

# **CITY OF ALLENTOWN**

## **Bank Reconciliation Review For the month end date: 05/31/2023**

**Date of Report: September 28, 2023**

### **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: 32

\$ Amount of the bank reconciliations reviewed for the period: \$164,171,294.94.

**AGING OF OUTSTANDING ISSUES**

<b>ISSUE #</b>	<b>ISSUE</b>	<b>MONTH ISSUE FIRST APPEARED ON A BANK RECONCILIATION</b>	<b>MONTHS OUTSTANDING AS OPEN ISSUE ON THE BANK RECONCILIATION AUDIT REPORT</b>	<b>ORIGINAL AUDIT REPORT DATE</b>
1	Deposits in Transit Over 1 (One) Month	05/2023	0	09/28/2023
2	Check Voided But Cleared by Bank	05/2023	0	09/28/2023
3	Unreconciled Difference on the Bank Reconciliation	05/2023	0	09/28/2023
4	Checks Not Voided on ARP	04/2019	36	08/16/2019
5	Checks Issued Not on ARP	02/2023	1	06/15/2023
6	Checks Issued Not in General Ledger	05/2023	0	08/29/2023

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

### **NEW ISSUES**

#### **1. Deposits in Transit Over 1 (One) Month**

An outstanding deposit is a receipt shown on the books but not on the bank statement.

We identified 4 (four) outstanding deposits in Central Treasury totaling **\$23,751.36** since April 2023. 3 (three) of the deposits totaling **\$23,750.86** were for Golf – Ball Machine Revenue.

#### **Recommendation**

Outstanding deposits should be investigated, and any issues should be addressed immediately to insure there is no malfeasance or continued delay of the funds.

#### **Administration's Response**

These have been resolved. \$23,750.86 has been deposited in June. The delay was caused due to a new credit card company not having the correct banking information.

#### **2. Check Voided But Cleared by Bank**

We identified 1 (one) AP check for **\$478.60** which was voided on EDEN on 11/23/202 but cleared by the bank on 01/03/2023.

#### **Recommendation**

Administration should contact the bank and request a refund for the check that was voided.

#### **Administration's Response**

When this was found, we requested the money back from the vendor and it was deposited to Central Treasury on 6/21/23.

**3. Unreconciled Differences on the Bank Reconciliations**

- The Central Treasury bank reconciliations have 3 unreconciled differences of **\$1.43, \$27.00, and \$53.07**.
- The Accounts Payable bank reconciliation has an unreconciled difference of **(\$0.01)**.

It is unknown why there is a difference.

**Recommendation**

Administration should revisit the reconciliations and the differences 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 have identified the \$27.00 difference as being a discrepancy between cash and credit card, we will work with Golf to resolve.

We cannot identify the \$1.43 and will book it to August. We will book the \$53.07 if not reconciled after July's bank reconciliation.

**Changes to Previously Reported Issues (Last Report Date)**

**4. Checks Not Voided on ARP**

We identified:

- 24 (twenty-four) checks totaling **\$3,179,992.10** 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.

### **5. 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.

7 (seven) checks totaling **\$76,936.55** 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)**

### **6. Checks Issued Not in General Ledger**

We identified 11 (eleven) checks totaling **\$888,138.13** issued out of AP but not posted in the General Ledger. The checks were for Community and Economic Development (CED).

### **Recommendation**

The GL correction should be made.

**Administration's Response**

These checks have been voided and GL is in balance.

From CED: These checks were voided and were provided to the treasury team. Since they were voided no adjustment will be made to the GL.

From Treasury: We believe this was possibly an Eden glitch. These checks were somehow printed and issued with no record in Eden. When this was discovered, the checks were re-issued with new check numbers.