

FINANCE MEMORANDUM
#09-05

DATE: April 9, 2009

TO: Honorable Mayor Kathleen M. Novak and City Council Members

FROM: Bill Simmons, City Manager *WAS*
Shawn Cordsen, Finance Director *SC*

SUBJECT: Bank Reconciliation Update

BACKGROUND:

In 2008 the City's auditors reported an issue regarding the bank reconciliation practices of the organization. It was discovered that the organization had not completed adequate monthly bank reconciliation since early 2006. According to the management letter comment:

"... Because cash reconciliations are a key internal control to detect errors or even fraud, we (Swanhorst & Company LLC) recommend that the City identify and clear any reconciling items on a timely basis."

UPDATE:

After several months of labor-intensive effort, the Finance Department has successfully completed the bank reconciliation through December 31, 2008. The detailed bank reconciliation report has been attached for your review. Items to note include:

- As of December 31, 2008 an unidentified difference of \$0.89 remains. This difference is immaterial and staff recommends that it be written off.
- An analysis of the reconciling items confirms the absence of any fraudulent activity.
- After conferring with the City's auditors it has been determined that the total amounts subject to fiscal years 2006 and 2007 are immaterial and do not require treatment as prior period adjustments. Therefore, all correction will be made within the 2008 fiscal year and subject to the current audit.

Moving forward, the Finance Department has put in place procedures to ensure that bank reconciliations are completed on a monthly basis. This practice will improve the internal controls of the organization, as well as the certainty of financial reporting.

STAFF REFERENCE:

If Councilmembers have any comments or questions, you may contact Shawn Cordsen at scordsen@northglenn.org or at 303-450-8719.

**CITY OF NORTHGLENN
BANK RECONCILIATION
December 31, 2008**

UMB Bank Account Balance		2,132,318.87
Deposits in Transit - Cash:		
Recreation	3,852.90	
Logistics	4,754.90	
PD	127.50	
Court	-	
Cashier	69,473.15	
RLB	-	
Internet UB	277.84	
	<u>78,486.29</u>	78,486.29
Deposits in Transit - Credit Card:		
Recreation	0.00	
Logistics	-	
PD	-	
Court	-	
Cashier	-	
UB ACH	163.49	
RLB	-	
	<u>163.49</u>	163.49
Outstanding Checks & Other Debits:		
O/S Checks UMB - Operating	(409,798.27)	
O/S Checks UMB Bank - Payroll	(3,905.45)	
O/S Purchasing Card Activity-Nov	(112,709.37)	
O/S Purchasing Card Activity-Dec	(244,531.41)	
O/S Wires	-	
	<u>(770,944.50)</u>	(770,944.50)
Adjusted Bank Balance		<u>1,440,024.15</u>
General Ledger Balance		1,480,136.12
Unrecorded Deposits-Cash:		
Recreation	-	
Planning	-	
PD	-	
Court	-	
	<u>-</u>	
Unrecorded Deposits-Credit Cards:		
Recreation	(60.00)	
Planning	-	
PD	-	
Court	2,710.00	
	<u>2,650.00</u>	2,650.00
Unrecorded Expenditures		
Outstanding Return checks	(273.84)	
	<u>(273.84)</u>	(273.84)
Adjusted General Ledger Balance		<u>1,482,512.28</u>
Reconciliation Difference		(42,488.13)

