



Joseph M. Centorino, Inspector General

TO: Honorable Mayor and Members of the City Commission
FROM: Joseph Centorino, Inspector General
DATE: October 22, 2020
AUDIT: Second Semi-annual Finance Review – Fiscal Year 2019/20
OIG No. 21-06
PERIOD: April 1, 2019 to September 30, 2020

Upon the discovery of a \$3.6 million fraud during 2016 involving its Treasury and ACH disbursements, the City Administration and Finance Department, among other responsive actions, hired the independent firm of BDO USA, LLP (BDO) to perform an audit. After extensive testing, interviews and analysis, BDO issued a report on May 17, 2017 containing 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. The City's Finance and Information Technology Departments worked together to take the corrective actions necessary to mitigate the associated risks and to attain the desired outcomes.

In response to the BDO audit report, the then-existing Office of Internal Audit was tasked with performing semi-annual reviews of selected recommendations to ensure that these outcomes continue to be achieved by the City. The Office of the Internal Audit was subsumed into the Office of the Inspector General (OIG) on November 1, 2019, which has opted to continue performing these semi-annual reviews for the foreseeable future. The focus of this review is to test City staff's compliance with BDO recommendations numbered 18 and 27. A reporting of the sampled BDO recommendations, the results of OIG staff's current testing, and recommendations are separately listed below.

1. *BDO Recommendation #18 - Employees who process invoices in Munis should be prevented from entering new vendors or changing existing vendor information in the vendor master file.*

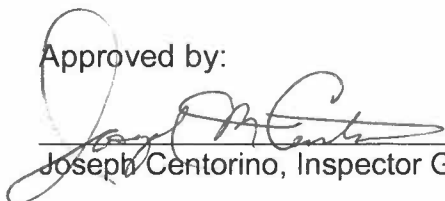
Current Testing Results #18 – After reviewing the role and permissions of the employees responsible for processing invoices, it was determined that none of them were able to enter or change existing vendors in Munis. Furthermore, the few employees capable of entering new vendors or changing existing ones, are not able to also post invoices. Consequently, no exceptions were noted as the City is currently in compliance with BDO Recommendation #18.

2. *BDO Recommendation #27 - Munis should be modified so as not to allow significant payments to be issued unless the approvals of at least two different City officers have been documented in the system. Further, Munis should be modified so as not to allow payments exceeding*

\$1,000,000 to be issued unless the approval of the City Manager has been documented in the system.

Current Testing Results #27 - Office of the Inspector General staff tested all 278 "Accounts Payable Invoices" or API transactions exceeding \$100,000 occurring between April 1, 2020 and September 30, 2020. In doing so, it was determined that all these transactions were approved in accordance with the Disbursement Workflow Policy and that they were properly aligned with the Munis approval configuration.

Approved by:



Joseph Centorino, Inspector General

10/22/2020
Date

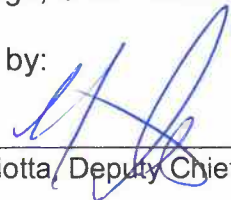
Reviewed by:



Mark Coolidge, Chief Auditor

10-22-2020
Date

Completed by:



Norman Blaiotta, Deputy Chief Auditor

10/22/2020
Date

cc: John Woodruff, Chief Financial Officer