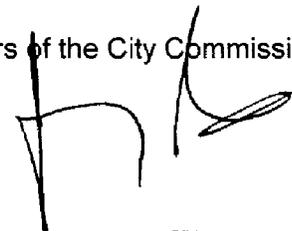




COMMITTEE OF THE WHOLE MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission
FROM: Jimmy L. Morales, City Manager 
DATE: February 12, 2014
SUBJECT: **COMMITTEE OF THE WHOLE – AUDIT COMMITTEE**

BACKGROUND

The "Committee Of The Whole" serves as the City's 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 external auditor reports are not usually finalized until July and will be presented at a later date. At this time, a discussion covering the results of the previous year's Internal Activities will be covered along with any feedback of the City's Internal Audit's annual risk areas / plan.

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 members including four auditors, four field agents and 30% of an office associate (shared resource). Three field agents are responsible for auditing businesses required to file resort taxes and one field agent is responsible for sanitation audits of franchise haulers and roll-off operators as well as the administrative functions of the City's Cleanliness Assessment program. Also, half of two auditors' positions are allocated to audits of the Parking Department. Additionally, the Internal Auditor, Assistant Internal Auditor, and the office associate provide support for the resort tax function, resulting in the equivalent of 2.8 full time general fund employees (FTE's) for the internal audits other than Parking and Sanitation. Approximately one half of these FTE's is directly attributed to assignment of internal audits.

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 2012/13 was \$58,617,992.

Scheduled audits are based upon the type of business, the actual resort tax receipts received, and the frequency of the last audit. There are approximately 1,830 businesses registered to collect resort taxes recorded on the Resort Tax database maintained by the

City's Finance Department. Our goal is to audit the 749 registered businesses which file monthly returns consisting of hotels, restaurants, nightclubs, and bars at least once every five years or approximately 150 per year. New accounts are targeted to be audited soon after opening. The remaining 1,063 accounts which file annual returns representing apartments having less risk are audited much less frequently. The total combined goal of monthly and annual accounts is about 250 resort tax audits per year.

In fiscal year 2012/13 the Division completed 172 resort tax audits (69% of our total goal) of which 118 were hotels, restaurants, nightclubs, and bars. Total audits completed fell short due to the contracted audit firms only performing 61 out of the 100 audits targeted for completion. In addition, City field agents needed additional hours to complete larger audits which often resulted in higher assessments. While the number of audits was less than the previous year, the 172 audits resulted in tax assessments of \$649,683. Our field agents' assessments comprised 73.8% of this amount. Total assessments are significantly over the previous fiscal year 2011/12's total of \$278,579. These assessments for fiscal year 2012/13 represented 3.2% of the total resort tax reported for these 172 entities over the multi-tax year audited and approximately 1.1% of the total resort tax generated for fiscal year 2012/13. More importantly, the audits serve as a deterrent to help ensure better compliance with the City's resort tax ordinances.

Internal Audits

Scheduled audits are those areas targeted by the Internal Audit Division based on a risk assessment approach. Audits are classified as high, medium or low risk. As expected, higher risk areas are subject to more frequent audits than lower risk areas. The Parking Department is considered particularly high risk due to the significant amounts of revenues received and the manner of collection and therefore has resources dedicated for continuous 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 over the past several 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. Annually required audits include those mandated by City Code and State Agreements, as well as providing assistance to the City's external auditors.

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 2012/13 (Exhibit 1). Audits completed in 2013 are shown in bold.

Overall, twenty-four Department, Not-For-Profit and continuous audit areas were completed during fiscal year 2012/13 which included four audit scheduled areas completed by an outside firm (Crowe Horwath). That represents 77% completed out of thirty-one audit areas initially targeted for the year. Sixteen of the audits in addition to three continuous monitoring audits in Parking were accomplished by 2.5 FTEs of the internal audit staff. An additional continuous audit of sanitation was accomplished by a field agent. The following is a listing of those audits performed for the past fiscal year.

