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

For the Month Ended December 31, 2022

Submitted by:
Budget and Performance Management Department
Internal Audit Division
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Background of the Winston-Salem Transit Authority Cash Receipts Compliance Audit

In Fiscal Year 2021, Internal Audit performed a compliance audit which concentrated on Winston-Salem Transit Authority (WSTA) transactions and internal controls related to the collection and reporting of cash for the period of December 1, 2019 through February 29, 2020. WSTA 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 25 cash receipts (CRs) including 249 separate report of cash collection (ROCC) transactions 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 WSTA Cash Receipts Compliance Audit in Fiscal Year 2021:

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.

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.

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.

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.

Overview of Winston-Salem Transit Authority

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, respectfully. 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 Financial Management Services’ Revenue Division (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 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 WSTA 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, 2022. The audit scope was restricted to those areas relating to issues found during the prior audit. Collections totaling 10 CRs including 27 separate ROCCs 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. Further procedures included interviewing management.

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

- Have appropriate steps been taken to ensure monies are deposited within one business day of collection?
- Have appropriate steps been taken to ensure reports of cash collection are reviewed and signed by the preparer and their supervisor?
- 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 2021 WSTA Cash Receipts Compliance Audit have been corrected and removed:

- 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.
- 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.

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 2021 audit:

1. One (3.6%) instance of cash collections being deposited after one full business day was found. An occurrence was noted of collected monies being deposited five 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.

**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 did create a process in 2021 that includes a log of the deposits and a required stamp when payments are received at the WSTA Admin office. All deposits received will be hand delivered to City Revenue within one business day to complete the deposit process. Upon delivery, WSTA staff will request a copy of the receipt of the ROCC slip from City of WS staff. All paperwork is scanned by the Treasury and City Revenue departments.

2. One (3.6%) deposit slip 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 slip. Per City policy, after the deposit slip is prepared, the document should be reviewed and signed by the preparer's supervisor.

**Management Response:** WSTA established a procedure in 2021 to comply with supervisory review and signature. Upon completion of the ROCC, the documents are reviewed for accuracy, signed and dated by the preparer's supervisor. The one occurrence where we failed to have the supervisor sign off on the ROCC, was during the absence of the finance manager who normally signs off during this process. Moving forward, the supervisor will leave instructions on the signing authority in her absence to ensure this step in the procedure is not missed.

WSTA staff recognizes the importance of the cash collection process for the City of Winston-Salem. We will continue to make adjustments as needed to our internal procedures to ensure compliance with the city policies and procedures for cash collections, deposits and reporting.
Respectfully submitted,

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