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City Manager

Joanna Flores
City Clerk

Burnadette Norris-Weeks, Esq.
City Attorney

Date: January 7, 2022
To: John E. Pate, City Manager
From: Gerri Lazarre, CPA, Finance Department Consultant
Re: Memo – Monthly Financial Reports without Compensation Information Entries

Purpose:

The purpose of this memorandum is to explain the procedure of producing the Monthly Financial Reports. It is required by the Code Ordinance of the City of Opa-locka to produce ongoing financial reports on all funds comparing budgeted revenue and expenditure information to actual on a monthly and year-to-date basis. This report includes all the monthly financial transactions of the City for both revenue and expenditures at a point in time based on the data and information that is available to the Finance Department.

Background and Issue:

Normally in the past, the City's Finance Department relied on a General Ledger Interface Report produced by the payroll provider ADP in a spreadsheet format, for each Payroll Period End, to record and post the bi-weekly payroll that includes gross wages, payroll taxes, deductions, retirement, garnishments, benefits, and other related expenses items. This report allowed the City to timely record payroll transactions with ease for close to 150 employees by uploading the data file to the City's SunGard General Ledger Financial Reporting System. The file initially created in the past, mapped employees to varies departments, divisions to properly prepare and post cost allocations depending on rules, special funds, grant requirements and other requirements.

General Ledger Report	
Client:	opalocka - City of Opa Locka
G/L File Name:	GLI PD 02022002.txt
Completion Date/Time:	2022-02-03 15:10:43
File Specification:	copy 1 GL EXCEL FILE FOR ZLU

However, in researching some of the accounting discrepancies within the City's SunGard General Ledger Financial Reporting System, it was discovered that there were errors in the General Ledger Interface Report produced through ADP because of errors and untimely classification and transfer of employees within the ADP Employee Profile. This means that the Finance Department could not rely on the report and instead, would have to manually create payroll journal entries to review and post within the SunGard General Ledger Financial Reporting System. Therefore, in fiscal year 2020, I decided to stop posting this data until it

could be corrected with assistance from the Human Resource Department, Department Directors and ADP. As a result of this, a manual process to record payroll is needed, and requires more labor hours to record and post payroll, rather than simply uploading a file. I believe this process to prepare the entry manually rather than posting the General Ledger Interface Report is essential to the integrity of the financial reporting system to assure that transactions are being properly coded to the correct object code, and the financial data for payroll can be relied on to make informed financial decisions on personnel cost.

It is important to note that the Finance Department is experiencing a shortage of experienced and trained government accounting personnel, and as a result, was unable to manually record gross wages, payroll taxes, deductions, benefits, and other related personnel cost until recruiting a Senior Accountant on a temporary basis through a temporary staffing agency in May 2021. As a result of this temporary recruitment, the manual payroll entries were brought current and posted with the assistance of this Senior Accountant that worked with team members to bring the payroll entries current until September 2021. However, as of October 2021, the temporary personnel, identified a full-time role elsewhere. The City is actively searching for Senior Accountants to continue with this key role and responsibility as necessary.

Issue:

As a result, the Monthly Financial Report is being produced as of October 2021 without compensation expenditures until staff levels can assist with the workload. The City currently has three Accountants who perform the primary duties and responsibilities to maintain the general ledger, manage and prepare the records for the fiscal year 2020 audit, tracking receipts due from others, record fixed asset and capital transactions, researching transactions, assisting other departments, grant support, CARES Act and American Recovery funding legislation, compliance and reporting as a result of the pandemic, collection of cost reimbursement, liaison with third party agencies, banking and financial institutions, resolving past audits related to transportation and transit surtax funding, remittance of water, sewer and stormwater for utility billing, cash receipts management, utility billing and customer service support with the Class Action lawsuit and verification of utility billing accounts and refunds, working on special projects, enhancing policies and procedures for the overall department and for the Operational Audit with the Auditor General, record and post banking transactions, bond transactions, interfund borrowings, among other duties and responsibilities of the Finance Department.

Recommendation:

Attract, recruit and train personnel to perform duties within the Finance Department, this will aid in producing timely, reliable, and accurate Monthly Financial Reports.

End