Internal Audits - Available On Line

Building Department – Certificates of Completion and Occupancy
Building Mechanical, Electrical, and Plumbing (MEP) Permit Fees
Cultural Arts Council 9/2012

Fire and Police Pension Employee Buybacks

First Class Parking, LLC Valet Parking Operational Audit - Art Basel 2012

Market Company Inc. – Green Markets Management Agreements

Production SUD Inc. – Antiques Market Management Agreement

State Beachfront Management Agreement FY 2012

Internal Audit Reports – Pending Final Reports

Controls for Access Cards Used for City Buildings

Parking Meter Space Rentals

General Pension Employee Buybacks

Convention Center Catering and Concession Services Agreement

SP Plus Municipal Services (Standard Parking) Management Agreement

Public Works Department's Warehouse Inventory

City Cellular Overage Charges

Jewish Community Services

Audits Performed by Outside firms

Crowe Horwath - Performance and Operational Audit

FY2012/13 Scheduled Internal Areas Covered:

- Code Compliance Department – Complaints/Inspections/Violations
- Fire Prevention Department – Permitting
- Fire Prevention Department – Inspection
- Planning Department Concurrency & Impact Fees/Permitting

Additional Areas Covered:

- Parking Enforcement Department Ticketing/Towing/Valet
- Public Works Department – Permitting
- Special Master

Out of the audit areas completed, two audits were added during the year and one was deleted. In addition, a significant amount of time was dedicated to non-audit areas such as assistance for the Cleanliness and Appearance index programs and the development of RFP and selection of firm for Emergency Management Services. Other areas requiring additional time were the supervision of resort tax audits and assistance to the Parking Department.

The remaining eight audits were carried forward to the next fiscal year 2013/14. Out of these audits, one audit was in process and required additional scope for review. Another two related to auditing the City's Capital Improvement Projects (CIP). An RFP was issued during the year and a selection committee convened, however after reviewing the actions by the selection committee the City Administration decided it was better to reject the bids and utilize a State contractor for this service. Three others relating to CDBG, SHIP and HOME funding have been combined and submitted for bid to State auditing contractors. The Property Evidence Unit audit has been deferred to this summer pending review of a new inventory system. Notices for utility tax audits for natural gas pooled managers have been mailed. We have received information back from these companies questioning the auditability of these firms based upon previous legal opinions from the State Attorney Office which is currently being reviewed by the City Attorney Office.

For fiscal year 2012/13 internal audits to date included the following recommendations:

- Additional safeguards over inventory processing and safeguarding for areas of Public Works;
- Revisions to update several departmental procedures and improve internal controls over Building Department issued certificates of completion and occupancy, controls over access cards used for City buildings, and for recovery of City cellular overage charges;
- Changes in procedures to comply to reporting requirements of approved grant funds distributed by the Cultural Arts Council;
- Improve internal control processes for processing employee buybacks for both the Fire and Police and the General pension funds.
- Verification of compliance to the terms of the Management Agreement to provide parking attendants and the review of expenses submitted for payment;
- Review compliance to revenue sharing and terms of the two market concession agreements and the recovery of unreported revenues associated with audit;
- Confirmation of funds forwarded to Jewish Community Services to be used for proper agency purpose, verification of performance measures, and recommendations for improvement in internal controls;
- Verification of performance of valet parking operations for Art Basel event, attended lots, meter enforcement, coin room, and compliance with Parking Department procedures for Meter Space rentals;
- Verification of the revenue sharing and terms of concession services agreement for the catering convention center;
- Operation audits contracted by outside firm targeted recommendations for improving internal controls and monitoring for compliance to these controls for the operational units examined.

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>.

Parking Monitoring Reviews

In the Parking area, the Division completed seventeen parking meter enforcement, four attended lot cash operations and four coin room reviews during the past fiscal year. Our parking meter reviews identified that areas of enforcement still fell short of desired benchmarks. However, this should improve as the Parking Department switches over to automated license plate reading technology. As of result of this pending switch, we will change our procedures of enforcement reviews to accommodate a review of exception based reports rather than actual site visits. For attended lots reviewed, the operational procedures were found to comply with the City's guidelines. In addition, coin room operations were generally functioning in accordance the City's procedures.

