

CITY OF ALLENTOWN

Bank Reconciliation Review For the month end date: 10/31/2024

Date of Report: January 27, 2025

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 City bank reconciliations prepared: 32

\$ Amount of the City bank reconciliations reviewed for the period: \$129,025,136.30.

of Non-City Controlled bank reconciliations prepared: 3

\$ Amount of the Non-City Controlled bank reconciliations reviewed for the period: \$1,111,855.36.

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	Checks Not Voided on ARP	08/2024	0	01/27/2025
2	Checks Issued Not on ARP	02/2023	75	06/15/2023
3	Unreconciled Differences	04/2024	4	07/02/2024

FINDINGS, RECOMMENDATIONS AND ADMINISTRATION'S RESPONSES

New Issue

1. Checks Not Voided on ARP

We identified:

- 2 (two) checks totaling **\$3,139.30** voided on the Payroll Cash Sub and EDEN but not on the ARP.
- 1 (one) check totaling **\$978.60** 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

These checks were missed in our voided check reconciliation process however as soon as we discovered the error, we submitted a cancellation of these checks with the bank.

Changes to Previously Reported Issues (Last Report Date)

2. Checks Issued Not on ARP

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

- 2 (two) checks totaling **\$6,863.32** 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.

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

There was a situation in February where a check run file on 2/24 did not upload correctly to the bank's ARP. Once we realized this error, communication was initiated with the bank to resolve.

Previously Reported Issues Unchanged (Last Report Date)

3. Unreconciled Difference on the Bank Reconciliation

The Pension Payroll bank reconciliation has an unreconciled difference of **\$165.51**. It is unknown why there is a difference.

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 are continuing to research, and the hope is that this will be reconciled on May's bank reconciliation.

Update as of 1/24/25: we have found \$77.02 that contributes to the variance. If we cannot verify the remaining variance by the end of the month, we will adjust our books as of December 2024.