

## **CITY OF ALLENTOWN**

### **Bank Reconciliation Review For the month end date: 03/31/2020 Date of Report: June 01, 2020**

#### **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: 24

\$ Amount of the bank reconciliations reviewed for the period: \$63,702,424.59

**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	Check Not on ARP	02/2020	1	06/01/20
2	Checks Not Voided on ARP	04/2019	6	08/16/19
3	Untimely Bank Reconciliations	**	***	03/16/15

\*\* - Ongoing issue since before 2013.

\*\*\* - Effective 5/20/2020, Treasury's standard for completion of bank recs is 2 months. For the month of March 2020, although the new standard was achieved, the review was performed prior to 05/20/20, therefore the issue remained open for this report.

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

### **NEW ISSUE**

#### **1. Check 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 (\$16,476.88) 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 are putting a procedure in place to correct it. The check in question had been added in April to the ARP.

### **PREVIOUSLY REPORTED ISSUES**

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

#### **1. Checks Not Voided on ARP**

We identified:

- 9 checks totaling \$10,211.97 voided on the AP Cash Sub and EDEN but not on the ARP.
- 1 check totaling \$560.25 voided on the Payroll 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.

**2. Untimely Bank Reconciliations**

21 out of the 24 bank reconciliations reviewed were 2 months old.

**Original Issue (Original Report Date (03/16/15)**

21 out of the 23 bank reconciliations reviewed were 6 months old.

**Recommendation**

Bank reconciliations should be done monthly and in the month of receipt of the bank statement.

**Administration's Response**

Treasury is in the process of reconciling the cash accounts in a timelier manner. We are currently in the process of reconciling June. Since we receive the bank statements around the 15<sup>th</sup> of the following month it is difficult to have them done in a two-week window. We are striving to have them done within one month of receipt of the statements.

**Additional Auditor's Comment**

As of 04/01/15 the December 2014 Bank Reconciliations have not been started.

The decision to transition the task of completing the bank reconciliations to Finance was communicated to Treasury in 10/2014 and reiterated in 01/2015.