Reconciling Items

Date	Item	Amount Per Bank Statement	Amount Per GA	Difference	Explanation	Status
5/15/08	ONLI Credit card off					
5/15/08	Deluxe Checks Charge	(112.50)	0.00	(112.50)	Check Order Fee not recorded in system	Need JV to Correct
7/29/06	UMB Purchasing Card ACH Withdrawal	(208,893.27)	(209,325.02)	431.75	P-Card Changes booked to system lower than actual amount taken by bank	Review bank report to identify reason for variance; May need JV or Bank Correction.
9/21/06	State of Colorado HJTF ACH Deposit	73,315.78	81,719.98	(8,403.30)	Recorded ACH deposit for wrong amount - JV #17139	Need JV to Correct
10/26/06	Adams County ACH Deposit	134,840.89	136,640.89	(2,000.00)	Recorded ACH deposit for wrong amount	Need JV to Correct
10/31/06	UMB Purchasing Card ACH Withdrawal	(240,205.89)	(237,963.25)	2,242.61	P-Card Changes booked to system higher than actual amount taken by bank	Need JV to Correct
11/2/06	Change order request	(212.00)	0.00	(212.00)	Deposit Serial # 0001 Ref 96292233 at bank not in system	Waiting for bank report to indicate difference; May need JV or Bank Correction.
11/2/06	Deposit Correction By Bank	(9.90)	0.00	(9.90)	Check listed incorrectly on deposit slip	Need JV to Correct
11/29/08	UMB Purchasing Card ACH Withdrawal	(205,152.40)	(205,082.43)	69.97	P-Card Changes booked to system higher than actual amount taken by bank	Waiting for bank report to indicate difference; May need JV or Bank Correction.
12/14/08	Deposit - Police Department	182.00	172.00	10.00	P-Card Changes booked to system higher than actual amount taken by bank	Need JV to Correct
12/28/06	UMB Purchasing Card ACH Withdrawal	(201,671.60)	(201,082.00)	(589.60)	P-Card Changes booked to system higher than actual amount taken by bank	Need JV to Correct
1/2/07	JV JE19103-2 Chase Fund 280	0.00	5,922.37	(5,922.37)	This should have been a zero entry one entry booked wrong see below	Need JV to Correct
1/2/07	JV JE19103-8 Prior Year NWDC Exp. Assume	0.00	5,922.37	(5,922.37)	This should have been a zero entry one entry booked wrong see above	Need JV to Correct
1/12/07	Rac Center Cash Deposit DMF	3,301.52	3,000.52	301.00	Bank booked 3,301.52 Northglenn Booked 3,000.52 in the system	Need JV to Correct
1/16/07	Deposit correction	(5.00)	0.00	(5.00)	On bank stmt but not in system	Need JV to Correct
1/16/07	NOVA Info System March Chkt 800239022	(240.07)	0.00	(240.07)	On bank stmt but not in system	Need JV to Correct
1/30/07	ONS Purchasing Card Activity-Dec	(274,625.72)	(269,085.53)	(5,540.19)	Note 274,625.72 taken out of bank in Jan. 269,085.53 booked in Dec	Need JV to Correct
2/6/07	Misc Credit Ref 98000734 Al bank not in systa	10.00	0.00	10.00	On bank stmt but not in system	Need JV to Correct
2/6/07	Deposit Serial # 17489 Ref 95719130	113.76	0.00	113.76	On bank stmt but not in system	Need JV to Correct
2/12/07	Weld CO - Vendor Payment	75.92	0.00	75.92	On bank stmt but not in system	Need JV to Correct
2/21/07	Debita Check charge	(37.50)	0.00	(37.50)	Check Order Fee not recorded in system	Need JV to Correct
2/22/07	NOVA 515 theater	70.00	0.00	70.00	CC deposit to bank not booked in System	Check 2007 & 3/07 bank stmt (JV #18093 was booked for 2/9/07 recip - diff amt)
3/5/07	ONS Purchasing Card Activity- February	(175,567.90)	(175,552.91)	(14.99)	Note 175,567.90 taken out of bank in March. 175,552.91 booked in Feb 07	Need JV to Correct
3/9/07	Correct 02/11/07 JV 18093 - Weld CO income	0.00	417.97	(417.97)	Zero balance entry booked in Feb for 417.97	Check bank stmt (JV #18047 was booked for balance statement 3/9/07 recip)
