MIAMIBEACH

INTERNAL AUDIT REPORT

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov
Office of Internal Audit
Tel: 305-673-7020

TO: Jimmy L. Morales, City Manager
VIA: Mark D. Coolidge, Interim Internal Auditor MDC
FROM: Norman Blaiotta, Senior Auditor NB

DATE: February 27, 2018
SUBJECT: Follow-up Review of BDO USA, LLP Audit Report's Recommendation Number 2

The Office of Internal Audit (Internal Audit) issued its Follow-up Review of BDO USA, LLP Audit Report Findings on October 30, 2017 which evaluated the corrective actions implemented to date by the Finance and/or Information Technology Departments for the sixty (60) listed findings and recommendations. The initial BDO USA, LLP (BDO) audit report dated May 17, 2017 focused on how the City should mitigate its risk exposure on Treasury and ACH disbursements, which also affected other Finance Department functions such as payroll and accounts payable.

In summary, Internal Audit's October 30, 2017 report concluded that 59 of BDO's recommendations were completed by either fully implementing the stated recommendation (50) or alternative control(s) were identified and implemented that helped achieve the desired outcome (9). The one (1) remaining recommendation (number 2 in the BDO report) was considered as substantially completed which meant that minimal pending items continued to be outstanding.

BDO's recommendation number 2 can be found in Exhibit A located on page 2 of this report. Since the October 30, 2017 issuance of Internal Audit's report, Finance Department management has continued to analyze and revise its staff's assigned Munis System rights and permissions to help ensure that they were appropriate for their respective role and represent an appropriate segregation of duties. The Munis System is the City's enterprise resource planning system that was purchased from Tyler Technologies, Inc. whose Financial Reporting module went live on May 2, 2016.

Exhibit A also provides a more detailed listing of the corrective actions taken in the section entitled "Internal Audit's Testing Procedures/Results". Upon verification that the Information Technology Department has made all of the Finance Department management's desired revisions, Internal Audit concludes that BDO recommendation number 2's status can now be changed from substantially completed to completed. Although it has been confirmed that the corrective actions initiated by the Finance and/or Information Technology Departments for all sixty (60) BDO recommendations have achieved the desired tested outcomes as of each report's measurement dates, one must remember that this is a dynamic process which must be continually updated as employees' positions and/or duties change.

F:\OBPI\$AUD\INTERNAL AUDIT FILES\DOC17-18\REPORTS - FINAL\BDO Audit Follow-up on Recommendation 2 Feb-27-2018.docx

cc: John Woodruff, Chief Financial Officer
Allison R. Williams, Deputy Finance Director
Ariel Sosa, Director – Information Technology Department

EXHIBIT A

#	Recommendations / Internal Audit's Testing Procedures/Results	Status
2	Recommendation: The City should review the Munis rights, permissions, and authority of all Finance Department personnel to ensure that record-keeping, approval or rejection, adding and removing approved vendors, and other rights, permissions, and authority are appropriate for their respective roles and represent appropriate separation of duties.	
	Internal Audit's Testing Procedures/Results: Information Technology Department staff initially generated a 1,579 page report detailing the rights and permissions assigned to each Finance Department employee in the Munis System. After reviewing this report, Internal Audit helped identify the roles and permissions that represented the highest risks which allow users the ability to delete, modify and/or override information as well as the ability to view confidential data (e.g. social security numbers). Furthermore, the assignment of workflow, payroll and fixed asset super user permissions were analyzed to help ensure that an appropriate separation of duties existed. From this analysis, a more condensed report was created containing 189 assigned rights and permissions which was more closely examined by Finance Department management. Upon completion of their review, Information Technology Department personnel were instructed to make 152 changes (80.4%) to these 189 assigned rights and permissions during January 2018. After receiving notification that each of these changes was implemented, Internal Audit began its analysis. Our objective was not to make an appropriateness assessment of the 189 assigned rights and permissions, but to independently confirm that the Information Technology Department had made all the changes requested by the Finance Department. Testing found that three (3) of the requested changes had not been made by the Information Technology Department as of February 5, 2018. In addition, it was noted that a Financial Analyst III was also given the payroll super user permissions to perform certain transactions by January 31st that had similarly not yet been revoked. Although the payroll super user permission does not allow by itself allow one to run the payroll, the combination of this permission with others already granted may result in a segregation of duties' deficiency. The Information Technology Department was notified and made these corrections on February 14, 2018 which was promptly verified by Internal Audit.	Completed