

CITY OF PHILADELPHIA PENNSYLVANIA

OFFICE OF THE CONTROLLER

ANNUAL AUDITOR'S REPORT

ON

PHILADELPHIA CITY DEPARTMENTS

FISCAL YEAR 2023



City Controller
Christy Brady, CPA

*Ensuring transparency, accountability,
and fiscal integrity in city government*





CITY OF PHILADELPHIA

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City Controller

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Deputy City Controller

January 29, 2025

Rob Dubow, Director of Finance
Office of the Director of Finance
Municipal Services Building, Room 1330
Philadelphia, PA 19102 - 1685

We have examined the financial affairs of the various departments of the City of Philadelphia for fiscal year 2023 pursuant to the requirements of Section 6-400 (c) of the Philadelphia Home Rule Charter. A synopsis of the results of our work is provided in the executive summary to the report. The conditions in this report for departments marked with an asterisk occurred under the administration of a previous department head.

We discussed our findings and recommendations with management of the city departments during the course of the audit. Our recommendations have been numbered to facilitate tracking and follow-up in subsequent years. We believe that, if implemented by management, these recommendations will improve internal controls and the operations of these departments.

We would like to express our thanks to management and staff of the city departments for the courtesy and cooperation displayed toward us during the conduct of our work.

Very truly yours,

A handwritten signature in cursive script that reads "Christy Brady".

CHRISTY BRADY
City Controller

cc: Honorable Cherelle L. Parker, Mayor
Honorable Kenyatta Johnson, President
and Honorable Members of City Council
Members of the Mayor's Cabinet

<https://controller.phila.gov>



ANNUAL EXAMINATION OF THE FINANCIAL AFFAIRS OF CITY DEPARTMENTS EXECUTIVE SUMMARY FISCAL YEAR 2023

Why The Controller's Office Conducted The Examination

Pursuant to the requirements of Section 6-400 (c) of the Philadelphia Home Rule Charter, we examined the financial affairs of Philadelphia's city departments as part of our audit of the City of Philadelphia's basic financial statements. The focus of our examination was to determine if management of each department had suitably designed and placed in operation internal controls to ensure accurate financial information and compliance with any laws and regulations related to revenue and expenditure activities.

What the Controller's Office Found

The Controller's Office again noted widespread deficiencies involving internal controls over payroll and cash activities that the Office of the Finance Director needs to address with department heads (see Appendix I). Highlights of the deficiencies include:

- Several departments' management of overtime required improvement. In eight departments: the Office of Innovation and Technology, the Department of Streets, the Department of Human Services and Office of Children and Families, the Philadelphia Prison System, the Office of Homeless Services, Water Department, the Free Library of Philadelphia, and Office of the Sheriff, employee overtime was not properly authorized. Two of these eight departments – the Department of Streets and the Water Department – could not provide documentation approving overtime for any of the overtime dates selected for testing.
- Our testing of separated employees found that five departments had not yet taken action to recover the overpayment made to separated employees in prior fiscal years. The overpayment to seven separated employees totaled \$16,968. Also, one department erroneously calculated an employee's final payroll check resulting in underpayment of \$7,162. The employee did not receive payment for the terminal leave time accumulated prior to his separation.

Also, for the fourth year, the Controller's Office reported that the Office of the Managing Director did not timely deposit the revenue receipts. Of the 26 revenue receipts tested during fiscal year 2023, we noted that 13 receipts, totaling \$214,465, were deposited over 15 days after payment was received.

What the Controller's Office Recommends

The Controller's Office has developed a number of recommendations to address these findings. The recommendations can be found in the body of the report.

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Note: The conditions noted in this report for departments marked with an asterisk occurred under the administration of a previous department head.

BACKGROUND

Organization of Philadelphia Government

The City of Philadelphia is primarily governed under the Philadelphia Home Rule Charter (Charter), which was adopted by the electors of the City of Philadelphia on April 17, 1951. The responsibility for the management of the city is vested in two branches – a legislative branch and an executive and administrative branch.

City Council is the legislative branch of city government. It consists of seventeen members; ten members are elected from councilmanic districts and seven from the city at large. The Charter gives City Council the power to enact legislation by ordinance, to appropriate funds to each city department, and to make inquiries and investigations by way of resolution.

The mayor heads the executive and administrative branches of city government which includes all officers, departments, boards, and commissions. The mayor, who is the chief executive officer of the city, has a wide range of duties and responsibilities over all aspects of city operations. Those responsibilities are carried out primarily through the right to appoint and remove principal administrative officers, and by exercising control over expenditures. Eight principal assistants help the mayor to formulate and carry out policy – the managing director (supervises the city's service departments such as Police, Fire, Water, Health, and Streets), the director of finance (supervises the budgeting, accounting, purchasing, and the billing and collecting for virtually all city revenues), the city solicitor (the city's legal advisor), the chief public safety director (responsible for ensuring public safety), the director of planning and development (oversees the city's development coordination, planning, zoning and recommendation, and housing functions), the director of commerce (oversees all economic development in the city), the director of labor (enforces city labor laws, oversees labor relations, investigates compliance with worker protections in city contracts, and manages programs concerning city employees), and the city representative (the chief public relations officer).

City government also consists of independent elective offices which were brought under the Charter by way of the city-county consolidation amendment to the state constitution. These former county offices are not under the direct control of the mayor but are subject to the city's centralized accounting controls and budgeting system.

The city's local courts are part of the state's unified judicial system. These courts, which comprise Pennsylvania's First Judicial District, are financed by the city. However, all court employees are outside the city's civil service system and their pay rates and working conditions are set by the courts.

Management

Department heads and their deputies are responsible for the effective and efficient management of their department's operations. The findings and recommendations section of this report includes a discussion of the functions of each city department examined, the fiscal 2023 appropriations provided, the estimated revenues expected, and the number of civil service and exempt employees at the end of the fiscal year.

City Accounting System and Internal Controls

The Charter requires the director of finance to establish, maintain, and supervise an adequate and modern accounting system for the city. As such, the director of finance has been charged with the responsibility for developing an organized set of manual and computerized accounting methods, procedures, and controls, which have been established to gather, record, classify, analyze, summarize, interpret, and present accurate and timely financial data, including the city's Annual Comprehensive Financial Report

A significant aspect of the accounting system is internal control. Internal control comprises the processes designed to (1) prevent or timely detect unauthorized acquisition, use, or disposition of assets, (2) ensure the reliability of financial reporting, and (3) help make certain there is compliance with applicable laws and regulations.

Although the Charter places primary responsibility for establishing and maintaining internal controls with the director of finance, department heads and managers all have a responsibility for ensuring that the controls established by the director of finance are in place and operating effectively so as to safeguard the financial resources that have been entrusted to them.

SCOPE OF AUDIT WORK

Our testing of all audit areas encompasses the period of July 1, 2022 through June 30, 2023.

FINDINGS AND RECOMMENDATIONS

City of Philadelphia
City Council*
Findings and Recommendations
Fiscal Year 2023

Functions

City Council is the legislative body of the Philadelphia city government responsible for legislating all municipal matters. It executes the legislative function by enacting and amending ordinances. Council enacts ordinances dealing with a wide scope of city matters, such as public health, public safety, zoning, budgeting, building and housing, and the regulation of business, trades, and professions. To aid in the performance of its legislative functions, Council conducts investigations and inquiries into those matters requiring its attention. These investigations are authorized by resolutions. Council’s investigatory power is important since it is the principal means for the legislative body to check on the administrative operations. Council has 17 seats. Ten members are elected from each of the city’s 10 Council districts and seven members are elected from the city at large. Council members serve a four-year term concurrent with the mayor’s. The Council elects a president from among its members. Council employees, with the exception of the chief clerk (who is selected by the entire Council) and the staff of the individual Council members, are appointed by the Council president.

Name and address of department head
Honorable Kenyatta Johnson, President
City Council
Room 494, City Hall
Philadelphia, PA 19107

Appropriations:
General Fund \$21,876,395
Grants Revenue Fund 205,300
Total Appropriations \$22,081,695

Estimated Revenues:
Non-Tax Revenue \$205,000

Number of Full Time Employees:
Exempt 163

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>For the fifth consecutive year, we have reported that documentation supporting and authorizing leave time for City Council employees was not routinely prepared.</u> For two of the five employees tested, management was unable to provide properly approved leave requests, covering 12 of the 22 days sampled. For one of the employees, management asserted that the time requested was verbally approved instead of being formally documented by a leave request.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [100118.02].</p>	<p>Implemented.</p>

City of Philadelphia
 Department of Labor*
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Labor, which replaced the Mayor’s Office of Labor Relations, was created by an amendment to the Philadelphia Home Rule Charter (Charter) approved by the voters at the election held on June 2, 2020 and effective as of July 1, 2020. The department’s functions include enforcing city laws that protect Philadelphia workers; overseeing labor relations, such as collective bargaining, with the city’s unionized workforce; investigating compliance with worker protections set forth in city contracts; and managing programs concerning city employees. In addition, the Charter was amended to create a Board of Labor Standards whose function is to review determinations of the Department of Labor or sit as an adjudicator of matters brought before it by the Department of Labor.

Name and address of department head
 Perritti DiVirgilio, Director of Labor
 Department of Labor
 One Parkway Building
 1515 Arch Street, 11th Floor
 Philadelphia, PA 19102

Appropriations:
 General Fund \$4,004,336

Estimated Revenues: \$-0-

Number of Full Time Employees:
 Civil Service 19
 Exempt 15
 Total Employees 34

Observation/Condition	Risk/Potential Effect	Recommendation	Department’s Response
<p>PERSONAL SERVICES</p> <p><u>Documentation supporting and authorizing employee leave time was not routinely prepared.</u> For the three civil service employees tested, the department could not provide formal approved leave requests for all 14 sample dates selected for testing. Department management informed us that no formal leave requests were received for the sample dates, and employees submit leave requests via text, phone call, e-mail, calendar invite, or sometimes in person.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city’s Finance Office [100323.01].</p>	<p>We have completed the recovery process for fiscal year 2023 to the best of our ability. While there may be limitations in certain areas, we have ensured that all available data has been collected and provided.</p> <p>Moving forward, under new leadership, we are committed to ensuring full compliance with the rules and procedures set forth by the administration. To that end, we will be instituting the formal use of 82-S-14 leave request slips for all departments under the Department of Labor. This measure is aimed at ensuring accurate record-keeping and aligning our operations with the established guidelines.</p>

City of Philadelphia
Office of Innovation and Technology*
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of Innovation and Technology (OIT) was established on August 22, 2011 by executive order of the mayor. OIT oversees all major information and communications technology initiatives for the City of Philadelphia. OIT responsibilities include: identifying the most effective approach for implementing new information technology directions throughout city government; improving the value of the city’s technology assets and the return on the city’s technology investments; ensuring data security continuity; planning for continuing operations in the event of disruption of information technology or communications services; and supporting accountable, efficient and effective government across every city department, board, commission and agency. A chief information officer, appointed by the mayor, heads the department.

Name and address of department head
Melissa A. Scott, Chief Information Officer
Office of Innovation and Technology
1234 Market Street, Suite 1800
Philadelphia, PA 19107

<u>Appropriations:</u>	
General Fund	\$ 121,264,214
Water Fund	35,235,379
Grants Revenue Fund	50,330,900
Aviation Fund	2,719,959
Capital Fund	<u>98,450,000</u>
Total Appropriations	<u>\$308,000,452</u>

<u>Estimated Revenues:</u>	
Non-Tax Revenue	\$ 66,984,000
From Other Governments	1,609,000
From Other Funds	<u>47,595,000</u>
Total Estimated Revenues	<u>\$116,188,000</u>

<u>Number of Full Time Employees:</u>	
Civil Service	96
Exempt	<u>353</u>
Total Employees	<u>449</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department’s Response
<p>PERSONAL SERVICES</p> <p><u>Employee overtime was still not properly authorized.</u> For the five civil service employees selected for testing, overtime was not properly authorized for all 25 sampled dates. These employees – three network support specialists, an electronic technician group leader, and a local area network administrator – earned a combined \$286,757 in overtime in fiscal year 2023, which represented 33 percent of OIT’s total overtime expenditures for the year.</p> <p>Specifically, we noted that:</p> <ul style="list-style-type: none"> For 13 of the 25 sampled dates, management was unable to provide approved overtime authorization forms. 	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [100421.01].</p>	<p>Beginning in CY 2025, OIT will implement a process for mandatory OT authorization forms for all employees working OT. Embedded within that process will be allowance for emergency OT as needed that will allow supervisors/managers requiring an employee to work OT to simultaneously approve the OT. Also, OIT HR will conduct several briefing sessions that will be mandatory for supervisors and managers responsible for approving OT.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>(continued)</p> <p>According to OIT management, the department does not require the use of written overtime authorization forms for overtime approval.</p> <ul style="list-style-type: none"> • While OIT does not require the use of written overtime authorization forms, for three OIT employees who work at the Police Department, we were provided with overtime authorization forms for 12 of the 25 sampled dates. However, for all 12 dates, the overtime hours worked exceeded the number of hours approved. 			
<p><u>For the fourth year, we have reported that employee evaluations were not recently performed.</u> The department could not provide recent employee evaluations for two of the five civil service employees selected for testing.</p>	<p>Failure to provide management feedback to employees on an annual basis may impact opportunities for employee advancement, or where required, corrective actions.</p>	<p>Require the preparation of annual employee evaluations for all civil service employees by supervisory personnel [100419.01].</p>	<p>Beginning in CY 2025, OIT HR will schedule mandatory sessions, on specific dates, for managers/supervisors to attend for completion of civil service employee evaluations.</p>

City of Philadelphia
Office of the Mayor*
Findings and Recommendations
Fiscal Year 2023

Functions

The mayor is the chief executive officer of the City of Philadelphia and, as such, he is the principal policymaker, administrator, political leader, community leader, and law enforcement official of the city, as well as its ceremonial head. The mayor is elected for four years and can serve two consecutive terms. To carry out the many duties and responsibilities as chief executive officer, the Home Rule Charter (Charter) grants the mayor authority to appoint a cabinet consisting of the following officials - the managing director, the director of finance, the city solicitor, the chief public safety director,¹ the director of planning & development, the director of commerce, the director of labor, and the city representative. Each of these officials has a separate staff and each conducts his or her operations through a distinct department having its own budget, except for the city representative whose office was consolidated into the Mayor's Office and the chief public safety director whose office has been incorporated into the Office of the Managing Director. In addition to these eight officials, the mayor also makes appointments to a variety of boards and commissions charged with conducting or overseeing city operations. The Mayor's Office comprises the mayor's personal staff as well as several commissions established to aid the specialized needs of city residents.

Name and address of department head
Honorable Cherelle L. Parker, Mayor
Office of the Mayor
City Hall, Room 215
Philadelphia, PA 19107

Appropriations:
General Fund \$7,248,978
Grants Revenue Fund 455,000
Total Appropriations \$7,703,978

Estimated Revenues:
Non-Tax Revenue \$470,000

Number of Full Time Employees:
Exempt 59

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PETTY CASH</p> <p><u>Long outstanding petty cash checks were still not deposited into the city's Unclaimed Monies Fund.</u> Four checks, totaling \$171, were outstanding for more than a year and were not transferred into the City of Philadelphia's Unclaimed Monies Fund. Two of these checks dated back to 2018. The city's unclaimed money procedure, specified in standard accounting procedure (SAP) No. 4.1.2., requires all monies that remain unclaimed for one year or more to be deposited with the Revenue Department.</p>	<p>Failure to follow the SAP increases the risk that long outstanding checks would not be forwarded timely to the state in violation of the Commonwealth's Unclaimed Property Law. Also, carrying old outstanding checks unnecessarily complicates the bank reconciliation process.</p>	<p>We recommend that management place a stop payment order and draw a transfer check payable to the City of Philadelphia – Unclaimed Monies Fund, for the sum of the four checks outstanding for over one year, in accordance with standard accounting procedures of the city's Finance Office. [100521.01].</p>	<p>The Mayor's Office has contacted the City Treasurer to place a stop payment order, and will work with CTO to draw a transfer check payable to the City of Philadelphia - Unclaimed Monies Fund for the four checks to the amount of \$171.06.</p>

¹ The position of chief public safety director was created by an amendment to the Philadelphia Home Rule Charter and approved by the voters at the election held on May 16, 2023, and certified on June 5, 2023. The city's first chief public safety director started in January 2024, and the Office of the Chief Public Safety Director was established on April 10, 2024, by executive order of the mayor.

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p><u>A shortage still existed in the office's General petty cash account.</u> During our review of the office's petty cash, we noted that the fund had a shortage of \$94, a condition that was reported in our fiscal year 2019 report. Most of the \$94 shortage was caused by a \$73 bank fee which had been listed on the fund reconciliation as a bill to be vouchered since December 2018. Previously, management asserted that the remaining \$21 shortage was a result of a duplicate payment to a vendor and an overpayment to an employee for an authorized reimbursement.</p>	<p>Failure to investigate shortages or overages on petty cash reconciliations increases the risk that missing funds will remain unrecovered or that overages will be misappropriated.</p>	<p>Management should address the identified causes of the shortage by including the bank fee on a petty cash reimbursement voucher and recovering the duplicate payment to the vendor and overpayment to the employee [100519.02].</p>	<p>The Mayor's Office will work with Finance to resolve petty cash shortage and submit replenishment voucher.</p>
<p><u>Duties for preparing the petty cash bank and fund reconciliations were still not adequately segregated.</u> During our review of the office's petty cash fund, we noted that the custodian for the General petty cash account prepared six of the seven bank and fund reconciliations tested. Also, the custodian reviewed one month's bank and fund reconciliations.</p>	<p>Failure to segregate incompatible duties increases the risk of undetected errors and creates opportunities for a person to perpetrate and conceal irregularities when performing normal duties.</p>	<p>Management should assign a person other than the petty cash custodian to prepare and review bank and fund reconciliations in accordance with standard accounting procedures of the city's Finance Office [100518.02].</p>	<p>The Mayor's Office plans to address this condition by segregating the duties of the petty cash and bank reconciliation process as follows: The Chief Administrator to the Mayor will be the custodian for the General petty cash account. The Director of Administrative Services will prepare all fund and bank reconciliations. A Deputy Chief of Staff will review all fund and bank reconciliations.</p>
<p><u>For the eighth year, we are reporting that monthly petty cash bank and fund reconciliations have not been performed in a timely manner.</u> During our review of the office's General petty cash account, we noted that three out of seven bank and fund reconciliations tested were not performed in a timely manner.</p>	<p>Failure to perform monthly bank and fund reconciliations timely increases the risk that errors or irregularities may occur and not be detected in a timely manner. In addition, the total petty cash balance may not be accounted for.</p>	<p>Management should ensure monthly petty cash bank and fund reconciliations are timely prepared in accordance with standard accounting procedures of the city's Finance Office [100515.02].</p>	<p>In order to submit monthly petty cash fund and bank reconciliations in a timely manner, the Mayor's Office plans to dedicate more staff and other resources to the process. Through a more collaborative process with leaders in the Mayor's executive office, there will be better control on the process.</p>

City of Philadelphia
 Mayor's Office of Community Empowerment and Opportunity
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Mayor's Office of Community Empowerment and Opportunity (CEO) was established on January 15, 2013 by executive order of the mayor. The CEO's function is to implement and administer the City of Philadelphia's anti-poverty program. The CEO delivers services to individuals and families living in poverty, with a goal of helping them achieve self-sufficiency. The CEO directly provides or supports with grants the following programs and services: the Community Engagement Unit, which facilitates and supports a range of activities designed to strengthen families and communities and carries out mayoral initiatives by providing city residents with referrals to emergency services and other facilities to meet their needs; the Fatherhood Initiative Program, which offers non-custodial fathers workshops designed to identify what their children need in a father; the Foster Grandparent Program, which mobilizes and supports older adults serving in local school and community-based organizations; and the Work Wise Program, which provides job readiness classes and job placement for low income individuals who are referred by the County Assistance Office. The CEO oversight board serves to hold the CEO accountable for meeting key targets in support of the city's anti-poverty goals. The oversight board is composed of no fewer than 15 members and no more than 27, appointed by the mayor. The membership shall consist of elected officials, city departments, community stakeholders, advocates, business, academic, and foundation leadership, along with representatives of low-income communities and individuals. An executive director, appointed by the mayor, oversees the day-to-day operations of the CEO.

