



**OFFICE OF THE CITY CONTROLLER  
CITY OF PHILADELPHIA**

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**PRESS RELEASE**

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**Controller's Office Finds More than \$1 Billion of Errors in  
City's Financial Statements**

PHILADELPHIA – The City Controller's Office today issued the FY2022 Report on Internal Control and on Compliance and Other Matters from its audit of the city's FY2022 financial statements that found the Finance Office failed to identify \$1.1 billion in errors during preparation of the city's Annual Comprehensive Financial Report.

While the most significant errors were corrected by the Finance Office, the Controller's Office has repeatedly reported for years on the city's inadequate oversight and review procedures over its financial reporting process. An ongoing staffing shortage and lack of a comprehensive financial report system have led to the ongoing issue.

"There's been a 25 percent decline in the number of Finance Office accountants over the last two decades. Inadequate staff size has resulted in significant errors and hindered the ability for the city to prepare its complete financial statements on time," said Charles Edacheril, Acting City Controller. "It has compromised the city's ability to perform adequate reviews of its financial statements and disclosures."

The Controller's audit found almost 1,300 book reconciling items over 90 days old that were valued at \$56 million. A further test of the financial records determined the city was not in compliance with the Pennsylvania escheat act with \$12.7 million in outstanding vendor and payroll checks not yet escheated to the state.

"We recognize the City Treasurer's Office has been working to address the backlog of uncashed checks and to reconcile its accounts," said Charles Edacheril, Acting City Controller. "The city needs to follow all accounting procedures for uncashed checks and ensure the money is remitted to the appropriate accounts for individuals and their families to claim."

The city must follow standard accounting procedures for unclaimed monies, which instructs city departments to remit all checks outstanding for over one year to the city's Unclaimed Monies Fund. The Pennsylvania escheat act requires the city to remit the unclaimed payroll checks to the

Pennsylvania Treasury after two years of dormancy. During the two-year period the uncashed checks remain in the city's possession, the city is not mandated to conduct additional outreach to identify the individuals or entities who can claim the uncashed checks.

In addition to the backlog of uncashed checks on the city's books, the Controller's Office found that not all checks are being sent to the state's unclaimed funds as required by the state escheat act. The Pennsylvania Treasury maintains an Unclaimed Property database that allows individuals to identify and file claims.

Other audit findings that contributed to undetected material misstatements included:

- Late submission of Aviation Fund financial statements continued to delay preparation and audit of the city's financial records,
- Late receipt of financial reports for component units and the Fairmount Park Trust Funds delayed the preparation of the audit, and
- Untimely preparation of the Schedule of Expenditures of Federal Awards led to a late submission of the single audit reporting package to the Federal Audit Clearinghouse.

[View the FY2022 Auditor's Report on Internal Control and on Compliance and Other Matters](#) for all findings and recommendations.

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