment of its implementation of OIG recommendations. Some recommendations from issued reports may not be included as they involved independent entities, not City departments or divisions, non-audit activities, or the OIG has already performed follow-up work. Time permitting, OIG staff may perform future testing to determine the effectiveness of the reported corrective actions.

Internal controls are the sole responsibility of management. City departments or divisions have various options available to achieve the desired outcomes, including accepting the risk and not changing current practices, implementing the OIG recommendations, or adopting other compensating controls.

Based on the self-assessments received from City departments and divisions, the OIG summarized the status of each recommendation within one of the categories below. Exhibit A, located at the end of this report, includes the summary schedule containing the recommendation status, links to the corresponding issued reports, and all received self-assessments:

- Not implemented: management has not taken action to implement the recommendation to decrease the likelihood that the noted deficiency may continue to occur.
- Partially implemented: management has taken some steps to remedy the shortcoming, but additional ones are necessary to reduce the associated risk to more acceptable levels.
- Fully implemented: management has taken the necessary actions to provide reasonable assurance that the listed deficiency will not continue to occur.
- Will not implement: management is willing to accept the associated risks and will not implement corrective action.
- No longer applicable: the circumstances have changed since the completion of the original engagement (e.g., new technology implemented, new agreements reached, new vendors providing the service), thereby making the listed recommendation inapplicable to existing circumstances.

Respectfully submitted,

  
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 Joseph M. Centorino, Inspector General

08/16/2023  
 \_\_\_\_\_  
 Date

  
 \_\_\_\_\_  
 Mark Coolidge, Chief Auditor

08/16/2023  
 \_\_\_\_\_  
 Date

cc: Alina T. Hudak, City Manager

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EXHIBIT A

OIG Number	Engagement Name	Date of Audit Completion	Recommendation Status					No Longer Applicable	Notes
			Not Implemented	Partially Implemented	Fully Implemented	Will Not Implement			
<a href="#">22-11</a>	<a href="#">Audit of Miami Beach Garden Conservancy, Inc. Management Agreement</a>	September 6, 2022	0	0	7	0	0		
<a href="#">22-25</a>	<a href="#">State Beachfront Management Agreement - Operational</a>	February 3, 2023	0	0	5	0	0		
<a href="#">22-26</a>	<a href="#">Follow-Up Review of Selected BDO Audit Recommendations (#'s 11, 12, 13, 14, 15, 16, 17, 27, and 40)</a>	February 3, 2023	0	0	6	1	0	<a href="#">"As far as reaching out to Tyler, we don't feel this is a flaw in the system. This is all based on the design of the workflow itself"</a> .	

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- Fully implemented: management has taken the necessary actions to provide reasonable assurance that the listed deficiency will not continue to occur.
- Will not implement: management is willing to accept the associated risks and will not implement corrective action.
- No longer applicable: the circumstances have changed since the completion of the original engagement (e.g., new technology implemented, new agreements reached, new vendors providing the service), thereby making the listed recommendation inapplicable to existing circumstances.

OIG #: 22-11  
 Project Name: Audit of Miami Beach Garden Conservancy Inc. Management Agreement  
 Period: 10/01/19 - 11/05/21  
 Report Date: September 6, 2022

**Implementation Status: Not Implemented, Partially Implemented, Fully Implemented or No Longer Applicable**

Audit Finding #	Responsible Party (Auditees)	Audit Recommendation	Report Page #	Implementation Status per Auditee	Auditee Comments
1	Asset Management Division	The City's annual contributions to the Botanical Garden were not reduced by the Conservancy reported net income pursuant to Section 10.2 of the management agreement, resulting in an excess of \$115,579.20 paid by the City during the audit period and another \$38,000 paid during the 2021/22 fiscal year.	9	Fully Implemented	The Conservancy was not issued their budgeted contribution in 2023 and paid the City the Net difference of \$1,579.20.
2	Asset Management Division	The Conservancy was not compliant with certain insurance requirements pursuant to Section 21 of the management agreement.	12	Fully Implemented	The Asset Management Team continued to work with Risk Management and Tenant to ensure all policies are current.
3	Asset Management Division	The Conservancy does not ensure that the City receives all Resort Tax monies due from food and beverage sales by third party vendors occurring at the Botanical Garden, pursuant to Section 6.4 of the management agreement.	14	Fully Implemented	The Asset Management Division and the Finance Department met with the Director of the Conservancy and reviewed section 6.4 of the Agreement. It is understood the Conservancy shall make commercially reasonable efforts to ensure resort taxes for any applicable activity or event at the Botanical Garden are paid in full to the City's Finance Department.
4	Asset Management Division	The Conservancy did not maintain certificates of insurance from tested vendors to enable the OIG Auditors to determine whether each was compliant with the management agreement.	14	Fully Implemented	The Asset Management Division had recommended the Conservancy submit vendor COI's directly to Risk Management. The Conservancy's new Director has been collecting and securing all their vendor COI's.
5	Asset Management Division	The Conservancy charged facility rental rates that were different from those approved in Section 10.1 and Exhibit E of the management agreement.	17	Fully Implemented	Exhibit "E" of the Agreement (Rental Rates) specifies that "rental rates may be subject to adjustments to reflect the appropriate market value." The Conservancy has been advised that going forward any change in rental rates must be approved by the City.
6	Asset Management Division	The Conservancy submitted required reports after the designated due dates specified in the management agreement.	19	Fully Implemented	Electronic versions of the reports are being stored.
7	Asset Management Division	The required inventory list was not updated, although additions and deletions occurred during the audit period.	20	Fully Implemented	Inventory List was completed.