Name and address of department head

Orlando Rendon, Executive Director
 Mayor's Office of Community Empowerment and Opportunity
 1617 John F. Kennedy Boulevard, Suite 1800
 Philadelphia, PA 19103

Appropriations:

General Fund	\$ 1,895,000
Grants Revenue Fund	<u>37,390,254</u>
Total Appropriations	<u>\$39,285,254</u>

Estimated Revenues:

Non-Tax Revenues	\$ 425,000
From Other Governments	<u>36,965,000</u>
Total Estimated Revenues	<u>\$37,390,000</u>

Number of Full Time Employees:

Civil Service	1
Exempt	<u>27</u>
Total Employees	<u>28</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
Office of the Managing Director*
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of the Managing Director (MDO) oversees, supports, and assists the city’s operating departments to ensure the efficient and effective provision of city services. Additionally, the MDO is involved with a number of other activities that include the following: coordinating inter-departmental responsibilities and ensuring accountability for the provision of services; reviewing, revising, and updating the city’s emergency operations plan to meet federal and state requirements; coordinating, evaluating, and reporting on emergency response management exercises involving departmental, commercial, private, and volunteer services; developing the chemical emergency response plan required by the Emergency Planning and Community Right-To-Know Act; coordinating grant management services for criminal justice agencies, and managing pertinent research, planning and development for criminal justice projects; managing the justice facilities and system improvement programs; optimizing costs and minimizing the use of energy at city facilities; and advising the police commissioner for the purpose of improving performance and improving community relations. The managing director is appointed by the mayor. The fiscal 2023 appropriations for the MDO, the Mural Arts Program, and the Office of Arts and Culture were combined for reporting purposes.

<u>Name and address of department head</u> Adam K. Thiel, Managing Director Office of the Managing Director 1430 Municipal Services Building 1401 John F. Kennedy Boulevard Philadelphia, PA 19102	<u>Appropriations:</u> General Fund \$198,165,481 Water Operating Fund 138,550 Grants Revenue Fund 104,766,381 Capital Fund <u>120,167,000</u> Total Appropriations <u>\$423,237,412</u>	<u>Estimated Revenues:</u> Non-Tax Revenue \$ 7,672,000 From Other Governments <u>118,800,000</u> Total Estimated Revenues <u>\$126,472,000</u>
		<u>Number of Full Time Employees:</u> Civil Service 39 Exempt <u>461</u> Total Employees <u>500</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>REVENUE RECEIPTS</p> <p><u>For the fourth year, we have reported that revenue receipts were not deposited in a timely manner.</u> Of the 26 revenue receipts tested during fiscal year 2023, we noted that 13 receipts, totaling \$214,465, were deposited over 15 days after payment was received.</p>	<p>Untimely deposits of revenue receipts result in lost interest income to the city and increase the risk of misappropriation.</p>	<p>Management should minimize the length of time it takes to make a deposit with the city’s Department of Revenue [101016.04].</p>	<p>The Managing Director’s Office agrees with the recommendation and will be working with various responsible parties within the MDO to ensure timelier revenue deposits. With full return to work, on-site employees (throughout the MDO organization) will be better positioned to receive and process revenue in a timelier fashion.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>Payroll attendance records were not always properly authorized by supervisory personnel.</u> For one of five sampled employees, we found that the employee's attendance records showed no evidence of supervisory review for all four two-week pay periods tested for the employee. The employee's attendance records were the weekly timecards maintained in the city's online payroll system (OnePhilly). Our testing found that this employee both entered his attendance information and approved his own timecards in OnePhilly.</p>	<p>With the employee entering and approving his own attendance information in OnePhilly, there is a risk that he may erroneously be paid for time not worked.</p>	<p>Supervisors from the department should review and formally approve employee attendance records. Additionally, the department's payroll personnel should review employees' attendance records to ensure that the appropriate supervisory approvals were obtained [101023.01].</p>	<p>The Managing Director's Office agrees with the recommendation that supervisors (or temporary designees during times of unavailability) should be reviewing and approving employee attendance records. The MDO-HR team will review current timecard assignments to ensure that no employee can review and approve their own time. The MDO payroll staff will continue to monitor to ensure timecards are appropriately approved.</p>
<p><u>The department had not yet taken action to recover an overpayment to a separated employee.</u> Our follow-up of the fiscal year 2019 finding, where a separated employee was overpaid because his terminal leave payment erroneously included the compensatory time balance, found that the MDO had not yet submitted a Payroll Credit Advice (PCA) to recover the overpayment.</p>	<p>Regarding the prior year finding, the employee was erroneously overpaid by \$4,704.</p>	<p>Submit a PCA to recover the overpayment to the separated employee [101019.02].</p>	<p>Because this matter is over five years old, the Managing Director's Office will be discussing with Central Payroll on the appropriate action to take.</p> <p>In the future, MDO-HR is committing to reviewing terminal leave payments closely and submitting PCAs in a timely basis when an overpayment is discovered.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Monthly bank and fund reconciliations for the Services to Aging petty cash account lacked evidence of approval.</u> During our review of the department's Services to Aging petty cash account, we noted that one of the eight bank reconciliations and four of the eight fund reconciliations tested did not have any indication that they were reviewed by the responsible person.</p>	<p>Failure to review bank and fund reconciliations increases the risk for undetected errors and creates opportunities for a person to perpetrate and conceal irregularities when performing normal duties.</p>	<p>Management should assign a third person other than the custodian and preparer to review the reconciliation. This review should be evidenced by a signature in accordance with the standard accounting procedures of the city's Finance Office [101021.02].</p>	<p>Implemented.</p>
<p><u>For the third consecutive year, we have reported that payroll data entries for separated employees were not always checked.</u> A final payroll check was not properly calculated for one of the five employees tested. Because of an overstatement of the employee's vacation leave balance, there was a resulting overpayment in the employee's terminal leave payment. Subsequently, the department failed to submit a Payroll Credit Advice (PCA) for the overpayment.</p>	<p>Errors or irregularities occurred and were not detected during the normal process of preparing bi-weekly payroll. In one instance, a separated employee was overpaid by \$208.</p>	<p>Require that employees assigned to approve the bi-weekly payroll and spot-check the appropriateness of payroll data entries, ensure that final payroll checks are properly calculated [101019.01].</p>	<p>Implemented.</p>

City of Philadelphia
Police Department*
Findings and Recommendations
Fiscal Year 2023

Functions

The Police Department was established by the Philadelphia Home Rule Charter to serve as the city’s chief law enforcement department. The department has the responsibility for preserving public peace, preventing and detecting crime, policing streets and highways, and aiding in the administration and enforcement of state laws and city ordinances within the City of Philadelphia. The department is headed by a police commissioner, appointed by the managing director with the approval of the mayor.

<u>Name and address of department head</u> Kevin Bethel, Commissioner Police Department Police Headquarters 400 North Broad Street, Suite 04-019 Philadelphia, PA 19130	<u>Appropriations:</u> General Fund \$788,044,264 Grants Revenue Fund 17,157,879 Aviation Fund 16,144,351 Capital Fund 40,293,000 Total Appropriations <u>\$861,639,494</u>	<u>Estimated Revenues:</u> Non-Tax Revenue \$ 6,890,000 From Other Governments <u>19,358,000</u> Total Estimated Revenues <u>\$26,248,000</u>
		<u>Number of Full Time Employees:</u> Civil Service 6,473 Exempt 20 Total Employees <u>6,493</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>Employee evaluations were still not recently performed.</u> The department was unable to provide recent employee evaluations for nine of the 23 civil service employees selected for testing. For three of the nine employees, the department did not provide an evaluation. With regard to the evaluations provided for the other six employees, five were prepared in 2019 while one evaluation was from 2018.</p>	<p>Failure to provide management feedback to employees on an annual basis may impact opportunities for employee advancement, or where required, corrective actions.</p>	<p>Require the preparation of annual employee evaluations for all civil service employees by supervisory personnel [101120.02].</p>	<p>Department management indicated responsible personnel will continue to send messages for the collection of annual reports.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p><u>For the fourth year, we are reporting that documentation supporting and authorizing employee leave time was not routinely prepared.</u> Out of 16 sample dates tested for 10 selected civil service employees, the department was unable to provide formal approved leave requests for seven days used by six of these employees.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [101119.03].</p>	<p>Department management indicated responsible personnel will remind employees they must submit leave requests in writing</p>
<p><u>For the ninth year, we have reported that daily attendance record postings were not always properly authorized.</u> The Police Department uses its computerized Daily Attendance Report (DAR) System to maintain the daily payroll attendance records for all department personnel. Police Department directives require that unit supervisors review and electronically approve DAR System attendance entries. However, our review of 24 Police Department employees found 113 instances where DAR entries were not approved by a unit supervisor. We also noted 40 instances where Police Department employees who entered the attendance information into the DAR system also approved it.</p>	<p>Errors may occur and not be detected during the normal process of preparing the payroll. Failure to segregate incompatible duties also provides opportunities for a person to perpetrate and conceal irregularities during preparation of the bi-weekly payroll. Ultimately, employees may erroneously be paid for time not worked or fail to be paid for time that was worked.</p>	<p>Instruct unit personnel as to the proper procedures to be followed when processing DAR entries. Additionally, establish a centralized monitoring procedure where designated personnel would receive a report of all DAR entries not approved and follow up with non-complying units. Lastly, the duties of entering payroll data into the DAR System should be segregated from the duties of performing supervisory reviews and approvals. A possible solution would be to reprogram the system so that the individual performing data entry could not also sign-off as the supervisor [101113.01].</p>	<p>Department management indicated responsible personnel will have all Commanders reminded to ensure the DARS are certified and that supervisors are held accountable for this vital action. Audits and Inspection will be tasked with conducting a compliance audit to ensure that this order is adhered to.</p> <p>Note: In some instances where the employee has entered attendance information and is the same as the approving authority, the supervisor may be the only superior in the unit and responsible for the entries and approval functions.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>The department had not yet taken action to recover an overpayment to a separated employee.</u> While the current audit’s testing of selected separated employees did not note any errors, our follow-up of the fiscal year 2019 finding regarding a separated employee who was overpaid because his final paycheck was miscalculated found that the department had not yet submitted a Payroll Credit Advice (PCA) to recover the overpayment.</p>	<p>Regarding the prior year finding, the separated employee was erroneously overpaid by \$919.</p>	<p>Submit a PCA to the city’s Finance Office to recover the overpayment to the separated employee [101119.02].</p>	<p>Implemented.</p>
<p><u>For the fifth consecutive year, we have reported that employee overtime was not authorized.</u> Overtime was paid without evidence that management had approved the number of hours or the reasons supporting the overtime requests. Out of 56 overtime dates selected for testing, the department could not provide approved overtime authorization forms for 13 dates, which pertained to three police officers. During fiscal year 2021, the three police officers earned a combined total of \$80,757 in overtime.</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [101117.02].</p>	<p>Implemented.</p>

City of Philadelphia
 Department of Streets*
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Streets was established by the Home Rule Charter to be responsible for all functions relating to over 2,575 miles of streets, roads, and highways in the City of Philadelphia. Powers and duties of the Department of Streets include: designing, constructing, repairing, and maintaining streets and roads within the City of Philadelphia, and drives within Fairmount Park; installing, maintaining, and operating equipment for lighting city streets; cleaning city streets; removing and disposing refuse; administering and enforcing statutes, ordinances, and regulations for maintaining the cleanliness of city streets; developing regulations governing traffic and parking as authorized by statute or ordinance; and performing all surveying functions for the city. During fiscal year 2023, a commissioner, appointed by the city’s managing director with the approval of the mayor, directed the department. In February 2024, the mayor announced the separation of the department’s streets and sanitation operations and split the department’s leadership into two positions – a streets commissioner and a sanitation commissioner.

<u>Name and address of department head</u> Kristin Del Rossi, Streets Commissioner Department of Streets Municipal Services Building, 9 th Floor 1401 John F. Kennedy Boulevard Philadelphia, PA 19102	<u>Appropriations:</u> General Fund \$ 17,839,712 County Liquid Fuels Tax Fund 10,873,000 Special Gasoline Tax Fund 39,900,000 Grants Revenue Fund 57,247,500 Capital Fund <u>873,141,000</u> Total Appropriations <u>\$1,199,001,212</u>	<u>Estimated Revenues:</u> Non-Tax Revenue \$ 35,621,000 From Other Governments <u>93,436,000</u> Total Estimated Revenues <u>\$129,057,000</u>
Crystal Jacobs Shipman, Sanitation Commissioner Department of Sanitization Municipal Services Building, 7 th Floor 1401 John F. Kennedy Boulevard Philadelphia, PA 19102		<u>Number of Full Time Employees:</u> Civil Service 2,027 Exempt <u>20</u> Total Employees <u>2,047</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department’s Response
<p>PERSONAL SERVICES</p> <p><u>For the eleventh year, we are reporting that employee overtime was not properly authorized.</u> For all five civil service employees selected for testing, the department could not provide approved overtime authorization forms for any of the 31 instances of overtime we tested. These five employees – two waste collection district supervisors, an equipment operator, a bridge maintenance superintendent, and a street crew chief – earned a combined total of \$377,877 in overtime during fiscal year 2023.</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [101211.01].</p>	<p>Streets and Sanitation employees performing curbside collection and roadway and bridge maintenance and repair work are solicited for overtime work verbally while in the field as required, precluding any formal pre-approved documentation. An established multi-step supervisory review and verification process is in place however which requires timesheets</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
			<p>(continued)</p> <p>to be signed and approved by supervisors and subsequently authorized by senior management.</p> <p>[Controller's Office Evaluation of Department's Response: The department's policy is not in accordance with the Finance Office's Standard Accounting Procedure (SAP) No. E-9011 (Rev. 2), <i>Daily Timekeeping Source Documents and Attendance Record-Keeping</i>, which states that the authorization for overtime or compensatory time shall be approved by a unit supervisor. A verbal approval or supervisory approval for overtime on timesheets after the overtime was performed is not sufficient documentation indicating the supervisory authorization for an employee to work overtime hours. Also, the department did not provide documentation from the city's Finance Office that they are exempt from following city policy.]</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS

Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Monthly bank reconciliations lacked evidence of approval.</u> During our review of the department's petty cash fund, we noted that three of the eight bank reconciliations tested did not have any indication that they were reviewed by the responsible person.</p>	<p>Failure to review reconciliations increases the risk of undetected errors and creates opportunities for a person to perpetrate and conceal irregularities when performing normal duties.</p>	<p>Management should assign a third person other than the custodian and preparer to review the reconciliation. This review should be evidenced by a signature in accordance with the standard accounting procedures of the city's Finance Office [101221.01].</p>	<p>Implemented.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<u>Unclaimed checks were not promptly returned to the city Treasurer's Office.</u> During our testing, we observed one unclaimed payroll check which remained in a locked file room for over three months past the check issue date.	The department may not be able to maintain effective security over unclaimed checks and could jeopardize the city's compliance with the state's unclaimed monies law.	Unclaimed paychecks should be returned to the city Treasurer within one week if the employee could not be located or immediately if the employee is deceased [101219.07].	Implemented.

City of Philadelphia
Fire Department*
Findings and Recommendations
Fiscal Year 2023

Functions

The Philadelphia Fire Department (PFD) was established by the Philadelphia Home Rule Charter to provide the following major functions: extinguish fires within the city and, upon request of the appropriate authorities, outside the city; administer the fire code relating to fire and explosion hazards; institute and conduct programs of public education in fire prevention and safety; train, equip, maintain, supervise, and discipline an adequate number of firefighters; and operate a fire alarm system. Additionally, the PFD is also charged with delivering pre-hospital emergency medical care and transportation. The PFD consists of four major divisions that include Emergency Medical Services, Operations, Technical Services, and Administrative Services. Each of these divisions has responsibility for carrying out the various functions of emergency medical services and firefighting. The department operates out of 68 locations throughout the City of Philadelphia, with each fire station housing a variety of equipment including pumpers, ladders, and medic units. A fire commissioner and four deputies manage the department. The fire commissioner is appointed by the city's managing director.

