

**Consolidated Cash Account
Reconciliation Summary**

In its FY17 Comprehensive Annual Financial Report, released on February 23, 2018, the City noted that there was a gap of \$33 million between the amount showing in its accounting system for its consolidated cash account (Concash) and the amount showing in its bank accounts. That gap was caused by the failure to do reconciliations beginning in July 2014, 18 months before the start of the Kenney Administration.

After discovering this issue, the City Treasurer engaged Horsey Buckner and Heffler (HBH), a nationally recognized accounting firm to help eliminate the differences between the accounting system and the bank accounts and to ensure that reconciliations were completed on-time going forward. The City Treasurer’s Office (CTO) and HBH worked to identify the causes of the discrepancy and to support staff in the reconciliation process for the consolidated cash account. HBH has also worked with the City to develop recommendations to strengthen internal controls and operating efficiencies within the CTO.

Additionally, in June 2018, Mayor Kenney appointed a Reconciliation Task Force, chaired by City Treasurer Rasheia Johnson and former City Controller Jonathan Saidel, to review the work of the CTO and HBH.

HBH’s engagement consisted of a detailed examination of the cumulative unreconciled cash difference between the City’s bank records and the City’s accounting records (FAMIS) for the Concash account during the period July 1, 2014 – June 30, 2017. Throughout this process, HBH reviewed over 8,500 disbursement transactions and over 17,000 deposit transactions. HBH’s procedures included matching both deposit and disbursement transactions from monthly bank statements as compared to FAMIS. Any transactions that did not “match” were noted as exceptions to be further investigated and resolved.

The process has led to the successful reduction of the unreconciled amount from the \$33.3 million to less than \$1 million.

Consolidated Cash Variance	
Date	Amount
December 2017	\$ 33.3M
March 2018	27.6M
April 2018	26.6M
June 2018	28.6M
July 2018	27.1M
September 2018	23.2M
November 2018	2.1M
December 2018	882K
January 2019	528K

HBH’s final report to the CTO and the Reconciliation Task Force also identified areas in need of improvement and proposed recommendations for how to achieve those improvements. HBH’s

recommendations will help ensure that the City does not face another prolonged period which reconciliations aren't completed.

Among the recommendations that either have been implemented or will be implemented are the following:

1. Increasing staffing in the City Treasurer's Office
2. Cross-training employees in the City Treasurer's Office
3. Developing a policies and procedures manual to detail all of the CTO's functions.
4. Implementing an automated treasury management system with a reconciliation module.