



**Mecklenburg County  
Department of Internal Audit**

Real Estate Services Follow-Up  
Audit Report 1265

October 27, 2011

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**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.

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**Internal Audit Contacts**

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**Staff Acknowledgements**

Eric Davis, Auditor-In-Charge

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**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: Real Estate Services Audit Report 1265

The Department of Internal Audit completed follow-up procedures on reported issues from the Real Estate Services Audit Report 0963 issued November 1, 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 two open recommendations in the Real Estate Services Audit Report 0963. Internal Audit determined these two recommendations have been fully implemented.

The cooperation and assistance of the Real Estate Services staff is recognized and appreciated.

c: Michelle Lancaster, General Manager  
John McGillicuddy, General Manager  
Bobbie Shields, General Manager  
Mark Hahn, Director, Real Estate Services  
Audit Review Committee Members

**Follow-Up Results**  
**Real Estate Services Audit 0963**

- **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>County policy and procedure over cash collections provides high level guidance but the Department does not have its own policy and procedure to assign staff responsibilities and accountabilities for specific tasks to ensure control activities are in place and functioning as intended.</p> <p>In addition, County policy and procedure does not specifically address revenue contract management and there was no department level policy and procedure to provide staff with official guidance to carry out their duties. Therefore, management will not have reasonable assurance that staff duties are carried out in accordance with management expectations.</p> <p>For example, staff did not always have a copy of the contract to ensure revenues received were in accordance with contract provisions. One contract required monthly payments but the County only received quarterly payments. A rental contract increased a percentage each year but the original contract could not be acquired to determine the original basis of the</p>	<p>Internal Audit recommends that management develop department policies and procedures that identify management expectations and staff accountability for specific staff handling cash collections and contract administration tasks. The policies and procedures should also provide management oversight responsibilities to ensure control activities are in place and operating as expected.</p>	X			

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**Real Estate Services Audit 0963**

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Issue	Risk Observation	Recommendation	Corrective Action Taken			
			Fully Implemented	Open/Partially Implemented	Not Implemented	Withdrawn
	rental cost.					
2	The County established a vendor relationship to have its scrap metal picked up for free and receive a small amount of revenue from the activity. Although pick-ups occur infrequently and resulting revenue is not significant, there is no formal contract or memorandum of understanding to formally document the arrangement to ensure consistency of expectations for both parties.	Internal Audit recommends that management develop a contract or memorandum of understanding for its steel scrap vendor sale arrangement.	X			