



**Mecklenburg County  
Department of Internal Audit**

Tax Collector Follow-Up  
Audit Report 1267

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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**Staff Acknowledgements**

Felicia Gadson, 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: Tax Collector Audit Report 1267

The Department of Internal Audit has completed follow-up procedures on reported issues from the Tax Collector Audit Report 1002 issued August 27, 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 recommendations in the Tax Collector Audit Report 1002. Internal Audit determined one recommendation has been fully implemented and one recommendation remains open. Internal Audit will conduct a follow-up review at a later date to verify that any open or partially implemented recommendations are fully implemented and working as expected.

The cooperation and assistance of the Tax Collector staff is recognized and appreciated.

c: Michelle Lancaster, General Manager  
John McGillicuddy, General Manager  
Bobbie Shields, General Manager  
Dena Diorio, Finance Director  
Neal Dixon, Tax Collector  
Audit Review Committee Members

**Follow-Up Results  
Tax Collector Audit 1002**

- **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>The Department has not established formal, written policies and procedures for certain lockbox activities, such as bank reconciliation and rejected check handling. Rather, policies and procedures have been communicated to staff via memorandums or verbal instruction. As a result, the Department may not receive consistent results when staff carries out their duties.</p> <p>During the course of this audit, the Department began working towards formally documenting its policies and procedures. The Taxpayer Support Services policies and procedures were completed in April 2010 and the Business Tax Collections Unit draft is in progress.</p>	Internal Audit recommends that management continue with its project to establish formal, written policies and procedures for all its business units. Staff should be trained on any changes within the formal policies and procedures.	X			
2	Rejected tax payment checks are sent from the lockbox service back to the units for further research but there is no manual or automated tool to record initial receipt of these checks. Nor does the Tax Support Services Unit have a method to record transfers of rejected checks removed from the money room by staff conducting	Internal Audit recommends that management consider instructing the lockbox service to deposit all checks, including rejected checks, upon initial receipt to eliminate the risk of loss or theft. Immediate deposit will also provide the County immediate availability of funds while unit staff conducts further research.		X		

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Tax Collector Audit 1002**

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	<p>research.</p> <p>As a result of this audit, management directed the lockbox service to begin imaging rejected property tax checks and their associated documents effective March 23, 2010. Both the lockbox service and the Department now have online images to conduct research if rejected checks are lost, misplaced or destroyed before being posted to taxpayer accounts. The courier, however, still transports the rejected checks back to the Department.</p>	<p>The Department should then modify its current policy and procedure over rejected checks and train staff accordingly.</p> <p>In the interim, management should ensure that the receipt and transfer of rejected checks be properly documented to provide accountability until the payment is deposited or returned to the taxpayer.</p>				