

# **CITY OF ALLENTOWN**

## **Bank Reconciliation Review For the month end date: 08/31/2023**

**Date of Report: December 05, 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: \$152,191,530.62.

**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	Cash Deposits in Transit Over 3 Days	07/2023	1	11/14/2023
2	Checks Not Voided on ARP	04/2019	39	08/16/2019
3	Checks Issued Not on ARP	02/2023	4	06/15/2023
4	Unreconciled Difference on the Bank Reconciliation	05/2023	3	09/28/2023

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

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

**1. Cash Deposits in Transit Over 3 Days**

We aged the outstanding Central Treasury cash deposits as of 08/31/2023 and provided a 3-day window to account for weekends, holidays, illness, etc. for the cash deposit and noted the following outstanding deposits:

<u>Golf Course</u>	
08/09/2023	\$ <u>162.00</u>
Total Deposit in Transit	\$ <u><u>162.00</u></u>

<u>Municipal Pools</u>	
07/15/2023	\$ 3,066.50
07/22/2023	\$ 3,216.00
07/23/2023	\$ 964.50
08/05/2023	\$ <u>1,725.00</u>
Total Deposit in Transit	\$ <u><u>8,972.00</u></u>

**Original Issue (Original Report Date 11/14/2023)**

Per the 07/11/2013 Money Deposit Procedures,

**“Golf Course, Lights in the Parkway, Municipal Pools** will continue to make their daily deposits at the bank. Cash and checks **are not** to be collected and held for weekly, monthly, or periodic deposit(s). “

We aged the outstanding Central Treasury cash deposits as of 07/31/2023 and provided a 3-day window to account for weekends, holidays, illness, etc. for the cash deposit and noted the following outstanding deposits:

<u>Golf Course</u>	
07/23/2023	\$ <u>57.00</u>
Total Deposit in Transit	\$ <u><u>57.00</u></u>

<u>Municipal Pools</u>	
07/15/2023	\$ 3,066.50
07/22/2023	\$ 4,180.50
07/23/2023	\$ 3,294.00
07/27/2023	\$ 1,240.50
07/28/2023	<u>\$ 3,127.00</u>
Total Deposit in Transit	<u><b>\$14,908.50</b></u>

**Recommendation**

Deposits should be made on a daily basis as required. Outstanding deposit should be investigated and reported on a timely basis.

**Treasury's Response**

We agree and Treasury will monitor and reach out to the proper department or supervisor if there is a delay in daily deposits.

**Parks & Recreation Response**

We agree and Park managers will verify daily deposits are made, report delays immediately, and implement a strict chain of custody procedures for cash deposits.

**2. Checks Not Voided on ARP**

We identified:

- 18 (eighteen) checks totaling **\$65,882.27** 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.

### **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.

14 (fourteen) checks totaling **\$47,018.95** 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.

### **4. Unreconciled Differences on the Bank Reconciliations**

- The Central Treasury bank reconciliations have 2 (two) unreconciled differences of **\$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.