Name and address of department head

Jeffrey Thompson, Commissioner
Philadelphia Fire Department
240 Spring Garden Street
Philadelphia, PA 19123

Appropriations:

General Fund	\$380,890,162
Grants Revenue Fund	34,775,257
Aviation Fund	9,904,484
Capital Fund	<u>15,392,000</u>
Total Appropriations	<u>\$440,961,903</u>

Estimated Revenues:

Non-Tax Revenue	\$37,195,000
From Other Governments	<u>34,530,000</u>
Total Estimated Revenues	<u>\$71,725,000</u>

Number of Full Time

Employees:

Civil Service	2,859
Exempt	<u>14</u>
Total Employees	<u>2,873</u>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS

Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Long outstanding petty cash checks were not deposited into the city's Unclaimed Monies Fund.</u> Two checks outstanding more than a year, totaling \$88, were not transferred into the City of Philadelphia's Unclaimed Monies Fund. We noted that the department placed a stop payment order for each check in April 2021; however, as of June 30, 2021, the monies for the two unclaimed checks remained in the department's petty cash account. The city's unclaimed money procedure specified in Standard Accounting Procedure (SAP) No. 4.1.2. requires all monies that remain unclaimed for one year or more to be deposited with the Revenue Department.</p>	<p>Failure to follow the SAP increases the risk that long outstanding checks would not be forwarded timely to the state in violation of the Commonwealth's Unclaimed Property Law. Also, carrying old outstanding checks unnecessarily complicates the bank reconciliation process.</p>	<p>We recommend that management draw a transfer check payable to the City of Philadelphia -Unclaimed Monies Fund, for the sum of all checks outstanding for over one year in accordance with standard accounting procedures of the city's Finance Office [101321.01].</p>	<p>Implemented.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>For the third consecutive year, we have reported that payroll data entries for separated employees were not always checked.</u> The final payroll check was not properly calculated for one of the five employees tested. The employee separated while possessing a negative vacation balance at the time of termination. Subsequently, the department failed to submit a Payroll Credit Advice (PCA) for the resulting overpayment. Lastly, our follow-up of the fiscal year 2019 finding where a separated employee was overpaid due to an inaccurate final paycheck found that the department had not yet submitted a PCA to recover the overpayment.</p>	<p>Errors or irregularities occurred and were not detected during the normal process of preparing bi-weekly payroll. In one instance, a separated employee was overpaid by \$424. Regarding the prior year finding, the separated employee had been overpaid by \$1,002.</p>	<p>Require that employees assigned to approve the bi-weekly payroll and spot-check the appropriateness of payroll data entries, ensure that the payroll time records accurately reflect the status of all separated employees, and PCAs are submitted for any overpayments [101319.02].</p>	<p>Implemented.</p>
<p><u>The department did not maintain proper documentation for the removal of disposal and transferred personal property items.</u> We noted that the department failed to provide supporting documentation for the disposal of two personal property items which were removed for the city's database. We also noted that the department did not have documentation for five transferred items.</p>	<p>Failure to maintain the proper documentation for disposed or transferred items increases the risk of misappropriation and could result in an inaccurate valuation of the department's assets.</p>	<p>Management should ensure that disposed or lost/stolen items are supported with the proper documentation and that personal property items are periodically reconciled to the city's database. [101318.03].</p>	<p>Implemented.</p>
<p><u>For the ninth consecutive year, we are reporting that employee evaluations were not recently performed.</u> The department could not provide recent employee evaluations for three out of five civil service employees selected for testing.</p>	<p>Failure to provide management feedback to employees on an annual basis may impact opportunities for employee advancement, or where required, corrective actions.</p>	<p>Require the preparation of annual employee evaluations for all civil service employees by supervisory personnel [101312.01].</p>	<p>Implemented.</p>

City of Philadelphia
 Department of Public Health
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Public Health (DPH) was established by the Philadelphia Home Rule Charter to preserve and improve the health and well-being of the citizens of Philadelphia by supplying an available, accessible, and comprehensive system of health care. Other responsibilities include: the administration and enforcement of statutes, ordinances, and regulations relating to public health; the institution and conduct of programs to promote public education in all matters concerning public health; the establishment, maintenance, and operation of health centers, stations, clinics, laboratories, and other health facilities; and the compilation, analysis, maintenance, and reporting of statistics and data concerning births, stillbirths, and deaths. A commissioner and three deputies manage the affairs of the DPH. These executives are appointed by the city’s managing director, with the approval of the mayor. In accordance with the Home Rule Charter, the commissioner is made chairman of the Board of Health because the board is attached to the DPH and the regulations promulgated by the board will be the regulations of the department. The commissioner is assisted by three other specialized agencies acting in an advisory capacity: (1) the Air Pollution Control Board, (2) the Family Medical Care Board (also known as Community Health Advisory Committee), and (3) the Medical Examiner’s Advisory Committee.

<u>Name and address of department head</u> Frank A. Franklin, PhD, JD, MPH, FCPP Interim Health Commissioner Department of Public Health Jefferson Center 1101 Market Street, 13 th Floor Philadelphia, PA 19107	<u>Appropriations:</u> General Fund \$161,209,808 Grants Revenue Fund 390,078,495 Acute Care Hospital Fund 259,357,118 Capital Fund <u>121,186,000</u> Total Appropriations <u>\$931,831,421</u>	<u>Estimated Revenues:</u> Non-Tax Revenue \$ 67,291,000 From Other Governments <u>455,846,000</u> Total Estimated Revenues <u>\$523,137,000</u>
		<u>Number of Full Time Employees:</u> Civil Service <u>35</u> Exempt <u>857</u> Total Employees

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS

Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>The DPH’s use of its COVID-19 procurement card (p-card) violated city policy when it split purchases to evade the established spending limit.</u> The DPH circumvented the \$5,000 single purchase limit on its COVID-19 imprest fund’s p-card, as established by the standard accounting procedure (SAP) No. 4.1.1.e (Rev. 1)-A4. Our review noted that, in September and October 2021, the DPH used its p-card to pay one vendor a total of \$26,558, which consisted of several invoices, including one for \$14,242 and another for</p>	<p>Improperly using p-cards for purchases above the spending limit reduces the city’s purchasing power to obtain the best value for goods and services. In addition, there are expenditure processing controls in place for purchases above specific amounts to reduce the risk of unauthorized or unnecessary payments.</p>	<p>We recommend that management refrain from splitting invoices to circumvent the p-card’s single purchase limit, in accordance with the standard accounting procedures of the city’s Finance Office [101421.01].</p>	<p>Implemented.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
(continued) \$8,210. ² The \$26,558 purchase total was split into seven p-card transactions of \$5,000 or less. While SAP No. 4.1.1.e (Rev.1)-A4 states that single p-card purchases greater than \$5,000 may be allowed after justification is provided and authorization is obtained from the director of finance, DPH management indicated that such authorization was not obtained.			
<p><u>Documentation supporting and authorizing employee leave time was not routinely prepared.</u> Leave requests were not properly prepared for five out of 14 dates selected for testing. Specifically, we noted the following:</p> <ul style="list-style-type: none">• The leave requests for three days were not prepared and approved by a supervisor until after we requested them.• For one date, the leave time used by the employee exceeded the leave hours approved.• The department was unable to provide the leave request for one day.	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [101421.02].</p>	<p>Implemented.</p>

² Our review of the DPH's COVID-19 imprest fund's p-card activity covered the period from October 1, 2020 through September 30, 2021. Although the \$26,558 purchase was authorized by the Health Commissioner in September 2021, some of the related p-card transactions did not post until October 2021.

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Imprest fund payments of sales tax violated city policy.</u> The city is exempt from the payment of the Pennsylvania sales tax. Departments have been instructed not to pay sales tax on disbursements and to obtain tax-exempt certificates from the Procurement Department to present to vendors to show that no tax is due. However, our review of the DPH's COVID-19 imprest fund noted 12 p-card transactions that included payment of sales tax totaling \$446.</p>	<p>The payment of sales tax on certain transactions resulted in taxpayer dollars being expended on disbursements unallowable per city policy.</p>	<p>Management should ensure that p-card users refrain from paying sales tax on purchases and obtain tax-exempt certificates from the Procurement Department to present to vendors to show that no tax is due [101420.03].</p>	<p>Implemented.</p>

City of Philadelphia
 Department of Behavioral Health and Intellectual disAbility Services*
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Behavioral Health and Intellectual disAbility Services (DBHIDS) was established in 2004 by executive order. The major objective of the DBHIDS is to ensure the availability of state mandated mental health services to residents of Philadelphia. Working in partnership with individuals, families, and other service systems, DBHIDS provide an array of mental health and substance abuse services to help people face the challenges of daily life and take positive steps toward recovery and self-determination. A vast network of provider agencies offers a full range of treatment options, including individual and family therapy, group therapy, and crisis intervention services to assist individuals and their families in emergency situations. Additionally, DBHIDS attempts to foster community understanding and acceptance of individuals with disabilities in order to improve opportunities for community-based services for consumers. The DBHIDS is comprised of the Commissioner’s Office and the following seven divisions: the Behavioral Health Division; the Division of Intellectual disAbility Services; the Division of Administration, Finance, and Quality; the Division of Planning Innovation; the Behavioral Health and Justice Division; the Office of the Chief Medical Officer; and Community Behavioral Health (a nonprofit corporation serving as the city’s managed care organization for Medicaid patients). The department also acts as an administrative organization for the state to ensure compliance with state directives and mandates. DBHIDS management consists of a commissioner appointed by the mayor, two deputies, a chief medical officer, a chief executive officer, and two chief program officers.

Name and address of department head

Marquita C. Williams, Ph.D., Interim Commissioner
 Department of Behavioral Health and
 Intellectual disAbility Services
 1101 Market Street, 7th Floor
 Philadelphia, PA 19107

Appropriations:

General Fund	\$ 27,314,238
Grants Revenue Fund	308,296,758
Health Revenue Fund	<u>1,339,178,000</u>
Total Appropriations	<u>\$1,674,788,996</u>

Estimated Revenues:

Non-Tax Revenue	\$
From Other Governments	245,000
Total Estimated Revenues	<u>1,647,230,000</u>
	<u>\$1,647,475,000</u>

Number of Full Time Employees:

Civil Service	239
Exempt	<u>28</u>
Total Employees	<u>267</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>The department had not yet taken action to recover overpayments to separated employees.</u> While the current audit’s testing of selected separated employees did not note any errors, we found that DBHIDS had not yet taken action to fully recover overpayments to separated employees. Specifically, we followed up on the (1) fiscal year 2020 and 2022 findings where three separated employees remained on the city’s payroll and were erroneously paid after their termination date</p>	<p>Regarding the three separated employees with unresolved overpayments, the total amount still to be recovered was \$8,318.</p>	<p>Submit PCAs to recover the overpayments to the separated employees [101520.01].</p>	<p>The department indicated that it has implemented corrective action with PCAs submitted to recover the overpayments for the separated employees.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>(continued)</p> <p>and (2) fiscal year 2021 finding where one employee separated while possessing negative leave balances. For one of these four employees, the overpayment was partially recovered through garnishing the terminal leave payment with the employee scheduled to remit the remainder through a payment plan. For another employee, DBHIDS had only submitted a Payroll Credit Advice (PCA) for a portion of the overpayment. For the other two employees, the department had not yet submitted PCAs to recover the overpayments.</p>			

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS

Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>For the sixth consecutive year, we are reporting that employee overtime was not properly authorized.</u> Overtime was paid without evidence that management had approved the requests prior to employees working overtime. For all five employees selected for testing, the department could not provide approved overtime authorization forms for any of the 25 instances of overtime we tested. During fiscal year 2022, these five employees – all crisis line counselors – earned a combined total of \$241,268 in overtime, which represented 53 percent of DBHIDS’ total overtime expenditures for the year.</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [101517.01].</p>	<p>Implemented.</p>

City of Philadelphia
 Department of Parks and Recreation*
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Parks and Recreation was established by a 2008 amendment to the Philadelphia Home Rule Charter that merged the operations of the Fairmount Park Commission with the Recreation Department. As part of the Charter referendum, the former Fairmount Park Commission became the Commission on Parks and Recreation.

The Department of Parks and Recreation has the power and duty to formulate and conduct a comprehensive and coordinated program of cultural and physical recreational activities; manage and operate all city recreational facilities and all parks and public squares; construct, maintain, improve and repair such facilities, parks and squares; preserve, manage, and operate historical shrines not otherwise entrusted; and plan for the acquisition of buildings and grounds of historical significance. A commissioner, appointed by the managing director with the approval of the mayor, heads the department. The commissioner appoints a deputy commissioner of recreation and a deputy commissioner of parks to manage operations of the city’s recreation programs and parks, respectively.

The Commission on Parks and Recreation consists of fifteen members, nine appointed by the mayor from a list of nominations submitted by City Council, and six serving ex officio. The latter members are the president of City Council, the executive director of the City Planning Commission, the water commissioner, the streets commissioner, the public property commissioner, and the parks and recreation commissioner. The commission reviews and makes recommendations to the mayor for land transactions involving the parks or recreation facilities. The commission’s functions also include assisting and advising the parks and recreation commissioner, enhancing the image of the parks and recreation facilities, and expanding and diversifying sources of funding.

The Philadelphia Museum of Art received city appropriations through the Department of Parks and Recreation for fiscal year 2023.

<u>Name and address of department head</u> Susan Slawson, Commissioner Department of Parks and Recreation 1515 Arch Street, 10 th Floor Philadelphia, PA 19102	<u>Appropriations:</u> General Fund \$ 75,176,403 Grants Revenue Fund 13,421,890 Capital Fund <u>259,347,000</u> Total Appropriations <u>\$347,945,293</u>	<u>Estimated Revenues:</u> Non-Tax Revenue \$ 2,841,000 From Other Governments <u>12,487,000</u> Total Estimated Revenues \$ <u>15,328,000</u>
		<u>Number of Full Time Employees:</u> Civil Service 653 Exempt <u>49</u> Total Employees <u>702</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
PERSONAL SERVICES			
<p><u>For the fifth year, we are reporting that payroll attendance records were not properly authorized by supervisory personnel.</u> Out of the five employees selected for testing, one employee's weekly time reports were approved by a unit supervisor prior to the end of the workweek.</p>	<p>Employees may erroneously be paid for time not worked or fail to be paid for time that was worked.</p>	<p>Supervisors should review and formally approve (by signing the attendance record) time worked by employees only after the time has been worked [101618.02]. Additionally, the payroll unit should be required to review the employee/daily attendance records for evidence that the appropriate approval was obtained [101619.02].</p>	<p>The department acknowledges this finding and will continue to work with supervisors to ensure they are following the proper procedures for approving time.</p>
<p><u>For the eighth year, we are reporting that employee attendance records were not properly used to document employee attendance.</u> Two out of the five employees selected for testing completed their weekly time sheets at the beginning of the workweek before the time had been worked.</p>	<p>Employee work time may not be accurately and completely accounted for. In addition, employees could be paid for time not worked.</p>	<p>Require employees to contemporaneously complete their weekly time reports [101615.06].</p>	<p>The department acknowledges this finding and will continue working with the payroll staff and supervisors to ensure proper protocol is being followed.</p>
CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Payroll data entries were not adequately checked.</u> We noted that employee attendance records did not correspond to the online payroll records for two of the five employees selected for testing.</p>	<p>Systematic errors or irregularities may occur and not be detected during the normal process of preparing the bi-weekly payroll.</p>	<p>Require someone independent of payroll preparation to spot-check entries by referencing back to the daily attendance records. This process should be documented [101621.01].</p>	<p>Implemented.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>For the fifth year, we have reported that the department's petty cash fund has not been properly reconciled.</u> Our current review disclosed that monthly fund reconciliations were still not properly prepared for the department's petty cash account for the Program Fund. Five petty cash checks totaling \$910, which were issued on various dates ranging from July 2011 through December 2014, have not been submitted for reimbursement. The department could not provide adequate documentation supporting these disbursements.</p>	<p>Failure to reconcile the account properly has resulted in a shortage of \$910. Not submitting expenditures for reimbursement timely increases the likelihood that receipts and invoices can be lost, complicating the reimbursement process. Failure to timely investigate and resolve shortages or overages on petty cash reconciliations increases the risk that missing funds will remain unrecovered or that overages will be misappropriated.</p>	<p>Management should ensure that petty cash expenditures are properly documented and submitted for reimbursement in a timely manner [101616.05]. Additionally, any overages or shortages should be evaluated by the appropriate supervisory level employee for further investigation in accordance with standard accounting procedures of the city's Finance Office [101616.03].</p>	<p>Implemented.</p>

City of Philadelphia
 Department of Public Property
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Public Property (DPP) was established by the Philadelphia Home Rule Charter to centralize a variety of functions related to the city government’s physical plant, communications, power systems, and city-owned transit facilities. Within the scope of its functions under the Charter, the DPP exercises the following powers and performs the following duties: supervision over the construction, maintenance, and repair of city facilities; acquisition and disposition of city-owned or leased real estate; assignment of space in city buildings to executive and administrative agencies; and supervision of leases and contracts with utilities and city-owned transit facilities. A commissioner and two deputies, all of whom are appointed by the city’s managing director, with the approval of the mayor, manage the department. The commissioner of DPP is a member of the Historical Commission, which certifies buildings having historical value.

<u>Name and address of department head</u> Joseph E. Brasky, Commissioner Department of Public Property City Hall, Room 790 Philadelphia, PA 19107	<u>Appropriations:</u> General Fund \$245,161,268 Water Fund 4,612,169 Aviation Fund 14,000,000 Capital Fund <u>49,237,000</u> Total Appropriations <u>\$313,010,437</u>	<u>Estimated Revenues:</u> Non-Tax Revenue \$18,900,000 From Other Governments <u>18,000,000</u> Total Estimated Revenues <u>\$36,900,000</u>
		<u>Number of Full Time Employees:</u> Civil Service 109 Exempt <u>12</u> Total Employees <u>121</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
 Department of Human Services and Office of Children and Families
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Human Services (DHS) traces its origin to the Department of Public Welfare under the Charter of 1919. With the adoption of the Philadelphia Home Rule Charter of 1951, it was established as a department under the managing director with the sole duty of carrying out public welfare functions. On January 6, 2020, the mayor issued Executive Order 2-20 establishing the Office of Children and Families (OCF – formerly the Mayor’s Office of Education), headed by the deputy mayor for children and families, who is appointed by and reports directly to the mayor and is a member of the mayor’s cabinet. The OCF’s mission is to align the city’s policies, resources, and services for children and families. The deputy mayor, through a memorandum of understanding between the mayor and managing director, assumed responsibility for the supervision of DHS. In addition, the OCF oversees the Department of Parks and Recreation and the Free Library of Philadelphia. While still retaining oversight of the OCF, in March 2024, the deputy mayor was reappointed as the chief deputy managing director, and then, on October 25, 2024, she became the chief deputy mayor for planning and strategic initiatives.

Powers and duties of DHS include: receiving, caring for, and placing children who are dependent, mentally challenged, neglected, incorrigible, and delinquent; investigating from time to time the manner in which those placed are being cared for; approving or disapproving billings to the city for maintenance of city residents in state institutions or in private facilities; transmitting to the Revenue Department amounts received for care and placement; and supervising the Youth Study Center including the determination of capacity, type, and proportion of persons to be received therein. DHS is directed by a commissioner who is appointed by the city’s chief deputy mayor for planning and strategic initiatives with the approval of the mayor.

