

CITY OF ALLENTOWN

ACCOUNTS PAYABLE WEEKLY CHECK REVIEW

For the Check Period end date: 12/04 – 12/31/2021

Date of Report: January 06, 2022

OBJECTIVE

The objective of the weekly Accounts Payable check review is to determine whether the checks issued, and their corresponding documentation comply with the requirements of the policies, guidelines, and procedure outlined in the AIMs and to identify any areas for improvement.

Overpaid Travel & Expense Advances and their corresponding documentation are being reviewed to determine whether they comply with the requirements of the policies, guidelines, and procedure outlined in the AIMs and to identify any areas for improvement.

Effective 12/2020, outstanding invoices in EDEN over 30 days are being aged and reviewed to determine why they remain unprocessed and to identify any areas for improvement.

PROCEDURES

A review of all the checks generated for the period tested including a review of the invoices being paid and their corresponding documentation, approvals, compliance to AIMs and reasonableness of expenditure.

Of checks reviewed and posted for the period: 433

\$ Amount of the checks reviewed and posted for the period: \$4,667,916.27

Of manual checks reviewed and posted for the period: 25

\$ Amount of the checks reviewed and posted for the period: \$861,769.55

Of unprocessed EDEN invoices over 20 days reviewed for the period: 4

\$ of the unprocessed EDEN invoices over 20 days reviewed for the period: \$5,927.38

A review of all the wires generated for the period tested including a review of the invoices being paid and their corresponding documentation, approvals, compliance to AIMs and reasonableness of expenditure.

Of wires posted for the period: 6

\$ Amount of the wires posted for the period: \$889,757.60

FINDINGS AND RESOLUTIONS

1. Payment of Other Municipality's Invoice

During our check review we identified 1 (one) City of Easton, PA invoice submitted for payment by HUMAN RESOURCES (HR) totaling **\$189.36**.

Although the invoice was clearly addressed to the City of Easton and NOT payable by the City of Allentown, the invoice was processed for payment as if it were a City of Allentown invoice.

Resolution

HR was notified; It is unclear whether there will be training done by HR to address this issue.

AP voided the check and reissued the payment without the other municipality's invoice.

2. Duplicate Payments

We identified 3 (three) FIRE duplicate payments for, **\$1,345.50**, **\$240.00**, and **\$100.00**. The invoices were entered twice under different Doc Rec numbers.

Resolution

FIRE was notified, the checks were voided and issued for the correct amounts.

3. Wire Issues

For Invoices Paid by Wires, the payment is made and deducted out of the City's bank account. The invoice must be entered in EDEN, go thru the EDEN approval queue, and finalized in EDEN before the expense automatically posts in the General Ledger.

In December 2021, the Controller:

- Rejected 3 (three) HR wires totaling **\$1,180,844.05**.
 - 2 (two) wires were rejected for having the wrong descriptions.
 - 1 (one) wire was rejected for having the wrong invoice dates.

These types of issues have been addressed several times with HR.

Resolution

The issue was reported, and no further action was taken.

4. AIM Violation

Per AIM 3-1-02, Section 7.2,

“Completion... The Travel Expense Report (TER) will be completed by the employee within five (5) working days after returning to work...”

We identified 2 (two) conferences where the TER was completed more than 20 days after the conference.

Resolution

The proper policy was reiterated to POLICE and FIRE.

5. **Open Invoices**

Invoices must be entered in EDEN, go thru the EDEN approval queue, and finalized in EDEN for the expense to be posted in the General Ledger. For Invoices “Paid by Check”, the payment is not made until this process is finalized in EDEN and a check is generated. Once finalized, the expense is automatically posted to the General Ledger.

Although there is no City standard for the invoice approval queue process, the Controller’s Office uses a 3-week measure to flag any Open Invoices.

We reviewed the open invoices as of 01/04/2022 and identified:

- 1 (one) HR invoice totaling **\$5,050.00** was in “Returned” status since 12/08/2021. Per the EDEN notes, “This invoice needs to be given to ap and the po needs to be received for AP to process.”
- 1 (one) REVENUE & AUDIT invoice totaling **\$753.45** was in “Rejected” status since 11/23/2021.
- 1 (one) RISK invoice totaling **\$112.93** was in “Approved” status since 10/28/2021. Per AP, it is unclear how it was “approved” it, but it wasn’t included in the October 20th check run. AP is going to reach out to IT to insure this doesn’t happen again.
- 1 (one) HR invoice totaling **\$11.00** was in “Approved” status since 10/05/2021.