OIG #: 22-25  
 Project Name: State Beachfront Management Agreement Audit - Operational  
 Period: 10/01/20 - 09/30/21 (Sand Tax Payments)  
 10/01/21 - 09/30/22 (Beachfront Concession Fees)  
 Report Date: February 3, 2023

**Implementation Status: Not Implemented, Partially Implemented, Fully Implemented or No Longer Applicable**

Audit Finding #	Responsible Party (Auditees)	Audit Recommendation	Report Page #	Implementation Status per Auditee	Auditee Comments
1	Facility and Fleet Management Department Finance Department	Sand tax of \$94,976.25 is due to the State resulting from an incorrect beachfront upland fee payment distribution related to the 2021/22 fiscal year but paid during the 2020/21 fiscal year.	5	<b>Finance Department:</b> Fully Implemented.	<b>Finance Department:</b> A journal entry was posted in June 2023 to adjust for this incorrect distribution of upland fee payments. The resulting addition to the payment due was reflected in the remittance to the State in July 2023.
2	Tourism and Culture Department Finance Department	Sand tax underpayment of \$77,175.09 was due to Tourism and Culture Department (TCD) identified Wedding, Ceremony, and Team Building permit fees collected from events held on State-owned property since the 2010/11 fiscal year, but were not previously remitted to the State.	6	<b>Tourism and Culture Department:</b> Completed correction. Corrections to fees in EnerGov have been made. Validation continues through FY 2023 via quarterly Munis account reconciliation of accounts versus fee logs.  <b>Finance Department:</b> Fully Implemented.	<b>Tourism and Culture Department:</b> As noted in the preliminary finding, the Tourism and Culture Department management identified the omission, reported the deficiency to the State in a letter dated April 30, 2021, and promptly revised its internal processes to help prevent similar mistakes from reoccurring. Tourism and Culture Department management followed up the letter with an e-mail to the State dated May 24, 2021 in which the State replied that they would review and respond to the issue. No follow-up from the State has been received. Journal entry (04-094R) was posted in January 2023 to correct the underpayment to the State. Tourism and Culture Department staff continue to validate Appendix A fees to the fees being charged and mapped from EnerGov to Munis on a quarterly basis throughout the fiscal year to ensure accuracy.  <b>Finance Department:</b> A journal entry was posted in January 2023 to reclass these receipts from the Beachfront Ceremonies revenue account and record as fees due to the State for Sand Tax payable. The resulting adjustment was reflected in the remittance to the State in April 2023.
3	Asset Management Division Finance Department	A sand tax overpayment of \$6,002.34 to the State was caused by an incorrect computation of the difference between the percentage of gross receipts vs. minimum guaranteed payments pursuant to the concession agreement executed by Boucher Brothers Miami Beach LLC.	8	<b>Finance Department:</b> Fully Implemented.	<b>Finance Department:</b> Boucher Brothers invoice # 2022-36214 was adjusted and credited to customer's account in September 2022. A payment reduction to sand tax is reflected in the remittance to the State in October 2022.
4	Finance Department Licensing Section	A sand tax overpayment of \$2,987.16 paid to the State was caused by an incorrect upland fee invoiced during the 2020/21 fiscal year.	9	<b>Finance Department:</b> Fully Implemented.	<b>Finance Department:</b> \$2,774.41 reductions in taxes for businesses that were not upland properties and incorrectly taxed were processed in January 2023. These reductions were reflected in the remittance to the State in April 2023. A journal entry for \$212.75 for incorrectly charging (via receipt # 279142) as upland tax was posted in July 2023.
5	Tourism and Culture Department Finance Department	TCD Special Events Division overpaid the State \$620.00 due to an incorrect charge related to a Vehicle Access Pass for a non-beach event.	11	<b>Tourism and Culture Department:</b> Completed correction. Corrections to fees in EnerGov have been made. Validation continues through FY 2023 via quarterly Munis account reconciliation of accounts versus fee logs.  <b>Finance Department:</b> Fully Implemented.	<b>Tourism and Culture Department:</b> The Tourism and Culture Department agrees with the validity of the finding and can attribute this to a charge code mapping error from the EnerGov permitting system to the Munis financial system. The City utilizes EnerGov, a financial permitting software, to issue Special Event permits. On the financial side of the program, the staff can only enter square footage, and the EnerGov program calculates the amounts and, therefore, the percentage due to Sand Tax. These calculations are embedded within EnerGov by our IT Department and done on the back end of the program, making it extremely difficult to isolate an error by Tourism and Culture Development staff. Most of the findings result from the charge codes pointing at the wrong account being added to EnerGov. To clarify, Tourism and Culture Development does not oversee the management of the EnerGov system. The mapping issue has since been corrected. The Tourism and Culture Department has since implemented updates to the Special Event Fee Log to use as an independent validation tool to confirm that the EnerGov system is mapping the accurate Sand Tax distribution to the Munis financial system. A journal entry (04-101) from a previous audit period was created and posted on 02/11/22, but deficiencies remained. A journal entry (12-150) was posted by Finance in FY2022 on November 20, 2022 correcting the overpayment of \$620.00.  <b>Finance Department:</b> A journal entry was posted to September 2022 ( post date November 2022) to adjust by \$620.00 for the overpayment of sand tax. This adjustment was reflected in the remittance to the State in January 2023.

