



Joseph M. Centorino, Inspector General

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

DATE: July 23, 2024

PROJECT: Finance Department Bank Account Reconciliation Annual Results Summary Report
OIG No.: 24-14

PERIOD: August 1, 2023 – July 31, 2024 Bank Reconciliations completed during the 2023/24
Fiscal Year by Finance Department staff

Upon the discovery of a \$3.6 million fraud involving its Treasury and ACH disbursements in the fall of 2016, the City Administration and Finance Department sought to implement changes in City procedures, which led to the hiring of the independent firm of BDO USA, LLP (BDO) to perform an audit. On May 17, 2017, BDO issued a report containing sixty (60) findings with recommendations on how to mitigate the City's risk exposure on these disbursements, which also affected other Finance Department functions, including payroll and accounts payable.

As a result, the Office of Internal Audit, which was subsumed into the Office of the Inspector General (OIG) on November 1, 2019, was tasked with performing periodic follow-up examinations to verify whether effective corrective action had been taken or was in the process of being implemented to resolve the noted deficiencies. Although testing found that the specified corrective actions were being taken, OIG staff has continued to periodically sample various recommendations to verify that the implemented corrective action continues to be sufficient.

As part of this testing, the OIG agreed to independently verify that at least four months of bank reconciliations each fiscal year were timely completed and reviewed/approved by Finance Department staff. Although the actual number of City bank accounts may vary each month, Finance Department staff typically completed 35 to 40 monthly bank reconciliations during the examined 2023/24 fiscal year (October 1, 2023 through September 30, 2024).

Unless otherwise noted, the Finance Department approved Standard Operating Procedures (SOPs) state that all bank reconciliations are to be completed within 30 days from the end of the month being reconciled. For example, the related bank reconciliations for May 2024 are to be completed by June 30, 2024.

The SOPs also state that Finance Department staff have 45 days following the end of the month to complete the reconciliations for the bank accounts related to General Depository or pooled cash, 5th and Alton Garage, Miami Beach Golf Club, and Normandy Shores Golf Club. The additional time allotted for these four bank accounts allows ten to fifteen days to close the books for the month and 30 days to complete the preliminary bank reconciliation and identify each bank reconciling item. Consequently, the May 2024 reconciliations for these four bank accounts were due to be completed by July 15, 2024.

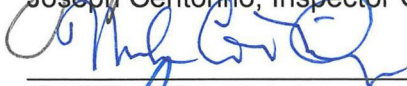
The selected months for this examination of August 2023, November 2023, January 2024, February 2024, and May 2024 were chosen solely by the OIG, without notice to Finance Department staff. Upon request, all related documentation was promptly furnished electronically to the OIG for testing. Subsequent analysis confirmed with no material exceptions that all sampled bank account reconciliations were timely completed and properly reviewed/approved by Finance Department staff.

Respectfully submitted,




Joseph Centorino, Inspector General

07/23/2024
Date



Mark Coolidge, Chief Auditor

07/23/2024
Date



Norman Blaiotta, Deputy Chief Auditor

7/23/2024
Date

cc: Rickelle Williams, Interim City Manager
Jason Greene, Chief Financial Officer
Vyomie Greene, Assistant Finance Director