



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE OF THE WHOLE MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager 

DATE: November 17, 2010

SUBJECT: **COMMITTEE OF THE WHOLE - AUDIT COMMITTEE**

BACKGROUND

Previously, the City's Finance and Citywide Projects Committee has served as the Audit Committee for the City. At the January 26, 2010 meeting of the Finance and Citywide Projects Committee and the February 16, 2010 meeting of the Neighborhood Community Affairs, both committees accepted the City Manager's recommendation to utilize the "Committee Of The Whole" to serve as the audit committee to review the following items:

- The External Auditors' reports.
- Internal Audit's annual risk areas / plan.
- Annual Review of Internal Audit findings and status.

The recommendation accepted by both Committees was that:

- The first meeting is to occur in the first quarter whereby results of Internal Audit's prior year reports can be presented along with the current risk assessment audit plan.
- The second meeting is to occur in the third quarter with the External Auditors communicating their final reports and results along with the presentation of an interim report on the status of Internal Audit recommendations to date.

However due to the unusual nature of the budget development for FY 2010/11, concurrent with the negotiation of the five labor agreements with significant givebacks, the third quarter meeting was not held. As a result, at the October 2010 meeting the following items will be discussed.

I. External Auditor's Reports

The City's External Auditors are responsible for issuing an opinion after conducting an audit of the City's financial statements in accordance with Generally Accepted Auditing Standards and the standards applicable to financial audits contained in the Governmental Auditing Standards.

The City contracts an external independent audit firm of licensed certified public accountants to prepare and issue an auditor's opinion after conducting an audit of the City Comprehensive Annual Financial Report (CAFR) in accordance with Generally Accepted Auditing Standards and the standards applicable to financial audits contained in the Governmental Auditing Standards, issue by the Comptroller General of the United States. The current firm under contract is McGladrey & Pullen, LLP.

Agenda Item R9C

Date 11-17-10

The audit is conducted and an opinion expressed on the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining funds information of the City except for the retirement and pension funds which are audited by other auditors. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Florida State Statutes requires this annual audit.

The external auditors also perform a Single Audit separate from the CAFR audit to satisfy the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular A-133 and the Florida Single Audit Act in accordance with and Florida Rules of the Auditor General, Section 10.550. The standards governing these engagements require that the external auditors also report on the City's controls and compliance with legal requirements, with the special emphasis on internal controls and legal requirement involving the administration of federal awards.

The external auditors issue a separate management letter which addresses any recommendations to improve financial management, accounting procedures, and internal control. Their report on internal controls included any reportable condition and material weaknesses in the system of which they became aware as a result of obtaining an understanding of the City's internal controls and performance of tests of internal controls. The report of compliance addresses any material errors, fraud, violation of compliance requirement and other responsibility imposed by state and federal statutes and regulations which they may be aware. For the past several years, the external auditor's management letters contained no reportable conditions and/or material weakness only minor recommendations to improve financial management, accounting procedures and internal controls.

Further, the external auditors issue separate opinions on the Miami Beach Redevelopment Agency, (RDA), the Parking Service Fund, the Miami Beach Convention Center and Jackie Gleason Theater, the Visitor and Convention Authority (VCA), City of Miami Beach Safe Neighborhood Parks Bonds Projects, the City of Miami Beach Building Bond Communities Bond Projects, and the City's Children Trust Fund.

Annually, a Letter to Commission is sent to satisfy the auditors' required communication with management. Information forwarded with this letter included their Management Letter, the Single Audit Report, the City's Comprehensive Annual Financial Report and the auditors required communication with management. Attached as Exhibit 1 is LTC 219-2010 dated August 11, 2010 containing the required reports for communication with the City Commission.

2. Internal Auditor's Reports

The City's Internal Audit Division, a component of the Office of Budget and Performance Improvement, is responsible for ensuring:

- Compliance with Resort Tax Ordinances by auditing Miami Beach businesses;
- Compliance with City policies and procedures and financial integrity and sufficiency of internal controls by Departments and Not-for-Profits;
- Supporting and special projects assisting other City areas; and
- Integrity of performance measures reported Citywide.

