

CITY OF ALLENTOWN

Bank Reconciliation Review For the month end date: 10/31/2020 Date of Report: January 15, 2021

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: 27

\$ Amount of the bank reconciliations reviewed for the period: \$54,063,024.32

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	Outstanding Re-Deposit in Transit	09/2020	0	01/15/2021
2	Wire Not Posted on GL	09/2020	0	01/15/2021
3	Interest and Service Fees Not Recorded on GL	08/2020	0	01/15/2021
4	Checks Not Voided on ARP	04/2019	11	08/16/2019
5	Checks Not on ARP	08/2020	1	12/18/2020

FINDINGS, RECOMMENDATIONS AND ADMINISTRATION'S RESPONSES

NEW ISSUES

1. Outstanding Re-Deposit in Transit

A deposit in transit is money that has been received and sent to the bank but has yet to be processed and posted to the account by the bank. Deposits in transit should be a timing difference and typically clear the bank in a few days.

The Central Treasury bank reconciliation has 1 returned check redeposited in 09/2020 for \$61,675.73 which at the end of October 2020 remains outstanding.

Recommendation

Deposits that do not clear the bank within a month should be investigated.

Administration's Response

Administration agrees that deposits that do not clear the bank within a month should be investigated. We will review procedures to improve this process in the future.

2. Wire Not Posted on General Ledger (GL)

A wire for \$24,269.63 was received in the Amin Order - Lease bank account on 09/28/20 which as of 10/31/2020 had not been posted to the General Ledger (GL).

Recommendation

To provide a proper General Ledger (GL) balance, all receipts should be posted monthly.

Administration's Response

Administration agrees with the recommendation and the postings have been done.

3. Interest and Service Fees Not Recorded on GL

We identified the following activity not posted to the General Ledger:

- The interest earned for August and September 2020 on the Debt Service Reserve bank account totaling \$180.06.
- The interest earned for August and September 2020 on the Admin Order – Lease bank account totaling \$201.45.
- The service fee for August and September 2020 on the Admin Order – Lease bank account totaling \$122.00.

Recommendation

To provide a proper General Ledger (GL) balance, service fees and interest earned should be posted monthly.

Administration's Response

Administration agrees with the recommendation and the postings were done in November 2020.

PREVIOUSLY REPORTED ISSUES

Changes to Previously Reported Issues (Last Report Date)

4. Check Not Voided on ARP

We identified:

- 1 check totaling \$19,836.96 voided on the Pension 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.

Issues Previously Reported and Unchanged (Last Report Date)

5. Checks 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 \$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.