



**Mecklenburg County  
Department of Internal Audit**

Register of Deeds Follow-Up Audit  
Report 1766

December 5, 2016

---

<b>Internal Audit's Mission</b>	To support key stakeholders in cultivating an environment of accountability, transparency, and good governance.
<b>Internal Audit Contacts</b>	Joanne Prakapas, CPA/CFF, CIA, CFE, CRMA, Audit Director (980) 314-2889 or <a href="mailto:joanne.prakapas@mecklenburgcountync.gov">joanne.prakapas@mecklenburgcountync.gov</a>  Christopher Waddell, CIA, CRMA, Audit Manager (980) 314-2888 or <a href="mailto:christopher.waddell@mecklenburgcountync.gov">christopher.waddell@mecklenburgcountync.gov</a>
<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
<b>Obtaining Copies of Internal Audit Reports</b>	This report can be found in electronic format at <a href="http://charmeck.org/mecklenburg/county/audit/reports/pages/default.aspx">http://charmeck.org/mecklenburg/county/audit/reports/pages/default.aspx</a>



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

**To:** Dena Diorio, County Manager

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

**Date:** December 5, 2016

**Subject:** Register of Deeds Follow-Up Audit Report 1766

The Department of Internal Audit completed a follow-up audit on reported issues from the Register of Deeds Audit Report 1061 issued November 9, 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 fifty-four recommendations in the Register of Deeds Audit Report 1061. 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Withdrawn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	1361	35	18		1
2014	1461	9	9		
2015	1587	4	5		
2017	1766	4	1		

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. For those that remain

open, Internal Audit will conduct a follow-up audit at a later date to verify recommendations are fully implemented and working as intended.

The cooperation and assistance of the Register of Deeds staff are recognized and appreciated.

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

**Follow-Up Results**  
**Register of Deeds Audit Report 1061**

- **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
2	Internal Audit recommends that the Register of Deeds: F. Require cashiers to set up their cash drawers each morning and properly	Agree. We follow County change fund policy. Our petty cash fund was returned to Finance as of 09/13/2010. Our change fund was adjusted as of 09/12/2010 to reflect our current allocation. We use the standard Mecklenburg County change fund authorization form. We also have a separate form that each cashier must sign when a change fund is authorized. New procedure requires balance of change fund and deposit for every cashier on a daily basis. Change funds are to be secured at all times within a locked drawer or safe, and all funds are returned to a safe at the end of the day. We are testing new receipt printers that work better with our automated cash drawers. We created a cash exchange log sheet to note every transaction changing large denomination bills, signed by the cashier and designated change maker. Daily cash and change fund reconciliation procedures allow us to spot errors occurring from informal exchanges among cashiers. All change funds are to be reconciled for the end of the fiscal year, and at least two surprise reconciliations are to be done randomly. Failure to balance is noted and could result in disciplinary action.	09/2010	I	

**Follow-Up Results**  
**Register of Deeds Audit Report 1061**

- **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
		Individuals may be subject to special audits at any time. Gross or frequent errors may result in the loss of change fund privileges or termination.			
3	Internal Audit recommends that the Register of Deeds: A. Ensure incoming mail is opened with two people present and that checks are documented. Also, checks should be restrictively endorsed immediately upon receipt or immediately processed for deposit in Anthem. If two people cannot be present, management should put other mitigating controls in place.	Agree. We do not have the manpower to have two people present to open mail. By statute, we cannot process the check until we are prepared to file the document or perform the service. We may not know whether our service can be performed until the documents are examined and the fee presented is correct. Therefore, checks cannot be immediately processed when the mail is opened. Mail must be routed to the proper area, and specialists in each area process different mail requests that include checks. Check numbers are logged in Anthem when a check is processed, and verified in the deposit preparation process. The check information is logged into a spreadsheet when a real estate document and the recording check is rejected and returned to the customer. This gives us an audit trail on the majority of checks, especially those that go through the most processing steps. We are open to a cost effective solution, perhaps with scanning the checks and part of the accompanying	11/2011	IO	Internal Audit determined the workflow implemented by management to address the audit issue was not properly designed and implemented.

**Follow-Up Results**  
**Register of Deeds Audit Report 1061**

- **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
		documents. Our software upgrade includes additional scanning capabilities and rejection tracking which may be suitable. NCGS 161-10(c) states: These fees shall be collected in every case prior to filing, registration, recordation, certification or other service rendered by the register of deeds unless by law it is provided that the service shall be rendered without charge.			
6	Internal Audit recommends that the Register of Deeds: D. Increase controls over Anthem system access by, at a minimum: a. designating a security administrator b. properly separating duties between staff authorizing access permissions and staff implementing, monitoring and updating permissions c. categorizing data and software based on sensitivity and criticality levels d. documenting individual staff access to various data and software e. developing and implementing a process to ensure user accounts of terminated,	Agree. Our software upgrade includes integration with a merchant services application such as viaWarp. The Hecon system has been replaced with a more robust Quick Key system that tracks the real time balance on every key. It also has reporting by cashier on copy key valuations that can easily be reconciled to Anthem reports on copy payment transactions. Payment options for copies have been standardized and restricted in Anthem for ease and accuracy in reporting. Our software upgrade will provide a better method for the staff printing of certified copies where payment must be received before the document prints. Working with Finance, we have determined the amount and root cause of variances between Anthem, viaWarp and	11/2011	I	

**Follow-Up Results**  
**Register of Deeds Audit Report 1061**

- **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
	transferred or reassigned employees are promptly deactivated	Advantage revenue. Our fiscal analyst will be reconciling the details at the conclusion of the escrow account project. We will probably incur a substantial charge-off against FY2012 revenue. The actual shortage occurred for FY2009, so we are working with Finance to determine how to handle this. The software upgrade will allow for better controls in our primary software. The password features are more robust, including forced changes and better encryption. We have a new employee leave procedure that includes notifying IST and our software support. On a termination, all access is revoked.			
8	Internal Audit recommends that the Register of Deeds: A. Confirm charges against supporting documentation to ensure they are appropriate.	Agree. We have modified our purchasing and accounts payable procedures. In FY2011, we were able to catch an erroneous invoice from one vendor, and so far in FY2012 have caught an invoice from another that appeared to be in excess of contracted amounts. Our primary purchaser has received additional training. We have requested additional object codes so that all purchases from any fund can be classified properly. Our fiscal analyst provides input and assists in monitoring purchases.	11/2011	I	

**Follow-Up Results**  
**Register of Deeds Audit Report 1061**

- **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
13	Internal Audit recommends that the Register of Deeds ensure supervisors and staff comply with County policy and review myHR Time Reports both before and after payroll is processed.	Agree. At this time, we monitor the salary budget for anomalies. We have little control of the payroll process after approving time or pay increases. We plan to have all supervisors get updated training in myHr so that they understand how to pull and review the management time reports. The topic was mentioned at our last management meeting and is on the agenda for our next meeting. Our fiscal analyst can provide salary budget reports for comparison.	11/2011	I	