

# City of Miami

THEODORE P. GUBA, CPA, CIA, CFE  
INDEPENDENT AUDITOR GENERAL



Telephone (305) 416-2044  
E-Mail: tguba@miamigov.com

June 30, 2022

Honorable Members of the City Commission  
City of Miami  
3500 Pan American Drive  
Coconut Grove, FL 33133-5504

Re: Audit of Compliance with the Financial Integrity Principles – Fiscal Year 2021  
Report No. 22-09

## Executive Summary

We have completed an audit of the City's compliance with the Financial Integrity Principles, as codified and amended in Chapter 18, Article IX, Sections 18-541 and 18-542 of the City Code, primarily for the period October 1, 2020 through September 30, 2021. The audit was performed to determine if the City maintained a structurally balanced budget, developed, and adopted short and long-term financial and capital improvement plans, established, and maintained adequate internal control systems, and followed best business practices.

Overall, we found that the City did not comply with two of the 13 Financial Integrity Principles (FIP) as follows:

- FIP 3 - Requests for grant and other reimbursements were not made in a timely manner.
- FIP 11 - Cash Receipts policy does not fully comply with requirements of FIP 11; Investment policy should be revised.

Details of these findings are included on pages three through eleven of the report.

We wish to express our appreciation for the cooperation and courtesies extended to us by the City management and staff while conducting the audit.

Sincerely,



Theodore P. Guba, CPA, CFE  
Independent Auditor General  
Office of the Independent Auditor General

cc: The Honorable Mayor Francis Suarez  
Arthur Noriega, City Manager  
Victoria Mendez, City Attorney  
Todd Hannon, City Clerk  
Larry Spring, Chief Financial Officer, Assistant City Manager  
Nzeribe Ihekwa, Deputy City Manager  
Natasha Colebrook-Williams, Assistant City Manager  
Manuel Morales, Chief of Police, Police Department  
Joseph Zahralban, Fire Chief, Fire-Rescue Department  
Marie Gouin, Director, Office of Management and Budget  
Erica T. Paschal, Director of Finance, Finance Department  
Hector L. Badia, Interim Director, Office of Capital Improvements  
William Porro, Director, Human Services Department  
Members of the Finance Committee  
Members of the Audit Advisory Committee  
Audit Documentation File

Audit conducted by: Wesley Laurent, MBA, CPA, CIA, Senior Auditor

Audit reviewed by: Mala Khilnani, CPA, CISA, Assistant to the Auditor General

**AUDIT OF COMPLIANCE WITH THE FINANCIAL INTEGRITY  
PRINCIPLES – FISCAL YEAR 2021**

**OCTOBER 1, 2020 THROUGH SEPTEMBER 30, 2021  
Report No. 22-09**

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## **SCOPE, OBJECTIVES, AND METHODOLOGY**

The scope of the audit was to assess and report on whether the City of Miami (City) implemented and complied with policies, procedures, and the City Code to maintain a structurally balanced budget, short and long-term financial and capital improvement plans, and adequate internal control systems. The audit primarily covered the period October 1, 2020 through September 30, 2021, and focused on the following objectives:

- To determine whether the City complied with the 13 Financial Integrity Principles as codified and amended in Chapter 18, Article IX, Sections 18-541 and 18-542 of the City Code.
- To recommend additional policies or actions to Management for best business practices.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit methodology included the following:

- Interviews and inquiries of appropriate personnel.
- Reviews of written policies and procedures in order to gain an understanding of the internal controls.
- Observations of current practices and processing techniques.
- Tests of applicable transactions and records.
- Other audit procedures as deemed necessary.

## **BACKGROUND**

In response to notifying the Governor of the State of Florida of a financial emergency in the City of Miami in 1996, the State established a five-member Financial Oversight Board (FOB). The City, Governor and FOB entered into an agreement to take corrective action, which resulted in the development of a set of Financial Integrity Principles (FIP) to protect public funds. In 2000, the City Commissioners approved and adopted an ordinance to include the FIP in the City Code, which is periodically reviewed and updated, as needed. Each year, the Office of the Independent Auditor General (OIAG) is responsible for preparing and transmitting a written report to the Mayor and City Commissioners regarding the City's compliance with the FIP.

