



Joseph M. Centorino, Inspector General

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

DATE: November 9, 2023

PROJECT: Finance Department Bank Account Reconciliation Annual Results Summary Report
OIG No. 23-21

PERIOD: September 1, 2022 – August 31, 2023 Bank Reconciliations completed during the
2022/23 Fiscal Year

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 the recommendations made to correct the noted deficiencies had been implemented or were in the process of being implemented. 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 all bank reconciliations completed during at least four months of the 2022/23 fiscal year (October 1, 2022, through September 30, 2023) were timely completed and reviewed/approved by Finance Department staff. Although the actual number of City bank accounts may vary, Finance Department staff typically complete 40 to 50 bank reconciliations each month.

Unless otherwise noted, the Finance Department's 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 2023 were to be completed by June 30, 2023.

Meanwhile, 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 2023 reconciliations for these four bank accounts were due to be completed by July 15, 2023.