The Division is comprised of nine full time staff including four auditors, four field agents and

one office associate. Three field agents are responsible for auditing business required to file resort taxes and one is responsible for sanitation audits of franchise haulers and roll-off operators. Additionally, resources are shared between resort tax and internal audit functions for the Internal Auditor, Assistant Internal Auditor, and the office associate.

Resort Tax Audits

The majority of resources in the Division are dedicated to auditing the Miami Beach businesses required to report and remit resort taxes. This effort is supported by approximately half of the positions in the Division as well as by outside contract auditors. Resort tax generated for the fiscal year 2009110 was \$41,986,105.

Scheduled audits are based upon the type of business, actual resort tax receipts received, and the frequency of the last audit. There are approximately 1,749 businesses registered to collect resort taxes. Our goal is to audit the 686 businesses consisting of hotels, restaurants, nightclubs, and bars at least once every 4 years, approximately 171 per year. Newer accounts are to be audited soon after they are opened. The remaining 1,063 accounts representing apartments having less risk are audited much less frequently.

In fiscal year 2009110 the Division completed 229 resort tax audits (91.6% of our total goal) of which 153 were hotels, restaurants, nightclubs, and bars. The 229 audits resulted in additional tax assessments of \$423,501. This represented 3.57% of the total resort tax reported for these 229 entities over the multi-tax year audited and approximately 1.01% of the total resort tax generated for fiscal year 2009110. More importantly, the audits serve as a deterrent to ensure compliance with the City's resort tax ordinances.

Internal Audits

For Department and Not-for Profit Internal Audits, the City's Audit Plan is separated by different types of reviews. Annually required audits include those mandated by City Code and State Agreements, as well as providing assistance to the City's external auditors.

Internal Audit performs the following types of audits in accordance to their audit plan.

- Performance audits
Performance audits are defined as engagements that provide assurance or conclusions based on evaluation of sufficient, appropriate evidence against stated criteria such as specific requirements, measures or defined business practices.
- Attestation Audits
These audit result in an examination, a review, or an agreed upon procedures report on a subject matter or on an assertion about a subject matter that is the responsibility of another party. Some examples of these audits would include the quantity condition or valuation of inventory or assets; incurred final contract costs are supported with required evidence and in compliance with the contract terms; the city's compliance with requirements of specified laws regulations, policies contracts or grants: the accuracy and reliability of performance measurements; entities internal controls over financial reporting.
- Financial Audits
Audits of this type center on providing reasonable assurance about whether financial statements or information are presented fairly in accordance with recognized criteria. Reporting on financial audits also include reports on internal controls, compliance with laws and regulations and provision of contracts and grants. Examples include reviewing the amounts reported to the State for the State Beachfront Management Agreement, verifying ending inventories at year end for Public Works, Fleet and

Property management.

While there is distinction between the above audits, Internal Audit Division for the most part combines the objectives from each type and performs these in most audits.

Scheduled audits are those areas targeted by the Internal Audit Division based on a risk assessment approach. Audits are classified as to high, medium or low risk. Higher assigned risk areas are subject to more frequent audits, and lower risk areas are often less frequent. The Parking Department is considered particularly high risk due to the considerable revenues received and the manner of collection and therefore has resources dedicated for ongoing audits. The review of waste franchise contractors and roll-off haulers for compliance with the City's sanitation ordinance also has been made a priority in the past three years. In addition, inputs for audits in other Departments are obtained from Directors and the City Manager. In general, our internal audit goals are as follows:

- Audit 90% of the high risk areas approximately once every five years
- Audit 75% of the medium risk areas approximately once every seven years
- Audit 60% of the low risk areas approximately once every ten years.

However, special circumstances are taken into account which may lengthen or shorten the period. In addition unplanned projects may impact the schedule in any given year.

At previous Finance and City Wide Projects Committee meetings, the Committee recommended that the administration present a report annually on the status of Department and Not-For-Profit Internal Audits within the City. Attached is our Status of Audit Areas through Fiscal Year 2009/10 (Exhibit 2). Audits completed in 2010 are shown in bold.