Currently, the City is required to comply with the following 13 FIP included in the City Code:

- 1) Structurally Balanced Budget
- 2) Estimating Conference Process
- 3) Interfund Borrowing
- 4) Citywide Surplus/Strategic Rollover Funds
- 5) Reserve Policies
- 6) Proprietary Funds
- 7) Multi-Year Financial Plan
- 8) Multi-Year Capital Improvement Plan
- 9) Debt Management
- 10) Financial Oversight and Reporting
- 11) Basic Financial Policies
- 12) Evaluation Committees
- 13) Full Cost of Services

## **AUDIT FINDINGS AND RECOMMENDATIONS**

Based on the results of our audit, we have concluded that the City of Miami did not comply with two of the 13 Financial Integrity Principles (FIP) resulting in five findings.

Details of our findings and recommendations follow:

### **FIP 3: GRANT AND OTHER REIMBURSEMENTS**

Financial Integrity Principle 3 (FIP3) of the City Code states, "Recognizing that some programs are funded by grants or other entities on a reimbursement basis, the city shall apply for such reimbursements on a timely basis to minimize the period that city funds are used as float..."

The timely and accurate filing of reimbursement requests that are in compliance with grant requirements minimizes the period that City funds are used to pay for expenditures that should be covered by grant awards. In addition, filing delays due to non-compliance with grant provisions causes the City to forgo interest revenue it could be earning.

### **FINDING 1 (FIP3): MIAMI POLICE DEPARTMENT REQUESTS FOR GRANT REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER**

During the audit period the Miami Police Department (MPD) incurred/processed grant-related expenditures totaling approximately \$2.8 million related to various grant awards and other programs funded on a reimbursement basis. To test for compliance with FIP3, we tested four MPD awards which together represent \$1.6 million (or 55%) of the total population. The results of our testing identified the following exceptions:

#### **2018 Justice and Mental Health Collaboration Program (PnG Award #2484):**

During FY21, the MPD 2018 Justice and Mental Health Collaboration Program (PnG Award #2484) incurred grant-related expenditures totaling \$117,564. According to the grant agreement, reimbursement requests were required to be submitted to U.S. Department of Justice on a quarterly basis.

Based on the results of our test, we noted that \$93,045 (or 79%) of the \$117,564 total grant-related expenditures, were submitted late for reimbursement. The number of days these expenditures that were submitted late ranged from 7 to 44 days (or an average of 19 days).

The average time that City funds were used as float (i.e., the time between the check date and cash receipt date) for the \$117,564 total grant-related expenditures was 81 days (with a range of 26-136 days).

#### **Miami Real Time Crime Center Violence Response Initiative Program (PnG Award #2598):**

During FY21, the MPD Miami Real Time Crime Center (MRTCC) Program (PnG Award #2598) incurred grant-related expenditures totaling \$266,859. According to the grant agreement, reimbursement requests were required to be submitted to U.S. Department of Justice on a quarterly basis.

Based on the results of our test, we noted that \$243,824 (or 91%) of the \$266,859 total grant-related expenditures, were submitted late for reimbursement. The number of days these expenditures were submitted late ranged from 7 to 44 days (or an average of 27 days).

The average time that City funds were used as float (i.e., the time between the check date and cash receipt date) for the total \$266,859 of grant-related expenditures was 63 days (with a range of 5 to 117 days).

**FY 21 Speed/Aggressive Driving Program (PnG Award #2713):**

During FY21, the MPD Speed/Aggressive Driving Program (PnG Award #2713) incurred grant-related expenditures totaling \$184,497. According to the grant agreement, payment/reimbursement requests shall be made to the State of Florida Department of Transportation on a monthly basis. The payment request should be made by the 10<sup>th</sup> day of the following month.

Based on the results of our test, we noted that \$22,475 (or 12%) of the \$184,497 total grant-related expenditures, were submitted late for reimbursement. The number of days these expenditures were submitted late ranged from 5 to 10 days (or an average of 8 days).

The average time that City funds were used as float (i.e., the time between the check date and cash receipt date or fieldwork date) for the total \$184,497 of grant-related expenditures was 75 days (with a range of 39 to 87 days).

**RECOMMENDATION 1 (FIP 3): MIAMI POLICE DEPARTMENT**

We recommend that the MPD continuously improve internal control procedures in order to ensure grant reimbursement requests are submitted in a timely manner to minimize the time that City funds are used as float. Also, such procedures should ensure that reimbursement packets contain accurate supporting documentation which is in accordance with grantor requirements.

