

CITY OF ALLENTOWN

Bank Reconciliation Review For the month end date: 01/31/2024

Date of Report: March 20, 2024

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: \$117,429,525.21.

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	Outstanding Deposits in Transit	01/2024	1	03/20/2024
2	Checks Not Voided on ARP	04/2019	44	08/16/2019
3	Checks Issued Not on ARP	02/2023	69	06/15/2023
4	Wire Not Posted on ARP	10/2023	2	03/01/2024

FINDINGS, RECOMMENDATIONS AND ADMINISTRATION'S RESPONSES

New Issue

1. 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 reconciliation has 49 (forty-nine) outstanding deposits totaling \$61,684.00 in-transit since 12/2023.

Recommendation

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

Administration's Response

Changes to Previously Reported Issues (Last Report Date)

2. Checks Not Voided on ARP

We identified:

- 6 (six) checks totaling **\$67,803.01** voided on the AP Cash Sub and EDEN but not on the ARP.
- 1 (one) check totaling **\$726.70** voided on the Payroll Cash Sub and EDEN but not on the ARP.
- 1 (one) check totaling **\$134.00** voided on the Pension Payroll 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.

3. 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) check totaling **\$5,338.79** were identified on the AP bank reconciliation as not posting to the bank's ARP.
- 1 (one) check totaling **\$88.52** were identified on the Pension Payroll 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)

4. Wire Not Posted on ARP

We identified 1 (one) Pension Payroll wire totaling **\$135.00** cashed but not posted on the ARP.

Recommendation

The wire error should be communicated to the bank on a timely basis to insure it is corrected, and that the ARP is a valid reflection of outstanding checks.

Administrations' Response

This was not posted to the ARP because this was not included in the positive pay file. There was a glitch with TD bank when it was presented and approved as an exception and the payment bounced. A new payment was issued, and this will be resolved on the January 2024 bank rec.