

**POST AUDIT REPORT
ACCOUNTS RECEIVABLE (CITY-WIDE)
PAR26-03**

WEST PALM BEACH

INTERNAL AUDITOR'S OFFICE

**Beverly Mahaso Esq., CIA, CFE
Chief Internal Auditor
August 11, 2026**

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Audit Committee
City of West Palm Beach
401 Clematis Street
West Palm Beach, Florida

RE: POST AUDIT REPORT OF ACCOUNTS RECEIVABLE (CITY-WIDE) PAR26-03

Dear Audit Committee Members:

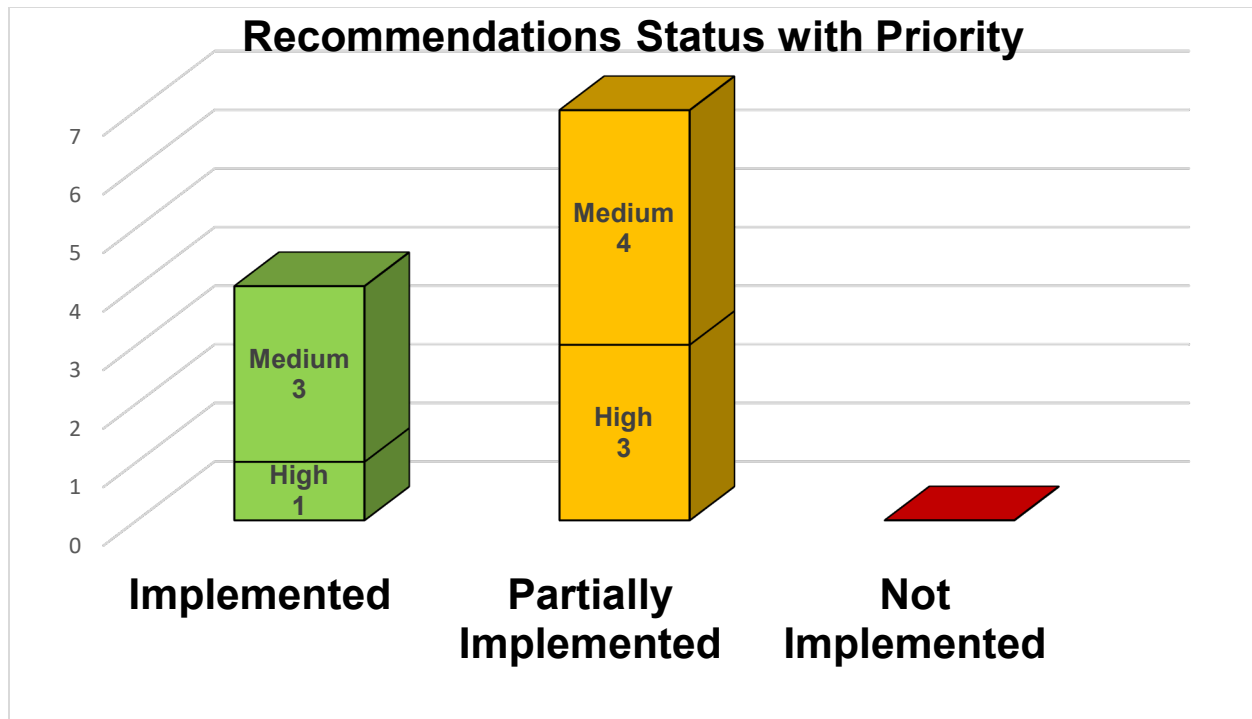
In FY2015, the Internal Auditor's Office released an audit of Accounts Receivable (City-Wide) **AUD14-01**. We performed certain procedures, as enumerated below, with respect to activities of the Accounts Receivable Division, in order to render a conclusion on the status of the recommendations made as a result of that audit.

This Post Audit Report (PAR) consisted primarily of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards.

