CITY OF WINSTON-SALEM
REPORT OF PARKING AND TRAFFIC SAFETY CASH RECEIPTS
COMPLIANCE AUDIT FOLLOW-UP

For the Month Ended October 31, 2022

Submitted by:
Budget and Performance Management Department
Internal Audit Division
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Background of the Parking and Traffic Safety Cash Receipts Compliance Audit

In Fiscal Year 2020, Internal Audit performed a compliance audit which concentrated on Parking and Traffic Safety (Parking) transactions and internal controls related to the collection and reporting of cash for the period of December 1, 2019 through February 29, 2020. Parking operations was 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 totaling 47 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 Parking Cash Receipts Compliance Audit in Fiscal Year 2020:

Finding 1 – Unable to verify revenue reporting internal controls for compliance with the City Administrative Policy - Cash Deposit and Reporting Procedures for Parking. Areas of noted non-compliance are as follows:

- 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.

Finding 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:

1. 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.

2. 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.

3. 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.

4. 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.

Finding 3 – Weaknesses in the internal control environment were noted for Parking. Areas of noted non-compliance are as follows:

5. 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.

Overview of 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 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 staff. Regarding reporting of monies collected, Parking Administration offers clerical, accounting, and administrative support to Parking staff. Regarding cash deposits, Department of Transportation (DOT) 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 Parking 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 October 31, 2022. The audit scope was restricted to those areas relating to issues found during the prior audit. The following were selected for testing: 23 CRs and 125 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 deposits?
- Have appropriate steps been taken to ensure monies are deposited within one business day of collection?
- Have appropriate steps been taken to ensure collection report documentation is retained (as physical evidence) to support when monies were received?
• Have appropriate steps been taken to ensure policies and procedures are in place relating to segregation of duties?

• Have appropriate steps been taken to ensure deposit slips are reviewed and signed by the supervisor?

**Corrective Actions Implemented**

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

• Parking does not have policies and procedures in place relating to ROCCs.

• Deposit slips tested did not have collection report documentation retained (as physical evidence) to support when monies were received.

• Parking does not have procedures in place relating to segregation of duties.

**Follow-up Findings**

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 findings have been reinstated from the Fiscal Year 2020 audit:

1. Six (4.8%) 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.

**Management Response:** In regard to item #1: In the event the Parking Supervisor is away from work, the Assistant Supervisor will be instructed to review and sign all deposit receipts once they are retrieved from the financial institution (Truist Bank). This action will ensure deposit receipts are consistently reviewed and signed by a supervisor.

2. Eight (6.4%) instances of cash collections being deposited after one full business day were found. Occurrences were noted of collected monies being deposited five, three, and two days following collection (after taking into account both holidays and weekends). Per City policy, deposits must be made within one business day of cash collection.

3. Two (9%) CRs tested showed evidence of late reporting. Instances were noted of collected revenue being reported five and four days following deposit (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: In regard to items # 2-3: There are occasions when the financial institution (Truist Bank) will experience computer system failures that results in our deposit receipts not being ready until the system errors have been corrected. This means that we cannot get our deposit receipts until the next business day, therefore preventing the deposits from being made within the one day according to policy. This also causes a delay in collected revenue being promptly recorded.

Going forward, we will request documentation from the financial institution (Truist Bank) anytime there is a computer system failure or any other incident that prevents us from retrieving our daily deposit receipts. This information will be filed and available for future internal audits. This action will ensure that we will be able to provide documentation that an incident beyond our control caused us to not be able to comply with city policy during a certain date.

In other instances, an employee would make deposits the next morning due to conflicts with their personal appointments and getting to the bank at the end of their shift. This issue has been addressed with the employee such that they are aware of the expectation to make deposits the same day and the consequences of not complying. Additional monitoring by the area supervisor will continue to help ensure compliance as well.

Respectfully submitted,

Heather Smith  
Internal Audit Administrator

Paul Sherman  
Internal Auditor

DISTRIBUTION
Lee Garrity
Aaron King
Toneq’ McCullough
Chara Lindsay
Scott Tesh
Kelly Latham