Overall, thirty Department and Not-For-Profit audit areas were completed during fiscal year 2009/10. This represents 85.7% completed out of thirty-five audit areas initially targeted for the year. Out of the audit areas completed, one audit was added during the year. The remaining six audits were carried forward to next fiscal year. This was accomplished by a staff of five, including 4 continuous monitoring audits in parking and sanitation by two of the staff. Attached is Summary of Internal Audit Activities (Exhibit 3) for the past fiscal year.

The Finance and Citywide Projects Committee suggested that Committee members have the opportunity to review the Internal Audit Reports on-line. Reports are listed on-line on the City's website at <http://web.miamibeachfl.gov/obpi/scroll.aspx?id=36612>.

Fiscal Year 2010/11 Risk Assessment Areas /Audit Plan

Areas highlighted on the Status of Audit Areas report represent those areas considered for audits based upon the projected frequency. These highlighted areas are a primary source in developing the annual audit plan. However, the comments provided also indicate reasons why areas may not be audited within the projected frequency.

The Division continues to take on more supporting projects and other activities relating to OBPI objectives. These areas include coordinating a revision of City-wide policies and procedures for posting to intranet and developing a coordinated approach for contract management reviews for all citywide contracts.

JMG:KGB:JJS

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Exhibit ■ – LTC 219-2010



MIAMIBEACH

OFFICE OF THE CITY MANAGER
NO. LTC # **219-2010**

RECEIVED

2010 AUG 12 AM 9:25
LETTER TO COMMISSION
CITY CLERK'S OFFICE

TO: Mayor **Mattie** Herrera Bower and Members of the **City Commission**

FROM: **Jorge M. Gonzalez, City Manager**

DATE: **August 11, 2010**

SUBJECT: **External Auditor's (McGladrey & Pullen) Annual Audit Report on the City of Miami Beach (the City) for the period ended September 30, 2009**

Attached for your information is the external auditor's report on the City for the fiscal year ended September 30, **2009**. This package includes the following:

- A. The Report to the Mayor and Members of the City Commission, discussing the Auditor's required communications to the Mayor and City Commission, summary of recorded audit adjustments, accounting estimates and, recently issued governmental accounting standards.

The Report also includes the following:

- Exhibit A - Certain written communications between management and the Auditors - Representation letter;
- Exhibit B - **McGladrey & Pullen's** Independent auditor's report on compliance with requirements applicable to each major federal program and state project and on internal controls over compliance in accordance with OMB Circular A-133 and Chapter **10.550, Rules of the Auditor General of the State of Florida** and Schedule of Expenditures on Federal Awards and State Financial Assistance; and
- Exhibit B - **McGladrey & Pullen's** management letter, in accordance with the **Rules of the Auditor General of the State of Florida**, to the Mayor and Members of the City Commission.

- B. The City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2009.

If you have any questions or need additional information please contact Patricia Walker at 305-673-7574

JMG:PDW:aw

Exhibit 2 – Audit Areas

**CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
Audit Areas
Fiscal Year Ended 9/30/10**

Areas highlighted are considered for audit based on projected frequency. Comments provided indicate reasons why area may not be audited within the projected frequency.

Department - Audit Area	Last Audit	Risk Type	Comments
Mayor and City Commission			
Operations		L	

Administrative Support Services

City Manager Office

Operations		L	
Communications		L	

Budget & Performance Improvement

Management & Budget		L	Annual budget has been presented to GFOA and earned their Distinguish Budget Award, and audited by external auditors.
Grants Management		L	Grants are included in the City's single audit by the City's external auditors.

Finance

Cashier Functions - Central Cashier		2008	H	
Cashier Functions * Other areas Building, Police, Parking)		2008	M	
City Payment Processing		2009	H	
Fixed Assets		2009	H	
Interfund Transfers (includes management fees for Convention Center, Parking, Sanitation, Storm, Sewer, Internal Service, Resort Tax)			M	City's external auditors review the internal controls of these financial areas annually within the scope of their comprehensive financial audit of the city.
Intergovernmental Rev (S/Tax, Gas Tax Motor Fuel)			M	While this does not constitute a detailed internal audit, the controls are being reviewed. The City has a consultant study <u>underway</u> to update the basis of determination for management fees.
Miscellaneous Revenues to include the following; Road Impact Fee reimbursement, Beach Access,			L	
Accumulated Leave Liability		2001	L	
Business Tax Receipts / Certificate of Use		2008	M	
Communication Service Tax		2009	M	Previously Franchise Cable & Utility Tax - Telephone
Franchise Fees & Utility Taxes - Electric		2009	M	
Franchise Fees & Utility Taxes - Gas		2009	M	
Investments			M	Strong investment policy and oversight by investment advisor.
Lien Letter Fees			L	
Payroll Processing		2008	H	
Resort Tax Operations		1995	L	Audits of resort tax business are under the internal audit function. Daily contact with this Finance section keeps Audit Division informed.
Storm Water Fee Billing			M	Consultant review of billings completed in 2009.
Water and Sewer Billings		1996	H	Consultant review of billings completed in 2009.

CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
 Audit Areas
 Fiscal Year Ended **9130110**

Areas highlighted are considered for audit based on projected frequency. Comments provided indicate reasons why area may not be audited within the projected frequency.

<u>Department - Audit Area</u>	<u>Last Audit</u>	<u>Risk Type</u>	<u>Comments</u>
Procurement			
Operations	2003	H	Various contract and procurement policies are reviewed and comments under areas of user departments.
Public Auctions ■ Sale of Surplus Property	2010	M	

Information Technology			
Operations (Applications, Support, Communications Services)		M	Each year, external auditor reviews internal controls over IT functions in their annual audit.
IT Security (contract) recommended		H	
Inventory	2002	L	

Human Resources			
Operations includes Labor Relations		L	
Review of Benefits Formulas	2005	L	
Pension Time Purchased by Leave Hours	2008	L	
Health, Dental and Life Insurance	2010	L	
Risk Management			
Workers Compensation	2005	M	
General Liability Insurance	2005	L	

City Clerk			
Operations, Record Retention ■ Public Requests		L	
Special Masters	2010	M	
Election Invoices	2008	L	
Central Services			
Inventory	2003	L	
Operations ■ Billings for Department Services	2009	L	

City Attorney			
operations		L	

Economic Dev. & Cultural Events

Economic Development			
Economic Development			
Anchor Shop Retail ■ Garages	2010	L	
RDA - Administrative & Operations		L	

Asset Management			
Beachfront Concession (Boucher Brothers)	2005	L	
City Leases, Historic City Hall, 777 Building, etc.	2010	M	Historic City hall under renovation through 2008.
Colony Theater Restaurant Agreement	2008	L	Reviewed RFP
Ballet Valet Company Lease Agreement	2010	L	
Vending Machines	1993	M	Contract calls for annual certified statement of revenue. Audit reviewed 2008 year revenues in 4/2009.
Penrods Pier Park	2009	L	
Miami Beach Marina	2010	L	
South Pointe Restaurant (Smith & Wolfensky)	2009	L	
State Beachfront Management Agreement	2010	L	Required Annually by State Agreement
Market Places Concession Agreement	2005	L	

CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
 Audit Areas
 Fiscal Year Ended **9/30/10**

Areas highlighted are considered for audit based on projected frequency. Comments provided indicate reasons why area may not be audited within the projected frequency.

<u>Department - Audit Area</u>	<u>Last Audit</u>	<u>Risk Type</u>	<u>Comments</u>
Building			
Operations	2009	H	Outside Consultant completed an organizational review and operations analysis of the Building Department in 2009.
Master Building Permit Fee	2008	H	
Other Building Fees - Electrical, Plumbing, Mechanical, Training, Elevator Inspections, Recertification, Demolition, Building Code Violations, Expired Permits, Certificate of Completion / Occupancy		H	Building Development Process Fee Study completed in 2009. Procurement of new permitting system in 2009.

Planning			
Operations		L	
Plans Review, Application Fees	1998	L	Building Development Process Fee Study completed in 2009. Procurement of new permitting system in 2010
Concurrency Fees		M	
Parking Impact fees	2010	L	

Tourism & Cultural Development			
Special Events		L	
Byron Carlyle		L	
Bass Museum Operation	1989	L	Expenditure audit, minimum risk. Analysis of revenues and operations was done in 2003 for Friends of the Bass Audit
Cultural Arts Council	2009	L	Required Annually by City Code
Convention Center Management Contract / Revenues * Rents & leases, Concessions, Telephones, Electrical, Services	2008	M	Close-out audit of SMG contract
Convention Center Food & Beverage/Centerplate	2009	M	
Convention Development Tax		L	County audit completed in 2008.

