

CITY OF ALLENTOWN

Bank Reconciliation Review For the month end date: 09/30/2021

Date of Report: January 06, 2022

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: 28

\$ Amount of the bank reconciliations reviewed for the period: \$121,268,278.86

AGING OF OUTSTANDING ISSUES

| ISSUE # | ISSUE | MONTH ISSUE FIRST APPEARED ON A BANK RECONCILIATION | MONTHS OUTSTANDING AS OPEN ISSUE ON THE BANK RECONCILIATION AUDIT REPORT | ORIGINAL AUDIT REPORT DATE |
|----------------|--|--|---|-----------------------------------|
| 1 | Unreconciled Difference on the Bank Reconciliation | 08/2021 | 1 | 01/06/2022 |
| 2 | Checks Issued Not on ARP | 08/2020 | 11 | 12/18/2020 |
| 3 | Bank Reconciliations Not Completed Within Standard | 07/2021 | 2 | 11/09/2021 |
| 4 | Checks Not Voided on ARP | 04/2019 | 21 | 08/16/2019 |

FINDINGS, RECOMMENDATIONS AND ADMINISTRATION'S RESPONSES

PREVIOUSLY REPORTED ISSUES

Changes to Previously Reported Issues (Last Report Date)

1. Unreconciled Difference on the Bank Reconciliation

The Payroll bank reconciliation has an unreconciled difference of **\$647.22**. It is unknown why there is a difference.

Original Issue

The Payroll bank reconciliation has an unreconciled difference of **\$4,059.17**. It is unknown why there is a difference.

Recommendation

Administration should revisit the reconciliation and the difference should continue to be researched and if not reconciled within a reasonable time, the difference should be adjusted on the books.

Administration's Response

The variance was reviewed with Treasury and believed to be the result of transactions from voided checks crossing months. We were unable to identify the exact reason. This will be reviewed through future bank reconciliations.

2. Checks Not on ARP

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

12 checks totaling \$33,864.08 were 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.

Original Issue (Original Report Date 12/18/20)

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.

3. Untimely Completion of Bank Reconciliations

Effective 5/20/2020, Treasury's standard for completion of bank reconciliations is 2 months.

For the month of September 2021, the bank reconciliations were not completed until December 2021.

Recommendation

Bank reconciliations should be completed within the bank reconciliation standard of 2 months.

Administration's Response

We agree with the recommendation and will have future bank reconciliations done within the recommended time frame.

4. Checks Not Voided on ARP

We identified:

- 3 (three) checks totaling \$10,463.70 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.