4/2/07	Retail Lock box Deposit Ref 95902278	28,877.47	28,839.83	37.54	UB Lockbox Receipt more than recorded	Determine correct amount; May need JV or Bank Correction
4/3/07	Wholesale lockbox	987,807.24	987,766.81	(41.57)	Lockbox Receipt less than recorded	Research - May Need JV to Correct
4/6/07	Unmatched Journal Entry 00018315	0.00	(533.51)	533.51	Remove Dupl On-line Posting 4/9/07 Could not find Duplicate Billing may be connecting above two items	Research - May Need JV to Correct
4/7/07	NOVA 515 theater	17.00	0.00	17.00	Credit Card Receipts not booked	Need JV to Correct
4/23/07	NOVA 515 theater	33.00	0.00	33.00	Credit Card Receipts not booked	Need JV to Correct
4/23/07	NOVA 515 theater	94.00	0.00	94.00	Credit Card Receipts not booked	Need JV to Correct
4/19/07	Utility Billings Internet Credit Cards	534.04	757.31	(223.27)	Credit card receipts less than recorded in system	Need JV to Correct
4/23/07	OJP Trues 310 Misc Pay 3 @ 349.50	1,048.50	0.00	1,048.50	On bank stmt but not in system	Need JV to Correct
5/9/07	Deposit Correction By Bank	(360.00)	0.00	(360.00)	Deposit Correction	Need JV to Correct
6/1/07	ONS Purchasing Card Activity- April	(186,714.46)	(186,691.54)	(22.92)	P-Card Charges booked to system lower than actual amount taken by bank	Need JV to Correct
6/3/07	Deposit Correction By Bank	(5.00)	0.00	(5.00)	Deposit Correction	Research - May Need JV to Correct
6/12/07	Phonotelecom ELS	628.27	0.00	628.27	UB Receipts not booked	Research - May Need JV to Correct
6/29/07	Phonotelecom ELS	329.28	0.00	329.28	UB Receipts not booked	Should this be deleted? Same as below?
7/2/07	Phonotelecom ELS	329.28	0.00	329.28	Bank Booked 329.28 on 8/29/07 Northglenn booked 331.36 on 7/02/07	
7/13/07	Phonotelecom ELS	615.08	655.18	(40.10)	Bank booked 615.08 Northglenn booked 655.18	
7/18/07	NOVA Info System March Chkt 8002069479	(160.00)	0.00	(160.00)	On bank stmt but not in system	
7/30/07	Phonotelecom ELS	412.95	425.20	(12.25)	Bank booked 412.95 Northglenn booked 425.20	
8/7/07	Phonotelecom ELS	1,221.18	1,222.94	(1.76)	Bank booked 1221.18 Northglenn booked 1222.94	
8/15/07	City of Northglenn Park & Rec Deposit DMF	1,961.46	1,973.33	(11.87)	Bank booked 1961.46 Northglenn booked 173.33	
8/21/07	NOVA 022 Utility Billing Online Booking DMF	1,979.24	1,911.10	68.14	Recorded different in syst than bank	
8/21/07	NOVA 022 Utility Billing Online Booking DMF	1,596.20	1,573.19	23.01	Recorded different in syst than bank	
8/24/07	NOVA 022 Utility Billing Online Booking DMF	1,098.26	1,042.71	55.55	Recorded different in syst than bank	
8/25/07	NOVA 022 Utility Billing Online Booking DMF	1,255.95	1,430.79	(174.84)	Recorded different in syst than bank	
8/30/07	NOVA 479 Unrecorded Deposit Rice Center	459.40	0.00	459.40	On bank stmt but not in system	
8/29/07	Rac Center Deposit Paid not at bank	0.00	446.40	(446.40)	Recorded in syst but not on bank stmt	
8/31/07	Logistics Credit Cards NOVA 408	1,076.82	1,156.82	(80.00)	Bank booked 1076.82 Northglenn booked 1156.82	
8/31/07	Phonotelecom ELS	957.78	971.90	(14.12)	Bank booked 957.78 Northglenn booked 971.90	
8/4/07	Phonotelecom ELS	2,649.17	2,657.65	(8.48)	Bank booked 2649.17 Northglenn booked 2657.65	
8/6/07	Phonotelecom ELS	1,180.53	1,151.52	29.01	Bank booked 1180.53 Northglenn booked 1151.52	
8/6/07	Phonotelecom ELS	3,016.92	3,092.99	(76.07)	Bank booked 3016.92 Northglenn booked 3092.99	
9/10/07	Weld County Vendor Payment not booked	117.06	0.00	117.06	On bank stmt but not in system	
9/11/07	Phonotelecom ELS	1,305.04	1,308.11	(3.07)	Bank booked 1305.04 Northglenn booked 1308.11	