Operations

Code Compliance			
Code Enforcement Violations and Operations	2010	H	Code Compliance system being procured in 2010.

Community Services			
Community Services	2001	L	
Homeless Outreach Services		L	

Housing & Community Development			
CDBG grants		M	Department is reviewed periodically by the State of Florida and HUD.
Home Investment Partnerships (HOME Entitlement)		M	
State Housing Initiatives Part (SHIP) Programs		M	

CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
 Audit Areas
 Fiscal Year Ended **9/30/10**

Areas highlighted are considered for audit based on projected frequency. Comments provided indicate reasons why area may not be audited within the projected frequency.

Department - Audit Area	Last Audit	Risk Type	Comments
Parks and Recreation			
Golf Management Agreement Miami Beach Golf	2010	M	
Golf Management Agreement Normandy Shores	2010	M	Course under renovation, completion in FY 2008/09.
Greenspace Management		L	
Landscaping Agreements	2010	M	Contracts are effectively monitored by Parks Greenspace Mgmt and Procurement. Results are shared with Internal Audit.
Overtime (Parks & Recreation)	2010	M	
Recreation fees Cashier functions	2010	M	
Tennis Centers Agreement	2010	L	
Public Works			
Administration / Engineering		L	
Bus Shelter / Lincoln Road Directories	2009	M	
Environmental Resource Management		L	Area considered minimum risk.
Inventory (Public Works)	2010	M	
Inventory Processing	2009	M	
Operations - Sewer		M	Various operational components were reviewed in conjunction with reimbursement requests made for prior hurricanes.
Operations - Storm Water		M	
Operations - Streets, Street Lights		L	
Operations - Water		M	
Overtime (Public Works)	2010	M	
Permit Fees - News Racks		L	
Permit Fees - Work in Right of Way		L	
Permit Fees - Sidewalk		L	
Purchasing - Public Works	2009	M	
Transportation Management	2002	L	
Water & Sewer Impact Fees		L	
Sanitation			
Operations		L	Worked with department management on hurricane debris and roll-offs last four years, no problems noted.
Waste Franchise Fees	2009	M	Audited four contractors
Sanitation Fee Residential Billing		M	
Sanitation Impact Fees (Construction & Commercial Billings)		M	
Fines & Forfeits (Sanitation)		L	
Roll-Off Franchise Fees	2010	H	Continuous audits. Completed 8 audits in 2010.
Property Management			
Maintenance Agreements	2008	M	
Internal Service Charge Billings (Including CAM)	2010	M	
Inventory (Property Management)	2009	L	
Capital Improvement Projects			
Financial Controls & Operations		H	

CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
 Audit Areas
 Fiscal Year Ended 9/30/10

Areas highlighted are considered for audit based on projected frequency. Comments provided indicate reasons why area may not be audited within the projected frequency.

<u>Department - Audit Area</u>	<u>Last Audit</u>	<u>Risk Type</u>	<u>Comments</u>
Parking			
Attended Parking Lots Monitoring	2010	H	Completed 4 reviews during the year.
Boat Show Parking	2008	M	
Cashiers & Attendants Agreement (Parking)	2009	M	As of 8/1/2009 audit required annually.
Coin Room (Monitoring) Meter Collection	2010	H	Completed 4 reviews of coin room during the year.
County Court Fines Parking	2003	L	
Meter Collection Agreement	2009	M	
Parking Debit Card/In Car Meters	2010	M	
Parking Enforcement Reviews (Meters)	2010	H	Continuously monitored throughout year. 24 separate reviews performed.
Parking Permits (Non-Revenue)	2002	L	
Parking Permits (Revenue)	2007	M	
Space Rentals - Meters	2006	M	
Space Rentals - Parking Garages	2009	M	
Towing Fees - Parking Department	2009	L	
Valet Parking Agreement (Gold Star)	2009	M	

Fleet Management			
Fuel distribution	2009	M	
Inventory & Processing	2010	L	
Operations / Internal Service Charges Billings	2009	L	
Vehicle Purchases	2007	L	Audited vehicle purchasing process.