<u>Name and address of department head</u> Vanessa Garrett Harley, Esq., Chief Deputy Mayor for Planning and Strategic Initiatives Office of Children and Families 1515 Arch Street, 8 th Floor Philadelphia, PA 19102	<u>Appropriations:</u> Department of Human Services General Fund \$189,224,595 Grants Revenue Fund <u>669,190,541</u> Total Appropriations <u>\$858,415,136</u> Office of Children and Families General Fund <u>\$463,413</u>	<u>Estimated Revenues:</u> Department of Human Services Non-Tax Revenue \$ 6,781,000 From Other Governments <u>664,030,000</u> Total Estimated Revenues <u>\$670,811,000</u> <u>Number of Full Time Employees:</u> Department of Human Services Civil Service 1,282 Exempt <u>142</u> Total Employees <u>1,424</u> Office of Children and Families Exempt <u>4</u>
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Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>Employee overtime was not properly authorized.</u> For four of the five civil service employees selected for testing, the department could not provide approved overtime authorization forms for 35 of the 40 instances of overtime we tested. These four employees –a social work services manager, a juvenile detention shift manager, a juvenile detention facility guard supervisor, and a human services program administrator – earned a combined total of \$275,155 in overtime during fiscal year 2023.</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [102223.01].</p>	<p>The below will be implemented in December 2024:</p> <ul style="list-style-type: none"> - Re-issue Overtime Policy to staff along with the PDF overtime/comp request form. - Remind employees to submit signed requests to Payrolldocs@phila.gov - Require requests to be submitted within 1 week of working the overtime. - Sr. HR Professional to conduct random reviews of the under/over report the week after each pay period closes. Non-compliance to be reviewed with the employees' supervisor/manager. <p>Please note for PJJSC employees who utilize KRONOS, the overtime is approved in KRONOS by the supervisor/ manager.</p>
<p><u>Documentation supporting and authorizing employee leave time was not routinely prepared.</u> For three of the five civil service employees tested, DHS was unable to provide formal approved leave requests for six of the 11 sample dates selected for testing.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [102223.02].</p>	<p>The below will be implemented in December 2024:</p> <ul style="list-style-type: none"> - Re-issue the leave request policy and the PDF request form. - Remind employees to submit signed request forms to Payrolldocs@phila.gov - Require requests to be submitted within 1 week of taking the leave time

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
			<p>(continued)</p> <p>Sr. HR Professional to conduct random review of the leave usage the week after each pay period closes. Non-compliance to be reviewed with the employees' supervisor/manager.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS

Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Payroll data entries for separated employees were not always checked.</u> Out of five separated employees selected for testing, we noted that one was erroneously paid for a holiday after the termination date. Also, we noted that this same employee did not receive the terminal leave payment for unused vacation and compensatory time that she was due after separation. The erroneous holiday payment should have been deducted from the terminal leave payment due to this employee.</p>	<p>Errors or irregularities occurred and were not detected during the normal process of preparing the bi-weekly payroll. Regarding the errors noted by us, the separated employee was overpaid \$187 when she was incorrectly compensated for the holiday and underpaid \$3,055 when she did not receive the terminal leave payment, resulting in a net underpayment of \$2,868.</p>	<p>Require that employees assigned to approve the bi-weekly payroll and spot-check the appropriateness of payroll data entries, ensure that (1) the payroll time records accurately reflect the status of all separated employees and (2) final payroll checks are properly calculated. Require management to submit the required terminal leave documentation for separated employees who are due payment for unused leave time [102221.01].</p>	<p>Implemented.</p>
<p><u>Long outstanding petty cash checks were still not deposited into the city's Unclaimed Monies Fund.</u> Checks outstanding more than a year totaling \$855, were not transferred into the City of Philadelphia's Unclaimed Monies Fund. The city's unclaimed money procedure specified in Standard Accounting Procedure (SAP) No. 4.1.2 requires all monies that remain unclaimed for one year or more to be deposited with the Revenue Department.</p>	<p>Failure to follow the SAP increases the risk that long outstanding checks would not be forwarded timely to the state in violation of the Commonwealth's Unclaimed Property Law. In addition, carrying old outstanding checks unnecessarily complicates the bank reconciliation process.</p>	<p>We recommend that management place a stop payment order for each long outstanding check and draw a transfer check payable to the City of Philadelphia-Unclaimed Monies Fund, for the sum of all checks outstanding for over one year in accordance with standard accounting procedures of the city's Finance Office [102218.02].</p>	<p>Implemented.</p>

City of Philadelphia
Philadelphia Prison System*
Findings and Recommendations
Fiscal Year 2023

Functions

The Philadelphia Prison System was established as a separate department by Executive Order 5-88 dated April 6, 1988. Prior to that time, the prison system had been part of the Department of Human Services. The mission of the prison system is to provide a secure correctional environment that adequately detains persons accused or convicted of illegal acts; to provide programs, services, and supervision in a safe, lawful, clean, humane environment; and to prepare incarcerated persons for reentry into society. A commissioner, who is appointed by and reports to the managing director, is responsible for the overall administration of the entire prison system. The prison commissioner is also accountable to a seven-member Board of Trustees whose members include the commissioner of the city's Department of Human Services (ex officio) and six citizens appointed by the mayor. The Philadelphia Prison System operates five major correctional facilities in Northeast Philadelphia, as well as several smaller Alternative and Special Detention facilities in various locations of the city. Each prison facility is under the direction of a warden, who is assisted by one or more deputy wardens and support staff.

Name and address of department head
Michael R. Resnick, Esq., Commissioner
Philadelphia Prison System
7901 State Road
Philadelphia, PA 19136-3407

Appropriations:
General Fund \$246,110,502
Capital Fund 21,840,000
Total Appropriations \$267,950,502

Estimated Revenues:
From Other Governments \$150,000

Number of Full Time Employees:
Civil Service 1,296
Exempt 12
Total Employees 1,308

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>The department had not yet taken action to recover an overpayment to a separated employee.</u> While the current audit's testing of selected separated employees did not note any errors, our follow-up of the fiscal year 2022 finding regarding an employee who was erroneously paid for four days after the termination date found that the department had not yet submitted a Payroll Credit Advice (PCA) to recover the overpayment.</p>	<p>Regarding the prior year finding, the employee was erroneously overpaid by \$1,096.</p>	<p>Submit a PCA to recover the overpayment to the separated employee [102321.02].</p>	<p>The PCA was submitted on July 17, 2024.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p><u>For the fourth year, we are reporting that documentation supporting and authorizing employee leave time was not routinely prepared.</u> For three of the five civil service employees tested, the department could not provide formal approved leave requests for 21 out of 35 dates selected for testing.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [102319.06].</p>	<p>Employee formal leave requests are submitted to payroll daily. Each unit and facility supervisor sends the leave slips electronically or by hand. The department's current update to the UKG Dimensions timekeeping system, working in conjunction with One Philly, monitors employees' leave in real time. Both systems have an element programmed to prevent supervisors and payroll clerks from overusing the accrued balanced leave.</p> <p>[Controller's Office Evaluation of Department's Response: The evidence obtained during the audit indicated that formal approved leave requests were not routinely submitted by the employee and approved by the supervisor. The department was unable to provide documentation supporting and authorizing employee leave time for three of the five civil service employees tested.]</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>For the fourth year, we are reporting that employee overtime was not always properly authorized. For six of the eight civil service employees tested, the department did not provide evidence of overtime authorization for 34 of the 64 dates selected for testing. Specifically, we noted the following:</p> <ul style="list-style-type: none"> For 22 of the 34 instances, the number of overtime hours worked by the employees exceeded the number of approved hours on the overtime authorization forms provided by the department. In several cases, the employees worked overtime during multiple shifts on those sample dates, but the department could not provide overtime authorization forms for all shifts worked by the employees.³ Out of 262.5 overtime hours worked by the employees on the 22 sample dates, the department was unable to provide evidence of overtime authorization for 94.5 hours. For the other 12 sample dates, during which 111 overtime hours were worked, the department could not provide any overtime authorization forms. <p>The six employees tested, all of whom were correctional officers, earned a combined total of \$695,997 in overtime during fiscal year 2023.</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [102319.07].</p>	<p>The department's managers and supervisors approve employee overtime through the UKG Dimensions timekeeping system. When an employee is authorized to work overtime, an icon is clicked, indicating to the payroll team that it is approved. In addition, the managers/supervisors complete and sign overtime slips daily. These forms are scanned and delivered by hand as the final authorization for approved overtime. Employees working 12 shifts will assist with written overtime that crosses over to another shift. HR/Payroll will send periodic reminders to managers and supervisors to follow the procedures for every employee working overtime.</p> <p>[Controller's Office Evaluation of Department's Response: The evidence obtained during the audit indicated that the employees' overtime was not always authorized. The department was unable to provide overtime authorization for six of the eight civil service employees tested for 34 of the 64 dates selected.</p>

³For each shift for which overtime is worked, responsible supervisory personnel are required to approve an overtime authorization form.

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Payroll data entries were still not adequately checked.</u> For all five employees tested, we noted that employee attendance records did not correspond to the online payroll records. Errors in the online payroll records included the erroneous recording of overtime hours for all five employees resulting in four overpayments and one underpayment; failing to record shift differential pay for all five employees which caused underpayments; and incorrectly posting vacation time used to one employee's online payroll record when the attendance record showed no vacation leave used.</p>	<p>Systematic errors or irregularities may occur and not be detected during the normal process of preparing the bi-weekly payroll. The payroll data entry errors noted by our testing resulted in a net overpayment of \$184.</p>	<p>Require someone independent of payroll preparation to spot-check data entries by referencing back to the daily attendance records. This process should be documented [102320.01].</p>	<p>Implemented.</p>
<p><u>Unclaimed checks were not promptly returned to the City Treasurer's Office.</u> During our testing, we observed seven unclaimed payroll checks which were not returned to the City Treasurer's Office. One check in particular was dated July 13, 2018, over a year prior to our testing date.</p>	<p>The department may not be able to maintain effective security over unclaimed checks and could jeopardize the city's compliance with the state's unclaimed monies law.</p>	<p>Unclaimed paychecks should be returned to the City Treasurer within one week if the employee could not be located or immediately if the employee is deceased [102319.04].</p>	<p>Implemented.</p>

City of Philadelphia
Office of Homeless Services*
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of Homeless Services (OHS) was established to provide the leadership, planning, and resource mobilization to make homelessness in Philadelphia rare, brief, and non-recurring. These services encompass homelessness prevention and emergency, temporary, and long-term housing. Most of the services are provided by third parties with which OHS contracts or in partnership with other governmental entities. The overall goal of OHS is to help individuals and families end their episode of homelessness. Riverview, a personal care boarding home for low-income people with disabilities that require assistance with the activities of daily living, was operated by OHS until September 2021 when Riverview ceased operations. OHS is headed by an Executive Director who reports to the Deputy Managing Director for Health and Human Services.

Name and address of department head
Cheryl Hill, Executive Director
Office of Homeless Services
Municipal Services Building, 10th Floor
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

Appropriations:
General Fund \$ 68,946,658
Grants Revenue Fund 48,196,249
Capital Fund 3,920,000
Total Appropriations \$121,062,907

Estimated Revenues:
Non-Tax Revenue \$ 5,000
From Other Governments 48,196,000
Total Estimated Revenues \$48,201,000

Number of Full Time Employees:
Civil Service 97
Exempt 32
Total Employees 129

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>Payroll data entries for separated employees were not always checked.</u> For one out of five employees selected for testing, we noted an error in the calculation of his final payroll check. The employee did not receive payment for the terminal leave time accumulated prior to his separation. According to department management, the employee passed away while still active, and the payroll team was not aware that his terminal leave payout still needed to be calculated.</p>	<p>Errors or irregularities occurred and were not detected during the normal process of preparing the bi-weekly payroll which allowed a separated employee to be paid erroneously. Specifically, one employee was underpaid by \$7,162.</p>	<p>Require that employees assigned to approve the bi-weekly payroll and spot check the appropriateness of payroll data entries, also ensure that the payroll time records accurately reflect the status of all separated employees [102422.01]. Also, require management to submit PCAs for any overpayments or the necessary documentation to correct any underpayments [102422.02].</p>	<p>OHS HR is utilizing it's updated offboarding tracking system which should help alleviate such issues. In addition, HR/Payroll staff regularly meet to discuss any updates to payroll/separation processes. This allows not only Payroll staff but also HR staff to be aware of any new updates and troubleshoot any issues currently being noticed in our process. This allows HR to adjust duties/processes as needed.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p><u>Employee overtime was not always properly authorized.</u> For all four civil service employees tested, overtime was not properly authorized for 17 out of 20 dates selected for testing. Specifically, we noted that:</p> <ul style="list-style-type: none"> • On 14 occasions, overtime was approved by only one supervisor, in violation of OHS' overtime policy that requires two levels of approval. • For three dates tested, management was unable to provide documentation supporting the overtime approval. 	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel. [102422.03]</p>	<p>OHS HR will be implementing a new policy requiring that the second level of approval be signed off by the Chief of Staff. This will help alleviate having different supervisors provide the second level of approval. OHS HR will also notify supervisors/managers when overtime authorizations have not been received for employees. Supervisors/managers will be notified with 2 days response time deadline. If no response, directors and deputies will be notified of failure to respond. This could help alleviate the missing authorizations and/or first level approvals.</p>
<p><u>Documentation supporting and authorizing employee leave time was still not routinely prepared.</u> For three out of five civil service employees tested, the department was unable to provide formal approved leave requests for 11 of the 18 sample dates selected for testing.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [102421.03].</p>	<p>As with overtime authorizations, leave request authorization requests will be sent to employee and supervisors/managers for a response within 2 days. If no response, directors and deputies will be notified of failure to respond. Failure to respond could result in the time being unauthorized and marked as AWOL. This could help alleviate missing authorizations.</p>
<p><u>Employee evaluations were still not recently performed.</u> OHS could not provide recent employee evaluations for four out of the five civil service employees selected for testing.</p>	<p>Failure to provide management feedback to employees on an annual basis may impact opportunities for employee advancement, or where required, corrective actions.</p>	<p>Require the preparation of annual employee evaluations for all civil service employees by supervisory personnel [102421.05].</p>	<p>OHS HR has implemented a new tracking system for employee performance evaluations. Additional support is being provided to supervisors/managers in completing the evaluations – including additional training through LMS and HR support during the year for supervisions. OHS HR will also provide periodic</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
			<p>(continued)</p> <p>updates during the evaluation process of supervisors/managers that have not completed the evaluation process. These updates will be sent to the Executive Director and Chief of Staff.</p>

City of Philadelphia
 Department of Fleet Services
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Fleet Services (DFS), which replaced the Office of Fleet Management, was created by an amendment to the Philadelphia Home Rule Charter approved by the voters at the election held on November 2, 2021 and effective as of January 1, 2022. DFS supports the operations of other city departments and agencies by ensuring that the city’s fleet of vehicles and special equipment is available, dependable, and safe to drive. Responsibilities of the DFS include managing the acquisition, repair, maintenance, and disposal of all city-owned motor vehicles and vehicle-related equipment and apparatus; assigning vehicles and related equipment for use by city departments, officers, and employees; and managing all city fueling sites and all city programs concerning alternative vehicle fuel initiatives. DFS comprises two divisions: Fleet Maintenance Services and Fleet Administrative Services. DFS is responsible for over 6,000 vehicles owned by the city and its partners, 16 repair facilities, and 61 fuel sites. The commissioner of fleet services, who is appointed by the managing director with the approval of the mayor, oversees DFS with the assistance of a deputy for administration and a deputy for operations.

<u>Name and address of department head</u> Joseph L. Rosati, Commissioner Department of Fleet Services 100 South Broad Street, 3 rd Floor Philadelphia, PA 19110	<u>Appropriations:</u> General Fund \$ 70,749,322 Water Fund 9,237,357 Aviation Fund 13,255,631 Capital Fund <u>49,523,000</u> Total Appropriations <u>\$142,765,310</u>	<u>Estimated Revenues:</u> Non-Tax Revenue \$3,775,000 <u>Number of Full Time Employees:</u> Civil Service 315 Exempt <u>7</u> Total Employees <u>322</u>
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Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
 Department of Licenses and Inspections
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Licenses and Inspections (L&I) was established by the Philadelphia Home Rule Charter of 1951. It has the power and duty to perform the following functions: administer and enforce all statutes, ordinances, and regulations pertaining to building safety, sanitation, signs, and zoning; issue all licenses required to be obtained from the City of Philadelphia; conduct all inspection functions to determine whether any person or owner of any property is violating the conditions of any license, or whether any property owner is violating any statute, ordinance or regulation; train and maintain a competent force of inspectors; enforce violations found as a result of any inspection; revoke, suspend or cancel any license when the holder is violating the conditions thereof; and make special inspections on request where unlawful conditions are believed to exist. During fiscal year 2023, the department was headed by a commissioner appointed by the managing director with the approval of the mayor. In February 2024, the mayor separated L&I into two divisions, each with its own commissioner - the Inspections, Safety and Compliance Division and the Quality of Life Division.

In connection with the powers and duties of L&I, the Charter also established three boards: the Board of License and Inspection Review, the Zoning Board of Adjustment, and the Board of Building Standards. The Board of License and Inspection Review provides citizens adversely affected by the issuance, refusal, suspension, revocation, or cancellation of any license, an orderly due process for a review of actions taken against them. Upon hearing the evidence, the Board renders its decisions in writing. The Zoning Board of Adjustment hears and decides appeals on zoning matters and on special exceptions to the zoning ordinance and authorizes variances from zoning ordinances when conforming to the ordinances will result in unnecessary hardship. The Board of Building Standards advises the L&I commissioner on the interpretation of the city's building code and any regulations relating to building safety and sanitation; suggests changes to regulations; and proposes new and substitute materials for building construction, as well as new methods of construction.