The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

The audit contained eleven (11) recommendations that addressed the audit's findings. Based on the review performed, we concluded that recommendations 5, 6, 7, and 9 were implemented and recommendations 1, 2, 3, 4, 8, 10, and 11 were partially implemented.

We have enclosed a table listing all of the recommendations with the current statuses. We found that management made significant efforts to take corrective action. Further, we note that the Finance Department is actively continuing to make improvements. As such, additional steps may have been taken to implement the recommendations after the conclusion of this Post Audit Report. We will conduct another review, as resources permit, at which time we will review all additional changes made after the conclusion of this Post Audit Report.



We thank the personnel from the Accounts Receivable Division for their assistance in conducting this review and for continuing implementation efforts.

Respectfully Submitted,

s/ Beverly Mahaso
Chief Internal Auditor

cc:

Joseph Peduzzi, Commission President
Cathleen Ward, Commissioner
Shalonda Warren, Commissioner
Christy Fox, Commissioner
Stephen Sylvester, Commissioner

Keith James, Mayor
Faye Johnson, City Administrator
Bridget Souffrant, Chief Financial Officer

Encl.

POST AUDIT REPORT ACCOUNTS RECEIVABLE (CITY-WIDE) AUDIT RECOMMENDATIONS

No.	Auditor's Condition and Recommendation	Management's Initial Response	Auditor's Status Update
1 High Priority	CONDITION: It appears as though False Alarms have the longest collection period with the largest amount of days outstanding. However, it is important to note that the EMS Billings Accounts Receivable are more than 20 times the amount due from false alarms and have an average age exceeding eight months. RECOMMENDATION: The Finance Department should monitor the receivable collection rates to determine how quickly receivables are collected for the different types of revenue. This will help determine which type of receivables should be collected through Penn Credit, the City's contracted collection agency. This will also provide necessary analytical tools to determine which part of the City's receivable collection process needs additional focus.	INITIAL MANAGEMENT RESPONSE: Management concurs with the recommendation. However, presently there is inadequate staffing in the Finance Department to implement this recommendation since it requires a full-time position. The Accountant position handling the collection of receivables was eliminated during the budget reduction periods. Once that position is restored, the Finance Department can begin implementation of this recommendation.	PARTIALLY IMPLEMENTED JULY 2026 Based on the review we conducted, we found that this recommendation has been partially implemented. EMS billing and collections are handled by a third-party vendor; once efforts are exhausted, unpaid invoices are forwarded to Sherloq, the City's collection agency. Fire Inspection services are billed in Oracle, with Treasury issuing two dunning notices and the Fire Department managing follow-up. Unpaid inspections are not currently sent to collections but the department will begin capturing customer emails at scheduling to improve outreach. For False Alarm receivables, staff are evaluating Community Plus to issue dunning reports; in the interim, the Fire Department will conduct site visits to verify ownership and encourage payment. Invoices that are 180+ days past due may be sent to collections when appropriate. The Department will need to configure the False Alarm receivables system to automatically issue dunning notices at defined aging

- Legend**
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			intervals to document outreach and encourage payment. Invoices at 180 days past due should be assessed and, when appropriate, sent to collections. TARGET IMPLEMENTATION DATE: December 31, 2027 PARTIALLY IMPLEMENTED JANUARY 2018 Per discussion with the Treasury Manager, the Finance Department recently hired a collections specialist who has been tasked with running and sending Dunning reports to delinquent account holders, and then sending any delinquent accounts (outstanding for more than 85 days) to Penn Credit. However, at this point in time this is being done only for the general fund receivables. Management also noted that due to limitations with Oracle, there may be challenges in monitoring collection rates. NOT IMPLEMENTED JUNE 2016 Per discussion with the Treasury Manager, the Finance Department has recently begun running a Dunning report (a report which assists in methodically