Public Safety

Police			
County Court Fines - Traffic	2001	L	Follow-up audit performed 10/2003, no exceptions were noted.
False Alarm/Registration	2009	L	Internal Audit assisted police in reviewing new procedures for false alarm. Police in process of obtaining new software for operations
Forfeited Funds - Federal	2006	L	
Forfeited Funds - State	2009	L	
Off Duty Account (Police)	2009	M	
Official Authorized Funds - Criminal Investigation Unit (CIU)	2007	L	
Official Authorized Funds - Strategic Investigation Unit (SIU)	2007	L	
Operations - (Patrol, Criminal Investigation, Support Services & Technical Services)	2009	L	
Overtime (Police)	2009	H	
Property Evidence Unit (Police)	2009	M	
Towing Fees (Police)	2009	L	

CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
 Audit Areas
 Fiscal Year Ended 9/30/10

Areas highlighted are considered for audit based on projected frequency. Comments provided indicate reasons why area may not be audited within the projected frequency.

<u>Department - Audit Area</u>	<u>Last Audit</u>	<u>Risk Type</u>	<u>Comments</u>
Fire			
Annual Fire Inspection Fees		L	Building Development Process Fee Study completed in 2009. Procurement of new permitting system in 2009.
Fire Code Violations		L	
Fire Plan Review		L	Building Development Process Fee Study completed in 2009. Procurement of new permitting system in 2009.
Fire Rescue Fees	2008	M	
Ocean Rescue Operations		L	
Off Duty Account (Fire)	2008	M	
Fire Prevention		L	
Operations (Suppression, Rescue, Support Services,)		L	
Overtime - (Fire including Ocean Rescue)	2010	M	

Citywide Projects

Capital Projects - Non-CIP, (Public Works, Parks, RDA, Convention Center, Etc.)		H	
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Non-Profit Organizations

CDBG funding source:

American Veteran News	c		L	CDBG funding reviewed by City Econ Dev. Periodically reviewed by Federal HUD. Areas reviewed by external auditors through the Single Audit Report under OMB Circular A-133.
ASPIRA of South Florida	c		L	
Food for Life Network	c		L	
HIV Education law Project (HELP)	c		L	
HOPE, INC	c		L	
Little Havana Activities and Nutrition Center	c		L	
Miami Beach Adult Community Education Center	c		L	
Miami Beach Community Development Corp	c	2008	L	
Montessori Academy at St. John's	c		L	
Prime Time Seniors	c		L	
RAIN Parents Inc.	c		L	
Shelbourne House	c		L	
Unidad of Miami Beach, Inc.	c		L	

General fund funding source:

Douglas Garden Community Mental Health Center	g		L	General fund for 2011 is \$21,660.
Jewish Vocational Services -Hot Meals	g		L	General fund for 2011 is \$46,930
Latin Chamber of Commerce	g	2006	L	General fund for 2011 is \$18,000.
MDPL- 10th St auditorium	g		L	General fund for 2011 is \$22,500.
Miami Beach Botanical Gardens	g	2005	L	General fund for 2011 is \$137,228.
Miami Beach Chamber of Commerce	g	2008	L	General fund for 2011 is \$36,000.
Sanford L. Ziff Jewish Museum			L	General fund for 2011 is \$49,500
Sister Cities	g		L	General fund for 2011 is \$13,680.
South Florida & Greater Miami Hispanic	g	2008	L	General fund for 2011 is \$18,000.

Both general fund and CDBG funding source:

Boys and Girls Club	gc	2010	L	General Fund for 2011 is \$16,806.
Miami Beach Community Health Center			L	General Fund for 2011 is \$21,660.
North Beach Development Corp	gc	2008	L	General Fund for 2011 is \$18,000.