<u>Name and address of department head</u>	<u>Appropriations:</u>	<u>Estimated Revenues:</u>
Basil L. Merenda, Commissioner for Inspections, Safety and Compliance Department of Licenses and Inspections 11 th Floor, Municipal Services Building 1401 John F. Kennedy Boulevard Philadelphia, PA 19102-1687	General Fund \$41,891,168 Community Development Fund 490,303 Demolition Fund <u>2,250,000</u> Total Appropriations <u>\$44,631,471</u>	Non-Tax Revenue \$72,288,000 From Other Governments <u>490,000</u> Total Estimated Revenues <u>\$72,778,000</u>
Bridget Collins-Greenwald, Commissioner for Quality of Life Department of Licenses and Inspections 11 th Floor, Municipal Services Building 1401 John F. Kennedy Boulevard Philadelphia, PA 19102-1687		<u>Number of Full Time Employees:</u> Civil Service 309 Exempt <u>30</u> Total Employees <u>339</u>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Payroll data entries were not adequately checked.</u> We noted that employee attendance records did not agree with the online payroll records for three of the five employees selected for testing.</p>	<p>Systematic errors or irregularities may occur and not be detected during the normal process of preparing the bi-weekly payroll.</p>	<p>Require someone independent of payroll preparation to spot-check data entries by referencing back to the daily attendance records. This process should be documented [102621.02].</p>	<p>Implemented.</p>
<p><u>Payroll attendance records were not authorized by appropriate supervisory personnel.</u> In our review of eight bi-weekly attendance records, we noted that two records showed no evidence of supervisory review.</p>	<p>Employees may erroneously be paid for time not worked or fail to be paid for time that was worked.</p>	<p>Supervisors should review and formally approve time worked by employees. Additionally, the payroll unit should be required to review the employee attendance records for evidence that the appropriate supervisory approval was obtained [102621.03].</p>	<p>Implemented.</p>
<p><u>Employee evaluations were still not recently performed.</u> The department was unable to provide recent employee evaluations for three of the five civil service employees selected for testing.</p>	<p>Failure to provide management feedback to employees on an annual basis may impact opportunities for employee advancement, or where required, corrective actions.</p>	<p>Require the preparation of annual employee evaluations for all civil service employees by supervisory personnel [102620.01].</p>	<p>Implemented.</p>

City of Philadelphia
Philadelphia Water Department
Findings and Recommendations
Fiscal Year 2023

Functions

The Philadelphia Home Rule Charter established the Philadelphia Water Department (PWD), which is one of the operating departments under the direction of the managing director. The department’s responsibilities include: operating and maintaining the city’s water supply and storm water system, which includes constructing, maintaining, repairing, and improving the city’s water supply facilities; operating and maintaining the city’s sewage system and wastewater treatment plants; investigating and adopting methods for improving the quality of the water supply; and fixing and regulating rates and charges for supplying water and sewage disposal services. A commissioner and three deputies manage the department. The fiscal 2023 appropriations for the Philadelphia Water Department and the Water, Sewer and Storm Water Rate Board were combined for reporting purposes.

<u>Name and address of department head</u> Randy E. Hayman, Esq., Commissioner and CEO Philadelphia Water Department Jefferson Center, 5 th Floor 1101 Market Street Philadelphia, PA 19107	<u>Appropriations:</u> Water Fund \$ 467,306,047 Water Residual Fund 32,994,000 Capital Fund <u>1,179,887,000</u> Total Appropriations <u>\$1,680,187,047</u>	<u>Estimated Revenues:</u> Non-Tax Revenue \$ 10,156,000 From Other Governments 500,000 From Other Funds <u>93,227,000</u> Total Estimated Revenues <u>\$103,883,000</u>
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<u>Number of Full Time</u>	
<u>Employees:</u>	
Civil Service	2,106
Exempt	<u>14</u>
Total Employees	<u>2,120</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>Employee evaluations were not recently performed.</u> The department failed to provide current employee evaluations for two of the five civil service employees selected for testing. Specifically, we were not provided with the two employees’ evaluations for calendar year 2022, which was the rating period tested during the fiscal year 2023 audit.</p>	<p>Failure to provide management feedback to employees on an annual basis may impact opportunities for employee advancement, or where required, corrective actions.</p>	<p>Require the preparation of annual employee evaluations for all civil service employees by supervisory personnel [102823.01].</p>	<p>The Department is continually increasing and managing its efforts to monitor and enforce the preparation of annual performance reports for its civil service employees. The Department’s leadership has communicated the importance and the effect of performance evaluations on employee’s promotions, annual bonuses and raises with senior level management. For CY 2023, while the finding notes two exceptions out of the five tested samples, the Department</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
			<p>(continued)</p> <p>achieved an overall completion percentage of 82% compared to 60% in FY 2020, which is the last audit where PWD was cited. This increase is the direct effect of the repeated reminders issued by PWD-HR.</p>
<p><u>For the sixth year, we are reporting that documentation supporting and authorizing employee leave time was not routinely prepared.</u> For eight out of 15 sampled civil service employees, the department could not provide formal approved leave requests for 15 of the 42 dates selected for testing. For all 15 dates, while the leave time used was posted to the employee’s attendance record which was approved by a supervisor, the department was unable to provide a formal leave request form documenting that the supervisor approved the leave in advance.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city’s Finance Office [102817.04].</p>	<p>Departmental procedures allow for leave requests and approvals to be submitted via email and on occasion, verbally. Ultimately, the approval of leave requests is indicated by the supervisory approval on the employee’s attendance record, which complies with SAP E-9011.</p> <p>[Controller’s Office Evaluation of Department’s Response: The department’s policy is not in accordance with the Finance Office’s Standard Accounting Procedure (SAP) No. E-9011 (Rev. 2), Daily Timekeeping Source Documents and Attendance Record-Keeping, which states that leave request forms (city standard form 82-S-14) should be used to cover all absences noted on the daily time sheets and requires the forms to be approved by unit supervisors. A verbal request or an e-mail notifying an employee’s supervisor that they are taking paid leave is not a properly approved leave request. The department was unable to provide documentation that the employee’s supervisor approved the employee’s paid leave time in advance, nor did they provide documentation from the city’s Finance Office that they are exempt from following city policy.]</p>
<p><u>For the fifth year, we are reporting that employee overtime was not properly authorized.</u> For 10 sampled civil service employees, the department was unable to provide documentation evidencing the authorization of overtime for 44 dates selected for testing. These 10 employees – a heavy equipment operator, two semi-</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [102816.02].</p>	<p>In accordance with SAP-9011, it is the Department’s policy and procedure that all overtime is approved by the unit supervisor and/or manager. Because of the nature of the Department’s operations and the need for continual 24-hour coverage in some units, staff</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>(continued)</p> <p>skilled laborers, a security officer, a water distribution crew chief, two water treatment plant operators, a water treatment plant operations crew chief, an emergency water distribution repair worker, and a surveyor – earned a combined total of \$280,551 in overtime during fiscal year 2023.</p>	<p>(continued)</p> <p>habits during the normal workday, resulting in a loss of efficiency.</p>		<p>(continued)</p> <p>absences often require the need for employee overtime. In some cases, overtime approval is granted instantaneously, for the continuity of operations. For seven of the 44 cited overtime dates, the employee arrived 18 minutes (0.3 hours) prior to the start of their shift, to prepare for their assignment, which is necessary for the efficient transfer of duties between employees and shifts. The Department considers approvals both, verbal and granted by email as acceptable methods of overtime approval. Ultimately, the approval of time records in One Philly after review by the unit supervisor and manager is an indication of approval of overtime.</p> <p>[Controller’s Office Evaluation of Department’s Response: The department’s policy is not in accordance with the Finance Office’s SAP No. E-9011 (Rev. 2), which states that the authorization for overtime or compensatory time (city standard form 82-S-31) shall be approved by a unit supervisor. An approval by email or a verbal approval or supervisory approval of overtime worked on time records is not sufficient documentation indicating the supervisory authorization for an employee to work overtime hours. Also, the department did not provide documentation from the city’s Finance Office that they are exempt from following city policy.]</p>

City of Philadelphia
 Department of Records
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Records was established by the Philadelphia Home Rule Charter and charged with the creation, maintenance, retention, and disposition of city records. More specifically, it is responsible for: establishing standards and procedures for record-keeping and records systems for all departments, boards, commissions, and agencies of the City of Philadelphia; recording legal documents, maintaining real property database records, maintaining the city’s tax maps, collecting city and state realty transfer taxes, collecting various fees, and providing copies of police and fire records; managing the citywide acquisitions of reprographic and filing equipment, conducting records-management studies, creating and managing citywide records-retention schedules, designing and controlling city forms, and managing the city’s archives and records center; and creating and maintaining photo records of city activities, providing official city identification cards, providing quick-copy duplicating services, and producing engineering-size reproductions. A commissioner, appointed by the mayor, heads the department.

Name and address of department head
 James Leonard, Commissioner
 Department of Records
 Room 156 City Hall
 Philadelphia, PA 19107

Appropriations:
 General Fund \$4,277,078
 Capital Fund 374,000
 Total Appropriations \$4,651,078

Estimated Revenues:
 Real Property Transfer Tax \$415,307,000
 Non-Tax Revenue 37,679,000
 Total Estimated Revenues \$452,986,000

Number of Full Time Employees:
 Civil Service 50
 Exempt 3
 Total Employees 53

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>A formal lateness policy was still not established and communicated to employees.</u> There was no written lateness policy available to guide management and staff on the definition of lateness and the progressive sanctions for violations of the policy.</p>	<p>The agency may not be able to effectively maintain discipline over staff work times, which could lead to employee abuses by reporting to work late and/or not fulfilling a complete workday.</p>	<p>Compile, issue, and implement a comprehensive employee lateness policy that clearly defines lateness and progressive sanctions for violations of the policy [103120.01].</p>	<p>The Department of Records attendance and leave policy was implemented on January 9, 2024.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Employee overtime was still not always properly authorized.</u> For two out of five employees selected for testing, we found that overtime authorization forms were not properly prepared for four out of 25 overtime dates tested. For these two employees, the department was unable to provide approved overtime authorization forms for three overtime dates. Also, for one sampled date, the number of overtime hours for which the employee was paid exceeded the number of hours that the employee was approved to work.</p> <p>During fiscal year 2022, these two employees – a clerical supervisor and an office clerk – earned a combined total of \$60,465 in overtime, which represented 21 percent of the Records Department’s total overtime expenditures for the year.</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [103121.02].</p>	<p>Implemented.</p>

City of Philadelphia
Office of the Director of Finance and Sinking Fund Commission
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of the Director of Finance was established by the Philadelphia Home Rule Charter to provide a department and principal officer responsible for the financial, accounting, and budgeting duties of the executive branch. The Office of the Director of Finance supports a number of department divisions, including: Executive Direction, which is comprised of the Administrative Services Center, the Mayor’s Office of Grants, and the Administrative Systems Modernization project (One Philly); the Office of Budget and Program Evaluation; the Accounting Bureau; Risk Management; and the Office of Property Data. The powers and duties of the Office of the Director of Finance include: maintaining separate accounts for each city appropriation; devising, after consultation with the city controller, a uniform system of accounting for all agencies or individuals receiving city appropriations; supervising the detailed accounting records maintained by city agencies; supervising the accounting for all moneys received and receivable by the city; and issuing an annual financial report within 120 days after the close of each fiscal year. The Office of the Director of Finance established a dedicated Administrative Services Center to perform financial processing functions for the Office of Innovation and Technology, Procurement, Treasurer, Office of Human Resources, and Civil Service Commission. A finance director, appointed by the mayor, heads the department. The Sinking Fund Commission was established by the Philadelphia Home Rule Charter to invest money and to redeem city bonds. The Sinking Fund Commission consists of a chairman, two commissioners, an experienced investment officer, and an executive director whose salary is budgeted in the Office of the City Treasurer.

<u>Name and address of department head</u>	<u>Appropriations:</u>	<u>Estimated Revenues:</u>
Rob Dubow, Director of Finance Office of the Director of Finance Municipal Services Building, 13 th Floor 1401 John F. Kennedy Boulevard Philadelphia, PA 19102	Finance General Fund \$2,123,005,292 Water Fund 144,762,106 Special Gasoline Tax Fund 1,000,000 Grants Revenue Fund 1,335,000,257 Aviation Fund 64,380,882 Community Development Fund 25,553,245 Acute Care Hospital Fund 343,882 Budget Stabilization Fund 100 Capital Fund <u>168,390,000</u> Total Finance <u>\$3,862,435,764</u>	Finance Non-Tax Revenue \$ 14,520,000 From Other Governments 1,516,064,000 Revenue From Other Funds <u>393,992,000</u> Total Estimated Revenues <u>\$1,924,576,000</u>
Matthew Bowman, Executive Director Sinking Fund Commission Municipal Services Building, 6 th Floor 1401 John F. Kennedy Boulevard Philadelphia, PA 19102	Sinking Fund Commission General Fund \$ 308,797,721 Water Fund 200,992,399 Aviation Fund 119,361,583 Car Rental Tax Fund 7,000,000 Housing Trust Fund <u>2,750,000</u> Total Sinking Fund <u>\$ 638,901,703</u>	<u>Number of Full Time Employees:</u> Finance Civil Service 82 Exempt 46 Total Employees <u>128</u>
	Total Appropriations \$4,501,337,467	

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>Terminal leave payment calculations were not always checked for accuracy.</u> For three out of five Police Department terminal leave payments selected for testing, we noted that errors in those payments were not detected by the Finance Office's Central Payroll Unit. While there are plans for OnePhilly to create a program to automate the terminal leave calculations, our inquiry of OnePhilly Team personnel disclosed that the OnePhilly system is not yet automatically calculating the terminal leave payments. Instead, personnel from the Finance Office's Central Payroll Unit manually calculate terminal leave payments and then enter those amounts into the OnePhilly system. In the case of the three incorrect terminal leave payments, the Police stress pay portion was erroneously calculated because the wrong number of compensable fiscal days and hours were used, resulting in three Police Department employees being underpaid.</p>	<p>Errors occurred and were not detected during the normal process of preparing terminal leave payments, which allowed separated employees to be paid incorrectly. The three separated Police Department employees were underpaid by a total of \$241.</p>	<p>Until a program to automatically calculate terminal leave payments is implemented in the OnePhilly system, Central Payroll Unit management should assign an employee the task of reviewing the calculations of terminal leave payments to ensure they have been accurately computed [103523.01].</p>	<p>Stress Pay is a pay differential that is specific to Police Sworn Officers. It is indeed manually calculated and entered in the system via element entry. The other components of terminal leave are not manually calculated. Stress pay will be reviewed more closely until it is no longer manually calculated via terminal leave automation.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS

Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Employee evaluations were not recently performed.</u> The department could not provide recent performance evaluations for two out of the five civil service employees selected for testing.</p>	<p>Failure to provide management feedback to employees on an annual basis may impact opportunities for employee advancement, or where required, corrective actions.</p>	<p>Require the preparation of annual employee evaluations for all civil service employees by supervisory personnel [103521.02].</p>	<p>Implemented.</p>
<p><u>The city's new online payroll system did not track and monitor sick abuse.</u> The city's new OnePhilly payroll system, a modernization initiative created by the Finance Office, was implemented in March 2019 without the ability to track and monitor employees' uncertified sick leave usage. The previous legacy payroll system had a reporting feature that tracked the number of uncertified sick days used by an employee, identified the dates when an employee reached the</p>	<p>Without a reporting feature in the OnePhilly system to assist departments in tracking and monitoring employees' uncertified sick leave usage, it was very difficult for departments to effectively enforce the city's sick leave</p>	<p>We recommend that the OnePhilly Team continue with its planned implementation of the sick abuse policy in the OnePhilly system, completing the remaining phases and correcting identified errors in the sick leave report for sick abuse monitoring [103520.07].</p>	<p>The sick abuse monitoring program went live in the OnePhilly system in March 2022. Our review noted that the sick abuse monitoring program has a Special Information Type to track an employee's undocumented sick leave usage and automatically generates the warning and placement letters once an employee reaches the</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p>(continued)</p> <p>fifth and eighth uncertified sick days, and had fields for departments to notate in the system whether a fifth-day warning letter was sent and the date that an employee was placed on the Excessive Use of Sick Leave List. The OnePhilly system went live without having such a reporting feature, which adversely affected departments' compliance with the city's Sick Leave Rules and Regulations during calendar year 2019. Out of 27 departments tested for compliance with the city's sick leave policy, we found that 26 failed to properly enforce sick abuse penalties for 1,181 civil service employees. These employees were paid \$1,156,556 in sick leave benefits that they would not have been entitled to had the city's policy been enforced.</p> <p>Our inquiry of the deputy finance director who oversees the OnePhilly Team, the group that manages the OnePhilly system, disclosed that the city's sick abuse policy is being implemented in the system in three phases, as follows:</p> <ul style="list-style-type: none"> • The first phase, which was completed in November 2020, was the creation of a sick leave report for sick abuse monitoring. This report, which can be generated by a department for a specified time period, shows the following information by employee: individual instances of sick time used (uncertified and certified), indicators as to whether an employee exceeded five and eight uncertified sick days, the dates when an employee reached the fifth and eighth uncertified sick days, and year-to-date total uncertified sick hours used. Our review of the report found some errors, including inaccuracies in the year-to-date total uncertified sick hours used and certain fields incorrectly showing no data, such as the dates for the fifth and eighth uncertified sick days. We brought these errors to the attention of the OnePhilly Team in March 2021, and they were targeting to fix the errors by August 2021. 	<p>(continued)</p> <p>policy, which may have resulted in some employees abusing sick time without consequences. Additionally, because of minimum staffing level requirements in certain departments, excessive use of sick time could result in additional overtime expense to the city, as employees are called upon to work overtime hours to fill in for others' absences.</p>		<p>(continued)</p> <p>defined thresholds per the city's sick leave policy. Also, the OnePhilly Team corrected identified errors in the sick leave report for sick abuse monitoring. While we consider the prior year finding to be resolved, we will review the effectiveness of the OnePhilly system's sick abuse monitoring program in a future audit.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p>(continued)</p> <ul style="list-style-type: none"> Phase two involves providing a location in the system for departments to mark employees placed on the Excessive Use of Sick Leave List and generate a report of all employees on the list. Completion of phase two was targeted for the third quarter of calendar year 2021. The third phase, targeted for completion in the fourth quarter of calendar year 2021, entails building certain worklist notifications, including a human resources manager notification with the fifth or eighth-day letter to be delivered to an employee; and an employee notification with the letter. This phase also includes building sick notification and abuse listing dates in the system. 			
<p><u>Documentation supporting and authorizing employee leave time was still not routinely prepared.</u> The department was unable to provide properly approved leave requests for three out of 13 sample dates selected for testing. These three dates pertained to one employee who used three consecutive vacation days, the leave request for which was prepared and approved after we requested it.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [103520.09].</p>	<p>Implemented.</p>

City of Philadelphia
 Department of Revenue
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Revenue was established by the Philadelphia Home Rule Charter to be responsible for: billing and collecting real estate taxes; collecting income and other taxes; reading water meters and billing and collecting water and sewer rents due to the city; and collecting fees for all city licenses and permits. Under the 1965 Supplement to the Charter, the Department of Revenue is charged with collecting taxes receivable for the benefit of the School District of Philadelphia. The director of finance with the approval of the mayor appoints the revenue commissioner.

<u>Name and address of department head</u> Kathleen McColgan, Commissioner Department of Revenue Municipal Services Building, Room 430 1401 John F. Kennedy Boulevard Philadelphia, PA 19102	<u>Appropriations:</u> General Fund \$27,808,577 Water Fund 17,236,680 Grants Revenue Fund 19,650,000 Acute Care Hospital Fund 45,000 Total Appropriations <u>\$64,740,257</u>	<u>Estimated Revenues:</u> Tax Revenue \$3,856,850,000 Non-Tax Revenue 786,441,000 From Other Governments <u>61,297,000</u> Total Estimated Revenues <u>\$4,704,588,000</u>
		<u>Number of Full Time Employees:</u> Civil Service 463 Exempt 37 Total Employees <u>500</u>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Employee overtime was not always properly authorized.</u> For one out of five sampled employees, the department was unable to provide the approved overtime authorization forms for two of the five overtime dates tested for the employee.</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [103622.03].</p>	<p>Implemented.</p>

City of Philadelphia
Procurement Department*
Findings and Recommendations
Fiscal Year 2023

Functions

The Procurement Department was established by the Philadelphia Home Rule Charter to function as a centralized purchasing department with the responsibility for purchasing all goods and services for all departments, agencies, boards and commissions that are supported by funds from the city treasury. The department is also responsible for awarding contracts on all public works projects, arranging for disposal of surplus and unserviceable personal property, and maintaining records of all equipment (personal property) owned by the city. The Procurement Department commissioner is appointed by the finance director with the approval of the mayor and is responsible for the department's operations.

