



**Mecklenburg County  
Department of Internal Audit**

Register of Deeds Close-Out Audit  
Report 1701

December 5, 2016

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<b>Internal Audit's Mission</b>	To support key stakeholders in cultivating an environment of accountability, transparency, and good governance.
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<b>Staff Acknowledgements</b>	Deborah Caldwell, CIA, CISA, Auditor-In-Charge Frank Crutchfield, CIA, CRMA, Senior Auditor Rhonda Minter, Internal Auditor Marchella Stroud, CPA, Internal Auditor Samita Shrestha, Internal Auditor
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**MECKLENBURG COUNTY**  
**Department of Internal Audit**

**To:** David Granberry, Register of Deeds  
**From:** Joanne Prakapas, Director, Department of Internal Audit  
**Date:** December 5, 2016  
**Subject:** Register of Deeds Close-Out Audit Report 1701

The Department of Internal Audit has completed a close-out audit of the Register of Deeds to assess whether the department has maintained accountability of key resources and records, and to assist in the transition of the office to the succeeding Registrar. Internal Audit staff interviewed key personnel and tested various revenue and expenditures between October 1, 2015 to October 31, 2016. Staff also verified change funds and conducted an inventory of capital and some non-capital assets.

This audit was conducted in conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**OVERALL EVALUATION**

Overall, accountability of key resources and records has been maintained; however, opportunities exist to improve the design and operation of some control activities related to escrow accounts.

## CLOSE-OUT AUDIT SUMMARY

The table below summarizes the close-out audit results.

CLOSE-OUT AUDIT SUMMARY	
Focus Area	Observation
Revenue	No concerns were noted during the testing of revenue.
Expenditures	No concerns were noted during the testing of expenditures.
Escrow Accounts	Reconciliation of escrow account balances between the Advantage and Aumentum systems was not routinely performed.
Change Funds	No concerns were noted. Cash funds on hand totaling \$1,785.00 were counted and agreed to the amount authorized by County Finance.
Capital Assets	No concerns were noted. Accountability of capital assets has been adequately maintained.
Non-Capital Assets	No concerns were noted. Accountabilty of computers, cells phone, mobile devices, and bank certificate paper has been adequately maintained.

Observations requiring risk mitigation are discussed in detail in the attached document.

We appreciate the cooperation you and your staff provided during this audit. Please feel free to contact me at 980-314-2889 if you have any questions or concerns.

c: County Manager  
Assistant County Managers  
Deputy County Attorney  
Senior County Attorney  
Board of County Commissioners  
Audit Review Committee

## **BACKGROUND**

The Register of Deeds (the “Department”) acts as the custodian and manager of various public records filed in Mecklenburg County. Activities related to the public records include:

- Recording, indexing and storing all real estate and business-related documents presented for registration
- Issuing marriage licenses
- Processing notary commissions and military discharge recordings
- Providing certified copies of recorded documents, such as birth and death and any other official documents maintained
- Collecting fees for services and copies
- Collecting state excise tax on real estate transfers

The Department currently employs 37 permanent staff members, including the Registrar who is elected every four years. The current Registrar was elected in November 2008 and a new Registrar will succeed the office on December 5, 2016.

### **Revenue**

The Department’s revenue comes from service fees and state excise tax on real estate transfers. Payments for these services made in advance are placed in an escrow account for future use by the customer. As of November 30, 2016, the Register of deeds had 157 active escrow accounts totaling \$124,517.

### **Systems**

Aumentum is the system the Register of Deeds uses to electronically record, maintain, and make available to the public all registered general instruments, deeds of trust, and mortgages. Aumentum processes payments for service fees and escrow activities, and facilitates staff’s data entry of these transactions into Advantage, the County’s financial management system.

## OBSERVATIONS AND RECOMMENDATIONS

Observation
Escrow Accounts

### Observation

- 1.1 Escrow Reconciliation—The Department did not routinely reconcile escrow balances between Aumentum and Advantage. Consequently, escrow account errors or irregularities may not be timely detected and resolved. As of November 30, 2016, the unreconciled variance between Aumentum and Advantage was \$186,886.

Escrow Account Balances As of 11-30-2016	
System	Balance
Aumentum	\$124,517
Advantage	\$311,403

### Recommendation

- 1.1 Internal Audit recommends the Department work with County Finance to resolve the variance between Aumentum and the related Advantage liability account. The Department should conduct monthly reconciliations to maintain agreement between the two system balances.

**DEPARTMENT ACKNOWLEDGEMENT**

I have reviewed and acknowledge the results of this close-out audit.

 Register of Deeds 12.5.2016  
Signature and Title Date