Other funding sources:

Friends of the Bass	o	2003	L	
Police Athletic League	o	2009	L	

Exhibit 3 – Summary of Internal Audit Activities

Summary of Internal Audit Activities for Fiscal Year 2009110

Internal Audits - Available On Line

Boys & Girls Club – South Beach
Code Compliance Enforcement
Cultural Arts Council
Election Invoice Review
Fire Department Overtime
Fleet Inventory Processing
Greensquare, Inc. Management Agreement Audit (Tennis Centers)
Landscaping Contracts - Citywide
Parking Impact Fees
Public Works Inventory

Internal Audits - Pending Final Reports

Anchor Shops Retail Space Leasing
Ballet Valet Parking Company, LTD – Contract Compliance regarding parking license rental fees and lease payments.
City and Employee Funded Core Insurance (Health, Dental, & Life)
City Operated Commercial Leases
Imperial Parking (U.S.), Inc. – Agreement to Provide Cashiers, Attendants and Supervisors - Operational and Compliance Audit and Performance Evaluation
Miami Beach Marina Lease Agreement - Rental Payment Compliance
Parking In-Car meters
Parks & Recreation Department Cashiering Function and Revenue
Parks & Recreation Department Overtime
Professional Course Management II, Ltd. Management and Concession Agreements (Miami Beach and Normandy Shores Golf Clubs)
Property Management Division Internal Service Charge Billings
Public Auctions Sale of Excess and Surplus Property
Public Works Department Overtime
Special Master
State Beachfront Management Agreement

For fiscal year 2009110 internal audits included the following recommendations:

- Additional safeguards over inventory processing for areas of Public Works and Fleet;
- Revisions to update several departmental procedures and improve controls for Code Compliance, Special Master, Property Management Internal Service Charges, and Public Auctions;
- Improve controls over Parks and Recreation Revenues;
- Changes in procedures to comply to reporting requirements of approved grant funds distributed by the Cultural Arts Council;
- Require better oversight by the agency's Board of funds forwarded to non-profit agencies to be used for proper agency purposes and recommendations for improvement in internal controls;
- Improve control processes for Parking Impact Fees.
- Improve documentation processes for overtime paid to Public Works, Fire, and Parks

- and Receptions employees;
- Enhance procedures for the performance of attended lots; and the Parking Department's process for parking in-car meters;
 - Strengthen oversight of compliance to the agreements for Miami Beach Marina, City Operated Commercial leases, Citywide Landscaping, Ballet Valet Parking and for providing cashiers and attendants to the City.
 - Improve monitoring and processing receipts Tennis centers and Golf courses.

Parking Monitoring Reviews

In the Parking area, the Division completed twenty-four meter, four attended lot cash operations and four coin room reviews during the past fiscal year. While our parking meter reviews identified an improvement in enforcement over the previous fiscal year, areas of enforcement still fell short of desired benchmarks. Operational procedures for attended lots were found to comply with the city's guidelines. In addition, coin room operations were functioning in accordance the city's procedures.

Sanitation Audits

In FY 2006107 our part time position was expanded to a fulltime position dedicated to monitoring and auditing waste haulers. This effort led to the issuance of eight audit reports in fiscal year 2009110 resulted in \$10,632 of audit assessments. Since the inception of our increased monitoring and auditing of these areas, roll-off fee revenues, net of audit assessment, increased from \$447,338 in fiscal year 2003104 to revenues of \$910,794 in fiscal year 2008109. Revenues for fiscal year 2009110 have not been finalized.

Other Support

Additional support was directed to performing non-audit activities. The Division continued to provide ongoing staff assistance in verifying all documentation and calculating the building developing process fees prior to project close-out. In fiscal year 2009110, \$305,495 was collected resulting from our assistance. In addition, working with the Building Department staff, some key processes have been changed to help ensure fees are collected correctly on an ongoing basis. During the year, this process was transferred back to the Building Department.

Hurricane related grant monitoring responsibilities for the past fiscal year included:

- Assisting FEMA and the State with their ongoing closeout for Hurricane Wilma 2005.
- Preparation of Quarterly Reports to FEMA (still ongoing for Hurricane Wilma projects).
- Monitoring each open project for completion and requested reimbursement.

Additional monies recovered during the past fiscal year for these claims amounted to \$37,688 for Hurricane Wilma. Additional funds are pending as projects are completed. We anticipate that in fiscal year 2010111 additional time will be spent on completing the request for payments and final closeouts for the 2005 storms.