

CITY OF ALLENTOWN

Status Review of the 2020 Accounts Receivable (AR) Over \$10K – PUBLIC WORKS Audit Report

Date of Report: February 01, 2024

Accounts Receivable (AR) is money owed to the City of Allentown but not yet paid for by its constituents and/or customers.

The Controller's Office completed review procedures to follow up on the audit issue(s) identified by requesting documentation to determine and support the status of each recommendation.

The title for each of the audit issue(s) is listed along with a summary of each finding, the recommendation, and the status of the recommendation.

The status of the audit issue recommendation is classified as one of the following:

- **Implemented:** Administration fully implemented the recommendation, either as originally described in the audit report or in a manner that resolved the issue.
- **In Progress:** Administration has begun to implement the recommendation and intends to complete the implementation process.
- **Not Implemented:** Administration has not taken action to implement the recommendation.

The original audit report contained 3 (three) audit issues.

OBJECTIVE

The objective of the review was to:

- Verify the implementation of the response provided by Administration to the 2021 audit report.
- Reviewing the current PUBLIC WORKS AR over \$10K and determining the reasonability of collection of the AR and identifying any areas for improvement.

PROCEDURES

Our process began by:

- Reviewing the audit issues identified in 2021 and requesting documentation to determine and support the status of each recommendation.
- Running the current EDEN AR report and identifying all accounts with a balance over \$10K. Using the list, the AR was categorized by type of service provided by the City and reviewed.

FINDINGS, RECOMMENDATIONS AND RESPONSES

Status of Outstanding Original Issue(s)

Original Issue #	Original Issue Description	Current Status
1	Curb and Sidewalk Properties Not Liened	Implemented
2	Uncollectable AR	Not Implemented
3	Weakness in AR Review Process	Implemented

1. Uncollectable AR

Status: Not Implemented

We identified 1 (one) AR for **\$11,079.53**. The AR was for 2 (two) invoices dated 06/2010 and 08/2015, totaling **\$6,559.75**. The balance of the AR, \$4,519.78 is for interest and penalties.

Both invoices appear to be for damages caused by the customer and appear to be RISK related.

Recommendation

Administration should consult with LAW and determine if the AR is collectable and if not, it should be written off.

A standard should be established for writing off aged AR.

2021 Administration's Response

Moving forward we will be in contact with Law quarterly (approx. 90 days) to determine if the RISK billings in AR (Traffic signals/signs) can be collected or written off from the date invoiced.

Additional 2023 Controller's Observation

The AR identified is not RISK related.

2023 Administration's Response

As of 1/31/24, a Legal Service Requisition was entered to see if previous administration had reached out to Legal from the time, they were notified of the issue in 2020 to the present. If no records are found, we have asked Legal how to proceed with this account whether that be to lien and collect the fees or have the account written off.

New Issue(s)

2. Outstanding Accounts Receivable (AR) – Curb & Sidewalk

Although there is a formal AR review process, we identified 1 (one) Curb & Sidewalk AR for **\$10,240.13** that was billed in 07/2022. The customer has not made any payments and the property has not been liened.

Recommendation

After 90 days, properties should be liened as outlined in the City Code, Section 907.02 Failure to Comply.

Administration's Response

With the implementation of liening properties after 90 days of billing and failure to pay, this property was not liened either by oversight or human error. This property will be liened in the month of February.