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			communicating with customers to ensure the collection of accounts receivable). However, at this point in time this is being done only for the general fund receivables and does not include Fire Inspections, or Fire and Police False Alarm receivables. The Finance Department considers the Dunning report as the first step in the process. It should also be noted that the full-time collection position was approved in the budget and will facilitate this implementation.
2 Medium Priority	CONDITION: Currently, the Bureau of Fire Prevention creates and mails out the invoice and the Finance Department receives payment. Due to the inability of systems to communicate, the accounts receivable accountant has to send the payment information to the Bureau once payment is processed in the Finance Department. The Bureau will then take the information and post the payment into the EMS Consultant system. Fire Prevention sends out reminder/collection notices about every 6 months.	INITIAL MANAGEMENT RESPONSE: Management concurs with the recommendation. The EMS Consultants System creates invoices, records and tracks payments for Fire Inspections, but does not interface with the Oracle system. When One Solution is implemented (expected in February 2015), we will start billing our Fire Inspections through this system and it will interface into Oracle.	PARTIALLY IMPLEMENTED JULY 2026 Based on the review we conducted, we found that this recommendation has been partially implemented. The EMS Consultant System was discontinued and the Department determined that Crywolf was not viable for False Alarm billing. EMS billing and collections are managed by another third-party vendor, however, integration with Oracle is not feasible. Treasury records monthly activity based on the vendor's reports. Fire Inspection billing is handled in Oracle, thereby eliminating the need for cross-system reconciliations. Treasury

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	RECOMMENDATION: We recommend that the Bureau of Fire Prevention initiate a process to evaluate the practicality of developing an interface between the EMS Consultants system, the Community Plus system, and the Oracle system (Finance Department). The development of an interface between these systems will help reduce the risk of errors associated with data inaccuracy and facilitate reconciling and monitoring accounts receivable balances. Additionally, sending out reminder/collection notices more frequently than every six (6) months could improve the City's accounts receivable turnover rates.	The EMS Consultants System is an outdated, antiquated software program and extracting information and/or reports becomes a tedious task. We expect that One Solution will resolve most of the issues identified in this audit such as interfacing with Oracle, generating reports, maintaining historical data and segregation of duties, as the Finance Department will be sending out the invoices as currently happens with the Community Plus system. The Community Plus system creates invoices, (data entered by the Bureau of Fire Prevention and the invoices are created and mailed by the Finance Department), records, and tracks payments (received by Finance) for False Fire Alarms and does interface into Oracle. We have set a goal to send out reminder/collection notices after the invoice is 30 days past due, then monthly if still not paid. We will start sending past due invoices over 365 days to the City's collection agency.	issues dunning notices at 60 and 90 days past due. Community Plus remains in use for false alarm billing, however, they are looking for a replacement. The Department will need to decide on a viable billing system in regards to false alarms and develop a way to interface that billing system with Oracle. TARGET IMPLEMENTATION DATE: December 31, 2027 PARTIALLY IMPLEMENTED JANUARY 2018 Per discussion with the Fire Chief, the Bureau of Fire Prevention is still awaiting Crywolf's implementation. There is no set target implementation date. NOT IMPLEMENTED JUNE 2016 Per discussion with the Fire Chief and the Fiscal Services Supervisor, the EMS Consultants System is antiquated. Therefore, a decision was made not to develop an interface. Instead, a new system, Crywolf, will be put in place. It will interface with Oracle. The target implementation date was originally October 2016. However, the contract is