- **Auditee Response:** The term “submitted late for reimbursement” is misleading, the total quarterly expenses are submitted for reimbursement once the quarter ending month has been closed by the Finance Department. Therefore, the City will always be in the position of “floating” the expenses. Federal Grants cannot be reimbursed on a monthly basis, which would limit the “float” period for the City. The department has improved its internal process to effectively process a reimbursement package as soon as notification is received that the General Ledger is closed for the quarter by the Finance Department.

The department has no input as to when the Grantor will reimburse the submitted package. We confirm with the Grantor, that once a package is uploaded in JUSTGrants, there are several levels in their approval process. The department solicits the reimbursement through the Automated Standard Application for Payment (ASAP) tool. This tool also has an approval matrix, funds are usually received three to five business days after being entered in the system.

- **Implementation Date:** : The department will continue to be conscientious of the City’s position by accumulating the monthly expenses into a quarterly report which is then used to submit the overall quarterly expenses. Reimbursements in the ASAP tool will be entered in conjunction with the activity in JUSTGrants.

**FINDING 2 (FIP 3): FIRE-RESCUE DEPARTMENT REQUESTS FOR GRANT REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER**

During the audit period the Department of Fire-Rescue (DFR) incurred/processed grant-related expenditures totaling approximately \$7.5 million related to various grant awards and other programs funded on a reimbursement basis. To test for compliance with FIP3, we selected two DFR awards which together represent \$2.4 million (or 32%) of the total population. The results of our testing identified the following exceptions:

**FY 2020 FEMA Urban Search and Rescue (US&R) Program Grant (PnG Award #2695):**

During FY21, the DFR incurred FY20 FEMA US&R (PnG Award #2695) grant-related expenditures totaling \$663,935. According to the grant agreement, the Federal Financial Reports (FFR) were required to be submitted to the U.S Department of Homeland Security, Federal Emergency Management Agency (FEMA) on a quarterly basis. Although the grant agreement did not specify the due dates for reimbursement requests, we considered the required dates for submission of the FFR to be a reasonable measure of timeliness for reimbursements.

Based on the results of our test, we noted that \$146,704 (or 22 %) of the \$663,935 total grant-related expenditures, were not submitted timely for reimbursement (55 days late). In addition, we noted that \$52,029 (or 8%) of the total expenditures had not been submitted for reimbursement and were outstanding for an average of 215 days.

The average time that City funds were used as float (i.e., the time between the check date and cash receipt date or fieldwork date) for the \$663,935 total grant-related expenditures was 128 days (with a range of 20 to 413 days).

**FY 2020 AFG-COVID-19 Suppl. CV (PnG Award #2676):**

During FY21, the FRD incurred 2020 AFG-COVID-19 Supplemental (PnG Award #2676) grant-related expenditures totaling \$1,719,793. The Management Services Division of FRD submits the Federal Financial Reports (FFR) to the U.S Department of Homeland Security, Federal Emergency Management Agency (FEMA) semi-annually. Although the grant agreement did not specify the due dates for reimbursement requests, we considered the dates for submission of the FFR to be a reasonable measure of timeliness for reimbursements.

Based on the results of our test, we noted that \$1,348,056 (or 78%) of the \$1,719,793 total grant-related expenditures, were submitted late for reimbursement. The number of days these expenditures were submitted late ranged from 32 to 597 days (or an average of 264 days). In addition, \$313,057 (or 18%) of the total expenditures have not been submitted for reimbursement and are outstanding for an average of 643 days.

The average time that City funds were used as float (i.e., the time between the check date and cash receipt date or fieldwork date) for the total \$1,719,793 of grant-related expenditures was 515 days (with a range of 100 to 728 days).

**RECOMMENDATION 2 (FIP3): FIRE-RESCUE DEPARTMENT**

We recommend that the FRD continuously improve internal control procedures in order to ensure grant reimbursement requests are submitted in a timely manner to minimize the time that City funds are used as float. Also, such procedures should ensure that reimbursement packets contain accurate supporting documentation which is in accordance with grantor requirements.



- **Auditee Response:**

**FY 2020 FEMA Urban Search and Rescue (US&R) Program Grant (PnG Award #2695):** In November 2019, the US&R program hired a Grant Funded Special Projects Assistant for the purpose of correcting the payroll reconciliation delays. Since then, our program reimbursement efforts have been negatively impacted due to the COVID-19 pandemic and multiple US&R deployments, including the Champlain Towers collapse in Surfside. Additionally, the newly hired Grant Funded Special Projects Assistant resigned in June of 2021. The hiring process to find a replacement for that position was delayed due to circumstances outside our program and as a result, we did not have anyone overseeing this responsibility until the end of November 2021.