Sanitation Audits

In fiscal year 2006/07 a full time field agent was dedicated to monitoring and auditing waste haulers. This effort led to the issuance of six audit reports in fiscal year 2012/13 resulting in \$44,799 of audit assessments. Included in these audits were the audits of the franchise agreements for two of the City's franchise waste haulers.

Other Support Provided by the Division

Additional support was directed to performing non-audit activities.

- Assistance was provided for Cleanliness Assessment Program along with the newly established Appearance data index.
 - Uploading Blackberry units for assessment
 - Reviewing assessment results for completeness.

- Hurricane related grant monitoring responsibilities for the past fiscal year continued with the preparation of Quarterly Reports to FEMA.
- Assisted in the development of an RFP and selection of a firm for Emergency Support Services for city disasters.
- Finalized citywide procedures for Mileage, Parking and Tolls.
- Assistance to Parking Department regarding towing fees, valet parking, reconciliations, and refunds.
- Assisted in further analysis for electrical and gas franchise and utility taxes.

Fiscal Year 2013/14 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 current Audit Plan for FY 2013/14 is presented as Exhibit 2. As this is a working document, the schedule maybe subject to change depending upon any unforeseen audit requests. Included in this schedule are four audits to be outsourced to outside firms. The City is currently soliciting bids from State audit contractors. Contingent on the proposals received, it may be necessary to further refine these outsource audits dependent on current funding available.

 JW:JJS

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Exhibit 1 – Audit Areas

**CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
Audit Areas
Fiscal Year Ended 9/30/13**

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 | 2012 | H | |
| Cashier Functions - Other areas Building, Police, Parking) | 2012 | 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 underway 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 | 2011 | 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 | |
| Utility Taxes - Gas, Other Companies (Added) | | M | |
| Investments | 2012 | M | |
| Lien Letter Fees | | L | |
| Payroll Processing | 2008 | H | |
| Resort Tax Operations | | 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 | 2011 | M | |
| Water and Sewer Billings | 2011 | H | |

**CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT**

Audit Areas
Fiscal Year Ended 9/30/13

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 | 2011 | 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) | Annually | M | Each year, external auditor reviews internal controls over IT functions in their annual audit. |
| IT Security (contract) recommended | Annually | H | |
| Cellular Phone Charges | 2013 | L | |
| Human Resources | | | |
| Operations includes Labor Relations | | L | |
| Review of Benefits Formulas | 2005 | L | Outsource - Compensation pay Practices |
| Pension Time Purchased - General Fund | 2013 | L | |
| Pension Time Purchased - Fire and Police | 2013 | L | |
| Health, Dental and Life Insurance | 2010 | L | |
| Risk Management | | | |
| Workers Compensation | 2012 | M | Audit performed by Outside Consultant |
| General Liability Insurance | 2012 | L | Audit performed by Outside Consultant |
| City Clerk | | | |
| Operations, Record Retention / Public Requests | 2011 | L | |
| Special Masters | 2010 | M | Crowe Horwath Performed operational review 2013 |
| Election Invoices | 2008 | L | |
| Central Services | | | |
| Inventory | 2009 | 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) | 2011 | 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 | 2013 | M | |
| Corporate Sponsorship Concession Agreement | | M | |
| Penrods Pier Park | 2009 | L | |
| Miami Beach Marina | 2010 | L | |
| South Pointe Restaurant (Smith & Wollensky) | 2009 | L | |
| State Beachfront Management Agreement | 2013 | L | Required Annually by State Agreement |
| Green Market Concession - The Market Company | 2013 | L | |
| Antiques & Collectible Market - Production SUD | 2013 | L | |

**CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
Audit Areas
Fiscal Year Ended 9/30/13**

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 |
|---|------------|-----------|--|
| 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 | |
| Building Fees - Electrical, Plumbing, Mechanical | 2013 | H | Building Development Process Fee Study completed in 2009. Procurement of new permitting system in 2009. |
| Other Building Fees - Training, Elevator Inspections, Recertification, Demolition, Building Code Violations, Expired Permits, | 2013 | M | |
| Certificate of Completion / Occupancy | 2013 | H | |
| Planning | | | |
| Operations | 2013 | L | |
| Plans Review, Application Fees | 2013 | L | In 2013, Crowe Horwath performed operational review. |
| Concurrency Fees | 2011 | M | Internal audit performed 2011; In 2013, Crowe Horwath performed operational review. |
| Parking Impact fees | 2010 | L | |
| Tourism & Cultural Development | | | |
| Special Events | 2011 | L | |
| Byron Carlyle | 2011 | L | |
| Bass Museum Operation | 2003 | L | Expenditure audit, minimum risk. Analysis of revenues and operations was done in 2003 for Friends of the Bass Audit |
| Cultural Arts Council | 2013 | 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 | 2013 | M | |
| Convention Development Tax | 2013 | L | County audit completed in 2008. |
| Operations | | | |
| Code Compliance | | | |
| Code Enforcement Violations and Operations | 2013 | H | Review Code and Fire violations by Internal Audit in 2012. Crowe Horwath performed operational review of this area for 2013. |
| Community Services | | | |
| Community Services | 2001 | L | |
| Homeless Outreach Services | 2013 | L | |
| Housing & Community Development | | | |
| CDBG grants | 2013 | M | Department is reviewed periodically by the State of Florida and HUD. |
| Home Investment Partnerships (HOME Entitlement) | 2013 | M | |
| State Housing Initiatives Part (SHIP) Programs | 2013 | M | |

**CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
Audit Areas
Fiscal Year Ended 9/30/13**

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 | |
| Greenspace Management | 2010 | L | |
| Landscaping Agreements | 2010 | M | |
| Overtime (Parks & Recreation) | 2010 | M | |
| Recreation fees / Cashier functions | 2010 | M | |
| Tennis Centers Agreement | 2010 | L | |
| Public Works | | | |
| Administration / Engineering | 2009 | L | |
| Bus Shelter / Lincoln Road Directories | 2009 | M | |
| DECO Bike Concession Agmt | 2009 | M | |
| Environmental Resource Management | 2009 | L | Area considered minimum risk. |
| Inventory (Public Works) | 2013 | M | |
| Inventory Processing | 2009 | M | |
| Operations - Sewer | 2011 | M | Crowe Horwath - operational review on Public Works Permitting in 2013. |
| Operations - Storm Water | 2011 | M | |
| Operations - Water | 2011 | M | |
| Operations - Streets, Street Lights | 2011 | L | |
| Overtime (Public Works) | 2010 | M | |
| Permit Fees - News Racks | 2012 | L | Crowe Horwath - operational review on Public Works Permitting in 2013. |
| Permit Fees - Work in Right of Way | 2011 | L | |
| Permit Fees - Sidewalk | 2012 | L | |
| Purchasing - Public Works | 2009 | M | |
| Transportation Management | 2009 | L | |
| Water & Sewer Impact Fees | 2011 | L | |
| Sanitation | | | |
| Operations | 2009 | L | Worked with department management on hurricane debris and roll-offs last four years, no problems noted. |
| Waste Franchise Fees | 2013 | M | Audited two contractors in 2013 included below. |
| Sanitation Fee Residential Billing | 2011 | M | |
| Sanitation Impact Fees (Construction & Commercial Billings) | 2011 | M | |
| Fines & Forthwiths (Sanitation) | 2011 | L | |
| Roll-Off Franchise Fees | 2013 | H | Continuous audits. Completed 6 audits in 2013. |
| Property Management | | | |
| Maintenance Agreements | 2008 | M | |
| ID City Access cards | 2013 | L | |
| Internal Service Charge Billings (Including CAM) | 2010 | M | |
| Inventory (Property Management) | 2009 | L | |
| Capital Improvement Projects | | | |
| Financial Controls & Operations | 2013 | H | Areas combined, RFP issued in 2013, selection committee actions caused the bids to be rejected with audit to be done by State contractor in 2014. |
| Capital Projects - Non-CIP, (Public Works, Parks, RDA, Convention Center, Etc.) | 2013 | H | |

