

## **Audit Summaries - Fiscal Year 2006-07**

### ***Fire District #28***

#### **Purpose**

Fire District #28 is a nonprofit corporation that contracts with Guilford County to provide fire and rescue services to a population of approximately 1,350 in a mostly rural 19.45 square-mile area. The audit objective was to examine seven areas, which included board oversight; inventory and fixed assets; accounts payable; payroll; purchasing policies and procedures; long-range planning; and budget management.

#### **Results in Brief**

We identified potential improvements in accounts payable, investments, purchasing policies & procedures, long-range planning, and budgeting.

### ***Stokesdale Fire District***

#### **Purpose**

Stokesdale Fire District is a 501 (c)(3) nonprofit corporation that contracts with Guilford and Rockingham Counties to provide fire and rescue services. The district has a population of approximately 5,600 (3,600 in Guilford County and 2,000 in Rockingham County). There are approximately 36 square miles in the district. Our overall objectives were to determine whether resources are managed efficiently and effectively and to identify opportunities for improvement. The audit included long-range planning; financial reporting; board oversight; budgetary data; fixed asset management; and policies and procedures.

#### **Results in Brief**

We identified potential improvements in long-range planning, board oversight, fixed assets, and policies & procedures.

### ***Fiscal Year-End Countywide Cash, Inventory, and Accounts Receivable Verification***

#### **Purpose**

The purpose of this audit was to verify and establish accountability for 59 petty cash and change fund accounts assigned to various departments; Facilities and Incentive Council inventories; and accounts receivable balances for Public Health, The Guilford Center, and Emergency Services.

#### **Results in Brief**

Overall, the values of these accounts were fairly reflected in the county's records.

### ***Guilford Center Representative Payee Review***

#### **Purpose**

The Guilford Center serves as Representative Payee for Mental Health consumers who receive a combination of Social Security disability and/or Supplemental Social Income (SSI) benefits and are unable to manage their own funds. The objectives of the review were to determine if the

reconciliation of the subsidiary ledger maintained by staff at the Guilford Center was being performed in a timely manner and to follow-up on findings and recommendations from a previous audit.

### **Results in Brief**

In November 2005, Guilford Center accounting staff identified, researched and informed Finance staff of reconciling items between the subsidiary ledger and the general ledger. The reconciling items were journalized in the general ledger at year-end 2006. Quarterly interest is being posted to accounts in a timely manner.

### ***High Point Parking Booth Review***

#### **Purpose**

We reviewed the operations of the High Point Parking Booth. This booth is manned by one attendant Monday thru Friday from approximately 9:00 am until 5:15 pm, excluding holidays. The attendant's job is to collect fees from citizens parking in the multi-level parking deck located behind Guilford County's governmental complex on Green Drive in High Point. Parking is free for the first thirty minutes, fifty cents for each half hour after that with a maximum of \$5. Patrons are charged \$5 if they lose their parking deck ticket. Average daily collections at the booth total \$303.

### **Results in Brief**

Issues for the Risk Management and Security Departments were identified.

### ***4-H Accounts Review***

#### **Purpose**

Guilford County 4-H is a youth development organization operated through the North Carolina Cooperative Extension Service. This review had four main objectives: to evaluate internal controls over the 4-H bank accounts; to evaluate the segregation of duties related to the bank accounts; to test cash receipts; and to test cash disbursements.

### **Results in Brief**

We recommended that receipts and back-up be maintained for all expenditures. To facilitate auditing, we recommended that program ledgers contain all pertinent information including check numbers and how disbursements are divided among the different programs. We also recommended that more than one person perform the duties of financial management. Finally, we recommended that the governing body consider pursuing reimbursement of its sales tax expenditures.

### ***Master Gardener Association Account Review***

#### **Purpose**

The Master Gardener Association of Guilford County is a volunteer group that provides educational outreach for the Cooperative Extension Service. This review had four main objectives: to evaluate internal controls over the Master Gardener bank account; to evaluate the

segregation of duties related to the bank account; to test cash receipts; and to test cash disbursements.