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			still awaiting approval (as of August 11, 2016). In regards to the reminder/collection notices, they are now sent every other month, compared to every six months at the time of the audit.
3 Medium Priority	CONDITION: With the exception of the enterprise funds (utilities etc.) which are written off monthly, the general fund has not written off balances since 2000. RECOMMENDATION: We recommend that the Finance Department perform periodic write-offs of accounts that are uncollectable, in order to more clearly represent the financial position of the City. The FY2013 CAFR general fund includes a total allowance for uncollectables of \$18,945,244 which totals 62% of the gross accounts receivable balance of \$30,682,623. While the allowance balance is a conservative estimate, it could possibly be misleading to stakeholders since it does not clearly reflect the amounts the City recently	INITIAL MANAGEMENT RESPONSE: Management concurs with the recommendation. The Finance Department will develop a policy and resulting procedure to record annual write-offs of accounts receivable that are considered uncollectable. At this point, our thought is to record the write-offs in as much detail as possible into a separate "memo accounts" not reported in the CAFR. The "memo accounts" would be maintained up to date and provide an added level of internal control for collection of past-due accounts receivable.	PARTIALLY IMPLEMENTED JULY 2026 Based on the review we conducted, we found that this recommendation has been partially implemented. Before any write-off, collection efforts are exhausted to preserve revenue. Unpaid EMS invoices forwarded to Sherlog will be subject to collection efforts for a maximum of five years (1,825 days), after which any unresolved balance will be written off. Following recent personnel changes, Treasury will formalize this methodology in a Standard Operating Procedure (SOP). TARGET IMPLEMENTATION DATE: December 31, 2026 PARTIALLY IMPLEMENTED JANUARY 2018 Per discussion with the Treasury Manager, the Finance Department

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	(within the last year) believes to be highly unlikely revenue and may no longer be pursuing collection efforts. We recognize that the Finance Department is utilizing the Allowance Method, and writing off a bad account does not affect the income statement because the write-off is covered under the earlier adjusting entries for estimated bad debt expense. The entry to write-off bad debt accounts affects only the balance sheet accounts. Additionally, the CAFR does include notes that provide additional information clarifying the composition of the allowance for uncollectable accounts. Additionally, we recommend the Finance Department document their write-off process in a revised standard operating procedure.		began writing-off amounts related to the uncollectable EMS bills. NOT IMPLEMENTED JUNE 2016 Management advised that the Cash and Accounting managers are working together and have a plan to begin the write-off process with the current CAFR.
4 Medium Priority	CONDITION: The reserve rates currently used do not represent a direct linear correlation with the likelihood of collection. The Finance Department does not have adequate documentation to outline the methodology of calculating the	INITIAL MANAGEMENT RESPONSE: Management concurs with the recommendation, however, current staffing may not be sufficient or capable of undertaking this task in the near future.	PARTIALLY IMPLEMENTED JULY 2026 Based on the review we conducted, we found that this recommendation has been partially implemented. Treasury has developed an annual reserve methodology for the various categories of receivables. This has been

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	reserve rate. The Finance Department does not perform periodic evaluations to update the rate (%) for the allowance for uncollectable accounts receivable. RECOMMENDATION: We recommend the reserve rate be developed and refined based on the actual collection history of a particular operation. The reserve rate should have a direct correlation with the likelihood of collection; applying a higher reserve rate to older receivables and vice versa. The effectiveness of collections and adequate provision for the Allowance for Uncollectable Accounts Receivable should be reviewed, analyzed, and calculated at least annually at fiscal year-end. We recommend that the Finance Department codify its methodology by documenting the process in the Standard Operating Procedures. This will provide guidance and operational consistency.	Finance Department staff will need to determine and document the present practices for billing, recording and collecting each type of billed revenues and the direct entry into the Oracle system or through system interface with an existing subsystem. This process will need to determine an accounts receivable aging for each type of billed revenue recorded as accounts receivable. In turn, the Finance Department staffing and the capability of the billing and receivable module of Oracle is critical to determining present and implementing future practices. We will need to determine the average collection period for each billed revenue type to develop receivable reserve rates for each receivable type. For example, outstanding receivables for given revenue types may be reserved as follows: <table><tr><td>Reserve Receivable</td><td>Percent</td></tr><tr><td>Past Due</td><td></td></tr><tr><td>25%</td><td>60 Days</td></tr><tr><td>50%</td><td>120 Days</td></tr></table>	Reserve Receivable	Percent	Past Due		25%	60 Days	50%	120 Days	consistently followed and is reflected in the annual financial statements consistent with the City's accounting policy. With the change in personnel, the methodology has not been memorialized in a standard operating procedure. Treasury will work to create a standard operating procedure. TARGET IMPLEMENTATION DATE: December 31, 2027 PARTIALLY IMPLEMENTED JANUARY 2018 Per discussion with the Treasury Manager, the Finance Department has developed a reserve rate for EMS based on collections in FY 2016. The other revenue types will be developed in the future. NOT IMPLEMENTED JUNE 2016 The Finance Department has not had the capacity to implement this recommendation, but the pending hire of an additional collection position will allow the department to move forward with this recommendation.
Reserve Receivable	Percent										
Past Due											
25%	60 Days										
50%	120 Days										

