

City of Syracuse

Office of Audit
Nader P. Maroun
City Auditor

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To: The Honorable Ben Walsh, Mayor
The Honorable Helen Hudson, President
The Honorable Members of the Common Council

From: Nader P. Maroun

Re: Cash & Investments Audit July 2021-June 2022

Date: December 30, 2022

The management of the City of Syracuse, New York is responsible for the City's ongoing compliance with and enforcement of the General Ordinances of the City of Syracuse. This essential duty includes establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that the applicable rules and regulations are observed; and that appropriate corrective action is taken in response to audit findings.

Cash & Investments Audit

July 2021 – June 2022



Submitted to:

Mayor Ben Walsh

And

Hon. Members of the Syracuse Common Council

December 30, 2022

Nader P. Maroun

City of Syracuse Auditor

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Introduction:

As required under Article V, Section 5-503, of the Charter of the City of Syracuse, the quarterly audit of the City of Syracuse's cash and cash equivalents activity for the period of July 1, 2021, through June 30, 2022, was conducted. The purpose of this audit is to review cash and investment activity as set forth in the City of Syracuse Investment Policy and the City of Syracuse Charter, as adopted by the Common Council. This audit covers the full Fiscal Year 2022. Going forward, this audit will be conducted on a quarterly basis.

Certain standards require that we plan and perform the examination to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity, or function under examination. It was not our objective to, and we do not, express an opinion on the financial statements of the City of Syracuse, New York, or provide assurance as to either the City's internal control structure or the extent of its compliance with statutory and regulatory requirements and guidance of the Office of the State Comptroller.

The management of the City of Syracuse, New York, is responsible for the City's financial affairs and for safeguarding its resources. This responsibility includes establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that resources are safeguarded against loss from unauthorized use or disposition; that transactions are executed in accordance with management's authorization and are properly recorded; that appropriate financial records are prepared; that applicable laws, rules and regulations are observed; and that appropriate corrective action is taken in response to audit findings.

This report is intended solely for the information of the Mayor and Common Council of the City of Syracuse, New York, yet it is understood to be a matter of public record and its distribution is not limited. Further information regarding this audit is available at the City of Syracuse's Office of the City Auditor upon request. The Office of the City Auditor would like to thank the personnel who assisted and cooperated with us during the audit.

Audit Scope:

The scope of the examination entailed reviewing the bank statements, collateralized deposit data, general ledger, and related records for the period July 1, 2021, through June 30, 2022.

Audit Objectives:

The original objectives of the cash and investment audit were as follows:

1. Determine whether the cash balances represent all cash and cash items on hand, in transit to or in financial institutions and are properly recorded.
2. Determine whether funds are properly collateralized.
3. Assess the cash balances in non-interest bearing accounts.

Methodology: To reach the assurance that the cash balances represented all cash items on hand, in transit to or in appropriate financial institutions and properly recorded, and that all investments and cash funds are properly collateralized at 102% of Total Deposits, the Office of the City Auditor tested the City's cash and cash equivalents activity for each month in the audit period. For the liquid asset (cash) accounts belonging to the City Departments, the Office of the City Auditor tested the information found on the Bank Reconciliations and Schedules of Collateral to the corresponding bank and collateral statements via the financial institutions. Once the proper figures were determined, they were traced to the general ledger detail to ensure all cash items were accurately represented and recorded. The collateralized funds were recalculated to ensure accuracy.

For the City's cash equivalent (investment) accounts, the figures found in the City's general ledger were checked to the appropriate supporting documentation from the financial institution to ensure proper representation and recording.

Observations:

Fiscal Year 2022 was the first year with a material balance in the ARPA Treasury Fund (08). Half of the total ARPA funds were deposited for use in Fiscal Year 2022.

On July 2, 2021, during the year-end closing of Fiscal Year 2021, Director of Accounting Michael Cannizzaro, CPA, emailed his staff to post the following journal entry, back dated to June 7, 2021, to the City's General Ledger:

Can you please post the entry below to the newly created fund 8 and let me know of any problems?

Date	Fund	Fund Desc	Account	Acct Desc	Amount			
6/7/2021	08	ARPA	120101	Restricted Cash/Equivalents	61,538,464.50			
	08	ARPA	218691	Deferred Revenue	(61,538,464.50)			
	99	Treasury	301010	Key General	61,538,464.50			
	99	Treasury	330008	Restr Cash Equity-ARPA	(61,538,464.50)			
Deposits	Date	Serial #	Source					
	6-3		Direct Deposit, 015 Treas 310 Misc Pay					
	6-4		Direct Deposit, 015 Treas 310 Misc Pay					
	6-7		Direct Deposit, Tdp Treas 310 Misc Pay					61,5
	6-7		Customer Deposit					

Thanks,
Mike

During the course of the Audit, we determined that the balance in G/L account 330008 (Restr Cash Equity-ARPA) was properly recorded throughout Fiscal Year 2022.

On June 9, 2022, the second half of the total ARPA funds were wired and deposited for use in Fiscal Year 2023, as shown below:

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                                KEYBANK
                                EDI SERVICES
                                REMITTANCE/PAYMENT ADVICE

                                JUNE 09, 2022

                                CITY OF SYRACUSE
                                ATTN: LARRY YOUNG
                                233 E. WASHINGTON ST
                                SYRACUSE, NY 13202

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PAYMENT INFORMATION:

CREDIT:          $61,538,464.50
EFFECTIVE DATE:  06/09/2022
INPUT FORMAT:    ACHCCD

CREDIT PARTY          DEBIT PARTY
-----
ROUTING ID:          021300077          ROUTING ID:          101036151
DEMAND ACCT:         190000109          DEMAND ACCT:         9101036151
COMPANY ID:          9101036151

TRACE NUMBER:        101036151137812

SYSTEM DATE:         06/10/2022  20:22:06

RECEIVER:            CITY OF SYRACUSE NY SL
ZZ: 156000416200100

ORIGINATOR:          TDP  TREAS 310

PMT:                 RMR*IV*TD022SLFRP9959C*AI*61538464.50*61538464.50*
0.00\

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REMITTANCE INFORMATION:

LINE  INVOICE/REF NUMBER  AMOUNT  NET AMOUNT PAID
-----
00001  TD022SLFRP9959C    $61,538,464.50  $61,538,464.50

=====
DETAILS:

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ENTITY ASSIGNED NUM:  000001

LINE: 00001
INVOICE NUMBER:      TD022SLFRP9959C
AMOUNT PAID:         $61,538,464.50
TOTAL INV AMOUNT:    $61,538,464.50
DISCOUNT AMOUNT:    $0.00

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REPORT TOTALS:

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Findings & Recommendations:

Our Audit found that the cash balances represented all cash and cash items on hand, in transit to or in financial institutions, and have been properly recorded. All funds were properly collateralized as well. There were no material findings during the course of the Audit.