

City of North Miami, Florida

Single Audit Report in Accordance
With Uniform Guidance
Fiscal Year Ended September 30, 2018

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**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 Council
City of North 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 business-type activities, each major fund, and the aggregate remaining fund information of City of North Miami, Florida (the City), as of and for the year ended September 30, 2018, 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 26, 2019. Our report includes an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. Our report also includes a reference to other auditors who audited the financial statements of the following component units and funds:

Component Units / Funds	Classification
• North Miami Community Redevelopment Agency	Major Fund
• Museum of Contemporary Art	Nonmajor special revenue fund
• North Miami Police Pension Plan	Aggregate remaining fund information
• Clair T. Singerman Plan	Aggregate remaining fund information

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. The financial statements of the Museum of Contemporary Art fund was not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the Museum of Contemporary Art fund.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item IC 2018-01 that we consider to be a material weakness.

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*.

City's Response to Finding

The City's response to the finding 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Miami, Florida
April 26, 2019

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of North Miami, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of North Miami, Florida's (the City) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended September 30, 2018. The City's major federal programs 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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). Those standards and the Uniform Guidance 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 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. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Major Federal Programs

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 its major federal programs for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items CF 2018-01, CF 2018-02 and CF 2018-03. Our opinion on the major federal program is not modified with respect to these matters.

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

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 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 to test and report on internal control over compliance in accordance with Uniform Guidance, 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 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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned cost as items IC 2018-02, IC 2018-03 and IC 2018-04 that we consider to be a significant deficiencies.

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

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedules of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 26, 2019, which contained unmodified opinions on those financial statements, and included a reference to other auditors. Our report also includes an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, which indicates that the net position of the governmental activities, business-type activities, water and sewer fund, stormwater utility fund and the aggregate remaining fund information as of October 1, 2017 has been restated. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal awards and expenditures of state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida 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 schedules of expenditures of federal awards and expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Miami, Florida

June 5, 2019, except for the Schedules of Expenditures of Federal Awards
and Expenditures of State Financial Assistance for which the date is April 26, 2019

City of North Miami, Florida

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2018

Federal Agency / Pass-through Entity / Program Title	CFDA Number	Grant / Contract Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture				
Pass-through the Florida Department of Health				
Summer Food Service Program - Child Nutrition Cluster	10.559	04-1024	1176	\$ 33,903
U.S. Department of Housing and Urban Development				
Community Development Block Grant Entitlement	14.218	B-16-MC-12-0039		\$ 39,099
Community Development Block Grant Entitlement	14.218	B-17-MC-12-0039		397,337
Total CDBG – Entitlement Cluster				<u>436,436</u>
Home Investment Partnerships Program	14.239	M-13-MC-12-0231		11,748
Home Investment Partnerships Program	14.239	M-14-MC-12-0231		47,563
Home Investment Partnerships Program	14.239	M-15-MC-12-0231		1,595
Home Investment Partnerships Program	14.239	M-16-MC-12-0231		2,850
Home Investment Partnerships Program	14.239	M-16-MC-12-0231		20,844
Total Home Investment Partnerships Program				<u>84,600</u>
Neighborhood Stabilization Program 3	14.264	B-11-MN-12-0019		89,953
Neighborhood Stabilization Program 1	14.264	B-08-MN-12-0019		68,095
Total Neighborhood Stabilization Program				<u>158,048</u>
Total U.S. Department of Housing and Urban Development				<u>\$ 679,084</u>
U.S. Department of Justice				
Pass-through the State of Florida Office of the Attorney General				
Victim's Intervention Program Grant – FY 2012 and 2013	16.575	V2017-00303	unknown	\$ 71,022
Bulletproof Vest Partnership Grant Program – 2003	16.607	None		5,966
Cops Hiring Program	16.710	2015-UM-WX-0170		70,103
Department of Justice Forfeiture Program (Equitable Sharing Program)	16.922	None		8,954
Total U.S. Department of Justice				<u>\$ 156,045</u>
U.S. Department of Labor				
Pass-through Florida Department of Economic Opportunity				
Workforce Investment Act National Emergency Grants	17.277	WS-NE-DWG-PY' 17-03-00	unknown	\$ 391,134
U.S. Department of Transportation				
Pass-through Florida Department of Transportation				
Florida Bicycle Safety and Enforcement Campaign -				
Highway Planning and Construction Cluster	20.205	G0E08	unknown	\$ 25,092
U.S. Department of Treasury				
Law Enforcement Agency Equitable Sharing Fund	21.000	None		\$ 136,355
U.S Environmental Protection Agency				
Pass-through Florida Department of Environmental Protection				
Capitalization Grants for Drinking Water State Revolving Fund -				
Drinking Water State Revolving Fund Cluster	66.468	FS984522-120 (DW-131830)	unknown	\$ 319,087
Total expenditures of federal awards				<u>\$ 1,740,700</u>