### **Results in Brief**

We recommended that there be a greater segregation of duties and that the Association consider pursuing incorporation as a tax-exempt organization in order to obtain reimbursement of sales tax expenditures thereby increasing program resources.

### ***Countywide Petty Cash Review***

#### **Purpose**

We reviewed petty cash account activity during fiscal year 2005-06 in each of the county's departments. Our objectives were to examine the rate of turnover of the funds, review items purchased, and determine if expenditures were in compliance with the county's Petty Cash Policy. The county's Petty Cash Policy states that expenditures should be under \$50 and non-recurring.

#### **Results in Brief**

We found that most petty cash expenditures were for food for clients; staff meetings; community meetings; training workshops; and workers who could not leave locations (example – Election Day precinct workers); office supplies; housekeeping supplies; and electronics and computer supplies. The rates of turnover of funds varied. For those funds that turned over one time or less during the year, we asked departments to consider reducing the amounts of funds. We found that all purchases were not in compliance with the county's Petty Cash Policy. Thirty purchases during the year exceeded the \$50 threshold stipulated in the policy.

### ***Room Occupancy Taxes***

#### **Purpose**

The review had four main objectives: to determine the current status of occupancy tax collections; to determine if new on-line tax returns adhere to prevailing statutes; to determine how far back the examination can go for audits and collections; and to determine if penalties are currently being enforced.

#### **Results in Brief**

Currently, there is a deliberate process to enforce collections and eliminate delinquencies. The Tax Department is working to ensure full compliance with governing statutes. To this end, owners are now able to access printable occupancy tax returns on Guilford County's website. The forms have been designed in accordance with the General Statutes. They have built-in formulas that will compute taxes and penalties for users. This should facilitate accurate calculations and payments. The county is not prohibited from seeking occupancy taxes, interest, and penalties by a specific legal time period. Penalties are being enforced.

## *Social Services Department Cellular Phones & Pagers Review*

### **Purpose**

The review had four main objectives: to verify inventory records for a sample of cell phones and pagers; to survey a sample of users about usage and potential stipends; to review usage trends with a focus on underutilization; and to identify any opportunities for improvement.

### **Results in Brief**

We found that the accuracy of inventory records could be improved. To reduce costs and the liability for equipment, we recommended that employees either be assigned a pager or a cell phone but not both. We recommended that needs assessments be conducted and underutilized cell phones be disconnected. We also recommended that a small supply of active phones be maintained for temporary check-out by staff members should the need arise.

## *Transportation Department*

### **Purpose**

The Transportation Department's mission is to provide human service transportation for elderly and Medicaid recipients throughout the county, as well as disabled and general public transportation to individuals residing outside of the Greensboro and High Point urban areas. The department provides trips on a demand-response and subscription basis for human services that include: senior grocery shopping and congregate meals; medical appointments; employment for disabled and Work First participants; and other general purposes. In addition, the department provides bus tickets, gas vouchers, and car repair vouchers for seniors, Medicaid recipients, and Work First clients.

The audit reviewed the following areas: cash handling, billing, and accounts receivable procedures; grant reporting and eligibility (including inter-fund billing of Medicaid transportation); operational issues, staffing, and infrastructure; fixed asset and inventory accountability; contracting, purchasing, and accounts payable; and budgeting practices.

### **Results in Brief**

In the area of cash handling, billing, and accounts receivable procedures, we recommended that formal policies, procedures, and systems be adopted. For grant reporting and eligibility (including inter-fund billing of Medicaid transportation), we recommended that formalized policies and procedures be adopted and more automation be used. For operational issues, staffing, and infrastructure, we recommended that the department work on operational enhancements. In the area of contracting, purchasing, and accounts payable, we recommended that all contracts and agreements, as well as changes or amendments, be formally documented. Finally, in the area of budgeting practices, we recommended that outcome, efficiency, and effectiveness measures be adopted and reported. During the audit, many of the recommendations were implemented or were in progress. The progress on many of the issues addressed was noted in the final report.