



**Mecklenburg County  
Department of Internal Audit**

Environmental Health Division  
Cash Collection and Change Funds Follow-Up Audit  
Report 1901

April 12, 2019

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**Internal Audit's Mission**

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

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**Internal Audit Contacts**

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**Staff Acknowledgements**

Samita Shrestha, ACCA, CIA, Auditor-in-Charge

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**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  
County Manager's Office

**From:** Joanne Prakapas, Director  
Department of Internal Audit

**Date:** April 12, 2019

**Subject:** Environmental Health Division Cash Collection and Change Funds Follow-Up Audit Report 1901

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.

<b>Fiscal Year</b>	<b>Audit Report</b>	<b>Implemented</b>	<b>Open</b>	<b>Not Implemented<sup>1</sup></b>	<b>Withdrawn</b>	<b>Total Carryforward</b>
2017	1702 <sup>2</sup>	N/A				14
2018	1827	8	6			6
2019	1901	3	3			3

<sup>1</sup> Management assuming risk for not taking corrective action

<sup>2</sup> 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

**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"> <li>• Essential operating activities, e.g., cash collection, receipt, reconciliation, recordation; supporting documentation maintenance; and fund handling, transfers, and storage</li> <li>• Staff roles and responsibilities</li> <li>• Staff training requirements</li> <li>• Periodic procedure reviews and updates</li> <li>• Internal and external communication requirements</li> </ul>	<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	I (2)	

**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
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.	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	IO	Internal Audit determined the reconciliation of unissued receipts did not denote the receipts reconciled.
	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.			I	
4.2	Internal Audit recommends management ensure staff documents cash drawer shortages and overages at the close of each business day and obtains appropriate supervisory review.	Mecklenburg County Environmental Health will implement a process that documents cash, check, and credit card shortages and overages daily.	06/2017	IO (2)	Internal Audit determined individual staff cash reconciliations were not designed to capture cash shortages and overages when applicable.