

BROOME COUNTY  
DEPARTMENT OF  
AUDIT AND CONTROL

**BANK TRANSFER TESTING**

FOR THE PERIOD:  
JANUARY 2001 THROUGH JUNE 2001

*Alex J. McLaughlin, Comptroller*



Broome County

## Department of Audit and Control

Edwin L. Crawford County Office Building / P.O. Box 1766 / Binghamton, New York 13902 / (607) 778-2227

DANIEL A. SCHOFIELD  
Chairman of the Legislature

ALEX J. McLAUGHLIN  
Comptroller

December 12, 2001

Jeffrey P. Kraham, County Executive:

The Department of Audit and Control has completed a testing procedure to examine the Department of Finance's recording of bank transfers between banking institutions for the period January 1, 2001 through June 30, 2001.

Based on the results of our testing, it is our opinion that, except for the instance noted herein, the Department of Finance properly recorded bank transfers in a timely manner.

Sincerely,

Alex J. McLaughlin  
Comptroller

cc: Daniel A Schofield, Chairman of the Legislature  
Members of the Legislature  
Louis P. Augostini, Clerk of the Legislature  
Jerome Z. Knebel, Commissioner of Finance

## BACKGROUND

Each day of the business week, cash is transferred from one bank account to another to fund County fiscal activities. Completing "Bank Transfers" performs the transfer of cash. These transactions are done by either electronic transfer or via written instructions from the Treasury Manager in the Department of Finance. The recording of these transfers in the accounting system is done when the Department of Finance creates and inputs journal entries.

The purpose of the testing procedures for bank transfers is to trace the transfers from the banking system through the FAMIS system to determine if the transfers are recording promptly and without error. With this type of analysis, Audit and Control can give positive assurance that the proper accounting procedures are in place to record the cash transfers, provide a basis to check system integrity and also be aware of the purpose, transaction volume and size of cash amounts being transferred between banks by the Department of Finance.

The testing period was from January 2001 through June 2001. Two days were selected from each month for detailed testing. The examination of records included copies of journal entries, bank deposit and withdrawal slips, checks, and other such documents as deemed necessary from the daily records completed and filed by the Department of Finance.

## **AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES**

### **FINDING 1: BANK TRANSFERS NOT RECORDED IN ACCOUNTING RECORDS ON A TIMELY BASIS**

During the course of reviewing bank transfers, we noted that 12 of 25 (48%) bank transfers tested were not posted to the accounting records on the same day that the transfer was made.

Bank transfers should be recorded in the accounting records on the same day the actual bank transfer occurs. In fact, it is the Finance Department's stated policy to record transfers on the day they are made.

Delays in recording bank transfers increases the risk that material errors and irregularities may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

#### **RECOMMENDATIONS:**

We recommend that the Department of Finance take measures to ensure that bank transfers are recorded in the accounting records on the same day as the actual transfer occurs.

#### **MANAGEMENT RESPONSE:**

It is the policy and procedure of this office to record and have posted on the same day transactions reflecting cash transfers. The instances in which this did not occur which you have identified have been noted and the importance of the policy has been reemphasized to the appropriate staff.