

CITY OF ALLENTOWN

Bank Reconciliation Review For the month end date: 04/30/2021

Date of Report: July 01, 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: 28

\$ Amount of the bank reconciliations reviewed for the period: \$107,482,984.73

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	Unreconciled Difference on the Bank Reconciliation	03/2021	1	06/23/2021
2	Checks Not on ARP	08/2020	7	12/18/2020
3	Checks Not Voided on ARP	04/2019	17	08/16/2019
4	Outstanding Deposits	12/2020	2	05/17/2021

FINDINGS, RECOMMENDATIONS AND ADMINISTRATION'S RESPONSES

PREVIOUSLY REPORTED ISSUES

Changes to Previously Reported Issues (Last Report Date)

1. Unreconciled Difference on the Bank Reconciliation

The Payroll bank reconciliation has an unreconciled difference of \$4,088.90. The difference may be due to a special pay that was voided twice.

Original Issue (Original Report Date 12/18/20)

The Payroll bank reconciliation has an unreconciled difference of \$2,441.51. The difference may be due to a special pay that was voided twice.

Recommendation

Administration should revisit the reconciliation and the difference should continue to be researched and if not reconciled within a reasonable time, the difference should be adjusted on the books.

Administration's Response

We agree with the recommendation and will attempt to reconcile this item next month.

2. Checks Not on ARP

For some bank accounts, the outstanding check listings are maintained by the bank. They are referred to as the ARP.

8 checks totaling \$8,304.44 were 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.

Original Issue (Original Report Date 12/18/20)

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.

3. 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.
- 2 checks totaling \$4,791.50 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)

4. Outstanding Deposits 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 Account has 1 (one) outstanding deposit totaling \$1,894.50 since 12/2020.

Original Issue (Original Report Date 08/16/19)

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 Payroll Bank Account has 1 (one) outstanding deposit totaling \$10,561.13 since 12/2020.
- The Central Treasury Bank Account has 1 (one) outstanding deposit totaling \$1,894.50 since 12/2020.

Recommendation

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

Administration's Response

The Administration agrees.

The Central Treasury Bank Account deposit in the amount of \$1,894.50 was unintentionally not negotiated by TD Bank. We are in the process of requesting replacement payments from the involved parties.