9/11/07	Unmatched Deposit at bank	30.00	0.00	30.00	On bank stmt but not in system
9/17/07	Princetonalecom ELS	364.12	405.66	Bank booked 364.12 Northglenn booked 405.66	
9/19/07	Deposit Correction at bank Not matched	(20.00)	0.00	On bank stmt but not in system	
9/21/07	NOVA 479 Info System merchant deposit	(241.90)	0.00	Booked at bank not in system	
9/21/07	Rec Center CC Deposit Diff	435.00	349.49	Bank booked 435 Northglenn booked 349.49	
9/26/07	Deposit Correction at bank Not matched	(21.00)	0.00	On bank stmt but not in system	
9/27/07	OIS Purchasing Card Activity- Aug	(300,016.87)	(299,278.66)	Note 300016.87 taken out of bank in Sept 299278.66 booked in Aug 07	
9/27/07	Princetonalecom ELS	793.18	819.73	Bank booked 793.18 Northglenn booked 819.73	
10/1/07	Princetonalecom ELS	411.36	132.56	Bank booked 411.36 Northglenn booked 132.56	
10/3/07	City of Northglenn Park and Rec	185.56	0.00	Booked at bank not booked in system	
10/3/07	Princetonalecom ELS	1,200.23	1,282.69	Bank booked 1200.23 Northglenn booked 1282.69	
10/12/07	City of Northglenn Reverse Billing	(204.96)	0.00	City of Northglenn Reverse Billing Recorded at bank not in system	
10/24/07	Deposit Correction Recorded at bank	(200.00)	0.00	Deposit Correction Recorded at bank not in system! Did this get corrected in 12/07 or 1/08?	
11/30/07	Lockbox booked for more than hit the bank	810,907.61	811,058.55	bank booked 810,907.61 Northglenn booked 811,058.55	
12/4/07	Deposit Serial # 9998	15.00	0.00	Rec'd at Bank, not booked in System	
12/31/07	Online Resources ELS	175.41	0.00	Rec'd at Bank, not booked in System	
12/31/07	Church Ditch Booked 11595.25 S/B 11895.25	11,895.25	11,595.25	See Check #005746 12/20/07 Invoice 991-00002445	
12/31/07	JV #20286 to Replace Returned Emp Dr Dep	0.00	1,480.87	Replace emp direct deposit, Journal Entry to Reverse direct deposit was n Check to see if JV correction is needed	
12/31/07	JV #20286 to Replace Returned Emp Cr Dep	0.00	1,734.97	Replace emp direct deposit, Journal Entry to Reverse direct deposit was n Check to see if JV correction is needed	
12/31/07	JV #20286 to Replace Returned Emp Dr Dep	0.00	2,679.55	Replace emp direct deposit, Journal Entry to Reverse direct deposit was n Check to see if JV correction is needed	
12/31/07	P Card Adjustment entry not at bank	0.00	(689.73)	Recorded in sys but not on Bank stmt	
2/8/08	DOJ TREAS 220 MISC PAY	300.00	0.00	Posted at bank not in system	
3/5/08	DM Payment	661.35	670.80	Recorded different in syst than bank	
3/6/08	DM Payment	962.20	962.94	Recorded different in syst than bank	
3/8/08	NOVA INFO SYSTEM MERCH CHB	(250.00)	0.00	Recorded different in syst than bank	
3/9/08	Rec Cash deposit Difference	403.11	403.61	Bank amount different from System	
3/21/08	DM Payment	374.35	380.87	Recorded different in syst than bank	
4/7/08	Deposit error Rec Center	65.00	0.00	On bank stmt but not in system	
5/1/08	DM Online Resources	191.17	185.37	Recorded different in syst than bank	
7/8/08	Utility Billing internet payment CC	15,095.04	15,023.86	Recorded different in syst than bank	
7/15/08	EFT Rec center booking diff	1,173.74	1,156.56	Bank amount different from System	
7/16/08	Utility Billing on system not at bank	0.00	468.37	Recorded in sys but not on Bank stmt	
8/5/08	Online Resources ELS	1,778.30	1,806.80	Recorded different in syst than bank	
8/11/08	Theater CC 515 at bank not in system	82.00	0.00	On bank stmt but not in system	
8/27/08	Police Dept Cash Deposit Diff	262.75	260.50	Bank amount different from System	
8/30/08	Logistic Credit cards	1,569.20	2,028.59	Recorded different in syst than bank	
10/9/08	Bank Deposit Correction	(100.00)	0.00	On bank stmt but not in system	
10/9/08	Bank Deposit Correction	(6.00)	0.00	On bank stmt but not in system	
10/30/08	DOJ TREAS 220 MISC PAY	4,749.00	4,749.00	Rec'd at Bank, not booked in System	
10/31/08	Reverse NSF Charge - Misc	0.00	45.00	Unsure - is it on bank stmt but not booked or in GL but not bank stmt	
11/6/08	Reverse NSF Charge - Stormwater	0.00	20.00	Recorded in sys but not on Bank stmt	
11/4/08	Debit Check charge	(92.00)	0.00	Check Order Fee not recorded in system	
12/8/08	Deposit Correction	(5.50)	0.00	On bank stmt but not in system	
12/31/08	Accrual Invoice #991-00002682	9,987.76	9,987.76	Error in Journal Entry	
12/31/08	Accrual Invoice #991-00002682	0.00	1,880.80	Error in Journal Entry	
12/31/08	JV 21699 MARS Inv 1002, 1003, 1004, 10018	0.00	(750.00)	JV 21699 MARS Inv 1002, 1003, 1004, 10018 & 10020	

(42,487.24)

1,449,025.04

(0.85)

Reconciled General Ledger Balance

Unreconciled Difference

Need JV to Correct
Need JV to Correct
Corrected in Jan-08
Corrected in Feb-08

JV 19461 booked accoun tax for 22,557.30 - JV 19473 to correct it but only booked for 1128.36 s/b 11278.65

Check to see if bank posted twice