



**Mecklenburg County
Department of Internal Audit**

Mecklenburg County Child Support Enforcement
Accounts Payable Follow-up Audit
Report 1829

October 11, 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**

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 11, 2018

Subject: Child Support Enforcement Accounts Payable Follow-Up Audit Report 1829

The Department of Internal Audit completed a follow-up audit on reported issues from the Mecklenburg County Child Support Enforcement Accounts Payable Report 1666 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 ten recommendations in the Mecklenburg County Child Support Enforcement Accounts Payable Report 1666. 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Fiscal Year	Audit Report	Implemented	Open	Not Implemented¹	Withdrawn	Total Carryforward
2018	1666 ²	N/A				10
2018	1829	6	4			4

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 Child Support Enforcement 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, Child Support Enforcement

Follow-Up Results
Mecklenburg County Child Support Enforcement Accounts Payable Audit Report 1666

- **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	Comments
1.1	Internal Audit recommends management update its accounts payable procedures. The updates should be comprehensive, consistent with applicable County requirements, and include at a minimum: <ul style="list-style-type: none"> • Essential operating activities required to process payments, e.g., invoice verification and processing; recordation; supporting documentation maintenance; and monitoring • Staff roles and responsibilities • Staff training requirements • Periodic procedure reviews and updates • Internal and external communication requirements 	The Department will develop and implement policies and procedures that are consistent with the County’s. The business management staff will continue to complete annual trainings to ensure business management staff is up to date on new policies and procedures.	July 2017	O (2)	Management indicated the recommendation is open due to changes in key positions since the last audit, and the policy has been drafted since the completion of fieldwork. Internal Audit will validate during the next follow-up audit.
	Management should also train staff accordingly in the practice of the updated accounts payable procedures.				
2.1	Internal Audit recommends management reemphasize to staff the County’s account payables document retention requirements.	Management will reemphasize document retention requirements to staff. The Department will image and file supporting documentation such as, order confirmations, contracts, or purchase agreements for vendor payments.	July 2017	I	Internal Audit determined that not all supporting documentation for account payable documents was maintained.
	Management should also ensure that the staff retains documents accordingly.			IO	

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				Implementation Status	
Issue No.	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
3.1	Internal Audit recommends management reemphasize to staff the importance of executing payment responsibilities in a timely manner.	The Department will reemphasize to staff the importance of paying invoices on time and will continue to assess our process for improvement. As a note, the Department does not receive mail directly as a third-party vendor receives incoming mail. Once received, the invoices will be stamped by the third-party vendor and the Department's business management staff. Invoices will then be processed within 21 days of receipt. If invoices are not received timely, the Department will emphasize the importance to the vendors.	July 2017	I (2)	
	Management should formally assess the Department's accounts payable process, identifying and documenting root causes for processing delays, and developing improvement action plans.				
4.1	Internal Audit recommends management reemphasize the importance of accurately coding transactions in Advantage.	Management will reemphasize to staff the importance of accurately coding transactions and will train staff accordingly. The Department is currently documenting the details of purchases and vendor payments. This will allow the Department to budget accurately for current and future fiscal years. Since the audit, the Department has created the account code 6010 – Food Supplies to begin capturing food purchases within this object code.	July 2017	IO	Internal Audit determined that some transactions were improperly coded in Advantage.
	Internal Audit also recommends that management train the staff accordingly regarding proper transaction coding.			I	
5.1	Internal Audit recommends management reemphasize to staff the County's sales tax guidelines.	The Department will develop procedures and complete annual trainings to ensure business management staff is up to date	July 2017	I (2)	

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				Implementation Status	
Issue No.	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
	Internal Audit also recommends that management train staff accordingly regarding sales tax.	on new sales tax guidelines, policies and procedures.			