

**The Honorable Matt Tuerk, Mayor and Honorable Members of City Council
City of Allentown, Pennsylvania**

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allentown, Pennsylvania (City) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the City's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

We reported on internal controls and their operation to the management of the City in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated October 16, 2024. However, during our audit we became aware of other matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated October 16, 2024, on the financial statements of the City.

We have already discussed these comments and suggestions with various City personnel. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Honorable Matt Tuerk, Mayor, Honorable Members of City Council, audit committee, management, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

Maher Duessel

Harrisburg, Pennsylvania
October 16, 2024

[Addressing Findings and Recommendations as Identified in the Compliance Audit Reports Issued by the Auditor General](#)

The Auditor General's Office issues Compliance Audit Reports for the City's pension plans. The latest Compliance Audit Reports were issued in February 2022 for the period January 1, 2019 through December 31, 2020. The Firemen's Pension Plan received a finding for noncompliance with prior audit recommendations relating to the plan provisions not being in compliance with the Third Class City Code and relating to a disparity between the plan's governing document and the collective bargaining agreement, which resulted in inconsistent pension benefits. We recommend that management review the findings and recommendations in the Compliance Audit Reports and take appropriate action to ensure compliance.

[Reviewing User Access Permissions for IT Systems](#)

Data owners should review users and user access permissions for all software systems that have an impact on the financial statements. IT and management should make available a listing of all employees who have access to sensitive data areas on at least an annual basis and ensure that the data owner reviews and approves the individuals who have access along with their access permissions. In addition, we recommend that the data owners review the listing to determine that user access and permissions for former employees and employees that have changed departments have been appropriately removed.

[Annual Testing of IT Disaster Contingency Plan](#)

The City has a formal disaster contingency plan; however, it is not tested on a regular basis. We recommend that the plan be tested on a periodic basis to ensure the plan's effectiveness and that an annual evaluation of any significant cloud service providers be included in this process. Such periodic testing will ensure data and operations are not damaged or compromised in the event of a disaster.

[Review of Capital Asset Additions](#)

During testing of capital assets, we noted the City did not properly identify all stormwater asset additions in the information originally provided during the audit. Upon audit inquiry of new expenditure accounts in the Stormwater Fund, the City concluded approximately \$869,000 should be capitalized as additions in the governmental activities capital assets as of December 31, 2023. The City made the necessary corrections to financial records. Although this amount was not deemed material to the governmental activities opinion unit, we recommend the City take steps in improving the capital asset reconciliation process. To ensure completeness, we recommend the City review all capital-related expenditure accounts within all funds on a

periodic basis throughout the year to identify potential capital asset additions. We also recommend instituting review procedures of capital asset reconciliations prior to providing such information to the auditors.