

## **CITY OF ALLENTOWN**

### **Bank Reconciliation Review For the month end date: 12/31/2020**

**Date of Report: March 16, 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: \$71,317,693.56

**AGING OF OUTSTANDING ISSUES**

| <b>ISSUE<br/>#</b> | <b>ISSUE</b>                                          | <b>MONTH ISSUE<br/>FIRST APPEARED<br/>ON A BANK<br/>RECONCILIATION</b> | <b>MONTHS<br/>OUTSTANDING AS<br/>OPEN ISSUE ON<br/>THE BANK<br/>RECONCILIATION<br/>AUDIT REPORT</b> | <b>ORIGINAL AUDIT<br/>REPORT DATE</b> |
|--------------------|-------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------|
| 1                  | Bank Reconciliations Not Completed within<br>Standard | 11/2020                                                                | 1                                                                                                   | 02/15/2021                            |
| 2                  | Checks Not Voided on ARP                              | 04/2019                                                                | 13                                                                                                  | 08/16/2019                            |
| 3                  | Checks Not on ARP                                     | 08/2020                                                                | 3                                                                                                   | 12/18/2020                            |
| 4                  | Disbursement Not Posted                               | 09/2020                                                                | 1                                                                                                   | 02/15/2021                            |

### **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.

### **3. 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.

### **4. Disbursement Not Posted**

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.

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

### **PREVIOUSLY REPORTED ISSUES**

#### **Issues Previously Reported and Unchanged (Last Report Date)**

##### **1. 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.

##### **2. 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.

### **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.