



**Mecklenburg County
Department of Internal Audit**

Board of Elections Follow-Up
Audit Report 1264

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

Aubrey Blakely, 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: Board of Elections Audit Report 1264

The Department of Internal Audit has completed follow-up procedures on reported issues from the Board of Elections Audit Report 0962 issued September 20, 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 six recommendations in the Board of Elections Audit Report 0962. Internal Audit determined four recommendations were fully implemented and two recommendations have been partially implemented. Internal Audit will conduct a follow-up review at a later date to verify that the partially implemented recommendations are fully implemented and working as expected.

The cooperation and assistance of the Board of Elections is recognized and appreciated.

c: Michelle Lancaster, General Manager
John McGillicuddy, General Manager
Bobbie Shields, General Manager
Michael Dickerson, Director, Board of Elections
Audit Review Committee Members

Follow-Up Results
Board of Elections Audit 0962

- **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>Staff does not fully complete customer receipts when receiving money. Twelve of 40 or 30% of receipts sampled did not indicate the quantity of items sold, which would validate the amount of cash that staff should have collected. Fully completed receipts can be useful, however, in reconciling cash received and money deposited in the bank.</p> <p>In addition, staff does not document monies when received or when transferred to other staff for bank deposit. As a result, management may not have sufficient information to ensure staff has properly deposited and recorded all monies received. Management will also have no audit trail to provide accountability for monies transferred.</p> <p>Moreover, staff does not perform a monthly reconciliation of the bank deposits to the general ledger.</p>	<p>Internal Audit recommends that management require staff to fully complete receipts for monies received.</p> <p>Further, staff should document the receipt and transfer of monies received to facilitate reconciliation of cash received and deposited in the bank.</p> <p>Management should also ensure that staff conducts a monthly reconciliation of the bank deposits with the general ledger and supporting documents.</p>	X			
2	<p>Twenty seven deposits sampled showed that 29 of 68 cash receipts (43%) were not deposited according to department policy. For example, one</p>	<p>Internal Audit recommends that management ensure staff deposits monies received according to County and department policy</p>	X			

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	<p>check for \$28 was not deposited for 46 business days and one check for \$207 was not deposited for 11 days.</p> <p>County policy allows departments to delay, subject to approval, depositing monies received until they have accumulated \$250 or, at a minimum, at month’s end. Department policy, however, requires staff to deposit funds at the end of the week regardless of whether the deposit totals \$250. During the election filing season, the Board of Elections’ department policy requires daily deposits.</p>					
3	<p>60 of 94 petty cash receipts reviewed did not reflect the business purpose of the expenditure. Furthermore, management or a designee does not initial the receipt to document their approval of the expenditure. County policy, however, dictates that petty cash receipts should reflect the business purpose and the director or his or her designee should initial the receipts.</p> <p>In addition, the Department did not always conduct periodic, surprise cash</p>	<p>Internal Audit recommends that management ensure the Department follows the county’s petty cash policy.</p> <p>In addition, department procedures should be developed to reflect staff accountability for the various tasks and staff should be trained on the procedures.</p>	X	X		

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Issue	Risk Observation	Recommendation	Corrective Action Taken			
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	<p>counts or monthly reconciliations of the petty cash fund. Yet, County policy states that the department director should assign an independent person other than the fund custodian to check bi-annually the cash on hand, receipts, advance requests and outstanding replenishment requests to ensure they equal the total amount of petty cash. In addition, the petty cash fund custodian should reconcile the petty cash fund on a monthly basis.</p> <p>Moreover, the department did not have internal procedures to assign staff accountability for the various tasks related to petty cash.</p>					