



CITY OF WINSTON-SALEM
REPORT OF CASH RECEIPTS COMPLIANCE
AUDIT – WINSTON-SALEM TRANSIT
AUTHORITY

For the 3 Months Ending February 29, 2020

Submitted by:
Office of Performance and Accountability
Internal Audit Division
September 2020

Overview of Department of Winston-Salem Transit Authority

The Winston-Salem Transit Authority (WSTA) was evaluated as part of the Cash Receipts Compliance Audit. The audit focused on WSTA's receipting, depositing, and reporting of revenue practices.

The Department of Transportation via WSTA operates both fixed route (fleet of 58 buses) and trans-AID (fleet of 40 mini-buses) systems within Winston-Salem and Forsyth County, respectively. WSTA also provides maintenance services for the regional ridesharing program; this program provides maintenance on 50 of the ridesharing vans for Piedmont Authority for Regional Transportation.

WSTA Administration (WSTA Admin) and Revenue provide cash management supervision to WSTA. Regarding reporting of monies collected, WSTA Admin and Revenue both offer clerical, accounting, and administrative support to WSTA. Also, there is an internal approval process at WSTA. Regarding cash deposits, WSTA personnel are to follow the Treasury Division's (Treasury) 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 25 cash receipts (CR) including 249 separate report of cash collection (ROCC) transactions 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 ROCCs?
- 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

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

1. Two hundred forty-eight (100%) ROCCs tested indicated no physical evidence (e.g. initials or signature) that a supervisor review was made verifying the dollar amount documented on the reports. Per city policy, after the ROCC is prepared, the document should be reviewed and signed by the preparer's supervisor.

Management Response: WSTA Staff plans to establish clear administrative rules and regulations to adhere to the City Administrative Policy-Cash Deposit and Reporting Procedures received by WSTA Staff in October 2020. Acquisition of financial approval will be initiated on all cash receipts and reports that validate the amounts received and collected. Upon completion of the ROCC, the document will be reviewed for accuracy, signed and dated by the preparer's supervisor.

2. One hundred ninety-one (77%) ROCCs tested indicated no physical evidence (e.g. initials or signature) that a preparer review was made verifying the dollar amount documented on the reports. Per city policy, after the ROCC is prepared, the document should be reviewed and signed by the preparer.

Management Response: WSTA Staff will follow the guidelines as indicated in the City policy. To eliminate inconsistencies with the ROCC in regards to the physical evidence of the preparers review, all preparers will sign and date the paperwork.

3. Ninety-eight (39%) instances of cash collections being deposited after one full business day were found. Occurrences were noted of collected monies being deposited twenty-one, eighteen, and fifteen days late (after taking into account both holidays and weekends). Furthermore, twenty-four separate cash transactions were not deposited by the last business day of the month. Per city policy, deposits must be made within one business day of cash collection and must be deposited by the last business day of the month.

Management Response: WSTA staff will adhere to the City policy and the collected funds will be delivered to the City Revenue Department within the 24-hour time span to finalize the deposit process or the next business day. WSTA plans to include an internal process to log or stamp when payments are received at the WSTA Admin office. This vital part of the procedure will eliminate the need to utilize actual check dates as proof of receipt as we had done in this year's audit. Deposits received at month end, will be hand delivered to City Revenue to complete the deposit process. Upon delivery, WSTA staff will request a copy of the receipt of deposit slip from City of WS staff.

4. Six (3%) deposit slips tested indicated no physical evidence (e.g. 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: WSTA Staff will follow the guidelines as indicated in the City policy. The deposits are reviewed, however, physical evidence of an initial or signature was missing. After the deposit slip is prepared, the document will be given to the supervisor for further review, accuracy, date and signature of supervisor.

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

Respectfully submitted,



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