

CITY OF ALLENTOWN

ACCOUNTS PAYABLE WEEKLY CHECK REVIEW For the Check Period end date: 10/28/2023 – 12/01/2023

Date of Report: December 04, 2023

OBJECTIVE

The objective of the weekly Accounts Payable check review is to determine whether the checks issued, and their corresponding documentation comply with the requirements of the policies, guidelines, and procedure outlined in the AIMs and to identify any areas for improvement.

Overpaid Travel & Expense Advances and their corresponding documentation are being reviewed to determine whether they comply with the requirements of the policies, guidelines, and procedure outlined in the AIMs and to identify any areas for improvement.

Effective 12/2020, outstanding invoices in EDEN over 30 days are being aged and reviewed to determine why they remain unprocessed and to identify any areas for improvement.

PROCEDURES

A review of all the checks generated for the period tested including a review of the invoices being paid and their corresponding documentation, approvals, compliance to AIMs and reasonableness of expenditure.

Of checks reviewed and posted for the period: 432

Of DocRec reviewed: 746

\$ Amount of the checks reviewed and posted for the period: \$5,283,865.07.

Of manual checks reviewed and posted for the period: 22

\$ Amount of the checks reviewed and posted for the period: \$1,909,663.32.

Of unprocessed EDEN invoices over 20 days reviewed for the period: 1

\$ of the unprocessed EDEN invoices over 20 days reviewed for the period: \$1,170.15.

A review of all the wires generated for the period tested including a review of the invoices being paid and their corresponding documentation, approvals, compliance to AIMs and reasonableness of expenditure.

Of wires posted for the period: 9

Of DocRec reviewed: 11

\$ Amount of the wires posted for the period: \$2,018,064.07.

FINDINGS AND RESOLUTIONS

1. Excessive Electric Usage

We identified 1 (one) City owned property which although vacant, had incurred electricity charges thru 11/2023 totaling **\$5,535.12**. The Controller's Office urged inspection of the property to determine the reason for the high usage.

Resolution

BUILDING MAINTENANCE inspected the house and found the lights were on, and the thermostats were not adjusted for the vacancy.

Per BUILDING MAINTENANCE, the lights were turned off and the thermostats were adjusted. Additionally, they will work to winterize the property.

2. Late Fees Paid

We identified:

- 3 (three) FINANCE invoices which included late payment fees of **\$551.04**, **\$300.25**, **\$226.61**, **\$120.89**, and **\$114.83**, totaling **\$1,313.62**.

Resolution

FINANCE was advised of the issue and the checks were released.

3. Incorrect Expense Account Used

- BUILDING MAINTENANCE charged 1 (one) invoice totaling **\$4,580.00** for "RESTROOM DOOR INSTALL" to AC 42 – Repairs and Maintenance. The expense should be charged to AC 46 – Contracts/Service Fees.
- RECREATION charged 1 (one) invoice totaling **\$3,289.00** for "VOLLEYBALL NET SYSTEM" to AC 68 – Operating Material and Supplies. The expense should be charged AC 72 – Equipment.
- SPECIAL EVENTS charged 1 (one) invoice totaling **\$1,000.00** for "MARKETING FOR SPECIAL EVENTS 2023" to AC 46 – Contracts/Service Fees. The expense should be charged AC 50 – Other Services and Charges.
- FLEET GARAGE charged 1 (one) invoice totaling **\$528.99** for "SHOP TOOL" to AC 54 – Repair & Maintenance Supplies. The expense should be charged AC 68 – Operating Material and Supplies.
- RECREATION charged 1 (one) invoice totaling **\$500.00** for "ARTS PARK PERFORMER" to AC 000-08-0905-0002-46 Organized Sports Activities. The expense should be charged AC 000-08-0709-0007-46 Special Events.

- RECREATION charged 1 (one) invoice totaling **\$300.00** for “DJ FOR HALLOWEEN DAY PARADE 2023” to AC 000-08-0905-0002-46 Organized Sports Activities. The expense should be charged AC 000-08-0709-0007-46 Special Events.

Resolution

The Bureaus were advised of the issues and journal entry corrections were made.

4. Open Invoice

Invoices must be entered in EDEN, go thru the EDEN approval queue, and finalized in EDEN for the expense to be posted in the General Ledger. For Invoices “Paid by Check,” the payment is not made until this process is finalized in EDEN and a check is generated. Once finalized, the expense is automatically posted to the General Ledger.

Although there is no City standard for the invoice approval queue process, the Controller’s Office uses a 3-week measure to flag any Open Invoices.