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		75% 180 Days 100% 360 Days After thorough analysis, staff would recommend and upon approval, implement a reserve schedule for each revenue type versus the above example.	
5 High Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED JANUARY 2018
6 Medium Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED JANUARY 2018
7 Medium Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED JUNE 2016
8 High Priority	CONDITION: The Bureau of Fire Prevention only uses the EMS Consulting system to generate invoices. They record payments, credits, adjustments, etc. in the Community Plus System. The Bureau relies on IT assistance to extract data from the system. Unfortunately, IT does not have administrative access to the EMS Consulting System and has not	INITIAL MANAGEMENT RESPONSE: Management concurs with this recommendation. Fire Inspection reports can be run in EMS Consultants System from the restored backup file which will provide data for that given time period. Again, although reporting data can be extracted it is an	PARTIALLY IMPLEMENTED JULY 2026 Based on the review we conducted, we found that this recommendation has been partially implemented. The Fire Department no longer uses the EMS Consultant system, and Crywolf was evaluated and deemed not viable. False-alarm billing is managed in Community Plus. Currently, a single employee conducts fire-inspection billing, and there are no formal reviews

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	renewed its license for the past few years. RECOMMENDATION: We recommend that management implement a periodic review of all system accesses to ensure that the City has adequate access to all operating systems and applications. Management should address areas such as: functionalities, reporting capabilities, authorities, access and responsibilities when developing the system access guideline(s). The access review guideline(s) should provide guidance to all staff involved in the process to effectively perform their task(s). The guideline(s) should define some of the following areas: how often access should be reviewed, who should be involved in reviewing system accesses, responsibilities of each individual involved or required in the process, define levels of reviews and approvals; and, what type of accesses/functionalities are required for each system, training, etc.	extremely tedious, time consuming process. One Solution should resolve all of the issues identified. Finance is responsible for Community Plus reporting where the False Fire Alarms are billed.	of access permissions or documented permission guidelines for that role. The Department is pursuing replacement of Community Plus with PM AM Corporation's False Alarm Management System. The Department should institute periodic, documented reviews of access and develop standardized access-review guidelines for the False-alarm billing system. TARGET IMPLEMENTATION DATE: December 31, 2027 PARTIALLY IMPLEMENTED JANUARY 2018 Per discussion with the Fire Chief, the Bureau of Fire Prevention is still awaiting Crywolf's implementation. There is no set target implementation date. PARTIALLY IMPLEMENTED JUNE 2016 Per discussion with the Fire Chief and the Fiscal Services Supervisor, the EMS Consultants System is antiquated. Therefore, a decision was made not to invest any more effort into any aspect of it. Instead, a new system, Crywolf, will be put in place. It will interface with