Resolution

All Bureaus were advised of the issues.

For the “RETURNED” invoice:

- HR deleted the entry and sent the invoice through the receiving module for AP to process.

For the “REJECTED” invoice:

- REVENUE & AUDIT deleted the outstanding entry in EDEN.

For the “OPEN” invoices:

- RISK: Per AP, it is unclear how it was “approved” it, but the entry did not appear in the October 20th check run. AP will run the entry and include the invoice in the current check run. Additionally, AP is going to reach out to IT to insure this doesn’t happen again.
- HR: AP is still waiting for proof of the bank deduction to process the entry.

6. Late Fees Paid

We identified:

- 1 (one) HEALTH check which included a late payment fee of **\$21.93.** –
Per Health, there should not have been a late charge at all since all vendor billing was submitted immediately. HEALTH spoke with the vendor, and they will forgive the late fee; the next bill will show a credit since it has been paid.
- 1 (one) POLICE check which included a late payment fee of **\$7.94.** –
The invoice was paid late because POLICE had to wait for additional funds to be transferred to the Academy account to cover the remaining electric invoices for 2021.
- 1 (one) PARKS check which included a late payment fee of **\$1.52** –
Last bill rec'd 11/16 and entered 11/17. Due on 11/24, Check issued 11/24 but PPL received 12/07.

Resolution

All Bureaus were advised of the issues and the checks were released.

7. Incorrect Expense Account Used

EMS charged a portion of 1 (one) invoice totaling **\$1,500.00** for “TACTICAL HELMETS” to AC 72 – Equipment. The expense should be charged to AC 56 – Uniforms.

EMS charged a portion of 1 (one) invoice totaling **\$655.95** for computer peripherals to AC 68 – Operating Material & Supplies. The expense should be charged to AC 72 – Equipment.

SPECIAL EVENTS charged 1 (one) invoice totaling **\$200.00** for “PROMO VIDEO FOR LIGHTS IN THE PARKWAY” to AC 50 – Other Services & Charges. The expense should be charged to AC 46 – Other Contract Services.

FIRE charged a portion of 1 (one) invoice totaling **\$20.00** for “PROPANE FO RCYLINDERS FOR FIRE EXTINGUISHER TRAINING AND TREE LIGHTING” to AC 66 – Chemicals. The expense should be charged to AC 62 – Fuels, Oils, Lubricants.

Resolution

All Bureaus were advised of the issues:

EMS – A journal entry correction will be submitted.

SPECIAL EVENTS – A journal entry correction was processed.

FIRE – This was a keying error. A journal entry correction will be submitted.

8. Untimely Payment of Invoices

Although not all vendors have the same payment terms, the prevailing vendor payment terms is net 30.

Currently, the City does not have a standard for the time frame invoices must be entered in EDEN, go thru the EDEN approval queue, and finalized for payment.

Although there is no City standard for the invoice payment process, the Controller's Office uses a 60-day measure to flag any potential untimely invoice payments.

Untimely payments may result in:

- Missed discounts,
- Vendor imposed late fees,
- Possibility of the City's account being placed on hold, and
- Additional workload with the vendor's Accounts Receivable and the City's AP departments.

We identified:

- 1 (one) check for 1 (one) PARKS invoice dated 05/2021,
- 3 (three) checks for 2 3 (three) FINANCE invoices dated 08/2021, and 10/2021,
- 4 (four) checks for 4 (four) HR invoices dated 08/2021, 09/2021, and 10/2021,
- 2 (two) checks for 3 (three) EMS invoices dated 08/2021 and 09/2021,
- 2 (two) check for 2 (two) HEALTH invoices dated 08/2021 and 09/2021,
- 3 (three) check for 4 (four) RECYCLING & SOLID WASTE invoice dated 08/2021, 09/2021 and 10/2021,
- 1 (one) check for 1 (one) IT invoice dated 09/2021,
- 1 (one) check for 1 (one) RISK invoice dated 09/2021,
- 1 (one) check for 1 (one) ENGINEERING invoice dated 09/2021,
- 1 (one) check for 1 (one) LAW invoice dated 10/2021,
- 1 (one) check for 1 (one) STREETS invoice dated 10/2021, and
- 2 (two) checks for 2 (two) POLICE invoices dated 10/2021.