See notes to schedule of expenditures of federal awards.

City of North Miami, Florida
Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2018

State Grantor / Pass-through Entity / Program Title	CSFA Number	Grant / Contract Number	State Expenditures
Florida Department of State, Division of Library and Information Services State Aid to Libraries	45.030	17-ST-34	\$ 25,757
Florida Housing Finance Corporation State Housing Initiative Partnership (SHIP) Program	40.901	None	<u>155,985</u>
Total expenditures of state financial assistance			<u><u>\$ 181,742</u></u>

See notes to schedule of expenditures of state financial assistance.

City of North Miami, Florida

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) include the federal and state award activity of the City of North Miami, Florida (the City) under programs of the State of Florida and the federal government for the year ended September 30, 2018. The information in the Schedules are presented in accordance with the requirements of the 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 Florida Auditor General*. Because the Schedules present 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 of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting for grants accounted for in the governmental fund types and on the accrual basis of accounting for grants accounted for in the proprietary fund types of the City. Such expenditures are reported following the cost principles contained in the Uniform Guidance 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. Indirect Cost Recovery

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

Note 4. Subrecipient Awards

Of the federal awards and state financial assistance presented in the Schedules, the City did not provide any amounts to subrecipients.

City of North Miami, Florida

Schedule of Findings and Questioned Costs

I – Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes

No

Significant deficiency(ies) identified?

None Reported

Noncompliance material to financial statements noted?

Yes

No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

Yes

None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

Yes

No

Identification of major federal programs:

CFDA Numbers

14.218

Name of Federal Program or Cluster

Community Development Block Grant - Entitlement Grants Cluster

17.277

Workforce Investment Act National Emergency Grants

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes

No

(Continued)

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

Section II – Financial Statements Findings

A. Compliance

No matters to report.

B. Internal Control

IC 2018-01 – Budgetary Controls, Policies and Practices

Criteria: The annual budget serves as the foundation for the City's financial planning and control systems. The annual budget should reflect a reasonable estimate of revenues, available fund balance and appropriations for expenditures. Once expenditures, revenues and available fund balance are incorporated into the budget, the total appropriated amounts become a legal limit for current year expenditures.

Condition: We noted the following deficiencies related to the City's budgetary controls, policies and practices:

- The budgetary control balances in the general ledger system did not agree to the adopted budget balances. The adopted budgetary balances serve as the foundation for the City's financial planning and control systems on an ongoing basis.
- The adopted fiscal year 2018 budget, prepared on a budgetary basis, presented budgeted original and final general fund "reserves" of \$8,423,556 and \$10,595,588, respectively. However, the general fund reported a fund balance deficit of \$4,842,075, for the fiscal year ended September 30, 2017. On a GAAP basis, no fund balance reserves were available to be budgeted for the fiscal year then ended.
- The adopted fiscal year 2019 budget, prepared on a budgetary basis, presents original general fund "reserves" of \$8,348,942. However, the general fund reported a fund balance deficit of \$8,182,442, for the fiscal year ended September 30, 2018. On a GAAP basis, no fund balance reserves were available to be budgeted for the fiscal year then ended.

