



**Mecklenburg County
Department of Internal Audit**

Department of Social Services
Organizational Representative Payee Program Follow-Up Audit
Report 1573

January 13, 2016

**Internal Audit's
Mission**

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

Internal Audit Contacts

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**Staff
Acknowledgements**

Eric Davis, CIA, CISA, CRMA, Auditor-In-Charge

**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: Department of Social Services Organizational Representative Payee Program
Follow-Up Audit Report 1573

The Department of Internal Audit completed a follow-up audit on reported issues from the Department of Social Services Organizational Representative Payee Program Audit Report 1261 issued November 12, 2012. 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 seven recommendations in the Department of Social Services Organizational Representative Payee Program Audit Report 1261. The following table summarizes the results of the follow-up audit(s) performed to date.

Recommendation Summary					
Fiscal Year	Audit Report	Implemented	Open	Not Implemented	Withdrawn
2015	1573	1			6

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 Recommendations considered implemented or withdrawn will be excluded from further review.

The cooperation and assistance of the Department of Social Services 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, Department of Social Services

Follow-Up Results
Department of Social Services Organizational Representative Payee Program Audit Report 1261

- **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	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
1	Internal Audit recommends the Department of Social Services ensure social workers routinely monitor Payee Services client accounts.	<p>Agree. Payee accounts will be monitored on a monthly basis. When the reserve limit is exceeded for a period of time, a plan will be made by the social worker with consultation of the supervisor to appropriately allocate the additional money in excess of the \$2,000 in reserve.</p> <p>Historically, the \$2,000 limit was reviewed and monitored by Department of Social Services staff on an annual, not monthly, basis as directed by the Social Security Administration. This program has been routinely audited by the Social Security Administration and the annual review of the \$2,000 limit was always deemed reasonable by the Social Security Administration auditors. The last Social Security Administration audit occurred in June, 2010. Based on Internal Audit's recommendation, Department of Social Services social workers will begin monitoring for the \$2,000 limit on a monthly basis going forward as described above. A new procedure involving supervisor oversight to ensure the monitoring is occurring will begin December 1, 2012.</p>	12/2012	W	Internal Audit has withdrawn the issue and recommendation due to the Department of Social Services outsourcing payee services.

Follow-Up Results
Department of Social Services Organizational Representative Payee Program Audit Report 1261

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2	Internal Audit recommends the Department of Social Services coordinate with the Financial Services Department's Human Services Finance Division to promptly identify all inactive Payee Services client accounts and return any conserved funds as required.	<p>Agree. There is a balance of \$12,205.15 currently related to 19 individual accounts that Department of Social Services has no information regarding the status of the individuals after extensive research. Since more than seven years has elapsed since there has been activity in these accounts, the funds will be returned to Social Security Administration by November 30, 2012.</p> <p>Advantage payee data is now reconciled on a monthly basis. This control will identify inactive accounts and prevent them from remaining open with no activity for an unmonitored period.</p>	11/2012	I	
	Going forward, management should ensure staff periodically reviews client accounts to timely identify inactive accounts and return conserved funds.		W	Internal Audit has withdrawn the issue and recommendation due to the Department of Social Services outsourcing payee services.	
3	Internal Audit recommends the Department of Social Services require staff independent of the social worker function conduct routine reconciliations between the ISSI and Advantage systems. The reconciliations should be documented and subject to management's review and approval.	Agree. Management agrees that reconciliation should be performed but recommends that it be based upon the Advantage system (the financial system of record) and social workers' budget Excel spreadsheets that will be created for each client, not with ISSI. ISSI is a Department of Social Services system that contains payee account information, but is not used for payee financial account management. ISSI is used to create payment requests. Social Workers will track payments and	12/2012	W	Internal Audit has withdrawn the issue and recommendation due to the Department of Social Services outsourcing payee services.

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		balances for payee accounts using an Excel spreadsheet maintained for each individual. Monthly, Department of Social Services staff will use detailed Advantage reports to reconcile the Advantage balance to the balance per the excel spreadsheet for each individual. This will begin December 1, 2012.			
4	Internal Audit recommends the Department of Social Services develop a formal, documented process to review and modify as necessary its ASWS Payee Policy. The written policies and procedures should have a framework that establishes, at a minimum: <ul style="list-style-type: none"> a. frequency of policy and procedure reviews b. assumptions, criteria, methods, processes and techniques used to develop and review relevant policies and procedures c. roles, responsibilities and selection criteria of participants involved in the development and review process d. a standard format for policies and procedures e. training for relevant staff f. communication to appropriate 	Agree. The Department of Social Services does not currently have a written policy regarding the frequency of reviewing all policies. Management agrees that policies should be routinely reviewed and will draft a policy regarding the frequency of Department of Social Services policy reviews and a method for documenting that the reviews occur. This will begin December 1, 2012.	12/2012	W	Internal Audit has withdrawn the issue and recommendation due to the Department of Social Services outsourcing payee services.

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				Implementation Status	
Issue	Recommendation	Management’s Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
	internal and external stakeholders				
5	Internal Audit recommends the Financial Services Department’s Human Services Finance Division: A. Restrictively endorse checks immediately upon receipt into the check room. B. Ensure its current process documents the change of custody for all checks, including special assistance checks.	Agree. All processes recommended by Internal Audit are currently in place and part of HSF procedures as of October 2012. The current procedures for depositing cash and recording cash receipts are: a. all funds collected by the County are subjected to proper physical safeguards b. funds received at the check room are prepared for deposit the day received. The armored security company is contacted for a pick-up for the next morning and deposits are locked in a safe overnight.	10/2012	W (2)	Internal Audit has withdrawn the issue and recommendation due to the Department of Social Services outsourcing payee services.