**CITY OF MIAMI BEACH
INTERNAL AUDIT DEPARTMENT
Audit Areas
Fiscal Year Ended 9/30/13**

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 | 2013 | H | Completed 4 reviews during the year. |
| Boat Show Parking | 2012 | M | Now performed annually thru quarterly attended lot review. |
| Cashiers & Attendants Agreement (Standard Pkg) | 2013 | M | |
| Coin Room (Monitoring) Meter Collection | 2013 | H | Completed 4 reviews of coin room during the year. |
| County Court Fines (Parking) | | L | |
| Meter Collection Agreement | 2009 | M | |
| Parking Debit Card/In Car Meters | 2010 | M | |
| Parking Enforcement Reviews (Meters) | 2013 | H | Continuously monitored throughout year, 17 separate reviews performed. Crowe Horwath performed operational review of enforcement in 2013. |
| Parking Permits (Non-Revenue) | 2011 | L | |
| Parking Permits (Revenue) | 2012 | M | |
| Space Rentals - Meters | 2013 | M | |
| Space Rentals - Parking Garages | 2009 | M | Crowe Horwath performed operational review of valet in 2013. |
| Towing Agreements Compliance | 2012 | L | Performed by outside Firm |
| Towing Fees - Parking Department | 2009 | L | Crowe Horwath performed operational review of towing in 2013. |
| Valet Parking Agreement (Art Basel) | 2013 | M | |

Fleet Management

| | | | |
|--|------|---|--|
| Fuel distribution | 2009 | M | |
| Inventory & Processing | 2010 | L | |
| Operations / Internal Service Charges Billings | 2011 | L | |
| Vehicle Purchases | 2007 | L | |

Public Safety

Police

| | | | |
|--|------|---|--|
| County Court Fines - Traffic | 2012 | L | Follow-up audit preformed 10/2003, no exceptions were noted. |
| False Alarm/Registration | | 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 | 2011 | 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) | | 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 9/30/13**

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 |
|---|------------|-----------|--|
| Fire | | | |
| Fire Prevention/Annual Fire Inspection Fees | 2013 | L | Building Development Process Fee Study completed in 2009. Procurement of new permitting system in 2009. In addition, Crowe Horwath performed operational review of this area for 2013. |
| Fire Prevention/Code Violations | 2012 | L | Review Code and Fire violations by Internal Audit. |
| Fire Prevention/Plan Review | 2013 | L | Building Development Process Fee Study completed in 2009. Procurement of new permitting system in 2009. Crowe Horwath performed operational review of this area for 2013. |
| Fire Rescue Fees | 2008 | M | |
| Ocean Rescue Operations | 2008 | L | |
| Off Duty Account (Fire) | 2008 | M | |
| Operations (Suppression, Rescue, Support Services.) | 2008 | L | |
| Overtime - (Fire including Ocean Rescue) | 2010 | M | |

Non-Profit Organizations

CDBG funding source:

| | | | |
|---|------|---|---|
| American Veteran News | 2008 | 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 | 2008 | L | |
| Food for Life Network | 2008 | L | |
| HIV Education law Project (HELP) | 2008 | L | |
| HOPE, INC | 2008 | L | |
| Little Havana Activities and Nutrition Center | 2008 | L | |
| Miami Beach Adult Community Education Center | 2008 | L | |
| Miami Beach Community Development Corp | 2009 | L | |
| Montessori Academy at St. John's | 2008 | L | |
| Prime Time Seniors | 2008 | L | |
| RAIN Parents Inc. | 2008 | L | |
| Shelbourne House | 2008 | L | |
| Unidad of Miami Beach, Inc. | 2008 | L | |