Name and address of department head
LaShawnda N. Tompkins
Acting Procurement Commissioner
120 Municipal Services Bldg.
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102 - 1685

Appropriations:
General Fund \$6,874,776
Water Fund 113,720
Total Appropriations \$6,988,496

Estimated Revenues:
Non-Tax Revenues \$370,000

Number of Full Time Employees:
Civil Service 28
Exempt 8
Total Employees 36

Observation / Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
Office of the City Treasurer
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of the City Treasurer was established by the Philadelphia Home Rule Charter to be the official custodian of all city cash and securities. The powers and duties of the Treasurer’s Office include: maintaining control and managing deposits with banks designated by City Council; disbursing funds upon proper authorization and overseeing the distribution of checks; reconciling city bank accounts; generating reports on receipts, deposits, transfers, withdrawals and investments; investing funds in excess of immediate requirements; and overseeing and managing the city’s debt. The city treasurer, appointed by the finance director, manages the department.

Name and address of department head
Jacqueline Dunn
City Treasurer
640 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1681

Appropriations:
General Fund \$4,718,290

Estimated Revenues:
Non-Tax Revenues \$ 10,105,000
From Other Governments 566,146,000
Total Estimated Revenues \$576,251,000

Number of Full Time Employees:
Civil Service 10
Exempt 10
Total Employees 20

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>CASH</p> <p><u>For the sixth consecutive year, we are reporting that long outstanding payroll checks were not properly escheated to the state.</u> Our testing still noted noncompliance with Pennsylvania’s Disposition of Abandoned and Unclaimed Property Act (escheat act). The Office of the City Treasurer failed to transfer \$2,628,976 of outstanding payroll checks from calendar year 2021 and prior into the City of Philadelphia’s Unclaimed Monies Fund,⁴ as required by the city’s standard accounting procedures (SAPs) No. 4.1.2. and 7.1.3.b. Out of the \$2,628,976 in outstanding payroll checks, \$1,633,809 related to calendar year 2020 and prior was due to be escheated to the state in fiscal year 2023.</p>	<p>Failure to follow the SAPs increases the risk that outstanding checks would not be remitted timely to the state in violation of the Pennsylvania escheat act. Also, carrying old outstanding checks unnecessarily complicates the bank reconciliation process.</p>	<p>We recommend that the Office of the City Treasurer draw a transfer check payable to the City of Philadelphia-Unclaimed Monies Fund, for the sum of the outstanding payroll checks in accordance with the SAPs. In addition, the Finance Office should then remit the amount to the state as required by the Pennsylvania escheat act [104018.01].</p>	<p>We agree with the recommendation. The City Treasurer’s Office transmitted escheatment submissions for checks from calendar year 2021 and prior to the City’s Unclaimed Monies Fund in FY24.</p> <p>Escheatment compliance is a priority for the CTO and, as such, we are continually improving procedures and internal processes. We anticipate compliance to the state escheat act for fiscal year 2024 and beyond.</p>

⁴ The Unclaimed Monies Fund is administered by the Finance Office which is then responsible for remitting the unclaimed amounts to the state in accordance with the Pennsylvania escheat act.

City of Philadelphia
Office of the Director of Commerce
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of the Director of Commerce (Commerce) was established by the Philadelphia Home Rule Charter. The powers and duties of Commerce include: promoting and developing the city’s commerce and industry and encouraging the increased use of port and airport facilities; maintaining and operating the city’s wharf, dock, and harbor facilities, and when authorized by City Council, acquiring or constructing additional such facilities; and promoting workforce development activity within the city through the Division of Workforce Solutions. Commerce carries out many of its economic development activities through contracts with various quasi-public agencies. The mayor appoints a commerce director to head the department. During fiscal year 2023, the Division of Aviation, previously a segment of Commerce operations on which we reported separately, became the Department of Aviation, a new city department created by an amendment to the Philadelphia Home Rule Charter and approved by the voters at the election held on November 8, 2022, and certified on December 4, 2022.

Name and address of department head

Alba Martinez
Director of Commerce
1515 Arch Street – 12th Floor
Philadelphia, PA 19102

Appropriations:

General Fund	\$ 43,843,366
Hotel Tax Fund	60,000,000
Grants Revenue Fund	10,000,000
Community Development Fund	17,550,857
Capital Fund	<u>202,424,000</u>
Total Appropriations	<u>\$333,818,223</u>

Estimated Revenues:

From Other Governments	\$27,551,000
Hotel Room Rental Tax	<u>60,000,000</u>
Total Estimated Revenues	<u>\$87,551,000</u>

Number of Full Time Employees:

Civil Service	11
Exempt	<u>63</u>
Total Employees	<u>74</u>

Observation / Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
Law Department*
Findings and Recommendations
Fiscal Year 2023

Functions

The Law Department was established by the Philadelphia Home Rule Charter to serve as the legal advisor to the mayor, City Council, and all agencies of city government in civil matters. Other responsibilities include representing the city in litigation, preparing and approving contracts and bonds, investigating alleged violations of statutes and ordinances, and drafting ordinances. The Home Rule Charter mandates that the city solicitor shall be a lawyer admitted to practice before the Supreme Court of Pennsylvania and shall have at least five years of experience in the active practice of law. The city solicitor is appointed by the mayor, with the advice and consent of the majority of the members of city council. The city solicitor, with the written approval of the mayor, appoints the first deputy city solicitor, and the chairs of the corporate and tax group, the social services group, and the litigation group.

<u>Name and address of department head</u> Renee Garcia, City Solicitor Law Department 17 th Floor, One Parkway Building 1515 Arch Street Philadelphia, PA 19102	<u>Appropriations:</u> General Fund \$21,876,309 Water Fund 4,130,719 Aviation Fund 1,630,871 Community Development Fund <u>195,573</u> Total Appropriations <u>\$27,833,472</u>	<u>Estimated Revenues:</u> Non-Tax Revenue \$800,000 From Other Governments <u>196,000</u> Total Estimated Revenues <u>\$996,000</u>
		<u>Number of Full Time Employees:</u> Civil Service 22 Exempt <u>217</u> Total Employees <u>239</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PETTY CASH</p> <p><u>An overage still existed in the Law Department's petty cash account.</u> During our review of the department's February 2023 fund reconciliation for its petty cash account, we noted that the fund had an overage of \$4,305, primarily consisting of \$3,892 in voided checks that were previously submitted for reimbursement. The department did not provide support for the remaining \$413 overage.</p>	<p>Failure to investigate and properly resolve shortages or overages on petty cash reconciliations increases the risk that missing funds will remain unrecovered or that overages will be misappropriated.</p>	<p>We recommend that management draw a petty cash check payable to the city for the overage amount and deposit that check with the Department of Revenue's Payment Processing Division [104421.01].</p>	<p>The Law Department will implement the recommendation and draw a petty cash check payable to the city for the overage amount to be deposited with the Department of Revenue's Payment Processing Division.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p><u>Monthly petty cash bank and fund reconciliations were still not prepared in a timely manner.</u> During our review of the department's petty cash records, we noted that six out of the eight bank and fund reconciliations tested were not prepared in a timely manner.</p>	<p>Failure to perform monthly bank and fund reconciliations timely increases the risk that errors or irregularities may occur and not be detected in a timely manner. In addition, the total petty cash balance may not be accounted for.</p>	<p>Management should ensure that monthly petty cash bank and fund reconciliations are timely prepared in accordance with standard accounting procedures of the city's Finance Office [104421.02].</p>	<p>The Law Department has addressed this issue and ensures that petty cash bank and fund reconciliations are prepared and submitted in a timely fashion, in accordance with the Finance Department's standard accounting procedures.</p>
<p><u>Long outstanding petty cash checks were still not deposited into the city's Unclaimed Monies Fund.</u> Checks outstanding more than a year, dating back to 2018, totaling \$6,883, were not transferred into the City of Philadelphia's Unclaimed Monies Fund. The city's unclaimed money procedure specified in Standard Accounting Procedure (SAP) No. 4.1.2. requires all monies that remain unclaimed for one year or more to be deposited with the Revenue Department.</p>	<p>Failure to follow the SAP increases the risk that long outstanding checks would not be forwarded timely to the state in violation of the Commonwealth's Unclaimed Property Law. Also, carrying old outstanding checks unnecessarily complicates the bank reconciliation process.</p>	<p>We recommend that management place a stop payment order for each long outstanding check and draw a transfer check payable to the City of Philadelphia – Unclaimed Monies Fund, for the sum of all checks outstanding for over one year in accordance with standard accounting procedures of the city's Finance Office [104421.04].</p>	<p>The Law Department is issuing stop payments for each outstanding check, and has issued a petty cash check on 8/30/24 to the Department of Revenue's Unclaimed Monies Fund.</p>
CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Documentation supporting and authorizing employee leave time was still not routinely prepared.</u> For one of the five employees tested, two leave requests provided by the department were prepared and approved after we requested the documents.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [104420.01].</p>	<p>Implemented.</p>

City of Philadelphia
Board of Ethics
Findings and Recommendations
Fiscal Year 2023

Functions

The Board of Ethics was established by an amendment to the Philadelphia Home Rule Charter approved by the voters on May 16, 2006. The Board of Ethics is responsible for enforcing city campaign finance, financial disclosure, prohibited political activity, lobbying and conflict of interest laws, as well as rendering advice, investigating complaints and issuing fines. The Board is also responsible for providing guidance and education on ethics rules to the entire city workforce, as well as to city vendors. In addition, the Board promotes greater transparency in government by overseeing financial disclosures of city officials and by publishing campaign finance disclosures of elected officials and candidates and information on lobbying activity in Philadelphia. The Board consists of five, non-paid members appointed by the mayor with the advice and consent of the majority of City Council. The members, who serve staggered terms of five years, elect a chair and such other officers as they deem necessary. The Board appoints an executive director, counsel, and such other staff members as may be required to exercise its powers and fulfill its obligations.

Name and address of department head

J. Shane Creamer, Jr., Esquire
Executive Director
Board of Ethics
One Parkway Building
1515 Arch Street, 18th Floor
Philadelphia, PA 19102-1504

Appropriations:

General Fund \$1,181,902

Estimated Revenues:

Non-Tax Revenue \$160,000

Number of Full Time Employees:

Civil Service 2
Exempt 8
Total Employees 10

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
Office of the Inspector General
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of the Inspector General (OIG) was established by Executive Order in May 1984 to constitute an investigative arm within the executive branch of Philadelphia government. The OIG is designated as an independent executive office with authority to receive and investigate criminal and/or serious integrity-related complaints of fraud, corruption, and abuse involving city employees and officials, and others doing business with the City of Philadelphia. The OIG’s mission is to enhance public confidence in the integrity of the city government by establishing and implementing procedures for reporting, investigating, and resolving complaints of fraud, corruption, and abuse of office; to provide leadership and guidance in recommending programs and policies which educate and raise awareness of all city officials and employees to integrity and ethics-related issues; and to provide assistance to the respective department and department heads on all integrity and ethics-related matters through its support of the City-wide Integrity Officer System. An inspector general, who is appointed by and reports directly to the mayor, manages the department.

Name and address of department head
Alexander DeSantis, Inspector General
Office of the Inspector General
The Curtis Center
601 Walnut Street, Suite 300 East
Philadelphia, PA 19106

Appropriations:
General Fund \$2,296,063

Estimated Revenues:
Non-Tax Revenue \$20,000

Number of Full Time Employees:
Exempt 18

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Documentation supporting and authorizing employee leave time was not routinely prepared.</u> For the five employees tested, the department could not provide formal approved leave requests for all 23 sample dates selected for testing. Each employee used consecutive vacation days. OIG management informed us that the department does not use written leave request forms. Instead, employees submit leave requests on an internal calendar or through the office’s group email box.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city’s Finance Office [104822.01].</p>	<p>Implemented.</p>

City of Philadelphia
Office of Sustainability
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of Sustainability (OOS) was established in 2008 as the Mayor’s Office of Sustainability. The OOS became permanent after approval of the voters at the election held on November 4, 2014, and certified on November 24, 2014. The Director of Sustainability is appointed by the mayor. The OOS works with partners around the city to improve quality of life in all Philadelphia neighborhoods, reduce the city’s carbon emissions, and prepare Philadelphia for a hotter, wetter future. OOS is responsible for implementing Greenworks Philadelphia, the city’s comprehensive sustainability plan which is made up of eight visions: access to healthy, affordable, and sustainable food and drinking water; breathing healthy air inside and outside; efficiently using affordable clean energy; prepare for climate change and reduce carbon pollution; benefit from parks, trees, stormwater management, and healthy waterways; access to safe, affordable, and low-carbon transportation; waste less and keep neighborhoods clean; and benefit from sustainability education, employment, and business opportunities. OOS programs are Energy Benchmarking, Food Policy Advisory Council, and Greenworks.

<u>Name and address of department head</u> Elizabeth Lankenau, Director Office of Sustainability One Parkway Building 1515 Arch Street, 13 th Floor Philadelphia, PA 19102	<u>Appropriations:</u> General Fund Water Fund Grants Revenue Fund Aviation Fund Capital Fund Total Appropriations	\$1,664,001 132,874 602,500 110,873 <u>1,838,000</u> <u>\$4,348,248</u>	<u>Estimated Revenues:</u> Non-Tax Revenue <u>Number of Full Time</u> <u>Employees:</u> Exempt	 <u>\$602,000</u> <u>20</u>
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CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Documentation supporting and authorizing employee leave time was not routinely prepared.</u> The Office of Sustainability was unable to provide formally approved leave requests for three out of the five employees selected for testing. Of the ten sample dates involved, management could not provide documentation supporting eight of the days used. Additionally, leave requested through email by one sample employee did not contain evidence of supervisory approval for any of the four consecutive days used.</p>	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city’s Finance Office [104917.01].</p>	<p>Implemented.</p>

City of Philadelphia
The Free Library of Philadelphia
Findings and Recommendations
Fiscal Year 2023

Functions

The Free Library of Philadelphia (Library), initially created through private donations, was established as a nonprofit corporation under state law in 1891. In 1894, the City of Philadelphia established a public library system as a branch of city government. This action permitted the existing library system to receive city appropriations. Because the Library consists of two distinct entities, the nonprofit corporation and the city department, it is organized under two governing boards: the Board of Directors of the Free Library of Philadelphia Foundation and the Board of Trustees of the Free Library of Philadelphia. The Board of Directors manages the affairs of the corporation and controls several collections and the major portion of all endowments benefiting the Library. The Board of Trustees is the public board responsible for the operation of the city’s library system. The mission of the city department is to: provide to all segments of the city’s diverse population a comprehensive collection of recorded knowledge, ideas, artistic expression, and information in a variety of media, including current technology; assure ease of access to these materials; and provide programs to stimulate the awareness and use of these resources. A president/director is appointed by and serves at the discretion of the Board of Trustees.

Name and address of department head
Kelly C. Richards, President and Director
The Free Library of Philadelphia
1901 Vine Street
Philadelphia, PA 19103-1189

Appropriations:
General Fund \$58,449,945
Grants Revenue 8,423,518
Fund 8,872,000
Capital Fund \$75,745,463
Total Appropriations

Estimated Revenues:
Non-Tax Revenue \$ 775,000
From Other Governments 8,424,000
Total Estimated Revenues \$9,199,000

Number of Full Time Employees:
Civil Service 751
Exempt 8
Total Employees 759

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>Employee out-of-class (OOC) assignments were not properly authorized.</u> For four sampled employees working OOC for which they were paid at higher than their normal pay rates, authorization documentation for these OOC assignments was not properly prepared and maintained. It was the department’s practice to document the authorization of OOC work for employees through email, but the department was unable to provide any documentation evidencing that the OOC was formally approved for the four sample employees.</p>	<p>Allowing employees to work OOC without formal authorization may result in the expenditure of unnecessary payroll dollars.</p>	<p>Management should ensure that all OOC assignments are formally approved in writing by the applicable supervisory personnel [105223.01].</p>	<p>This is an HR administrative matter, and both the HR professional and payroll teams will work together and are expected to implement and enforce the OOC and OT processes and instructions for all staff by Q3 of FY25.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p><u>The department had not yet taken action to recover an overpayment to a separated employee.</u> While the current audit's testing of selected separated employees did not note any errors, our follow-up of the fiscal year 2022 finding regarding an employee who separated while possessing a negative vacation leave balance found that the department had not yet submitted a Payroll Credit Advice (PCA) to recover the overpayment.</p>	<p>Regarding the prior year finding, the employee was erroneously overpaid by \$1,688.</p>	<p>Submit a PCA to recover the overpayment to the separated employee [105222.02].</p>	<p>The FLP Payroll team is working on completing the outstanding PCA and this will be completed before the end of FY25 Q2.</p>
<p><u>Employee evaluations were not recently performed.</u> The department could not provide recent employee evaluations for two of the five civil service employees selected for testing.</p>	<p>Failure to provide management feedback to employees on an annual basis may impact opportunities for employee advancement, or where required, corrective actions.</p>	<p>Require the preparation of annual employee evaluations for all civil service employees by supervisory personnel [105222.04].</p>	<p>As shared in April 2024 for the FY22 audit, FLP HR notifies managers and supervisors in January of the mid-February deadline of completing performance reviews for the prior calendar year to allow the HR transaction team ample time to submit the performance reviews in OnePhilly. As of 2024 FLP management was advised that incomplete performance reports for staff could result in corrective action. Additionally, there is a plan to provide periodic weekly or bi-weekly reminders to reach 100% completion.</p>
<p><u>Employee overtime was still not properly authorized.</u> In our review of the department's overtime records, we noted that overtime authorization forms were not properly prepared for three out of the five civil service employees tested. Specifically, for nine out of the 25 dates selected for testing, the number of overtime hours worked by the employee exceeded the number of overtime hours that the employee was approved to work.</p> <p>The nine instances for which overtime authorization forms were not properly prepared</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel. Also, payroll unit personnel should ensure that actual overtime hours worked do not exceed the approved overtime hours per the overtime authorization forms [105221.01].</p>	<p>As shared in April 2024 for the FY22 audit, the unfortunate ongoing attrition of the payroll unit since 2020 has created the challenge of completing more verifications of records.</p> <p>The Free Library uses an approval process for overtime. Due to vacancies in the Property Management division for security and buildings, existing staff are working overtime to fill the gap; however, we will be sure that updated</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>(continued)</p> <p>pertained to two municipal guard supervisors and a building maintenance supervisor, who during fiscal year 2023 earned a combined \$97,465 in overtime, which represented 9 percent of the department's total overtime expenditures for the year.</p>			<p>(continued)</p> <p>overtime authorization documentation is completed if the overtime exceeds the original approval time or take appropriate corrective action if the additional overtime was not authorized.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS

Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Documentation supporting and authorizing employee leave time was not routinely prepared.</u></p> <p>During our review, we noted that documentation supporting and authorizing employee leave time was not properly prepared for four of the five employees tested. Specifically, for five out of the 16 dates selected for testing, we noted the following:</p> <ul style="list-style-type: none"> • For two of the 16 dates, the leave request forms were not signed by the supervisor. • For three of the 16 dates, the department was unable to provide formal approved leave requests. 	<p>Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.</p>	<p>Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [105222.03].</p>	<p>Implemented.</p>

City of Philadelphia
 Commission on Human Relations
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Commission on Human Relations (CHR) consists of two separate and distinct commissions: Human Relations Commission (HRC) and the Fair Housing Commission (FHC). The HRC has nine commissioners appointed by the mayor. It was established under the 1951 Philadelphia Home Rule Charter to enforce the Philadelphia Fair Practices Ordinance. The ordinance prohibits discrimination in the areas of employment, housing, public accommodations, and the provision of city services. The ordinance makes it unlawful to discriminate in these areas because of race, color, gender, religion, age, sexual orientation, national origin, ancestry, disability, marital status, and gender identity. In housing, the Philadelphia Fair Practices Ordinance makes it unlawful to additionally discriminate because of the source of income and the presence of children. The FHC has five commissioners appointed by the mayor. It was created by the Philadelphia Code and empowered to enforce the city’s Fair Housing Ordinance. That ordinance prohibits landlords from engaging in unfair housing practices. Such practices may include evicting a tenant or raising a tenant’s rent if a property where a tenant is living violates the city’s housing code. An executive director, appointed by the mayor, heads the CHR. The CHR has four major divisions: Community Relations, Compliance, Administration, and Fair Housing.

