



CITY OF WINSTON-SALEM
REPORT OF CASH RECEIPTS COMPLIANCE
AUDIT – DEPARTMENT OF
TRANSPORTATION

For the 3 Months Ending February 29, 2020

Submitted by:
Office of Performance and Accountability
Internal Audit Division
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Overview of Department of Transportation Operations

The Department of Transportation (DOT) was evaluated as part of the Cash Receipts Compliance Audit. The audit focused on Parking and Traffic Safety (Parking) operations.

Parking manages both On- and Off-Street Parking. Off-street parking provides convenient parking in a protected location. Nearly three-quarters of all off-street spaces are located in decks; the remainder are in parking lots. On-street parking is available for short-term parking needs; pay station parking is also available in some areas--mainly downtown.

Parking Administration provides cash management supervision to Parking. Regarding reporting of monies collected, Parking Administration offers clerical, accounting, and administrative support to Parking. Regarding cash deposits, DOT personnel are to follow the Treasury Division's cash deposit and reporting procedures process.

Overview of Procedures Performed

The audit concentrated on transactions and internal controls related to the collection and reporting of cash for the period of December 1, 2019 through February 29, 2020. Sampling methods were used. Collections totaling 47 cash receipts (CR) were examined. Testing focused on verifying adherence to the City Administrative Policy (Cash Deposit and Reporting Procedures - dated 10-1-2009); this policy guides deposit and financial reporting for the City.

Specifically, the audit procedures focused on validating the following objectives:

- Were monies deposited within one business day of collection?
- Were CRs posted in FMS within three business days following related deposit?
- Did CRs agree to deposits?
- Was a supervisory review performed of report of cash collections (ROCC)?
- Was a preparer review performed of ROCCs?
- Was a supervisory review performed of deposit slips?
- Was a preparer review performed of deposit slips?
- Was the supervisory review performed by someone other than the preparer of deposit slips?

Findings and Recommendations

1. Unable to verify revenue reporting internal controls for compliance with the City Administrative Policy - Cash Deposit and Reporting Procedures for Parking.

- Parking does not have policies and procedures in place relating to ROCCs. Deposit information is entered directly into FMS. Per city policy, a ROCC should be completed immediately after the

deposit slip is prepared, reconciled to the slip(s) and be signed by the preparer; both documents should be further reviewed and signed by the preparer's supervisor. Furthermore, copies of both deposit slips and ROCCs must be retained by Parking for three years after the end of the fiscal year of the cash collection. Without copies of ROCCs, Internal Audit was unable to test internal controls over revenue reporting. Per proper internal controls, the ROCC should be created by the preparer and then reconciled and signed by both the preparer and their supervisor.

Management Response: Internal Audit has advised that "DOT may take exception to a finding contained in the most recent Report of Cash Receipts Compliance Audit-Department of Transportation (DOT)." This exception is granted by the Financial Management Services senior staff.

2. Numerous instances of noncompliance with the *City Administrative Policy - Cash Deposit and Reporting Procedures* were found for Parking. Areas of noted non-compliance are as follows:

- Forty-seven (100%) deposit slips tested indicated no physical evidence (e.g. supervisor's initials or signature) that a supervisory review was made verifying the dollar amount documented on the slips. Per city policy, after the deposit slip is prepared, the document should be reviewed and signed by the preparer's supervisor.
- Ten (21%) CRs tested showed evidence of late reporting. Instances were noted of collected revenue being reported twelve, six, and five days late (after taking into account both holidays and weekends). Per city policy, CRs must be reported in FMS within three business days following the related deposit.
- Two (4%) instances of cash collections being deposited after one full business day were found. Occurrences were noted of collected monies being deposited two days late (after taking into account both holidays and weekends). Per city policy, deposits must be made within one business day of cash collection.
- One (2%) deposit slip tested did not have collection report documentation retained (as physical evidence) to support when monies were received at one location; consequently, Internal Audit was unable to test the timeliness of the deposit slip selected.

Due to the aforementioned instances of noncompliance with the *City Administrative Policy - Cash Deposit and Reporting Procedures* for Parking, Internal Audit recommends that review procedures be enhanced to lessen future concerns. Moreover, all DOT departmental staff with cash management responsibilities should be made aware of all applicable Cash Control Policies.

Management Response: There were some instances of revenue being reported late due to staff being out for personal time. Once DOT staff is combined in one location, a backup to this staff member will be assigned to assist with ensuring this does not continue. Another employee who made late deposits has been counseled that this is a violation of policy will be disciplined should this continue.

3. Weaknesses in the internal control environment were noted for Parking.

- Parking does not have policies and procedures in place relating to segregation of duties. Often times, one DOT employee collects the monies for Parking, prepares the deposit slip, and deposits the monies. Although there is separate reporter of this deposited revenue, there is no separate approver for monies collected. Internal Audit recommends Parking reviews their current deposit procedures and assesses possible solutions for separating cash depositing duties.

Management Response: The Attendant and Parking Security Attendant Procedure has been revised and will be updated once we move to address the addition of staff to assist with item #2 once we relocate. Additionally, staff will receive a copy of the City's Cash Deposit and Reporting Procedures.

Respectfully submitted,



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