General fund funding source:

| | | | |
|---|------|---|-------------------------------------|
| Douglas Garden Community Mental Health Center | 2012 | L | General fund for 2013 is \$21,660. |
| Jewish Vocational Services -Hot Meals | 2013 | L | General fund for 2013 is \$46,930 |
| Latin Chamber of Commerce | 2006 | L | General fund for 2013 is \$18,000. |
| MDPL- 10th St Auditorium | 2012 | L | General fund for 2013 is \$22,500. |
| Miami Beach Botanical Gardens | 2011 | L | General fund for 2013 is \$137,228. |
| Miami Beach Chamber of Commerce | 2008 | L | General fund for 2013 is \$36,000. |
| Sanford L. Ziff Jewish Museum | 2008 | L | General fund for 2013 is \$49,500 |
| Sister Cities | 2008 | L | General fund for 2013 is \$13,680. |
| South Beach Greater Miami Hispanic Chamber | 2008 | L | General fund for 2013 is \$18,000. |

Both general fund and CDBG funding source:

| | | | |
|-------------------------------------|------|---|------------------------------------|
| Boys and Girls Club | 2010 | L | General Fund for 2013 is \$16,606. |
| Miami Beach Community Health Center | 2008 | L | General Fund for 2013 is \$21,660. |
| North Beach Development Corp | 2008 | L | General Fund for 2013 is \$18,000. |

Other funding sources:

| | | | |
|------------------------|------|---|--|
| Friends of the Bass | 2003 | L | |
| Police Athletic League | 2009 | L | |

Exhibit 2 – Audit Plan for FY 2013/14

City of Miami Beach - Internal Audit Division

Audit Plan FY 2013/14

(Audit Areas maybe subject to change)

| Audit | Risk | | |
|---|------|-----|------|
| | Low | Med | High |
| Internal Audits | | | |
| 1 Public Works Inventory | | M | |
| 2 State Beachfront Mgmt Agreement | L | | |
| 3 Cultural Arts Council (CAC) | L | | |
| 4 Deco Bikes (Carryover) | | M | |
| 5 Property Evidence Unit (Carryover) | | M | |
| 6 Utility Tax - Other Gas Companies (Carryover) | | M | |
| 7 Analysis of Public Work Inventory Process | | M | |
| 8 AVL - Automatic Vehicle Locator System | | M | |
| 9 P-Cards | | M | |
| 10 Master Building Permits | | | H |
| 11 Beverage Concession Sponsorship - Coca Cola | | M | |
| 12 GMVCB Agreement | | M | |
| 13 Fire Response Time | L | | |
| 14 Special Review - MBCDC | | | H |
| 15 Miami Beach Community Health Center | L | | |

Parking Audits

| | | | |
|---------------------------------|---|---|--|
| 1 Court Fines Parking | L | | |
| 2 Art Basel - Valet Parking | | M | |
| 3 Meter Technician Operations | | M | |
| 4 Parking Garage Access Cards | | M | |
| 5 Towing Agreement - Compliance | | M | |

Parking Monitoring

| | | | |
|---|--|--|---|
| Meter Operation and Enforcement Review (Review Process) | | | H |
| Attended Lots | | | H |
| Coin Room | | | H |

Sanitation

| | | | |
|-------------------|--|--|---|
| Rolloff Franchise | | | H |
|-------------------|--|--|---|

Internal Audits by Outside Firms

| | | | |
|---|---|----|---|
| 1 Capital Projects - CIP Office & Public Works, Parks, RDA Convention Center, etc.)(Carryover) | | | H |
| 2 CDBG, HOME, SHIP Grants (Carryover) | | | H |
| 3 H/R Compensation | | M | |
| 4 Tennis Centers | | | H |
| | 5 | 14 | 9 |