

CITY OF ALLENTOWN

ACCOUNTS PAYABLE WEEKLY CHECK REVIEW

For the Check Period end date: 02/29 – 03/27/2020

Date of Report: April 14, 2020

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.

Beginning in June 2015, 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.

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 for the period: 318

\$ Amount of the checks reviewed for the period: \$2,347,881.45

of manual checks reviewed for the period: 0

\$ Amount of the checks reviewed for the period: \$0.00

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 reviewed for the period: 8

\$ Amount of the wires reviewed for the period: \$1,172,372.75

FINDINGS AND RESOLUTIONS

1. Duplicate Payment of a Past Due Balance

We identified 1 STREETS payment which included a past due balance of \$144.33. The past due balance had previously been paid.

Resolution

The vendor was contacted and a credit for the overpaid balance will be issued. The check was released.

2. Incorrect Refund Payee

To provide a proper audit trail, refunds should be made to the person who issued the payment.

We identified 1 POLICE refund issued to the Police Academy Student rather than the person who issued the original payment.

Resolution

The check was voided and reissued to the payee.

3. Rejected/Returned Wire

In March 2020, the Controller rejected 4 (four) wires totaling \$2,108.65 due to lack of information.

HR resubmitted 1 (one) of the wires for payment without any explanation and the wire was then rejected in EDEN by the Controller.

Resolution

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

4. Training Paid for Retiring Employee

We identified 1 reimbursement for a POLICE Officer's training. The Officer was planning to retire within a few weeks.

Resolution

Per the Police, they ask the Officers to provide them with information if they are going to retire. Unfortunately, in many cases they only get the required 2 weeks' notice, which was what happened in this case. The check was release.

5. **Incorrect Payment Support**

ACCOUNTS PAYABLE (AP) processed 1 (one) invoice whose supporting documentation did not agree to the payment.

The discrepancy was questioned, and it was found that AP mistakenly matched the incorrect partial receiving report to another purchase order.

Resolution

The check was voided and reissued for the correct amount.

6. **Late Fees Paid**

We identified 2 (two) checks which included late payment fees:

- COMMUNITY & ECONOMIC DEVELOPMENT (CED): 2 invoices - \$16.36 and \$46.08, and
- STREETS: 1 invoice - \$1.19

Resolution

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

CED: CED did not know why they were paid late.

STREETS: The January bill was paid late resulting in a late fee being assessed. STREETS did not realize AP still needed paper copies of bills, so they weren't sending them sending them resulting in a payment delay.

7. **Incorrect Expense Account Used**

We identified 2 (two) invoices charged to the incorrect expense account:

STREETS charged \$65.00 for "NOTARY EXAMINATION" to AC 34 – Training and Professional Development. The expense should be charged to AC 32 – Publications and Memberships.

LAW charged \$35.50 thru petty cash for "COURT FEES" to AC 44 – Professional Services Fees. Per the Chart of Accounts, the expense should be charged to AC 50 – Other Services and Charges. The 2020 budget did not allocate any monies to AC 50.

Resolution

STREETS: A journal entry will be requested to correct the expense account.

LAW: A transfer to establish AC 50 will be requested. Once money is available in AC 50, a journal entry will be requested to correct the expense account.

8. Invoices 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 02/29/2020 – 03/27/2020 the following departments did not have the proper documentation attached in EDEN:

TREASURY – 1 instance,
PLANNING & ZONING - 1 instance, and
POLICE - 1 instance.

Resolution

All Bureaus were advised of the issues, invoices were scanned into EDEN and the checks were released.

9. Untimely Payment of Invoices

We identified:

- 4 checks for 4 POLICE invoices dated 07/2018, 12/2019 and 01/2020,
- 2 checks for 2 GOLF COURSE invoices dated 05/2019 and 10/2019,
- 2 check for 2 FINANCE invoices dated 10/2019 and 01/2020,
- 1 check for 1 COMMUNITY & ECONOMIC DEVELOPMENT (CED) invoice dated 12/2019,
- 1 check for 1 PARKS & RECREATION invoice dated 12/2019,
- 1 check for 1 STREETS invoice dated 12/2019,
- 1 check for 1 RECYCLING AND SOLID WASTE invoice dated 01/2020,
- 1 check for 1 TRAFFIC PLANNING invoice dated 01/2020,
- 1 check for 1 HR invoice dated 01/2020,
- 1 check for 1 EMS invoices dated 01/2020,
- 2 checks for 2 LAW invoices dated 01/2020, and
- 1 check for 1 ENGINEERING invoice dated 01/2020.

Resolution

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

POLICE:

- 07/2018 Invoice: The invoice was created and dated when Police requested a test and evaluation of uniform shirts and outer carriers. Since Police decided to keep these items and not return them to the vendor, Police agreed to purchase the items.
- 12/2019 Invoice: The invoice date was for 2020 services. The 2020 budget was not open until January. Once the budget was open the invoice was entered as a requisition, approved and processed for payment.

- 12/2019 Invoice: The invoice was for reimbursement of an Officer's mileage; the officer works night shift. When the paperwork was received, it had been verified with Police Administration insure it was approved to be processed for payment.
- 01/2020 Invoice: The invoice was delayed due to the contract routing from the Solicitor's office. Once everything was routed and completed the invoice was processed.

GOLF COURSE:

- 05/2019 Invoice: The invoice was found in a drawer and processed immediately.
- 10/2019 Invoice: The invoice was received on 1/21 and entered on the same day. The Golf Course has had constant issues with the vendor for inaccurate billing.

FINANCE:

- 10/2019 Invoice: The invoice was misplaced with the NIZ forms.
- 01/2020 Invoice: The person who normally enters these invoices was working on the NIZ and thought someone else entered it.

CED: There was a problem with the vendor having the wrong email address when sending the invoices.

PARKS & RECREATION: The delayed payment was an oversight.

STREETS: The vendor never sent the invoices to us. Streets had to call and request the invoices for the PO, and when received they were processed immediately.

RECYCLING AND SOLID WASTE: The invoice was incorrect when first billed. The corrected invoice was not received until January 17th.

TRAFFIC PLANNING: Due to Manager illness, the invoice was delayed for payment.

HR: The reason for the delay was caused by vendor credits that needed to be applied to invoices.

EMS: It took a while for the requisition to be completed by Purchasing before the invoice could be entered through Electronic Receiving.

LAW: The 2 invoices needed to be process out of 2019 Risk's AC 44 but there was not enough money in the account. Risk needed to do a budget transfer but the books were closed and the invoices needed to be paid out of the 2020 Budget. Invoices were then entered into Eden for processing.

ENGINEERING: ENGINEERING contacted the vendor because the prior balance was not matching the invoice. The vendor had neglected to send ENGINEERING the prior invoice. It took a while for the requisition to be completed by Purchasing before the invoice could be entered through Electronic Receiving.

10. Competitive Bidding

We identified 2 COMMUNITY AND ECONOMIC DEVELOPMENT invoices for services which were awarded using the Competitive Bidding Process. The Controller's Office was not invited to independently observe the Bid Opening.

Resolution

Since the transactions are related to COMMUNITY AND ECONOMIC DEVELOPMENT, it is unclear whether the Controller's Office needs to be present during the bid opening.

The Controller contacted the Law Office to provide clarification and is awaiting their response.

11. **Missed Discount**

We identified 1 transaction with a vendor who offered a discount of 1% (\$0.44) if the invoice was within 10 days. The invoice was paid within 10 days, but the discount was not taken.

Resolution

RECYCLING & SOLID WASTE was advised of the missed discount. Due to the cost of voiding and reissuing the check, the check was released.