



## CORRECTIVE ACTION PLAN

June 5, 2024

Cognizant or Oversight Agency for Audit:

The Institute of Forensic Sciences respectfully submits the following corrective action plan for the year ended June 30, 2021.

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, 2021.

The findings from the June 30, 2021, 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 Institute does not prepare monthly bank reconciliations on a timely basis. The Institute engaged with an external consultant to prepared the bank reconciliations. Cash balances were not timely reconciled with the accounting system and deposits and bank charges were not timely recorded in the general ledger. Adjusting entries were required to correct account balances at year-end through the audit process.

#### Recommendation

We recommend that the Institute 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

Currently, we have a new accounting software (MIP-Community Brands), independent from the centralized accounting system of the Commonwealth of Puerto Rico, which allows a module for bank reconciliations. It will provide us the tool for training of the employee identified for performing the task on a timely basis.

### **Finding 2021-002: Significant Deficiencies in Control Over Financial Reporting**

Reportable Condition: The Institute does not maintain a proper and complete accounting system. Numerous adjusting entries were required to correct account balances at the year-end through the audit process. Non-recurring revenue, capitalization of assets and account payable balances were not timely recorded at the year-end. There is no systematic method for closing process in the Institute accounting system. This situation leads to continuing and growing of backlog of transactions that are not posted into the accounting system aggravating, the accounting system capacity to provide complete, accurate and timely information consistent with the financial reporting objectives.

### 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 accounting records of the Bureau should be precise enough, to support the amounts presented in the financial statements.

### Action Taken

Our new accounting software (MIP-), independent from the centralized accounting system of the Commonwealth of Puerto Rico, provides for the complete accounting system, and that will provide the opportunity to combine it with the compliance of all the necessary internal control and procedures a module for bank reconciliations. It will provide us the tool for training of the employee identified for performing the task on a timely basis.

### **Finding 2021-003: Federal Funds Data Collection**

Reportable Condition: The Institute did not submit the Data Collection Form and Reporting Package to the Federal Audit Clearinghouse of the fiscal year in June 30, 2021, during the required period.

Recommendation

We recommend the Institute to maintain adequate accounting records related to the non-federal and federal funds in order to properly prepare the financial statements accurate and in a timely manner.

Action Taken

As previously stated, our new accounting system (MIP) will keep our accounting records on a precise manner, improving our internal controls and providing us the opportunity to prepare the financial statements with full correctness and accuracy, also complying with the terms established and regulated.

If the Cognizant or Oversight Agency for Audit has questions regarding this plan, please contact us at (787) 765-0615 Ext. 2500, 2501.

Cordially,



Luis O. Mercado Jiménez, LL.M., JD, MBA  
Budget & Finance Director