Cause: Established budgetary controls, policies and practices in place are not properly designed to allow for the proper preparation, presentation and monitoring of the adopted budget on an ongoing basis.

Effect: Total appropriated amounts for expenditures exceeded the estimated revenue and available fund balance in each fiscal year. This has resulted in a fund balance deficit of \$8,182,442 in the General Fund for the fiscal year ended September 30, 2018. Additionally, if established budgetary controls, policies and practices in place do not allow for the proper preparation, presentation and monitoring of the adopted budget on an ongoing basis, management and those charged with governance may not be able to rely on the budget and related budget versus actual schedules, to assess and plan for the operations of the City on an ongoing basis.

Recommendation: We recommend that management implement budgetary controls, policies and practices that allow for the proper preparation, presentation and monitoring of the City's budget on an ongoing basis. Furthermore, the annual budget should reflect a reasonable estimate for revenues and available fund balance to fund appropriated expenditures on an ongoing basis.

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

Current Year's Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's finding that some of the methods used to prepare the budget in the past, particularly the determination of the budget "reserves" amount, can be refined to provide better clarity for financial reporting purposes. The budget "reserves" amount, in part, represents the funds carried over from past appropriations to cover encumbrances rolled over in the current year. It also is meant to represent the funding of current year operations by use of prior years' revenues or funds. Because GAAP presentation does not permit prior years' revenues to be re-reported as revenues in the current year, the Budget to Actual Schedules are obliged to present a budget deficit if the budgeted (and approved) revenues specific to the current year are not enough to cover the budgeted (and approved) expenditures for the same period.

Having said this, however, the City does recognize the fund deficit in the General Fund cannot be allowed to persist and continue unchecked, and that measures need to be taken to cure it. In the course of fiscal year 2019, the City hired a new, highly qualified and skilled Budget Director who appreciates the need to correct the current fund deficit situation. As a result, the City implemented a 3% overall expenditure cut goal for fiscal year 2018/19 effective from the end of May 2019 through the fiscal year end in September 2019. Additionally, the City is revising the budget preparation methodology for fiscal year 2019/20 to incorporate best practices and strategically reduce spending, to further rectify the General Fund budget deficit. Once the General Fund Deficit is eliminated, the City's use of the term "reserves" for budget purposes will be more aligned with the GAAP presentation of reserves for accounting purposes.

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

Section III – Federal Awards Findings and Questioned Costs

A. Compliance

• CF 2018-01 Reporting

U.S. Department of Labor
Workforce Investment Act National Emergency Grants
CFDA No. 17.277

See Section III – Federal Awards Findings and Questioned Costs
IC 2018-02 Reporting

• CF 2018-02 Eligibility

U.S. Department of Labor
Workforce Investment Act National Emergency Grants
CFDA No. 17.277

See Section III – Federal Awards Findings and Questioned Costs
IC 2018-03 Eligibility

• CF 2018-03 Allowable Costs/Cost Principles

U.S. Department of Labor
Workforce Investment Act National Emergency Grants
CFDA No. 17.277

See Section III – Federal Awards Findings and Questioned Costs
IC 2018-04 Allowable Costs/Cost Principles

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

B. Internal Control over Compliance

IC 2018-02 Reporting

U.S. Department of Labor
Workforce Investment Act National Emergency Grants
CFDA No. 17.277

Criteria: Grantees are required to file the following reports with the grantor, as applicable:

- *Self-Assessment Tool* - due no later than 30 calendar days after execution of the grant contract.
- *Annual ETA Salary Cap Analysis Certification* - due by March 1, 2018.
- *Supervisory Quality Assurance Case Reviews* - required to be filed on a weekly basis.

