



**Mecklenburg County
Department of Internal Audit**

Environmental Health Division
Cash Collection and Change Funds Follow-Up Audit
Report 1827

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**

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: Environmental Health Division Cash Collection and Change Funds Follow-Up Audit Report 1827

The Department of Internal Audit completed a follow-up audit on reported issues from the Environmental Health Division Cash Collection and Change Funds Report 1702 issued June 19, 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 fourteen recommendations in the Environmental Health Division Cash Collection and Change Funds Report 1702. 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Fiscal Year	Audit Report	Implemented	Open	Not Implemented¹	Withdrawn	Total Carryforward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	1702 ²	N/A				14
2018	1827	8	6			6

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 Environmental Health Division 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, Public Health Department

Follow-Up Results
Environmental Health Division Cash Collection and Change Funds Report 1702

- **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
1.1	<p>Internal Audit recommends management document procedures for administering its cash collection and change fund 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., cash collection, receipt, reconciliation, recordation; supporting documentation maintenance; and fund handling, transfers, and storage • Staff roles and responsibilities • Staff training requirements • Periodic procedure reviews and updates • Internal and external communication requirements 	<p>Mecklenburg County Environmental Health developed a “Change Fund Expectations” document in February 2017, which all staff with a change fund have reviewed and signed. The document establishes basic procedures for handling of change funds. We will develop a comprehensive procedure document for cash collection and change funds consistent with applicable County requirements.</p>	07/2017	P (2)	Management indicated the recommendations are partially implemented due to a transition in leadership.

Follow-Up Results
Environmental Health Division Cash Collection and Change Funds Report 1702

- **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**)
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				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
2.1	Internal Audit recommends management document and report to County Finance those EHD staff authorized to have cash drawer and safe access.	Mecklenburg County Environmental Health will notify County Finance of all staff with change funds or safe access.	05/2017	I (2)	
3.1	Internal Audit recommends management ensure the receipt and issuance of pre-numbered receipt forms are sequentially issued and adequately documented, periodically reconciling unissued inventory. We also recommend staff includes in the daily bank deposit copies of issued pre-numbered receipts. To facilitate daily reconciliations, management should consider the use of pre-numbered receipt forms printed in triplicate.	Mecklenburg County Environmental Health has implemented the use of pre-numbered, triplicate receipts in sequential order. We will begin periodic reconciliation of unissued inventory and include a copy of each receipt used with our daily deposit. We will include this requirement in our financial policies.	05/2017	P (2)	Management indicated the recommendations are partially implemented due to a transition in leadership.
4.1	Internal Audit recommends management implement a process to document cash transfers between staff. The custodian accepting the funds should recount and verify the amount of funds received. Cash transfer documentation should include the date, amount transferred, and initials or signature of staff involved.	Mecklenburg County Environmental Health will implement a process to document cash transfers between staff. Cash transfers will be documented on a form containing the fields indicated in the Audit recommendation.	05/2017	I (3)	
4.2	Internal Audit recommends management ensure staff documents cash drawer shortages and overages at	Mecklenburg County Environmental Health will implement a process that	06/2017	O (2)	Management indicated the recommendations are open due to a transition in leadership.

Follow-Up Results
Environmental Health Division Cash Collection and Change Funds Report 1702

- **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**)
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				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
	the close of each business day and obtains appropriate supervisory review.	documents cash, check, and credit card shortages and overages daily.			
5.1	Internal Audit recommends management ensure staff reconciles change funds at least monthly. Depending upon the use of the change funds, more frequent reconciliations may be warranted.	Mecklenburg County Environmental Health has implemented random monthly change fund audits.	01/2017	I	
5.2	Internal Audit recommends Finance staff ensures their reconciliation documentation includes the preparer's and reviewer's signature and date.	The preparer and the reviewer will sign and date to document that the reconciliation was completed and verified each month.	05/2017	I (2)	