Name and address of department head
 Kia Ghee, Esquire
 Executive Director
 Commission on Human Relations
 601 Walnut Street, Suite 300 South
 Philadelphia, PA 19106

Appropriations:
 General Fund \$2,573,736

Estimated Revenues:
 From Other Governments \$125,000

Number of Full Time Employees:
 Civil Service 28
 Exempt 2
 Total Employees 30

Observation/Condition	Risk/Potential Effect	Recommendation	Department’s Response
No exceptions were noted.			

City of Philadelphia
Office of Human Resources and Civil Service Commission
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of Human Resources (OHR) and the Civil Service Commission (CSC) carry out the central personnel functions of the City of Philadelphia. Although the two agencies interact with one another, they each have separate and distinct functions. The OHR, which was established by the Philadelphia Home Rule Charter, carries out the specific tasks of the city’s centralized personnel program. In this capacity, the office assists other city agencies in such matters as: attracting and developing a well-qualified and diverse workforce; enhancing leadership capacity of managers and supervisors; planning for current and future workforce needs; developing and implementing programs to improve employee capacity and human resource management in city government; maintaining accurate employee records, both electronic and paper-based; establishing and maintaining lists of candidates for civil service employment to supply on-going needs; promoting workforce diversity by conducting recruitment and developing outreach programs for disabled and minority job candidates; and developing health and welfare benefits and programs for employees. A human resources director, appointed by the CSC, manages the department.

Established by the Home Rule Charter as an independent commission, the CSC oversees the system of personnel administration governing the appointment, promotion, demotion, transfer, lay-off, removal, and discipline of city employees. Its primary responsibility is to advise both the mayor and the human resources director on human resources management issues, but other responsibilities include: ruling on proposed civil service regulations and any modifications to existing regulations, position classifications and pay plans; serving as an appellate tribunal for employee appeals involving demotion, lay-off, or disciplinary action; and ruling on requested exemptions from civil service regulations. The CSC consists of three members. The mayor appoints each member from a list submitted by a nominating panel to serve a six-year term. These terms are overlapping with one member appointed every two years.

Name and address of department head
Michael Zaccagni, Director
Office of Human Resources
Municipal Services Building, 15th Floor
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

Leonard V. Cid, Chairperson
Civil Service Commission
Municipal Services Building, 16th Floor
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

<u>Appropriations:</u>	
Office of Human Resources	
General Fund	<u>\$7,418,259</u>
Civil Service Commission	
General Fund	<u>\$54,211,582</u>

<u>Estimated Revenues:</u>	
Office of Human Resources	
Non-Tax Revenue	<u>\$1,000</u>
<u>Number of Full Time Employees:</u>	
Office of Human Resources	
Civil Service	76
Exempt	<u>7</u>
Total Employees	<u>83</u>
Civil Service Commission	
Civil Service	<u>2</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PETTY CASH</p> <p><u>Monthly fund reconciliations lacked evidence of approval.</u> During our review of the department's petty cash fund, we noted that four out of eight fund reconciliations tested did not have any indication that they were reviewed by a responsible person.</p>	<p>Failure to review fund reconciliations increases the risk of undetected errors and creates opportunities for a person to perpetrate and conceal irregularities when performing normal duties.</p>	<p>Management should assign a third person other than the custodian and preparer to review the reconciliations. This review should be evidenced by a signature in accordance with the standard accounting procedures of the city's Finance Office [105623.01].</p>	<p>We have connected with the First Finance Deputy and will work with the Finance Administrative Services Center (ASC), who manages this activity, to assure verification occur.</p>
<p><u>The department's petty cash fund had still not been properly reconciled.</u> During our review of the department's petty cash records, we noted that the fund reconciliations were not properly prepared. The following items were erroneously recorded in the fund reconciliations:</p> <ul style="list-style-type: none"> • For five out of 8 fund reconciliations reviewed, the end-of-the month cash balance on the fund reconciliation did not agree to the reconciled cash balance on the bank reconciliation. • The bills to be vouchered listed on the fund reconciliation included \$196 of expenditures from 2017 and 2018. <p>Additionally, the December 2022, January 2023, and February 2023 fund reconciliations reported varying overages of \$893, \$593, and \$818, respectively. Department management asserted that the overage was caused primarily by a duplicate petty cash reimbursement.</p>	<p>Failure to properly reconcile the account increases the risk that errors or irregularities may occur and not be detected. In addition, the total petty cash balance may not be accounted for. Furthermore, failure to investigate shortages or overages on petty cash fund reconciliations increases the risk that missing funds will remain unrecovered or that overages will be misappropriated.</p>	<p>Management should ensure that monthly petty cash fund reconciliations are properly prepared in accordance with standard accounting procedures of the city's Finance Office [105621.01]. Also, if any overages or shortages exist, they should be evaluated by the appropriate supervisory level employee for further investigation in accordance with standard accounting procedures of the city's Finance Office [105623.02].</p>	<p>We have connected with the First Finance Deputy and will work with the Finance ASC, who manages this activity, and we are working on updating our petty cash records so that bank and fund reconciliations are accurate. Many of the records to be reconciled reach back several years.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p><u>Monthly petty cash bank and fund reconciliations had still not been performed in a timely manner.</u> During our review of the department's petty cash records for eight months, we noted that four bank reconciliations and five fund reconciliations were not performed in a timely manner.</p>	<p>Failure to perform monthly bank and fund reconciliations timely increases the risk that errors or irregularities may occur and not be detected in a timely manner. In addition, the total petty cash balance may not be accounted for.</p>	<p>Management should ensure that monthly petty cash bank and fund reconciliations are timely prepared and approved in accordance with standard accounting procedures of the city's Finance Office [105621.02].</p>	<p>We have connected with the First Finance Deputy and will work with the Finance ASC, who manages this activity, to assure that processes previously implemented are being followed to promote timely reconciliations.</p>
<p><u>Long outstanding petty cash checks were still not deposited into the city's Unclaimed Monies Fund.</u> Checks outstanding more than a year totaling \$469, were not transferred into the City of Philadelphia's Unclaimed Monies Fund. The city's unclaimed money procedure specified in standard accounting procedure (SAP) No. 4.1.2. requires all monies that remain unclaimed for one year or more to be deposited with the Revenue Department.</p>	<p>Failure to follow the SAP increases the risk that long outstanding checks would not be forwarded timely to the state in violation of the Commonwealth's Unclaimed Property Law. In addition, carrying old outstanding checks unnecessarily complicates the bank reconciliation process.</p>	<p>We recommend that management place a stop payment order and draw a transfer check payable to the City of Philadelphia-Unclaimed Monies Fund, for the sum of all checks outstanding for over one year in accordance with standard accounting procedures of the city's Finance Office [105621.03].</p>	<p>We have addressed a number of aged checks and continue to work on this issue. There are currently two organizations we are working with to reconcile final outstanding checks.</p>
<p><u>Duties for reviewing the petty cash bank reconciliations were not adequately segregated.</u> While the petty cash bank reconciliations were now prepared using the current version of form 71-77 and there was evidence of approval, we noted, however, that the fund's custodian reviewed all eight of the bank reconciliations tested.</p>	<p>Failure to segregate incompatible duties increases the risk of undetected errors and creates opportunities for a person to perpetrate and conceal irregularities when performing normal duties.</p>	<p>Management should assign a third person other than the petty cash custodian and preparer to review bank reconciliations in accordance with standard accounting procedures of the city's Finance Office [105617.01].</p>	<p>We have connected with the First Finance Deputy and will work with the Finance ASC, who manages this activity, to assure this work is completed appropriately.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>IMPREST FUNDS</p> <p><u>Monthly bank and fund reconciliations lacked evidence of approval.</u> During our review of the department's Prescription Imprest Fund records for nine months, we noted that four bank reconciliations and three fund reconciliations did not have any indication that they were reviewed by a responsible person. The four bank reconciliations and two of the three fund reconciliations with no evidence of approval were completed on outdated versions of the city's standard bank reconciliation form (form 71-77) and fund reconciliation form (form 71-S-193), which did not contain a field for the reviewer's approval.</p>	<p>Failure to review bank and fund reconciliations increases the risk of undetected errors and creates opportunities for a person to perpetrate and conceal irregularities when performing normal duties.</p>	<p>Management should ensure that bank reconciliations and fund reconciliations are consistently prepared using the current versions of form 71-77 and form 71-S-193, respectively. Also, management should assign a third person other than the custodian and preparer to review the bank and fund reconciliations. This review should be evidenced by a signature in accordance with the standard accounting procedures of the city's Finance Office [105623.03].</p>	<p>We understood that this has been corrected and there are two separate approvers outside of the custodian and preparer in ASC. We will verify this is the case.</p>
<p><u>For the fifth consecutive year, we have reported that monthly imprest bank and fund reconciliations have not been performed in a timely manner.</u> During our testing of nine monthly bank and fund reconciliations for the Prescription Imprest Fund, we noted that two bank reconciliations and four fund reconciliations were not performed in a timely manner.</p>	<p>Failure to perform monthly bank and fund reconciliations timely increases the risk that errors or irregularities may occur and not be detected in a timely manner. In addition, the total fund balance may not be accounted for.</p>	<p>Management should ensure that monthly bank and fund reconciliations are timely prepared and approved in accordance with standard accounting procedures of the city's Finance Office [105619.01].</p>	<p>Processes in ASC had been previously implemented to help ensure that reconciliations are being completed and submitted in a timely manner. We will review with ASC.</p>
<p>PERSONAL SERVICES</p> <p><u>Employee evaluations were still not recently performed.</u> The department could not provide recent employee evaluations for four of the five civil service employees selected for testing.</p>	<p>Failure to provide management feedback to employees on an annual basis may impact opportunities for employee advancement, or where required, corrective actions.</p>	<p>Require the preparation of annual employee evaluations for all civil service employees by supervisory personnel [105621.06].</p>	<p>We have implemented routine notifications to division heads of outstanding evaluations. We will also address regularly during our Division Head Meetings.</p>

City of Philadelphia
Office of Property Assessment
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of Property Assessment (OPA) was created by City Council Ordinance Number 090706, approved by the mayor on January 23, 2010. The OPA is responsible for assessing and valuing all real property within Philadelphia, while the Board of Revision of Taxes handles appeals of those assessments. Other duties of the OPA include: ensuring the annual revision and equalization of all assessments; certifying all assessments after their revision and equalization; determining tax exemptions, administering the city’s tax abatement programs; and maintaining an addressed-based property information database. A Chief Assessment Officer, appointed by the mayor and approved by City Council, directs the operation of the department.

Name and address of department head
James M. Aros, Jr., Chief Assessment Officer
Office of Property Assessment
601 Walnut Street, Suite 300 West
Philadelphia, PA 19106

Appropriations:
General Fund \$17,858,376

Estimated Revenues:
Non-Tax Revenue \$2,000

Number of Full Time Employees:
Civil Service 172
Exempt 10
Total Employees 182

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
Board of Revision of Taxes
Findings and Recommendations
Fiscal Year 2023

Functions

The Board of Revision of Taxes was created by the Pennsylvania legislature and charged with providing market valuations of all real estate within Philadelphia and administering the tax assessment process. As a result of a Reorganization Ordinance passed by City Council in 2009, and a subsequent Pennsylvania Supreme Court decision, the city's Office of Property Assessment was made responsible for assessing and valuing all real property; and the Board of Revision of Taxes was made responsible for hearing and rendering decisions on appeals of those assessments. The Board of Revision of Taxes also supports a three-member Board of View that hears and renders decisions for condemnation (eminent domain) appeals.

<u>Name and address of department head</u> Carla Pagan, Executive Director Board of Revision of Taxes 601 Walnut Street, Suite 325 East Philadelphia, PA 19106	<u>Appropriations:</u> General Fund	<u>\$1,113,237</u>	<u>Estimated Revenues:</u> <u>Number of Full Time Employees:</u>	<u>\$0</u> <u>3</u> <u>12</u> <u>15</u>
			Civil Service	
			Exempt	
			Total Employees	

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
Office of the Chief Administrative Officer
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of the Chief Administrative Officer (CAO) works to modernize city government and improve the efficiency and effectiveness of city services. The CAO oversees seven city departments and offices, innovating and strengthening their administrative functions and supporting their resident-facing operations to evaluate, plan, and continually improve their service delivery. The seven departments and offices that report to the CAO include: the Office of Innovation and Technology, Department of Records, Procurement Department, Office of Talent and Employee Success, Office of Administrative Review, PHL Service Design Studio, and Strategic Transformation. The chief administrative officer is appointed by the mayor.

<u>Name and address of department head</u> Camille Duchaussee, Chief Administrative Officer 1401 JFK Boulevard Room 630 Philadelphia, PA 19107	<u>Appropriations:</u> General Fund	<u>\$14,877,756</u>	<u>Estimated Revenues:</u> Non-Tax Revenue	<u>\$10,320,000</u>
			<u>Number of Full Time Employees:</u>	
			Civil Service	15
			Exempt	<u>62</u>
			Total Employees	<u>77</u>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<u>Documentation supporting and authorizing employee leave time was not always prepared.</u> For one out of the five employees tested, the department could not provide formal approved leave requests for two of the 17 dates selected for testing. This one employee worked for the CAO's PHL Service Design Studio, which did not utilize leave request forms and instead used the Microsoft Outlook calendar to request leave.	Failure to obtain formal leave requests may result in misclassified leave balances and increases the chance of erroneously failing to recognize leave time taken. In addition, unanticipated employee absences may result in subpar unit performance.	Require employees to formally submit leave request forms for supervisory review and approval in accordance with standard accounting procedures of the city's Finance Office [106521.01].	Implemented

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Payroll data entries were not adequately checked.</u> Two employees were erroneously paid overtime because incorrect payroll data entries on their timecards were not detected. Both employees were self-service employees in the city's OnePhilly payroll system so they entered their attendance information into their timecards, which were then approved by their supervisors. In both cases, the errors occurred for time entries on a city holiday where the employee deleted the holiday time entry automatically generated by the OnePhilly system and instead entered regular hours worked although the employee did not work on that holiday. The two employees' timecards were approved by their supervisors, who did not detect the errors.</p>	<p>Systematic errors or irregularities may occur and not be detected during the normal process of preparing the bi-weekly payroll. In the case of these two employees, they were erroneously paid total overtime of \$498.</p>	<p>Remind supervisors of the importance of checking the accuracy of attendance entries before approving OnePhilly timecards. Also, require someone independent of payroll preparation to spot-check data entries by referencing back to the daily attendance records and reviewing for incorrect and unusual entries. For any errors found, action should be taken to recover overpayments from employees or reimburse employees for any underpayments [106521.02].</p>	<p>Implemented</p>

City of Philadelphia
 Register of Wills
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Register of Wills was incorporated into city government through the City-County Consolidation Amendment to the Pennsylvania Constitution adopted November 6, 1951. The Register of Wills, who is elected to a four-year term, has the following responsibilities: probating wills; granting letters testamentary appointing executors of wills and letters of administration appointing administrators for estates of persons who died without leaving a will; approving and filing the accounts of executors and administrators; and recording all wills, accounts, inventories and appraisals of estates. In addition, the Register of Wills also serves as the Clerk of Orphans' Court, a division of the Court of Common Pleas. As the Clerk of Orphans' Court, the Register supervises the Marriage License Bureau and issues marriage licenses; keeps a record of Orphans' Court proceedings; and performs associated administrative duties.

Name and address of department head

Honorable John P. Sabatina
 Register of Wills
 City Hall, Room 180
 Philadelphia, PA 19107

Appropriations:

General Fund	\$4,856,966
Grant Revenue Fund	<u>200,000</u>
Total Appropriations	<u>\$5,056,966</u>

Estimated Revenues:

Non-Tax Revenue	<u>\$4,585,000</u>
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Number of Full Time Employees:

Exempt	<u>63</u>
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Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
 District Attorney's Office
 Findings and Recommendations
 Fiscal Year 2023

Functions

The District Attorney's Office (DA), headed by the district attorney who is an elected official, represents the citizens of Philadelphia and the Commonwealth of Pennsylvania in criminal proceedings throughout the Philadelphia and Commonwealth court system. On behalf of the City and County of Philadelphia, the DA prosecutes trial and appellate level litigation of all criminal and some ancillary civil matters that arise within the jurisdiction. Together with the Police Department and the Courts, the DA represents one facet of Philadelphia's criminal justice system. The DA is also responsible for preparing an annual County Asset Forfeiture Report and a Federal Drug Forfeiture Report of confiscated property obtained through drug seizures.