Currently, the program is back on track with the reimbursement reconciliation process. Out of the \$663,935 grant-related expenditures, \$633,497.92 have been obligated. The remaining dollars of \$30,437.08 are deployment-related expenditures that are currently being adjusted to be able to finalize the process. US&R will continue to work on making payroll reconciliation a high priority to request drawdowns in a timely manner.

**FY 2020 AFG-COVID-19 Suppl. CV (PnG Award #2676):** During FY21, the Department of Fire-Rescue (DFR) incurred 2020 AFG-COVID-19 Supplemental (PnG Award #2676) grant-related expenditures totaling \$1,719,793. Following the U.S Department of Homeland Security, Federal Emergency Management Agency (FEMA) grant agreement, DFR submitted federal financial reports and reimbursement of expenditures incurred by the city (total of \$1,348,056 YTD). Although the grant agreement did not specify timelines for reimbursement requests, the department recognizes that some of the reimbursements were late and not in accordance with the Financial Integrity Principles (FIP) of the City code. The reason for the variance in these timelines was mainly due to challenges in the reconciliation process. The department is committed to streamlining the reconciliation process to minimize any delays in the timelines set forth by the FIPs.

- **Implementation Date:** Immediately

**FINDING 3 (FIP 3): HUMAN SERVICES DEPARTMENT/HOMELESS PROGRAM REQUESTS FOR GRANT REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER**

During the audit period the Human Services Department/Homeless Program incurred/processed grant-related expenditures totaling \$516,964 related to various grant awards and other programs funded on a reimbursement basis. To test for compliance with FIP3, we selected one award which represents \$298,706 (or 58%) of the total population. The results of our testing identified the following exceptions:

**2021 Primary Care (PC) – Memorandum of Agreement (MOA) Program Grant (PnG Award #2753):**

During FY21, the Human Services/Homeless Program incurred PC-21-MOA (PnG Award #2753) incurred grant-related expenditures totaling \$298,706. According to the grant agreement, payment/reimbursement requests shall be made to Miami-Dade County on a monthly basis. The payment request should be made by the 10th day of the following month.

Based on the results of our test, we noted that \$136,389 (or 46%) of the \$298,706 total grant-related expenditures, had not been submitted timely for reimbursement. The number of days these expenditures were requested late ranged from 1-20 days (or an average of 6 days). To date, \$97,644 (or 33%) of the total expenditures have not been reimbursed to the City and have been outstanding for an average of 319 days.

The average time that City funds were used as float (i.e., the time between the check date and cash receipt date or fieldwork date) for the total \$298,706 of grant-related expenditures was 205 days (with a range of 33 to 378 days).

**RECOMMENDATION 3 (FIP 3): HUMAN SERVICES DEPARTMENT/HOMELESS PROGRAM**

We recommend that the Human Services/Homeless Program continuously improve internal control procedures in order to ensure grant reimbursement requests are submitted in a timely manner to minimize the time that City funds are used as float. Also, such procedures should ensure that reimbursement packets contain accurate supporting documentation which is in accordance with grantor requirements.

- **Auditee Response:** The finding relates to the time taken for the contract to be fully executed, considering the delay by the County in issuing the actual contract and the after process of bringing the contract to City execution process going from booking the grant to be approved by the City Commission. After commission approval the contract is routed for signature to Risk department, Legal, City Manager and last to Clerk's office. Once the City execution is complete, the document is returned to the County for their execution process. Once the contract is fully executed is when we can create an award for Finance to process and post the reimbursements to the created award.

The contract was ready on June 7, 2021, eight months after the beginning of the FY2021. The contract stipulates that the reimbursement packages are to be submitted once a fully executed contract is in place, nonetheless we have diligently sent the monthly reimbursements timely, understanding that payments will not be received until both parties have completed the execution process.

The other issue is the delay in receiving vendors invoices for services provided and paid by the grant such as wireless communications, copying, and other clerical services. Invoices are required to be included in all reimbursement packages.

- **Implementation Date:** Immediately

**FINDING 4 (FIP 3): FINANCE DEPARTMENT DOES NOT HAVE WRITTEN PROCEDURES TO MINIMIZE CITY FUNDS THAT ARE USED AS FLOAT**

During our audit, we noted that the Finance Department (FD) did not establish written procedures to provide reasonable assurance of compliance with FIP3 of the City Code. The timely and accurate filing of reimbursement requests in compliance with grant provisions minimizes the period that City funds are used to pay for expenditures covered by grant awards. Additionally, by not timely remitting reimbursement requests the City forgoes the potential interest earnings. On inquiry, the Assistant Controller/Assistant Director of the Finance Department (FD) informed us that the FD is in the process of drafting procedures for processing grant reimbursements.