**OIG #:** 22-26  
**Project Name:** Follow-Up Review of Selected BDO Audit Recommendations (#'s 11, 12, 13, 14, 15, 16, 17, 27, and 40)  
**Period:** 10/01/21 - 09/30/22  
**Report Date:** February 3, 2023

**Implementation Status: Not Implemented, Partially Implemented, Fully Implemented or No Longer Applicable**

Audit Finding #	Responsible Party (Auditees)	Audit Recommendation	Report Page #	Implementation Status per Auditee	Auditee Comments
2	Finance Department	Escalation procedures should be incorporated into the bank reconciliation process and researching, and reconciling differences should be assigned to employees who were not involved in the division that was originally assigned the responsibility for explaining the differences.	2	Fully Implemented	SOP Updated by Finance team and signed by CFO
8	Finance Department	<p>The <del>OIG recommends adding the monthly bank reconciliation meetings and related process to the approved SOP.</del></p> <p>Munis should be modified so as not to allow significant payments to be issued unless the approvals of at least two different City officers have been documented in the system. Further, Munis should be modified so as not to allow payments exceeding \$1,000,000 to be issued unless the approval of the City Manager has been documented in the system.</p> <p>a. The CFO should instruct his staff to timely review their validity and correctness.</p> <p>b. Amend the departments' configuration as noted in Exhibit A, with the directors' approval, so the Munis system requires at least two department approvals for all transactions equal to or more than \$100,000.</p> <p>c. Review all remaining City departments' configurations for approvals and make the necessary corrections to prevent similar deficiencies from occurring in the future.</p> <p>d. The Chief Information Officer and/or the Chief Financial Officer should contact Tyler Technologies Inc. (the parent company of the Munis system) to explore the possibility of incorporating additional internal controls into the disbursement process. These controls should not be limited to API transactions but to any approval process in the Munis system.</p> <p>e. Until this shortcoming can be rectified, the Finance Department should review all transactions \$100,000 or higher to ensure that they include at least two different authorized departmental approvers before the payment is issued.</p> <p>f. All department officials with approval privileges should be aware of the Disbursement Workflow Citywide Procedure and follow the requirement of two</p>	8	a.) Finance - Fully Implemented b.) IT to confirm. Finance reviewed work flow. c.) IT to confirm d.) IT to confirm e.) Finance - Fully Implemented f.) Finance - Fully Implemented	<p>e.) The IT department created 2 custom reports that Finance reviews quarterly:</p> <ol style="list-style-type: none"> <li>Identifies invoices over \$100K that had the same approver at two different levels.</li> <li>Identifies invoices over \$100K that had only one approver.</li> </ol> <p>How Finance uses the reports:</p> <ol style="list-style-type: none"> <li>We analyze results to make sure that the workflow was set up correctly. If it is not, we advise IT to correct.</li> <li>For all invoices over \$100K, we obtain a manual approval signature and upload to Munis.</li> </ol> <p>f.) Updated City Administrative Order.</p>
8	IT Department	<p>Munis should be modified so as not to allow significant payments to be issued unless the approvals of at least two different City officers have been documented in the system. Further, Munis should be modified so as not to allow payments exceeding \$1,000,000 to be issued unless the approval of the City Manager has been documented in the system.</p> <p>b. Amend the departments' configuration as noted in Exhibit A, with the directors' approval, so the Munis system requires at least two department approvals for all transactions equal to or more than \$100,000.</p> <p>c. Review all remaining City departments' configurations for approvals and make the necessary corrections to prevent similar deficiencies from occurring in the future.</p> <p>d. The Chief Information Officer and/or the Chief Financial Officer should contact Tyler Technologies Inc. (the parent company of the Munis system) to explore the possibility of incorporating additional internal controls into the disbursement process. These controls should not be limited to API transactions but to any approval process in the Munis system.</p>	8	b.) Fully Implemented c.) Fully Implemented d.) Will not implement	<p>b and c) We fixed the documented workflow issues in Munis earlier this year and we reviewed the workflow configuration to ensure that there are 2 departmental approvers for transactions \$100K and more as well ensuring the City manager is setup to approve all transactions of \$1million plus.</p> <p>d) As far as reaching out to Tyler, we don't feel this is a flaw in the system. This is all based on the design of the workflow itself.</p>