We reviewed the open invoices as of 09/07/2023 and identified:

- 1 (one) RISK invoice totaling **\$1,170.15** in “RETURNED” status since 10/20/2023.

Resolution

RISK – The open DocRec was deleted.

5. Untimely Payment of Invoices

Although not all vendors have the same payment terms, the prevailing vendor payment terms is net 30.

Currently, the City does not have a standard for the time frame invoices must be entered in EDEN, go thru the EDEN approval queue, and finalized for payment.

Although there is no City standard for the invoice payment process, the Controller’s Office uses a 60-day measure to flag any potential untimely invoice payments.

Untimely payments may result in:

- Missed discounts,
- Vendor imposed late fees,
- Possibility of the City’s account being placed on hold, and
- Additional workload with the vendor's Accounts Receivable and the City’s AP departments.

We identified:

- 2 (two) checks for 8 (eight) FINANCE invoices dated 10/2022, 11/2022, 12/2022, and 08/2023,
- 1 (one) check for 1 (one) FIRE invoice dated 03/2023,
- 2 (two) checks for 2 (two) FLEET GARAGE invoice dated 05/2023 and 08/2023,
- 2 (two) checks for 2 (two) POLICE invoices dated 06/2023 and 07/2023,
- 1 (one) check for 1 (one) RISK invoice dated 07/2023,
- 8 (eight) checks for 8 (eight) IT invoices dated 07/2023, 08/2023, and 09/2023, and
- 1 (one) check for 1 (one) EMS invoice dated 09/2023.

Resolution

All Bureaus were advised of the issues and the checks were released.

FINANCE –

- 10/2022, 11/2022 and 12/2022 Invoices: Purchasing & A/P held off on paying the vendor due to unresolved pricing & delivery issues, including vendor employee changes. The payment was issued when credits and correct invoices were received.
- 08/2023 Invoice: The invoice was received by A/P in 10/2023.

FIRE – The items were delivered to the furniture installation company on 3/01/2023. The city did not receive possession of the items until May 2023. The furniture company performed the installation of furniture accessories at the Fire Academy in May and September. There were some issues with the equipment that just got resolved this week.

FLEET GARAGE –

- 05/2023 Invoice – The invoice was placed with work orders by accident and was found and paid late.
- 08/2023 Invoice - The invoice was lost and requested as a reprint.

POLICE –

- 06/2023 Invoice: The items were received 10/25/23. Once the items were inventoried the request for payment was submitted.
- 07/2023 Invoice: The vendor is contacted every quarter to see if there are any outstanding invoices. When they were called, they stated they did have 2 outstanding invoices. The invoices were requested and once received, the invoices were processed for payment.

RISK – The invoices regarding this matter were received in November.

IT –

- 06/2023 Invoice: The vendor was emailing the invoices to the former CIO directly and because they were being sent by a “donotreply” address his auto responses were never noticed. IT caught the expiration in September, and the vendor was contacted to redirect all invoices to accountspayable@allentownpa.gov and a copy to IT.
- 07/2023 Invoice: At the time renewal was sent, the department was unsure if they were going to continue with this vendor. Once that decision was made a requisition was opened to generate a PO for the new 1-year support. The invoice was entered for payment once the confirmation was received.
- 07/2023 Invoice: The invoices were missed when they were forwarded.
- 08/2023 Invoice: The Vendor needed Microsoft to approve the items on the invoice before IT could use them, causing the delay.

- 08/2023 Invoice: The invoice was lost in the IT inbox.
- 08/2023 Invoice: The invoice was missed and paid when discovered.
- 08/2023 Invoice: IT lost track of the invoice while awaiting the PO. IT was reminded of the outstanding invoice when the vendor reached out regarding it.
- 09/2023 Invoice: IT has been working with some departments that are over budget on printing this year. Once the budget transfers were completed and funds were available, IT processed the invoice.

EMS - Per EMS, they recently received the invoice.

6. Documentation Not Attached in EDEN

To provide a proper audit trail and document the expenditure, the hard copy of the invoice and all pertinent payment information is scanned and attached in EDEN.

For the period 10/28/2023 – 12/01/2023, the following departments did not have the proper documentation attached in EDEN:

- AP – 2 (two) instances,
- TRAFFIC PLANNING – 1 (one) instance,
- PLANNING & ZONING – 1 (one) instance,
- POLICE – 1 (one) instance, and
- MAYOR' OFFICE – 1 (one) instance.

Resolution

The Bureaus were advised of the issues and the proper documentation was scanned.