Resolution

All Bureaus were advised of the issues and the checks were released.

PARKS –

- 05/2021 Invoice: PARKS didn't realize that AP didn't rerun a check for just the amount of the invoice attached. PARKS noticed it wasn't paid after the second part was paid out for \$368.00.

FINANCE –

- 08/2021 Invoice: The original invoice was emailed for processing, and it is unclear when the document was received.
- 08/2021 Invoice: Invoices were paid late due to focusing on the budget.
- 10/2021 Invoice: Items were missed when received. FINANCE was not aware of the error until notified by the vendor. Per AP, there was also price difference, and they were waiting for the vendor to give a credit. AP never received a physical copy of the credit – the vendor just applied the credit to the account.

HR –

- 08/2021 Invoice: This invoice was paid by mistake, but we did not receive this invoice until the day that it was processed so that is why it was late being processed.
- 08/2021 Invoice: HR received this invoice on the day that it was processed.
- 08/2021 Invoice: HR thought they had processed this invoice already and apparently had not. HR have created a bin for all unpaid invoices to make sure they are being addressed in a timely manner.
- 09/2021 Invoice: The invoice was paid late because HR did not receive the full Analysis until recent and had to verify the details of the report to ensure that after such a significant delay that they received all the products.
- 10/2021 Invoice: The invoice was not received by the benefits manager when initially sent by the coalition.

EMS –

- 08/2021 Invoices: EMS did not find out that they had received invoices until last week.
- 09/2021 Invoice: EMS was never informed that they received the goods.

HEALTH –

- 08/2021 Invoice: The vendor had the incorrect email and was sending it to an individual and not to AP.
- 09/2021 Invoice: The invoice was received at a time a staff member left and transition of new personnel was taking place. During this transition period, while reviewing open items on desk of staff who left, this invoice was found. Additionally, HEALTH submitted a requisition in Eden on 11/8 to get the payment process started. The PO was issued with a date of 11/12/21 – sent to AHB on same date electronically. E-Receipt was done immediately upon receipt of PO. On 12/9, AP asked for an invoice to go with the PO.

RECYCLING & SOLID WASTE –

- 08/2021 Invoice: The invoice was just received for the item. It was a miscommunication that the payment was released.
- 09/2021 and 10/2021 Invoices: Per AP, they had been waiting for the vendor to resolve a freight charge issue. The vendor issued the credit, and the invoices were processed.
- 10/2021 Invoice: RECYCLING & SOLID WASTE never received the invoice. The vendor was contacted, and they emailed the invoice.

IT – This was invoiced from the vendor before services were scheduled or completed. The receiving was done once IT confirmed the service was completed and functional.

RISK - The invoice was processed late because the payment was for a personal reimbursement of a RISK purchase.

ENGINEERING – The items received were wrong and they had to be returned. Once the correct items were received the invoice was paid.

LAW - There was a dispute as to the charge. The matter was investigated and once resolved, the invoice was paid.

STREETS - There was confusion over who the paperwork should go to (packing slips/invoice). Once corrected, the invoice was paid.

POLICE –

- 10/2021 Invoice: Per AP, there were items sent to were not ordered. The items were returned and received the credit on the 14th.
- 10/2021 Invoice: The items were delayed due to shipping. POLICE did not pay the invoice until the items were confirmed as received.

9. Documentation Not Attached in EDEN

To provide a proper audit trail and document the expenditure, the hard copy of the invoice and all pertinent payment information is scanned and attached in EDEN.

For the period 12/04 – 12/31/2021, the following departments did not have the proper documentation attached in EDEN:

- AP– 1 (one) instance.

Resolution

All Bureaus were advised of the issues and the proper documentation was scanned.