During the audit period the Office of Capital Improvements (OCI) incurred/processed grant-related expenditures totaling approximately \$10.6 million related to various grant awards and other programs funded on a reimbursement basis. To test for compliance with FIP3, we tested two OCI awards which together represent \$3.7million (or 35%) of the total population. The results of our testing identified the following exceptions:

**OCI - FIND- Alice W. Pk Seawall & Bay (PnG Award #2593)**

During FY21, the OCI FIND- Alice W. Pk Seawall & Bay program (PnG Award #2593) incurred grant-related expenditures totaling \$2,026,325. According to the grant agreement, the project status reports (PSR) were required to be submitted to the Florida Inland Navigation District (District) on a quarterly basis. Although the grant agreement did not specify the due dates for reimbursement requests, we considered the required dates for submission of the PSR to be a reasonable measure of timeliness for reimbursements. An additional grace period of 30 days was provided, from the expenditure paid date in Oracle (120 days from paid date).

Of the grant-related allowable expenditures totaling \$2,026,325, we noted \$1,681,095 was eligible for reimbursement due to retainage requirements. Based on the results of our test, we noted that \$866,952 (or 52%) of the \$1,681,095 total eligible grant-related expenditures had not been submitted timely for reimbursement. The number of days these expenditures were requested late ranged from 26 to 144 days (or an average of 75 days). To date, the \$866,952 submitted late has not been reimbursed to the City.

The average time that City funds were used as float (i.e., the time between the check date and cash receipt date or fieldwork date) for the total \$1,681,095 of grant-related expenditures submitted for reimbursement was 166 days (with a range of 66 to 287 days).

**OCI - FIND-Dinner Key Marina Redev. (PnG Award #2732)**

During FY21, the OCI FIND-Dinner Key Marina Redev. program (PnG Award #2732) incurred grant-related expenditures totaling \$1,712,337. According to the grant agreement, the project status reports (PSR) were required to be submitted to the Florida Inland Navigation District (District) on a quarterly basis. Although the grant agreement did not specify the due dates for reimbursement requests, we considered the required dates for submission of the PSR to be a reasonable measure of timeliness for reimbursements. An additional grace period of 30 days was provided, from the expenditure paid date in Oracle (120 days from paid date).

Of the grant-related allowable expenditures totaling \$1,712,337, we noted \$1,464,048 was eligible for reimbursement due to retainage requirements. Based on the results of our test, we noted that \$431,183 (or 29%) of the \$1,464,048 total eligible grant-related expenditures had not been submitted timely for reimbursement. The number of days these expenditures were requested late ranged from 54 to 117 days (or an average of 94 days). To date, the \$431,183 submitted late has not been reimbursed to the City.

The average time that City funds were used as float (i.e., the time between the check date and cash receipt date or fieldwork date) for the total \$1,464,048 of grant-related expenditures that was submitted for reimbursement was 200 days (with a range of 97 to 280 days).

#### **RECOMMENDATION 4 (FIP3): FINANCE DEPARTMENT**

We recommend that the Finance Department implement finalized procedures in order to ensure grant reimbursement requests are submitted in a timely manner to minimize the time that City funds are used as float. Also, such procedures should ensure that reimbursement packets contain accurate supporting documentation in accordance with grantor requirements.

Lastly, we recommend that the Finance Department, Office of Capital Improvements (OCI), and Office of Management and Budget (OMB) continue to improve the collaborative effort necessary to ensure timeliness of OCI grant reimbursements, including consideration of systems improvements which could better facilitate the process.

