



**Mecklenburg County
Department of Internal Audit**

Office of Tax Collector
Cash Collection Follow-Up Audit
Report 1820

October 10, 2018

**Internal Audit's
Mission**

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

Internal Audit Contacts

Joanne Prakapas, CPA/ CFF, CIA, CRMA, CFE, Audit Director
(980) 314-2889 or joanne.prakapas@mecklenburgcountync.gov

Felicia Stokes, CIA, CISA, CRMA, Audit Manager
(980) 314-2893 or felicia.stokes@mecklenburgcountync.gov

**Staff
Acknowledgements**

Brian Roberts, CPA, CFE, 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 Tax Collector Cash Collection Follow-Up Audit Report 1820

The Department of Internal Audit completed a follow-up audit on reported issues from the Office of Tax Collector Cash Collection Audit Report 1562 issued July 6, 2016. 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 three recommendations in the Office of the Tax Collector Cash Collection Audit Report 1562. 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Fiscal Year	Audit Report	Implemented	Open	Not Implemented¹	Withdrawn	Total Carryforward
2017	1562 ²	N/A				3
2018	1820	3				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 Tax Collector Cash Collection Audit Report 1562

- **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	Management Comments
1.1	<p>Internal Audit recommends management revise its current policies and procedures to include, at a minimum:</p> <ul style="list-style-type: none"> • Current field collection payment reconciliation and documentation process • Cash handling training requirements • Change fund roles and responsibilities • Change fund monthly reconciliation requirements 	<p>The Business Tax Collections Unit (BTCU) within the Office of the Tax Collector (OTC) will implement the following actions in reply to the risk observation 1.1 in the Cash Collection Audit Report 1562. The actions that will be taken to address the risks are detailed below.</p> <p><u>Current field collection payment reconciliation and documentation process</u></p> <ul style="list-style-type: none"> • The BTCU manual will be reorganized to consistently identify/name the payment reconciliation and documentation process. This will result in common terms and consistent report names being used throughout the manual. For example, the report documenting the daily activity of the Deputy Tax Collector staff will be called the Account Contact Listing report. This matches the report name in the tax system. Before this change, the manual referred to it using multiple names. <p><u>Cash handling training requirements</u></p> <ul style="list-style-type: none"> • Section 9 of the BTCU manual will be updated to include the annual requirement that each employee 	06/2016	I	

Follow-Up Results
Office of Tax Collector Cash Collection Audit Report 1562

- **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	Management Comments
		<p>attest that he or she has reviewed, understands, and will comply with the Mecklenburg County and OTC cash handling policies by signing the policies. The manual will include hyperlinks to each individual policy.</p> <p><u>Change fund roles and responsibilities</u></p> <ul style="list-style-type: none"> • Section 9 of the BTCU manual will be updated to include a subsection entitled “Change Fund.” The subsection defines change fund as outlined in Mecklenburg County’s Petty Cash and Change Fund Index. The manual will specifically state that the BTCU Supervisor is the change fund custodian who is directly responsible for the administration of the fund. The manual will also state that the Custodian and the employee who receives the change will verify the amount and attest to it being correct by signature. Signatures are provided when the funds are reconciled. The subsection will also include a hyperlink to the policy. <p><u>Change fund monthly reconciliation requirements</u></p>			

Follow-Up Results
Office of Tax Collector Cash Collection Audit Report 1562

- **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	Management Comments
		<ul style="list-style-type: none"> • Section 9 of the BTCU manual will be updated to include a subsection entitled "Change Fund." The subsection defines change fund as outlined in Mecklenburg County's Petty Cash and Change Fund Index. The monthly reconciliation requirements administered by the Custodian will be defined and detailed in this section including the following: <ul style="list-style-type: none"> A. The Custodian must reconcile the fund by the last business day of the month. B. The BTCU staff complies with the Petty Cash and Change Fund Index, OTC Cash Handling Policy, and all associated policies and procedures at all times. C. The change fund is not used to cash checks. D. The change fund is always secured in the money room/safe. E. The fund is always in balance. F. The fund is replenished timely so that funds are readily available as needed. G. Any discrepancies in the fund are reported to the Department 			

Follow-Up Results
Office of Tax Collector Cash Collection Audit Report 1562

- **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	Management Comments
		Director and Deputy Tax Director immediately. The subsection will also include a hyperlink to the policy.			
2.1	Internal Audit recommends the Financial Services Department monthly reconcile payments recorded in BizTax against those revenues posted to Advantage. The reconciliations should evidence the preparer; date of preparation; support for reconciling items; any related corrective actions taken; and management's review and approval of the reconciliation.	The Finance Team has reconciled Business Tax Collections in BIZTAX to the Advantage Financial System and FY 2016 reconciliations are up-to-date. Effectively immediately, in addition to the daily reconciliation, each month the Finance Team will reconcile the collection for Business Tax Collections in BIZTAX to the Advantage Financial System. Reconciling items will be noted, researched, and resolved within the next accounting period. The preparer, date, supporting documentation, any action taken or needed, the reviewer signature and management approval is noted on the reconciliation.	06/2016	I (2)	