



CITY OF WINSTON-SALEM
REPORT OF CASH RECEIPTS COMPLIANCE
AUDIT – PUBLIC ASSEMBLY FACILITIES

For the 3 Months Ending February 29, 2019

Submitted by:
Office of Performance and Accountability
Internal Audit Division
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Overview of Public Assembly Facilities Operations

The Public Assembly Facilities Department (PAF) was evaluated as part of the Cash Receipts Compliance Audit. The audit focused on the Annex Box Office (Box Office) and Fairgrounds Administration (Fair Admin) operations.

The Box Office is located on the Winston-Salem Fairgrounds within the Annex Building. The Box Office Ticket Sellers are responsible for walk up sales, distribution of event tickets, and the accurate handling of cash and other forms of payment.

Fair Admin provides cash management supervision to the Box Office. Regarding reporting of monies collected, Fair Admin offers clerical, accounting, and administrative support to the Box Office. Also, there is an internal approval process at the Box Office. Regarding cash deposits, PAF 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 60 cash receipts (CRs) were examined; 49 Box Office CRs and 11 Fair Admin CRs were reviewed. 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 CRs?
- Was a preparer review performed of CRs?
- 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. Numerous instances of noncompliance with the *City Administrative Policy - Cash Deposit and Reporting Procedures* were found for the Box Office. Areas of noted non-compliance are as follows:

- Thirty-five (71%) CRs tested showed evidence of late reporting. Instances were noted of collected revenue being reported ten, seven, and six 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.

Management Response: Box Office report of deposits are to be turned into Fairgrounds Finance office within one (1) day of actual deposit. Once ROD's are brought to Fairgrounds Finance they will be entered into FMS by office staff within one day. Currently, the Fairgrounds Senior Accounting Clerk enters into FMS weekly. The Fairgrounds will now expand its current procedure of its part time Sr. Accounting Clerk entering into FMS to also include its Logistics Coordinator and Senior Office Assistant. ROD's will be entered on a daily basis. If none of the above parties are able to enter into FMS then responsibility will fall back on the Fairgrounds Finance Officer and/or Fair Director.

- Twelve (24%) deposit slips tested indicated physical evidence (e.g. preparer or supervisor's initials or signature) that the preparer and supervisor reviews were made by the same individual to verify 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 and their supervisor.

Management Response: We have updated Box Office Manual stating deposit slips must have 2 different signatures and will share this policy with daily working box office supervisors. If a box office supervisor works consecutive days the box office manager may verify. If the Box Office Manager is not present a member of the Fairgrounds office team may verify.

- Two (4%) instances of cash collections being deposited after one full business day were found. Occurrences were noted of collected monies being deposited four and 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.

Management Response: Will Review city policy with staff reminding them deposits of \$250 must go to the bank within 1 day of collection.

2. Instances of noncompliance with the *City Administrative Policy - Cash Deposit and Reporting Procedures* were found for Fair Admin. The areas of noted non-compliance are as follows:

- Three (27%) instances of cash collections being deposited after one full business day were found. Occurrences were noted of collected monies being deposited fifteen, three, and 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.

Management Response: We will review the City's Cash handling policy with staff, reminding them deposits of \$250 must go to the bank within 1 day of collection.

- Two (18%) CRs tested showed evidence of late reporting. Instances were noted of collected revenue being reported 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.

Management Response: We will make a change in whose primary responsibility it is to upload CR's to FMS and that responsibility will be shared. Due to our Sr. Financial Clerk only working two days a week it will now be the Sr. Office Assistants or Logistics Coordinator's responsibility to upload CR's when Sr. Financial Clerk is not working. If none of the above parties are able to enter into FMS then responsibility will fall back on the Fairgrounds Finance Officer and/or Fair Director.

- One (9%) deposit slip tested indicated no physical evidence (e.g. supervisor's initials or signature) that a supervisor 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.

Management Response: We will review the City's Cash handling policy with appropriate staff and remind them that documents should be reviewed and signed before depositing.

- One (9%) deposit slip tested indicated no physical evidence (e.g. preparer's initials or signature) that a preparer 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.

Management Response: We will review the City's Cash handling policy with preparer and remind them that documents should be reviewed and signed by themselves and supervisor before depositing.

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

Respectfully submitted,


Heather Smith
Internal Audit Administrator


Paul Sherman
Internal Auditor

DISTRIBUTION

Robert Mulhearn

Ben Rowe

Scott Tesh

Lisa Saunders

Donna Hull