- **Auditee Response:** The Finance Department has written draft procedures to provide reasonable assurance that the FIP3 of the City Code is complied with. To increase the City's compliance, the Finance Department established the Grants Division, specifically for the purpose of monitoring citywide grant reimbursements, which is not centralized in one department. The daily function and duties of this division is to work in collaboration with the respective departments to prepare reimbursement packages in a timely manner. Provided that supporting documentation for these packages are not housed in the Finance Department, then our success weighs heavily on the responsiveness of the departments. Therefore, the Finance Department will continue to maintain the collaborative effort necessary to ensure timeliness of grant reimbursements. It should be noted that the criteria used by the Finance Department for timely submission of grant reimbursement packages is the grant agreement along with the financial integrity principle regarding *Interfund borrowing*, which indicates that "funds for repayment will be available within a two-year period" – for which the City has been in compliance. In addition, the consideration of systems improvements is a high priority for the Finance Department. As the City proceeds with the project to upgrade the ORACLE financial system to the Cloud, we will be advocating for any efficiencies within the new system that could better facilitate the grant reimbursement process across all departments. The ORACLE cloud project is projected to be completed 14 months from the commencement of the project.
- **Implementation Date:** Draft policies and procedures have been implemented and will be finalized once there is reasonable assurance that the procedures are complete and satisfy compliance.

#### **FINDING 5 (FIP11): CASH RECEIPTS POLICY DOES NOT COMPLY WITH REQUIREMENTS OF FIP 11; INVESTMENT POLICY SHOULD BE REVISED**

Section 18-542(11) of the City Code provides that the City shall endeavor to maintain formal policies, which reflect "best business practices" in the areas of cash management and investments and revenue collection. The Code states that the Cash Management and Investment Policy "shall require 24-month gross and net cash-flow projections by fund and address adequacy, risk, liquidity and asset allocation issues." The Code further states that the Revenue Collection Policy "shall provide for maximum collection and enforcement of existing revenues, monitoring procedures, and the adequacy level of subsidy for user fees."

We reviewed the City's Cash Receipts Policy. As noted in our prior audit, the City's Cash Receipts Policy appears to have been last updated in 2005. As a result, the cash receipts manual does not reflect current best practices and does not address procedures relative to implementation of the POS system. The City's Cash Receipts Policy states that, "Good controls are designed to safeguard assets and insure the accuracy and reliability of accounting data. Good controls also promote operational efficiency and ensure adherence to city, state, and federal statutes." Therefore, it is imperative that the policy be updated to ensure proper receipt, handling, money transfer, and documentation of City funds.

We also reviewed the City's Investment Policy which includes cash management, to determine whether the City has established policy which requires 24-month gross and net cash-flow projections by fund and addresses adequacy, risk, liquidity, and asset allocation in accordance with Section 18-542(11)(b). While the City's Investment Policy addresses adequacy, risk, liquidity, and asset allocation issues, it does not require a 24-month gross and net cash-flow projection by fund.

The Finance Department responded to the same audit finding in the prior year (FY20) as follows:

"Both the Cash Receipts Policy and Investment Policy were updated internally but were not taken to be updated last fiscal year. There are two reasons. The first being that that there was only one Finance Committee meeting that the members could vote on items since the pandemic started, and mainly because there are things currently being discussed that could affect the Investment Policy. It was decided by the administration that both policies should be taken together for approval once there is more clarity."

#### **RECOMMENDATION 5 (FIP11): FINANCE DEPARTMENT**

As recommended in our prior four audits, the City's Cash Receipts Policies and Procedures Manual should be updated to reflect current best practices as well as procedures relative to implementation of the POS system.

As recommended in our prior three audits, the Cash Management and Investments Policy should be revised to require a 24-month cash flow projection in accordance with Section 18-542(11)(b) and utilize the projection to ensure adequate amounts of liquidity, investment diversification, and portfolio management to control risks and manage reasonably anticipated cash flow requirements.

- **Auditee Response:** The Cash Receipts Policy and the Investment Policy were both updated internally but were not presented to City Commission for approval due to the following reasons. The Finance Department received City Commission approval in March 2022 to procure a new point-of-sale system for citywide use and has begun the initial phases of the implementation with a projected end date of December 2022. Therefore, the Finance Department is working to ensure that current and impending practices and procedures are in compliance with governing policies to circumvent additional revisions to the policy. The Finance Department did provide a 24-month cash flow projection and utilizes the projection, along with internal procedures, to ensure adequate amounts of liquidity, investment diversification, and portfolio management to control risks and manage reasonably anticipated cash flow requirements procedures to meet the Financial Integrity Principle's requirement. The Draft Investment Policy has been updated to articulate the 24-month cash flow projection in accordance with FIP Section 18-542(11)(b). However,

the Finance Department recently finalized the installation of a Bloomberg Terminal with the execution of the contract in February 2022. Therefore, the policy was not submitted to avoid additional revisions. Both policies will be presented concurrently to the City's Finance Committee for approval, and then forwarded to City Commission for approval.

- **Implementation Date:** Policies will be updated and approved by City Commission prior to December 31, 2022