



**Mecklenburg County
Department of Internal Audit**

Land Use and Environmental Services Follow-Up
Audit Report 1263

October 27, 2011

Internal Audit's Mission

Through open communication, professionalism, expertise and trust, Internal Audit assists executive management and the Audit Review Committee in accomplishing the Board's objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of the County's risk management, control and governance processes in the delivery of services.

Internal Audit Contacts

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Staff Acknowledgements

Rick Kring, Auditor-In-Charge

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<http://charmeck.org/mecklenburg/county/Audit/Pages/Reports.aspx>



MECKLENBURG COUNTY
Department of Internal Audit

To: Harry Jones, County Manager

From: Joanne Whitmore, Director, Department of Internal Audit

Date: October 27, 2011

Subject: Land Use and Environmental Services Agency (LUESA) Audit Report 1263

The Department of Internal Audit has completed follow-up procedures on reported issues from the LUESA Audit Report 0961 issued October 22, 2010. The objective of the follow-up review was to determine with reasonable but not absolute assurance whether management took effective and timely action on the issues presented in the audit report.

Internal Audit interviewed key personnel, observed operations, reviewed written policies and procedures and other documents, and tested specific transaction activity where applicable. Internal Audit conducted this audit under the guidance of the International Standards for the Professional Practice of Internal Auditing.

RESULTS

As noted in the following **Follow-Up Results** section, there were seven recommendations in the LUESA Audit Report 0961. Internal Audit determined six recommendations have been fully implemented and one recommendation has been partially implemented. Internal Audit will conduct a follow-up review at a later date to verify that the partially implemented recommendation is fully implemented and working as expected.

The cooperation and assistance of the LUESA staff is recognized and appreciated.

c: Michelle Lancaster, General Manager
John McGillicuddy, General Manager
Bobbie Shields, General Manager
Cary Saul, Director, Land Use and Environmental Services Agency
Audit Review Committee Members

**Follow-Up Results
LUESA Audit 0961**

- **Fully Implemented** – The audit issue has been adequately addressed by implementing the original or alternative corrective action.
- **Open/Partially Implemented** – The corrective action has been initiated but is not complete or the audit issue has not been addressed but management fully intends to address the issue.
- **Not Implemented** – The audit issue has not been addressed and management has assumed the risk of not taking corrective action.
- **Withdrawn** – The audit issue no longer exist because of changes in the auditee’s operation.

Issue	Risk Observation	Recommendation	Corrective Action Taken			
			Fully Implemented	Open/Partially Implemented	Not Implemented	Withdrawn
1	<p>Although health inspection fees entered into Alpha 5 and WASP must be recorded into Navision, the Department’s cashier system that records fees and manages customer accounts, there is no interface between the systems that would automatically record that data. Instead staff must make redundant manual data entries for every payment into Alpha 5 or WASP and Navision to update customer accounts and reconcile cash receipts with bank deposits.</p> <p>Because staff does not conduct manual reconciliations between the systems, they would not readily detect a data entry error or omission or be able to confirm that customers have paid for all inspections conducted. Further, because the systems do not interface, there is no system-generated report that staff can use to reconcile between the systems to ensure accuracy and completeness.</p>	<p>Internal Audit recommends that management ensure routine reconciliations are conducted between the Alpha 5 and WASP systems and the Navision cashier system to ensure accuracy and completeness.</p> <p>To facilitate this reconciliation process, we recommend that management consult with the Information Services and Technology Department to determine whether an interface for the Alpha 5 and WASP systems and the Navision system can be created. This interface would remove the need for redundant manual data entry and provide a system-generated report to use in the reconciliation process.</p>	X	X		
2	While the Department does not conduct credit checks on building contractors before allowing them to charge building permit fees, it does	Internal Audit recommends that management establish formal, written policies and procedures for contractor building permit and trash hauler credit	X (2)			

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	<p>require them to post surety or cash bonds to mitigate the risk to the County for the full amount of credit allowed. This informal department policy is not, however, formally documented.</p> <p>In addition, the Department does not require trash haulers to post surety or cash bonds to help protect the County against loss. While the Department experienced only \$1,747 in FY2008 for losses from bad debt, staff does not have a policy and procedure in place for extending credit, acting upon non-payment of accounts or writing off uncollectible accounts. Thus, staff does not have the necessary guidance to ensure activities are consistent and in line with Department expectations.</p>	<p>accounts to provide staff guidance over credit extensions and required actions for non-payment or write-offs of uncollectible accounts.</p>				
3	<p>Eight of 36 or 22% of Travel Authorization and Expense Reports reviewed were not timely submitted to the County Finance Department. Yet, County policy requires that all staff submit these reports and supporting documentation to the Finance Department within ten business days of their return to the office. In addition, the Department did not have a</p>	<p>Internal Audit recommends that management ensure staff complies with County travel policy.</p> <p>We also recommend that management establish a formal, written department procedure to ensure compliance.</p>	X			

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Issue	Risk Observation	Recommendation	Corrective Action Taken			
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	procedure in place to ensure staff complied with this policy.					
4	Twenty-three of 31 managers surveyed or 74% stated that they did not review the County’s “myHR” Time Report after each payroll to verify that input time was accurate and made any necessary adjustments. County policy states that managers are responsible for reviewing and certifying all timesheet entries each pay period using the County payroll system's Time Report.	Internal Audit recommends that management review the County’s “myHR” Time Report after each payroll to ensure that staff work hours are approved and appropriately paid.	X			