Name and address of department head
 Honorable Lawrence Krasner
 District Attorney
 Three South Penn Square
 Philadelphia, PA 19107-3499

Appropriations:
 General Fund \$44,344,210
 Grants Revenue Fund 20,680,860
 Total Appropriations \$65,025,070

Estimated Revenues:
 Non-Tax Revenue \$ 8,289,000
 From Other Governments 12,510,000
 Total Estimated Revenues \$20,799,000

Number of Full Time Employees:
 Civil Service - Uniformed 37
 Civil Service - Civilian 56
 Exempt 586
 Total Employees 679

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
Office of the Sheriff
Findings and Recommendations
Fiscal Year 2023

Functions

The Office of the Sheriff was created by Article 9, Section 4 of the Pennsylvania constitution and established as part of the Philadelphia city-county government through the adoption of the Home Rule Charter of 1951. The sheriff is the highest elected law-enforcement official of the city and is also a member of the Jury Selection Board. The responsibilities of the Sheriff’s Office include the following: transporting and escorting prisoners to and from Philadelphia courtrooms; providing courtroom security for Municipal and Common Pleas Courts; conducting real and personal property sales, as well as collecting and disbursing fees and funds related to such activities; and serving and executing writs and warrants and enforcing injunctions. The sheriff, with the assistance of an executive staff, oversees various organizational divisions that include: Internal Affairs, Criminal Operations, Civil Operations, Training, Finance, and Human Resources.

Name and address of department head

Honorable Rochelle Bilal, Sheriff
Office of the Sheriff
100 South Broad Street – 5th Floor
Philadelphia, PA 19110

Appropriations:
General Fund

\$30,853,801

Estimated Revenues:
Non-Tax Revenue

\$11,296,000

Number of Full Time Employees:

Civil Service	297
Exempt	<u>31</u>
Total Employees	<u>328</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PERSONAL SERVICES</p> <p><u>Employee overtime was still not properly authorized.</u> For two out of the five civil service employees selected for testing, overtime was not properly authorized for six of the 25 sampled dates. For one employee for five selected dates which ranged from July 2, 2022 through March 8, 2023, the department provided overtime authorization forms that were approved on August 16, 2023, after we had requested the documents. For the second employee, the department could not provide an approved overtime authorization form for one sampled date. During fiscal year 2023, these two employees – both deputy sheriff sergeants – earned a combined total of \$185,182, which represented 4 percent of the department’s total overtime expenditures for the year.</p>	<p>Allowing employees to work overtime on a discretionary basis may result in the expenditure of unnecessary payroll dollars. Institutionalized discretionary overtime may result in lax work habits during the normal workday, resulting in a loss of efficiency.</p>	<p>Management should enhance controls over payroll by ensuring that all overtime is properly approved in writing by supervisory personnel [107022.02].</p>	<p>Although their time is approved by the supervisors in One Philly, the City staff still wish to see their authorization forms signed and approved in paper form.</p> <ol style="list-style-type: none"> 1. Our current process is that Sheriff’s office actively monitors supervisors to ensure that their authorizations are approved, signed and submitted. 2. Commanders over sworn personnel have been sent reminders to turn in the paper forms to HR. 3. A meeting is being planned with

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
			<p>(continued)</p> <p>command staff and the Sheriff to reinforce this current process.</p> <p>4. Effective immediately, a weekly reminder to all command staff, who enter their own time in OnePhilly, is being implemented to ensure timely receipt of overtime forms and approvals.</p>
<p><u>The department had not yet taken action to recover an overpayment to a separated employee.</u> While the current audit's testing of selected separated employees did not note any errors, our follow-up of the fiscal year 2022 finding regarding a separated employee who was improperly paid for five days after his termination date found that the department had not yet submitted a Payroll Credit Advice (PCA) to recover the overpayment.</p>	<p>Regarding the prior year finding, the employee was erroneously overpaid by \$1,162.</p>	<p>Submit a PCA to recover the overpayment to the separated employee [107022.03].</p>	<p>Employee was overpaid. He left this office in August of 2021. The PCA will be resubmitted on 10/26/2024.</p>
CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Unclaimed paycheck was not promptly returned to the City Treasurer's Office.</u> During our testing, we observed one unclaimed payroll check which had not been returned to the City Treasurer's Office. This check was dated February 28, 2020, over two years prior to our testing date.</p>	<p>The department may not be able to maintain effective security over unclaimed checks and could jeopardize the city's compliance with the state's unclaimed monies law.</p>	<p>Unclaimed paychecks should be returned to the City Treasurer within one week if the employee could not be located or immediately if the employee is deceased [107022.06].</p>	<p>Implemented.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Payroll data entries were not always adequately checked.</u> For one out of five employees selected for testing, we noted that employee attendance records did not correspond to the online payroll records for nine of 20 dates tested for the employee. For eight of the nine dates, while the employee’s attendance records showed that the employee worked less than a full workday, the entries recorded on the online payroll records indicated a full day worked. In five of these eight instances, the employee’s attendance records indicated that vacation leave was being used, but the leave time was not posted to the online payroll records.</p>	<p>Systematic errors or irregularities may occur and not be detected during the normal process of preparing the bi-weekly payroll.</p>	<p>Require someone independent of payroll preparation to spot-check data entries by referencing back to the daily attendance records. This process should be documented [107022.04].</p>	<p>Implemented.</p>
<p><u>Payroll attendance records were not always properly authorized by supervisory personnel.</u> For one of five sampled employees, we found that six out of 20 attendance records tested for the employee showed no evidence of supervisory review. Later in fiscal year 2022, for this same employee, we found that paper attendance records were no longer maintained, and instead the employee’s attendance records were now the bi-weekly timecards maintained in the city’s online payroll system. For one bi-weekly timecard tested for this employee, we noted that it was approved by an administrative assistant rather than a higher-level supervisor from the department.</p>	<p>Employees may erroneously be paid for time not worked or fail to be paid for time that was worked.</p>	<p>Supervisors from the department should review and formally approve employee attendance records. Additionally, the department’s payroll personnel should review employees’ attendance records to ensure that the appropriate supervisory approvals were obtained [107022.05].</p>	<p>Implemented.</p>

City of Philadelphia
 Department of Planning and Development*
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Planning and Development (DPD) was created in fiscal 2018 to ensure that Philadelphia has well-planned neighborhoods with affordable housing options and access to public art. The department also oversees historic preservation to honor the city’s unique history as well as helping developers move projects forward by creating citywide and neighborhood plans and implementing zoning. The DPD represents a merging of the following city agencies and departments: the Office of Planning and Development, City Planning Commission, Historical Commission, Art Commission, Zoning Board of Adjustment, Development Service, and the Division of Housing and Community Development. The DPD also partners with the Philadelphia Housing Development Corporation, Philadelphia Land Bank and the Philadelphia Redevelopment Authority. The DPD is headed by its director, who is appointed by the mayor.

Name and address of department head
 Jessie Lawrence, Director
 Department of Planning and Development
 1515 Arch Street, 13th Floor
 Philadelphia, PA 19102

Appropriations:

General Fund	\$ 30,213,137
Grants Revenue Fund	112,163,872
Community Development Fund	68,538,022
Housing Trust Fund	<u>81,142,000</u>
Grand Total	<u>\$292,057,031</u>

Estimated Revenues:

Non-Tax Revenue	\$ 6,037,000
From Other Governments	198,376,000
From Other Funds	<u>29,066,000</u>
Total Estimated Revenues	<u>\$233,479,000</u>

Number of Full Time Employees:

Civil Service	92
Exempt	<u>29</u>
Total Employees	<u>121</u>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Payroll data entries were not adequately checked.</u> For two employees tested, we noted that the on-line payroll time records did not agree with the supporting attendance documentation. In nine instances, both individuals – self-service employees who input their own time entries into the city’s OnePhilly payroll system – entered their leave usage as sick, but the approved leave requests for those dates instead listed vacation leave. The employees’ timecards were approved by supervisory personnel, who did not detect the discrepancies.</p>	<p>Systematic errors or irregularities may occur and not be detected during the normal process of preparing the bi-weekly payroll.</p>	<p>Require someone independent of payroll preparation to spot-check data entries by referencing back to the daily attendance records and supporting leave documentation. This process should be documented [107222.01].</p>	<p>Implemented.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS (continued)			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p>(continued)</p> <p>With six of these nine instances recorded as uncertified sick leave⁵, the OnePhilly system showed these two employees as having used eight or more undocumented sick days in calendar year 2021, which should then have resulted in the employees being placed on the Excessive Use of Sick Leave List. However, the department's deputy of human resources informed us that the two employees should not have been placed on the sick abuse list since the nine instances should have been recorded as vacation leave. As of the end of our audit fieldwork, we had not been provided with any documentation to evidence that adjustments were made in the OnePhilly system to change the nine leave instances from sick to vacation.</p>			

⁵ These six recorded instances of uncertified sick leave were in addition to other uncertified sick leave taken by the two employees during calendar year 2021.

City of Philadelphia
City Commissioners Office*
Findings and Recommendations
Fiscal Year 2023

Functions

The City Commissioners Office was originally created as a county office under Article 9, Section 4 of the State Constitution. It became part of city government by way of the 1951 City-County Consolidation Amendment to the State Constitution. In addition, the 1963 amendment to the First Class City Home Rule Act gave City Council the power to pass legislation with regard to operations of the City Commissioners Office. These enactments were further enabled by the 1965 City-County Consolidation Ordinance of City Council. The City Commissioners Office is responsible for voter registration and conducting local elections. Its three commissioners, two of whom currently serve as chair and vice-chair, are elected to a four-year term. The commissioners are also members of the County Board of Elections.

Name and address of department head

Honorable Omar Sabir, Chair
City Commissioners Office
City Hall, Room 132
Philadelphia, PA 19107

Appropriations:

General Fund	\$29,061,492
Grants Revenue Fund	<u>2,765,000</u>
Total Appropriations	<u>\$31,826,492</u>

Estimated Revenues:

Non-Tax Revenue	\$ 10,000
From Other Governments	<u>2,765,000</u>
Total Estimated Revenues	<u>\$2,775,000</u>

Number of Full Time Employees:

Civil Service	123
Exempt	<u>23</u>
Total Employees	<u>146</u>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p>PETTY CASH</p> <p><u>Duties for preparing and reviewing the petty cash bank and fund reconciliations were not adequately segregated.</u> During our review of the City Commissioners' petty cash account, we noted that the fund's custodian prepared seven out of eight monthly bank and fund reconciliations tested. Also, the custodian reviewed one month's fund reconciliation.</p>	<p>Failure to segregate incompatible duties increases the risk of undetected errors and creates opportunities for a person to perpetrate and conceal irregularities when performing normal duties.</p>	<p>Management should assign a person other than the petty cash custodian to prepare and review bank and fund reconciliations in accordance with standard accounting procedures of the city's Finance Office [107322.01].</p>	<p>The department stated that corrective action was implemented.</p>
<p><u>Monthly bank reconciliations lacked evidence of approval.</u> During our review of the City Commissioners' petty cash bank reconciliations, we noted that all eight bank reconciliations tested did not provide any indication that they were reviewed by a responsible official. Each reconciliation was prepared on an outdated version of the city's standard bank reconciliation form and did not include the required evidence of review.</p>	<p>Failure to review reconciliations increases the risk of undetected errors and creates opportunities for a person to perpetrate and conceal irregularities when performing normal duties.</p>	<p>Management should assign a third person other than the custodian and preparer to review the reconciliation. This review should be evidenced by a signature in accordance with the standard accounting procedures of the city's Finance Office [107322.02].</p>	<p>The department stated that corrective action was implemented.</p>

Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
<p><u>The office's petty cash fund has still not been properly reconciled.</u> During our review of the City Commissioners' petty cash records, we noted that the following items were erroneously recorded in the office's fund and bank reconciliations:</p> <ul style="list-style-type: none"> • Of the \$3,426 listed as bills to be vouchered in the fund reconciliation, the office could not provide documentation supporting \$1,322 in expenditures that were listed as over a year old. • For two out of eight fund reconciliations tested, the cash balance on the fund reconciliation did not agree to the reconciled cash balance on the bank reconciliation. Instead, the ending balance per the bank statement was erroneously used as the cash balance on the fund reconciliation. • For one of eight bank reconciliations tested, the amount listed as the ending bank balance did not agree with the corresponding amount on the bank statement. Also, for two bank reconciliations, the ending book balance was not accurately calculated. <p>Regarding the \$111 overage noted in the prior year's report, our current testing noted that the overage was deposited with the Department of Revenue in October 2022. Therefore, this condition is considered resolved [107317.01].</p>	<p>Failure to properly reconcile the account increases the risk that errors or irregularities may occur and not be detected. It also increases the likelihood that receipts and invoices can be lost, complicating the reimbursement process.</p>	<p>All disbursements made from the petty cash account should be supported by appropriate documentation, and timely submitted for reimbursement in accordance with the relevant city standard accounting procedures [107318.04]. The responsible employee should be trained in the proper procedures for performing fund and bank reconciliations [107318.05].</p>	<p>The department stated that corrective action was implemented.</p>

CORRECTIVE ACTION ON PRIOR YEAR OBSERVATIONS/CONDITIONS			
Prior Observation/Condition	Risk/Potential Effect	Recommendation	Corrective Action
<p><u>Monthly petty cash bank and fund reconciliations have not been performed in a timely manner.</u> During our review of the office's petty cash records, we noted that eight of the nine bank and fund reconciliations tested were not performed in a timely manner.</p>	<p>Failure to perform monthly bank and fund reconciliations timely increases the risk that errors or irregularities may occur and not be detected in a timely manner. In addition, the total petty cash balance may not be accounted for.</p>	<p>Management should ensure that monthly petty cash bank and fund reconciliations are timely prepared in accordance with standard accounting procedures of the city's Finance Office [107322.03].</p>	<p>Implemented.</p>
<p><u>A long outstanding petty cash check was still not deposited into the city's Unclaimed Monies Fund.</u> A check outstanding since July 2019, in the amount of \$120, was not transferred into the City of Philadelphia's Unclaimed Monies Fund. The city's unclaimed money procedure, specified in standard accounting procedure (SAP) No. 4.1.2. requires all monies that remain unclaimed for one year or more to be deposited with the Revenue Department.</p>	<p>Failure to follow the SAP increases the risk that long outstanding checks would not be forwarded timely to the state in violation of the Commonwealth's Unclaimed Property Law. Also, carrying old outstanding checks unnecessarily complicates the bank reconciliation process.</p>	<p>We recommend that management place a stop payment order and draw a transfer check payable to the City of Philadelphia-Unclaimed Monies Fund, for the check outstanding for over one year in accordance with standard accounting procedures of the city's Finance Office [107321.01].</p>	<p>Implemented.</p>

City of Philadelphia
 First Judicial District of Pennsylvania
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Philadelphia court system originates in various Commonwealth of Pennsylvania laws. The Pennsylvania Constitution of 1968 and the Judiciary Act of 1976 established the Common Pleas and Municipal Courts. In June 2013, the Pennsylvania General Assembly abolished the Philadelphia Traffic Court and transferred its jurisdiction to the Municipal Court. These courts are part of the state’s unified judicial system and constitute Pennsylvania’s First Judicial District (FJD). Among the primary responsibilities of the FJD are trial jurisdiction for civil and criminal cases and adjudication of traffic violations. Other responsibilities include domestic relations matters, juvenile cases, estate and trust matters, landlord and tenant matters, and code enforcement cases. An eight-member administrative governing board is responsible for the daily operations of the FJD.

Name and address of department head

Honorable Nina Wright Padilla, President Judge
 First Judicial District of Pennsylvania
 City Hall, Room 386
 Philadelphia, PA 19107

Appropriations:

General Fund	\$122,019,892
Grants Revenue Fund	<u>52,489,589</u>
Total Appropriations	<u>\$174,509,481</u>

Estimated Revenues:

Non-Tax Revenue	\$38,750,000
From Other Governments	<u>58,529,000</u>
Total Estimated Revenues	<u>\$97,279,000</u>

Number of Full Time Employees:

Exempt	<u>2,088</u>
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Observation/Condition	Risk/Potential Effect	Recommendation	Department's Response
No exceptions were noted.			

City of Philadelphia
 Department of Aviation
 Findings and Recommendations
 Fiscal Year 2023

Functions

The Department of Aviation (DOA), formerly the Division of Aviation under the city’s Commerce Department, was created by an amendment to the Philadelphia Home Rule Charter approved by the voters at the election held on November 8, 2022 and effective as of January 1, 2023. The DOA operates Philadelphia International Airport and the Northeast Philadelphia Airport. Its functions include maintaining, improving, repairing, and operating city airport facilities and equipment. Additionally, when authorized by City Council, the DOA can acquire, design, and construct facilities. The department may also grant leases and licenses for the use of airport facilities. The DOA consists of five major units including: Property Management and Business Development; Finance and Administration; Marketing and Public Affairs; Operations and Facilities; and Planning and Environmental Stewardship. It operates principally out of Philadelphia International Airport and the Northeast Philadelphia Airport, but also has several maintenance and warehouse facilities around the vicinity of Island Avenue. A chief executive officer, who is appointed by the mayor, heads the department.

Name and address of department head
 Atif Saeed, Chief Executive Officer
 Department of Aviation
 2 International Plaza, Suite 400
 Philadelphia, PA 19113

Appropriations:
 Aviation Fund \$185,701,366
 Capital Fund 325,700,000
 Total Appropriations \$511,401,366

Estimated Revenues:
 Non-Tax Revenues \$353,290,000
 From Other Governments 83,006,000
 From Other Funds 1,204,000
 Total Estimated Revenues \$437,500,000

Number of Full Time Employees:
 Civil Service 582
 Exempt 32
 Total Employees 614

Observation/Condition	Risk/Potential Effect	Recommendation	Department’s Response
<p>PERSONAL SERVICES</p> <p><u>Employees were improperly paid for lunch.</u> Five out of nine employees tested were improperly paid for their lunch break. These employees’ work hours were recorded on a timecard swipe system which interfaced with the city’s OnePhilly payroll system. However, the employees did not swipe in and out for their lunch break, and no adjustments were made to the OnePhilly system to account for the lunch break. DOA management stated that they do not require their shift workers, who comprise approximately 80 percent of their employees, to swipe in and out for lunch due to their job duties which involve movement through the airport during the workday as well as there being limited access points to timeclocks.</p>	<p>For each of the five employees paid for lunch, we recalculated each employee’s pay for a sampled two-week pay period and found that the five employees were overpaid for lunch by a total of \$1,059.</p>	<p>We recommend that management either require employees to swipe in and out for lunch, or properly adjust employees’ time entries in the OnePhilly system to account for their lunch break [109223.01].</p>	<p>The Department of Aviation will take the Controller’s recommendations under advisement and work with other relevant City departments to determine a path forward.</p>

