Mecklenburg County
Department of Internal Audit

Financial Services Department
Enterprise Procurement Card Program Follow-Up Audit
Report 1922

October 18, 2019

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

From: Joanne Prakapas, Director
Department of Internal Audit

Date: October 18, 2019

Subject: Financial Services Department Enterprise Procurement Card Program Audit Follow-Up Report 1922

The Department of Internal Audit completed a follow-up audit on reported issues from the Financial Services Department Enterprise Procurement Card Program Audit Report 1664 issued August 24, 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 Financial Services Department Enterprise Procurement Card Program Audit Report 1664. 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Fiscal Year	Audit Report	Implemented	Open	Not Implemented[1]	Withdrawn	Total Carryforward
2018	1664[2]	N/A				14
2018	1830	9	4	1		4
2019	1922	2	1		1	1

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[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 Financial Services Department 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, Financial Services Department

Follow-Up Results
Financial Services Department Enterprise Procurement Card Prgram Audit Report 1664

- **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	Internal Audit recommends management update its P-card program procedures and train staff accordingly. Procedures should include, at a minimum: • Frequency of policy and procedure reviews and updates • Staff roles and responsibilities, including proper segregation of duties • Staff training requirements • Document retention requirements • Rebate processing procedures, including general ledger recordation • Administrator oversight and monitoring, e.g., merchant category codes, training, split transactions, and terminations • Review of general ledger transaction recordations	• The Procurement Card policy will be reviewed annually, and the date of review will be noted on the cover page of the document. • Staff roles and responsibilities are documented in the Procurement Card Policy including new responsibilities for the Supervisor of the Program Administrator. These roles and responsibilities will include proper segregation of duties. • The document retention requirements have been added to the Procurement Card policy. • Random sampling of the MCC codes has been added to the roles and responsibilities outlined in the Procurement Card policy. • The Procurement Card Program will follow the retention guidelines as outlined by North Carolina Department of Natural and Cultural Resources located at https://www.ncdcr.gov/resources/records-management. This information will be updated in the County Procurement Card Policy. • The policy will include training requirements for all those involved in the p-card process.	07/2017	I	

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				Implementation Status	
Risk Observation	**Recommendation**	**Management's Risk Mitigation Strategy**	**Original Implementation Date**	**Current Status**	**Comments**
		• The policy will include rebate processing procedures, including general ledger recordation. • The policy will include Administrator oversight and monitoring, e.g., merchant category codes, training, split transactions, and terminations. • The policy will include review of general ledger transaction recordations			
2.5	Internal Audit recommends management ensure Finance staff consistently document and retain proof of their review of the Receipt Reconciliation forms and any actions taken.	A fiscal staff member in Central Finance has been trained to ensure that reconciliations are reviewed, signed and date stamped. Staff members currently review, sign, and date stamp all procurement card reconciliations.	08/2016	IO	Internal Audit determined actions taken from review of the Receipt Reconciliation form was not consistently documented and retained.
5.3	Internal Audit recommends management monthly monitor all cardholder purchases greater than $1,000 and ensure MWSBE Control Forms are completed.	Finance is not changing Procurement card policy C.1.4. However, for the policy to be successfully implemented p-card users must have information regarding potential MWSBE vendors and Finance must have a way to track P-card purchases against those vendors. Finance is working with internal Business Analyst staff members to review procurement card transactions and determine vendors that qualify for MWSBE. A list of those vendors will be shared with procurement	12/2017	W	The policy no longer reflects MWSBE requirements for purchases greater than $1,000.

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Risk Observation	**Recommendation**	**Management's Risk Mitigation Strategy**	**Original Implementation Date**	**Current Status**	**Comments**
		cardholders. In addition, the department is working with internal Business Analyst staff members to determine if reports can be developed to reconcile procurement card transactions, the BOA Works system and Advantage to track MWSBE spend.			
7.1	Internal Audit recommends management develop and implement a tracking and monitoring process to ensure program participants completed the mandatory initial and refresher P-card training.	The new Procurement Card training module was rolled out to Procurement Card participants on May 4, 2017. The new MeckEDU training will track training dates to ensure all Procurement participants are on schedule with their required training.	05/2017	I	