



**Mecklenburg County  
Department of Internal Audit**

Financial Services Department  
Policies and Procedures Follow-Up Audit  
Report 1564

January 13, 2016

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**Internal Audit's  
Mission**

To support key stakeholders in cultivating an environment of accountability, transparency and good governance.

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**Internal Audit Contacts**

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**Staff  
Acknowledgements**

Chinyere Brown, CIA, CFE, 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/reports/pages/default.aspx>



**MECKLENBURG COUNTY**  
**Department of Internal Audit**

**To:** Dena Diorio, County Manager

**From:** Joanne Prakapas, Director, Department of Internal Audit

**Date:** January 13, 2016

**Subject:** Financial Services Department Policies and Procedures Follow-Up Audit Report 1564

The Department of Internal Audit completed a follow-up audit on reported issues from the Department of Finance Audit Report 1161 issued February 21, 2011. The objective of the follow-up audit was to determine with reasonable but not absolute assurance whether management took effective corrective action on the issues presented in the audit report.

Internal Audit staff interviewed key personnel, observed operations, reviewed written policies and procedures and other documents, and tested specific transactions where applicable. Internal Audit conducted this audit in conformance with The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

**FOLLOW-UP SUMMARY**

There were eleven recommendations in the Department of Finance Audit Report 1161. The following table summarizes the results of the follow-up audit(s) performed to date.

<b>Recommendation Summary</b>					
<b>Fiscal Year</b>	<b>Audit Report</b>	<b>Implemented</b>	<b>Open</b>	<b>Not Implemented</b>	<b>Withdrawn</b>
2013	1362	9	2		
2014	1462		2		
2015	1564	2			

Details regarding the most recent follow-up audit are noted in the attached **Follow-Up Results** matrix. Recommendations considered implemented will be excluded from further review.

The cooperation and assistance of the Financial Services Department staff are recognized and appreciated.

- c: Deputy County Manager/Chief of Staff
- Assistant County Managers
- Deputy County Attorney
- Senior County Attorney
- Board of County Commissioners
- Audit Review Committee
- Director, Financial Services Department

**Follow-Up Results**  
**Department of Finance Policies and Procedures Audit Report 1161**

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Issue No.	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
3	Internal Audit recommends that the Department of Finance: C. Ensure that the internal payroll policies and procedures adequately define roles of Department of Finance staff to ensure that processing and oversight of countywide payroll activities adequately protect against errors or fraud. The policies and procedures should include, at a minimum: a. defined staff roles and responsibilities b. proper separation of duties between staff c. timelines for completion of required activities d. approval requirements e. federal, state and other agency reporting requirements f. internal staff training requirements	Agree - The Finance Department will revise its policies and procedures to reflect current activities and best practices as recommended by Internal Audit. The anticipated completion date is June 30, 2011.	06/2011	I	
4	Internal Audit recommends that the Department of Finance management establish and document internal procurement card policies and procedures to define internal staff roles and to ensure that processing and	Agree - The Finance Department will revise its procurement card policies and procedures to define internal staff roles and ensure that the oversight of card activities protect against error and fraud.	06/2011	I	

**Follow-Up Results**  
**Department of Finance Policies and Procedures Audit Report 1161**

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				Implementation Status	
Issue No.	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
	oversight of card activities adequately protect against errors or fraud. The policies and procedures should include, at a minimum: <ul style="list-style-type: none"> <li>a. defined procedures for staff processing and overseeing countywide procurement card activities, such as routine test for split transactions, unallowable purchases and spending limit violations</li> <li>b. proper separation of duties between the approval and receipt of new procurement cards</li> <li>c. internal staff training requirements</li> </ul>	The anticipated completion date is June 30, 2011.			