Condition: We noted that City did not file the *Self-Assessment Tool* and *Annual ETA Salary Cap Analysis Certification* reports with the grantor on a timely basis. Additionally, the *Supervisory Quality Assurance Case Reviews* reports were not filed in fiscal year 2018, as required by program guidelines.

Context: See "Condition" above.

Questioned Costs: Not applicable.

Cause: Management did not establish proper internal control policies and procedures to allow for the proper filing of reports with the grantor, as required by program guidelines.

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 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 *Self-Assessment Tool* required extensive document retrieval, organization, and submission. In total there were 67 documents numbering more than 10,000 pages that were required to be submitted as part of the self-assessment tool. Given that this 30-day window was also when the program was beginning and employees were being managed, we worked with CareerSource to submit the *Self-Assessment Tool* as soon as possible while ensuring it was accurate and complete.

The annual *ETA Salary Cap Analysis Certification* form was submitted after CareerSource staff contacted the City regarding their close out report. As soon as it was brought to staff's attention, the *ETA Salary Cap Analysis Certification* form was submitted. Going forward, Management will establish proper internal control policies and procedures to allow for compliance with the reporting requirements of the grant program on an ongoing basis.

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

IC 2018-03 Eligibility

U.S. Department of Labor
Workforce Investment Act National Emergency Grants
CFDA No. 17.277

Criteria: The grant agreement establishes specific eligibility criteria and provides a *verification checklist* to be used by the grantee to determine participant eligibility on an ongoing basis.

Condition: We noted one participant's *Career Source South Florida Registration Form* was not on file.

Context: An exception was noted for one of five participants selected for testing.

Questioned Costs: \$5,690.

Cause: Management did not establish proper internal control policies and procedures to allow for proper determination and documentation of participant eligibility, as required by program guidelines.

Effect: Individuals participating in the grant program may not have met the eligibility criteria established by the grantor to participate in the program.

Recommendation: We recommend that management establish proper internal control policies and procedures to allow for proper determination and documentation of participant eligibility on an ongoing basis. Such internal control policies and procedures should include the utilization of the participant *verification checklist* provided by the grantor to be used for determining participant eligibility.

Views of Responsible Official and Planned Corrective Actions: Management will implement a specialized review process using the verification checklist, which was provided by the South Florida Workforce Investment Board (SFWIB). This checklist will be used for similar grants in the future.

City of North Miami, Florida

Schedule of Findings and Questioned Costs (Continued)

IC 2018-04 Allowable Costs/Cost Principles

U.S. Department of Labor
Workforce Investment Act National Emergency Grants
CFDA No. 17.277

Criteria: Grantees must maintain complete and accurate accounts and other records to support costs incurred and charged to the grant program.

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

- Participant timesheets were not dated and signed for four pay periods selected for testing.
- Participant timesheets for two pay periods selected for testing were dated and signed by the participant's supervisor prior to the last day of the pay period.

Context: Exceptions were noted in six of twenty-four pay periods selected for testing.

Questioned Costs: \$2,160.

Cause: Management did not establish proper internal control policies and procedures to allow for the proper completion and supervisory approval of participant timesheets that support payroll costs incurred and charged to the grant program.

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

Recommendation: We recommend that management establish proper internal control policies and procedures to allow for the maintenance of complete and accurate accounts and other records to support costs incurred and charged to the grant program.

Views of Responsible Official and Planned Corrective Actions: Management will enforce existing internal controls, which requires supervisors to ensure that participants sign and date their timesheets prior to submission.

City of North Miami, Florida

Summary Schedule of Prior Year's Audit Findings

Finding No.	Finding Title	Current Year Status
Financial Statements Findings		
<u>Internal Control Over Financial Reporting</u> IC 2017-01	Month-End Account Reconciliation	Corrected
Federal Awards Findings and Questioned Costs		
<u>Compliance Findings</u> CF 2016-01	Reporting – CFDA No. 14.218	Corrected
<u>Internal Control Over Compliance Findings</u> IC 2016-04	Reporting – CFDA No. 14.218	Corrected