



**Mecklenburg County
Department of Internal Audit**

Office of the Tax Collector
Cash Collections Follow-Up Audit
Report 1812

October 10, 2018

**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**

Gewreka Robertson, Auditor-in-Charge

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<https://www.mecknc.gov/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: October 10, 2018

Subject: Office of the Tax Collector Cash Collections Follow-Up Audit Report 1812

The Department of Internal Audit completed a follow-up audit on reported issues from the Office of the Tax Collector Cash Collections Audit Report 1370 issued June 9, 2014. The follow-up audit objective 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, 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 Office of the Tax Collector Cash Collections Audit Report 1370. The following table provides the original number of recommendations and summarizes the follow-up audit results performed to date.

| Fiscal Year | Audit Report | Implemented | Open | Not Implemented¹ | Withdrawn | Total Carryforward |
|--------------------|---------------------|--------------------|-------------|------------------------------------|------------------|---------------------------|
| 2014 | 1370 ² | N/A | | | | 7 |
| 2015 | 1577 | 5 | 2 | | | 2 |
| 2018 | 1812 | 2 | | | | 0 |

¹ Management assuming risk for not taking corrective action

² Initial report

The attached **Follow-Up Results** matrix provides details for the most recent follow-up audit. Internal Audit will review any carryforward issues later to verify recommendations are fully implemented and working as intended.

The cooperation and assistance of the Office of the Tax Collector 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
- Director, Office of the Tax Collector

Follow-Up Results
Office of the Tax Collector Cash Collections Audit Report 1370

- **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 | |
|------------------|---|--|------------------------------|-----------------------|----------|
| Risk Observation | Recommendation | Management’s Risk Mitigation Strategy | Original Implementation Date | Current Status | Comments |
| 3.1 | Internal Audit recommends the Financial Services Department include all significant accounts in its monthly reconciliation of NCPTS to Advantage. The reconciliations should evidence the preparer and date of preparation, support for reconciling items and related corrective actions, and management’s review and approval. | <p>The OTC deferred to the Financial Services Department to respond to this recommendation. Financial Services responds as follows:</p> <p>A revenue analyst in the Central Finance Division of Financial Services currently reconciles the County general property tax revenue recorded in NCPTS to the amounts posted to general ledger accounts monthly. The reconciliation will be expanded to include all the revenue accounts for the County and documentation of the review. Central Finance will also prepare a monthly reconciliation of the amounts collected for the other jurisdictions in the County with the collections recorded in NCPTS and remitted to those jurisdictions. Those collections will be reconciled by jurisdiction only, since the County does not record the collections by type in the general ledger. The reconciliations will include documentation of the review. These changes will be implemented by June 30, 2014.</p> | 06/2014 | I | |

Follow-Up Results
Office of the Tax Collector Cash Collections Audit Report 1370

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| | | | | Implementation Status | |
|------------------|---|---|------------------------------|-----------------------|----------|
| Risk Observation | Recommendation | Management's Risk Mitigation Strategy | Original Implementation Date | Current Status | Comments |
| 4.1 | Internal Audit recommends the OTC management ensure monthly and bi-annual surprise change fund reconciliations are documented and retained. | Regarding the change fund reconciliation, our monthly reconciliation and documentation process is for the TSS unit to maintain calculator tapes from the reconciliations of the petty cash fund and cashier change fund. The OTC retains the NCPTS (tax system) balancing sheets that are created each time a till is balanced for each cashier. The balancing sheets report the verified till amounts and currency details (number of \$1 bills, \$5 bills, and other denominations of money). This information is included with the cash receipt documentation, which is stored on-site as required by our document retention schedule. Although the monthly reconciliations were occurring, document retention will be fully implemented on June 1, 2014. Now the mandatory surprise audits and end of year audit occur once each year as required. The resulting documentation is retained and/or distributed to the Financial Services Department as required by an OTC Deputy Director. | 06/2014 | I | |