



**Mecklenburg County
Department of Internal Audit**

Land Use and Environmental Services Agency
Procurement Cards Follow-Up Audit
Report 1824

October 5, 2018

Internal Audit's Mission To support key stakeholders in cultivating an environment of accountability, transparency and good governance.

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Staff Acknowledgements Rhonda Minter, Internal Auditor, Audit-in-Charge

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MECKLENBURG COUNTY
Department of Internal Audit

To: Dena Diorio, County Manager

From: Joanne Prakapas, Director, Department of Internal Audit

Date: October 5, 2018

Subject: Land Use and Environmental Services Agency Procurement Card Follow-Up
Audit Report 1824

The Department of Internal Audit completed a follow-up audit on reported issues from the Land Use and Environmental Services Agency Procurement Cards Report 1663 issued July 10, 2017. 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 eight recommendations in the Land Use and Environmental Services Agency Procurement Caards Report 1663. 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Fiscal Year	Audit Report	Implemented	Open	Not Implemented¹	Withdrawn	Total Carryforward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	1663 ²	N/A				8
2018	1824	8				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 Land Use and Environmental Services Agency 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, Land Use and Environmental Services Agency

Follow-Up Results
LUESA Procurement Cards Audit Report 1663

- **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 document procedures for administering its P-card activities and train staff accordingly. The procedures should be comprehensive, consistent with applicable County requirements, and include at a minimum:</p> <ul style="list-style-type: none"> • Essential operating activities, e.g., pre-authorization requirements, P-card issuance and deactivation, transaction approving and coding requirements, documentation submission and retention standards, and supervisory oversight and monitoring methods • Staff training requirements • Staff roles and responsibilities • Periodic procedure reviews and updates • Internal and external communications 	<p>Reduce–Department P-Card procedures were developed, documented and approved by the Agency Director in July 2016. The procedures were communicated to cardholders by email. The procedures were added to the LUESA Fiscal Control SharePoint site on May 3, 2017. Updates to the procedures are also posted to the LUESA Fiscal Control SharePoint and shared with cardholders by email.</p>	6/2016	I (2)	
2.1	<p>Internal Audit recommends management improve the tracking and monitoring of program participant training.</p>	<p>Reduce–The MeckEDU training module was assigned to P-Card users on May 3, 2016 and all future program participants will be enrolled accordingly. As of May 20, 2016, all P-Card participants completed the required refresher training. In addition, a process/system reminder is now in place within MeckEDU to assist in monitoring training compliance</p>	5/2016	I	

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				Implementation Status	
Issue No.	Recommendation	Management’s Risk Mitigation Strategy	Original Implementation Date	Current Status	Management Comments
2.2	Internal Audit recommends management immediately submit destruction notices upon events that warrant P-card deactivation.	Reduce–It is the intention of the Program Manager to immediately submit P-Card destruction notices when events warrant the deactivation. Destruction notices will be handled timely for employees for whom notifications are received. Going forward, necessary notifications will be made to ensure destruction notices are initiated.	5/2016	I	
3.1	Internal Audit recommends management ensure all cardholders reconcile their own monthly bank statements.	Reduce–The Program Manager has formally reinforced, especially with field-based employees, the requirement that cardholders complete their own reconciliation forms and provide completed forms to administrative personnel for processing.	7/2016	I	
3.2	Internal Audit recommends management ensure receipt reconciliation forms are complete, including the date and signature of all approving officials.	Reduce–LUESA now closely monitors reconciliation forms to ensure all required signatures and dates are documented.	7/2016	I	
4.1	Internal Audit recommends management re-emphasize to staff document retention requirements.	Reduce–LUESA has made a concentrated effort to ensure all the proper forms are filled out, signed and a copy retained within the department. These efforts include verifying supervisors report the termination of employees with P-Cards to the Program Accountant so cards can be properly destroyed, scanning documents for records retention, and discussing P-	5/2016	I	

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		Card procedures with managers in staff meetings.			
5.1	Internal Audit recommends management provide staff additional training on coding P-card transactions.	Reduce–The LUESA Program Manager and Program Accountant have received additional training in recording sales taxes and are aware of the appropriate coding.	7/2016	I	