



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

For the Month Ended December 31, 2021

Submitted by:
Budget and Performance Management Department
Internal Audit Division
March 2022

Background of the Public Assembly Facilities Department Cash Receipts Compliance Audit

In Fiscal Year 2020, Internal Audit performed a compliance audit which concentrated on Public Assembly Facilities Department (PAF) transactions and internal controls related to the collection and reporting of cash for the period of December 1, 2019 through February 29, 2020. Two PAF areas, the Annex Box Office (Box Office) and Fairgrounds Administration (Fair Admin), were evaluated as part of the Cash Receipts Compliance Audit. 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. Collections for 31 days totaling 17 cash receipts (CRs) were examined. Per the Internal Audit Division's Follow-up Program Policy, a follow-up audit is performed for any audit with findings considered to be significant. The following findings were included in the PAF Cash Receipts Compliance Audit in Fiscal Year 2020:

Finding 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.
- 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.
- 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.

Finding 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.
- 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.
- 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.

- 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.

Overview of Public Assembly Facilities 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.

Scope of Audit Procedures Performed

The purpose of the follow-up audit is to assess corrective action taken toward issues identified in the PAF Cash Receipts Compliance Audit. The follow-up audit concentrated on transactions and internal controls related to the collection and reporting of cash for the month-ended December 31, 2021. The audit scope was restricted to those areas relating to issues found during the prior audit. Transactions were examined using representative sampling methods (based on percentages of the overall population and number of items with exceptions found during the prior audit). The following were selected for testing: 17 CRs and 16 deposit slips. 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. Further procedures included interviewing management.

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

- Have appropriate steps been taken to ensure CRs are posted in FMS within three business days following related deposit for both Fair Admin and the Box Office?
- Have appropriate steps been taken to ensure deposit slips are reviewed and signed by the preparer and their supervisor for both Fair Admin and the Box Office?
- Have appropriate steps been taken to ensure monies are deposited within one business day of collection for both Fair Admin and the Box Office?

Corrective Actions Implemented

The following findings from the Fiscal Year 2020 PAF Cash Receipts Compliance Audit have been corrected and removed:

- CRs were not posted in FMS within three business days following related deposit for both Fair Admin and the Box Office.
- Deposit slips were not reviewed and signed by the preparer and their supervisor for both Fair Admin and the Box Office.
- Monies were not deposited within one business day of collection for the Box Office.

Follow-up Finding

Internal Audit noted instances of continued non-compliance with the City Administrative Policy (Cash Deposit and Reporting Procedures - dated 10-1-2009). A significant improvement has been noted with transactions and internal controls related to the collection and reporting of cash. The following finding has been reinstated from the Fiscal Year 2020 audit:

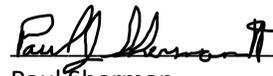
1. Two instances of noncompliance with the City Administrative Policy - Cash Deposit and Reporting Procedures were found for Fair Admin. The area of noted non-compliance was as follows:

- Two instances of cash collections being deposited after the last business day of the month were found; the prior audit found zero instances. As recommended in the Fiscal Year 2020 PAF Cash Receipts Compliance Audit, Fair Admin has implemented policies and procedures relating to the immediacy of depositing monies; however, exceptions to city policy were noted. Two occurrences were noted of collected monies being deposited after the last business day of the month. Per city policy, "Without exception, a deposit of all monies collected shall be made on the last business day of the month."

Fair Admin's Management Response: Unfortunately, the Market Manager miswrote the date on 2 receipts due to the change to the beginning of the month. We will also review the policy with the Farmer's Market Manager and discuss how to handle deposits when staff is travelling for conference or out of the office, so that the deposits are made in a timely fashion.

Respectfully submitted,


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