



## CORRECTIVE ACTION PLAN

October 25, 2022

Cognizant or Oversight Agency for Audit:

The Bureau of Forensic Science respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm: Ortiz, Rivera, Rivera & Co., LLC, Suite 152, PO Box 70250, San Juan, Puerto Rico 00936-7250.

**Audit period: Fiscal year ended June 30, 2020.**

The findings from the June 30, 2020, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS – FINANCIAL STATEMENTS AUDIT

#### Finding 2021-001: Material Weakness in Control Over Cash

Reportable Condition: The Bureau does not have adequate design of internal control over cash. We noted the following deficiencies:

- The monthly bank reconciliations were not prepared properly.
- Cash balances were not reconciled with the accounting system.
- A detailed listing of outstanding checks and deposit in transit was not maintained.
- Deposit and bank charges that are not properly recorded in general ledger.
- The bank reconciliations with unreconciled differences.

#### Recommendation

We recommend that the Bureau establish procedures to ensure that all bank reconciliations are prepared timely and that they agree with the general ledger. We recommend that the bank reconciliations be by the management who is independent of the bank reconciliation process. We also recommend that all reconciliations be signed and dated by the preparer and reviewer so that timing and responsibility can be easily determined.

#### Action Taken

We are installing an upgrade to the MIP application that has a module for bank reconciliations. It will be available since January 2023. For previous years 2021 and 2022, we develop an action plan with external assistance to collect the information and make the reconciliations.

In fact, FY-2020 and FY-2021 were the direct result of the unsuccessful consolidation with the Department of Public Safety. That action ranked the Forensic Bureau on a low level of priority against the bigger bureaus. Moreover, the turnover of employees resulted on a critic lack of personnel, specifically for administrative tasks like financial and accounting management.

**Finding 2021-002: Material Weakness in Internal Control over Financial Reporting**

Reportable Condition: During our audit, we noted that the Bureau did not maintain proper and complete accounting records.

Recommendation

We recommend management to establish the necessary internal control and procedures in order to maintain a complete accounting system, which adequately summarizes the accounting information of all the financial transactions related to assets, liabilities, revenues, and expenditures of the Bureau funds. In addition, the accosting records of the Bureau should be precisely enough, to support the amounts presented in the financial statements.

Action Taken

We are installing an upgrade to the MIP application that has a module for accounting and budget management. It will be available since January 2023. For previous years 2021 and 2022, we were into the centralized financial information system, commonly known as PRIFAS, for its acronym. In addition, we also had external assistance provided by consultants to collect data and develop action plans to comply with information and reports required for the financial statements.

**Finding 2021-003: Material Weakness- Financial Reporting Adjustments**

Reportable Condition: Many significant adjusting entries required to correctly state account balances at the end of year. These adjusting entries were identified through the audit process. This was due to reconciliation of account balances not being perform.

Recommendation

We recommend management to reconciliations of all the balance sheets account in a timely matter and all necessary adjustments be posted to the general ledger.

Action Taken

We are installing an upgrade to the MIP application that has a module for accounting and budget management. It will be available since January 2023. For previous years 2021 and 2022, we were into the centralized financial information system, commonly known as PRIFAS, for its acronym. In addition, we also had external assistance provided by

consultants to collect data and develop action plans to comply with information and reports required for the financial statements.

#### **Finding 2021-004: Material Weakness- Accounts Balances**

Reportable Condition: Accounts receivable and accounts payable were not reconciled to the subsidiary ledger at the year-end on a regular basis throughout the year. The general ledger accounts payable with debit balances, which could indicate either accosting errors or incorrect supplication of payments. Also had accounts receivables between funds that came from prior year.

#### Recommendation

We recommend that they establish procedures to ensure that the subsidiaries are reconciled with the general ledger and review by management. Accounting records and balances must be kept accurate and updated in order to be good source for external users. The balances at year-end should be reviewed, analyzed and adjusted, as deemed necessary. Also, should provide training of the accounting software.

#### Action Taken

We are installing an upgrade to the MIP application that has modules for subsidiaries and general ledger. It will be available since January 2023. For previous years 2021 and 2022, we were into the centralized financial information system, commonly known as PRIFAS, for its acronym. In addition, we also had external assistance provided by consultants to collect data and develop action plans to comply with information and reports required for the financial statements. As per previous comments, the period of years under the consolidation with the Department of Public Safety resulted in a lack of accuracy of the financial information as stated in this report.

#### **Finding 2021-005: Material Weakness- Segregation of Duties**

Reportable Condition: Due to the limited amount of people working for the Finance Department, many of the critical duties are combined and assigned to the available employees.

#### Recommendation

We recommend that duties should be separated as much as possible and compensating controls should be incorporated to mitigate the risk associated with the lack of proper segregation of duties.

#### Action Taken

The agency is evaluating the recruiting of new personnel for the Budget & Accounting division in order to comply with the principle of segregation of duties. As previously stated,

the turnover of employees resulted in lack of personnel. In addition, we received some resources transferred from other agencies of the Commonwealth.

**Finding 2021-006: Material Weakness- Capital Assets**

Reportable Condition There is no procedure to reconciled capital assets to the general ledger on a regular basis. In addition, they have not performed inventories of capital assets.

Recommendation

To prevent the need for major adjustments to the property accounts at the end of each year. We suggest that the general ledger capital assets account be reconciled to the detailed record on monthly basis. Also, establish controls to performed inventories annually and reconciled the differences with the general ledger.

Action Taken

After FY-20, the Bureau forms part of the centralized information management system, which provides a module for inventory control. Actually, the Bureau is engaged in the installation of an upgrade to the MIP application that also provides a module for inventory control. That development will be completed during 2023.

If the Cognizant or Oversight Agency for Audit has questions regarding this plan, please contact us at (787) 765-0615 Ext. 2500.

Cordially,



Luis O. Mercado-Jiménez  
Acting Budget & Finance Director