

CITY OF ALLENTOWN

Bank Reconciliation Review For the month end date: 11/30/2020 Date of Report: February 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: 29

\$ Amount of the bank reconciliations reviewed for the period: \$66,267,258.30

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	Disbursement Not Posted	09/2020	0	02/15/2021
2	Incorrect GL Account	11/2020	0	02/15/2021
3	Bank Reconciliations Not Completed within Standard	11/2020	0	02/15/2021
4	Checks Not Voided on ARP	04/2019	12	08/16/2019
5	Checks Not on ARP	08/2020	2	12/18/2020

FINDINGS, RECOMMENDATIONS AND ADMINISTRATION'S RESPONSES

NEW ISSUES

1. Disbursement Not Posted

As of November 2020, a September 2020 cash disbursement for \$2,475.00 has not been posted to the Admin Order W/S Lease GL Account.

Additionally, the disbursement for April 2020 posted to the Admin Order W/S Lease GL Account was posted as \$122,353.52 when it should have been \$122,353.26 resulting a difference of \$0.26. As of November 2020, the correction had not been made.

Recommendation

To provide a proper General Ledger (GL) balance, corrections should be processed and posted monthly.

Administration's Response

Corrections have been made to the two items referenced above. Treasury staff has been instructed to be more diligent and timelier in the processing and recording of transactions.

2. Incorrect GL Account

The following interest was posted to the incorrect GL Account:

- The interest earned for September 2020 on the PLGIT Capital Projects bank account totaling \$448.52.
- The interest earned for September 2020 on the PLGIT Capitalized Interest bank account totaling \$38.72.

Recommendation

Journal entry corrections should be processed to correct the General Ledger (GL) accounts.

Administration's Response

Corrections have been made to the two items referenced above. Treasury staff has been instructed to be more diligent and timelier in the processing and recording of transactions.

3. Bank Reconciliations Not Completed within Standard

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

The November 2020 bank reconciliations were not completed within the 2-month standard.

Recommendation

To insure timely and correct financial reporting, Treasury should adhere to the standard they implemented and identify why the bank reconciliations were not completed within the standard.

Administration's Response

The Administration's delay in the completion of November 2020 bank reconciliation is due to reorganization in the Finance Department and being short-staffed due to retirement.

PREVIOUSLY REPORTED ISSUES

Changes to Previously Reported Issues (Last Report Date)

4. Checks 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.
- 1 check totaling \$17,925.08 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.

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.