

**CITY OF ALLENTOWN**

**Bank Reconciliation Review  
For the month end date: 02/28/2021**

**Date of Report: May 17, 2021**

**OBJECTIVE**

The objective of the monthly bank reconciliation review is to verify that bank transactions are complete, timely and accurately reported on the City of Allentown's accounting records for financial reporting purposes. It is also to determine whether the bank reconciliation prepared, and their corresponding schedules comply with the requirements of the policies, guidelines, and procedure outlined in the AIMS and to identify any areas for improvement.

**PROCEDURES**

A review of all the bank reconciliations prepared for the period tested including a review of the supporting schedules, outstanding items and their corresponding documentation.

# of bank reconciliations prepared: 27

\$ Amount of the bank reconciliations reviewed for the period: \$65,718,150.40

**AGING OF OUTSTANDING ISSUES**

<b>ISSUE #</b>	<b>ISSUE</b>	<b>MONTH ISSUE FIRST APPEARED ON A BANK RECONCILIATION</b>	<b>MONTHS OUTSTANDING AS OPEN ISSUE ON THE BANK RECONCILIATION AUDIT REPORT</b>	<b>ORIGINAL AUDIT REPORT DATE</b>
1	Outstanding Deposits	12/2020	0	05/14/2021
2	Outstanding Transfer Between Accounts	11/2020	0	05/14/2021
3	Checks Not Voided on ARP	04/2019	15	08/16/2019
4	Checks Not on ARP	08/2020	5	12/18/2020

## **FINDINGS, RECOMMENDATIONS AND ADMINISTRATION'S RESPONSES**

### **NEW ISSUES**

#### **1. Outstanding Deposits in Transit**

A deposit in transit is money that has been received and sent to the bank but has yet to be processed and posted to the account by the bank. Deposits in transit should be a timing difference and typically clear the bank in a few days.

- The Payroll Bank Account has 1 (one) outstanding deposit totaling \$10,561.13 since 12/2020.
- The Central Treasury Bank Account has 1 (one) outstanding deposit totaling \$1,894.50 since 12/2020.

#### **Recommendation**

Deposits in transit that do not clear the bank within a month should be investigated.

#### **Administration's Response**

The Administration agrees.

The Payroll bank account deposit was being investigated with the TD Bank. We had uploaded a file to the TD Bank with an understanding that the process was successful. When we learned there was an issue with the uploaded file, we immediately began the process to resolve the outstanding deposit issue. This has now been resolved.

The Administration agrees.

The Central Treasury Bank Account deposit in the amount of \$1,894.50 was unintentionally not negotiated by TD Bank. We are in the process of requesting replacement payments from the involved parties.

#### **2. Outstanding Transfer Between Accounts**

A bank transfer is the process or action of moving money out of one account and into another.

We identified 1 (one) transfer between the Central Treasury and COA Escrow Bank accounts for \$15,927.90 outstanding since 11/2020. The transfer was booked in 11/2020 but the money transfer has not posted to the bank accounts.

**Recommendation**

Outstanding transfers that do not clear the bank within a month should be investigated.

**Administration's Response**

The Administration agrees. Outstanding transfers are investigated. When we found this transfer was not completed, we immediately made the transfer to the bank account. This has been resolved.

**PREVIOUSLY REPORTED ISSUES**

**Changes to Previously Reported Issues (Last Report Date)**

**3. Checks Not Voided on ARP**

We identified:

- 1 check totaling \$19,836.96 voided on the Pension Payroll Cash Sub and EDEN but not on the ARP.
- 10 checks totaling \$466,976.34 voided on the AP Cash Sub and EDEN but not on the ARP.

**Original Issue (Original Report Date 08/16/19)**

We identified 3 checks totaling \$32,657.55 voided on the AP Cash Sub and EDEN but not on the ARP.

**Recommendation**

To provide a proper bank audit trail, voids should be posted on the Bank's ARP on a timely basis.

**Administration's Response**

We agree and will put a process in place to correct this. These have been corrected but won't appear on the ARP until February.

## **Issues Previously Reported and Unchanged (Last Report Date)**

### **4. Checks Not on ARP**

For some bank accounts, the outstanding check listings are maintained by the bank. They are referred to as the ARP.

1 check totaling \$341.25 was identified on the AP bank reconciliation as not posting to the bank's ARP.

If the errors are not communicated to the bank the ARP will not list the checks as outstanding on the ARP.

### **Recommendation**

Bank Errors should be communicated to the bank on a timely basis to insure they are corrected, and that the ARP is a valid reflection of outstanding checks.

### **Administration's Response**

We agree with the recommendation and will put a process in place to correct this.