ATTACHMENT
(KROLL REPORT – page M-16)

30. Cash and Investment Reconciliation

The City performed a three-way reconciliation of cash and investment balances between the City Treasurer, the City's general ledger, and the bank statements. Even though this reconciliation was performed, the City experienced considerable difficulties identifying the general ledger cash balance. It is our understanding that the City's cash account balances have not been completely reconciled.

The City must develop an improved reconciliation process, which is more automated, documented, and complete. The revised process must support accuracy, timely completion, and improved ease of review.

31. City Treasurer's Cash

The City's process for allocating interest and reconciling cash and investments was unduly cumbersome, lacked proper management review, and was not completed in a timely manner. Procedures related to cash and investments identified the following:

- Only one-third of the accounts selected for test work were reconciled within the 45 day period defined by the City Treasurer's performance measures.
- Reconciling items remained outstanding for several months due to lack of communication between the Auditor & Comptroller's Office and the Treasurer's Office and because account reconciliations were not completed in a timely manner.
- The interest allocation was not sufficiently reviewed by management. Additional review identified allocation errors.

The City should develop and implement a timely and less cumbersome bank reconciliation process to clearly reconcile bank and the general ledger balances. The improved process should facilitate timely completion, ease of review, correction of errors, and enhance communication between the Auditor & Comptroller's Office and the Treasurer's Office. The interest allocation process should receive sufficient management review.