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			Oracle. The target implementation date is October 2016.
9 Medium Priority	IMPLEMENTED	IMPLEMENTED	IMPLEMENTED JUNE 2016
10 Medium Priority	CONDITION: Employees that are tasked with Accounts Receivable functions rely on self-generated documents to capture their work process. The Finance Departments SOPs are outdated and may describe an obsolete process. RECOMMENDATION: We recommend that the Finance Department and other departments and divisions that are processing accounts receivables, establish well-written SOPs for the Accounts Receivable function. Well-written SOPs facilitate training and cross-training by providing step-by-step instructions and serving as a reference resource/guide for staff. Employees can teach and support one another if they have documentation available that	INITIAL MANAGEMENT RESPONSE: Management concurs with the recommendation and that Finance should take the lead to develop standard, consistent and well-written procedures. However, the current availability of resources in Finance may extend or delay the timing of completing uniform procedures with improved internal control. Once resources become available, the process can begin by Finance interviewing all areas that have accounts receivable functions by (1) collecting and evaluating existing written procedures where they exist, and (2) documenting existing or improved steps (or lack thereof). We will use/develop and recommend a standard SOP format for City-wide use. In turn, we and other	PARTIALLY IMPLEMENTED JULY 2016 Based on the review we conducted, we found that this recommendation has been partially implemented. Treasury has strengthened cross-department collaboration to enhance accounts receivable processes; however, these improvements have not yet been codified in formal SOPs. Treasury will document, approve, and publish SOPs for the new processes. TARGET IMPLEMENTATION DATE: December 31, 2026 PARTIALLY IMPLEMENTED JANUARY 2018 Per discussion with the Treasury Manager, the Finance Department has been working with an Oracle consultant to streamline operations. As part of this, City staff has been involved in some

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	describes exactly how a task should be done. We recommend that the Finance Department collaborate and communicate with different departments/divisions that have accounts receivable tasks when developing the SOPs to ensure there is a clear understanding of roles and responsibilities.	department staff can draft supplemental or modified procedures for each area processing receivables.	Oracle testing. The SOPs will be re-written once this project is complete. PARTIALLY IMPLEMENTED JUNE 2016 Per discussion with the Treasury Manager, the Finance Department has recently begun negotiations with Oracle to provide a consultant to help streamline operations. The SOPs will be re-written as part of this project.
11 High Priority	CONDITION: Currently, the City provides an online payment option for a limited number of services including but not limited to Utilities, EMS, and Parking. However, expanding this payment option for all services provided could help reduce accounts receivable balances. RECOMMENDATION: Paying for City services online is more convenient for citizens and could provide faster payment for services rendered. As part of the City's commitment to provide citizens with efficient and convenient service, the City should consider offering a secure online payment option for an increased number of services that the City provides.	INITIAL MANAGEMENT RESPONSE: Management concurs with the recommendation. We will explore the possibility of expanding online payment options to one or more of the services that are billed through Oracle such as special solid waste pick-ups. This will require testing the way the bank handles online payments and the detailed information they provide the City in order to apply the online payment to the payee's account. The impact on the bank account reconciliation process will also require updating.	PARTIALLY IMPLEMENTED JULY 2026 Based on the review we conducted, we found that this recommendation has been partially implemented. Treasury has amended the City's agreement with Paymentus to expand credit-card acceptance and processing. Under the revised terms, Paymentus will handle PCI compliance and reporting, and convenience fees will be assessed to the cardholder rather than the City. Treasury is currently implementing the online payment option for Public Works, with additional city services/departments to follow after the control design and effectiveness for this tender type are confirmed.

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	Services such as special solid waste pick-ups, code violations, fire alarms, etc. could benefit from an online payment system that interfaces with the City's accounts receivable systems. We recommend reviewing the possibility of providing an online payment option for an increased array of services. Reviewing this option should include considering the cost-benefit and the appropriate ways to ensure the security of financial information processed over the internet.	Once we determine the practicality and benefits for special waste pick-ups, we will look at other areas such as those suggested in the Recommendation. Final implementation will require that we develop improved procedures and controls in connection with Management's Response to Finding 6 Reconciliation Process.	TARGET IMPLEMENTATION DATE: December 31, 2026 PARTIALLY IMPLEMENTED JANUARY 2018 Per discussion with the Treasury Manager, the City submitted documentation to Elavon, the City's representative with all major credit cards, requesting an extension for its PCI compliance. Negotiations with Paymentus have been put on hold. The updated target implementation date is December 2018. PARTIALLY IMPLEMENTED JUNE 2016 Per discussion with the Treasury Manager, providing an online payment option is a complex issue since it involves PCI compliance. Currently, IT has begun negotiations with Paymentus to expand the online payment options.