



**Mecklenburg County
Department of Internal Audit**

Financial Services Department
Accounts Payable Follow-Up Audit
Report 1924

August 30, 2019

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

Rhonda Minter, 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: August 30, 2019

Subject: Financial Services Department Accounts Payable Follow-Up Audit Report 1924

The Department of Internal Audit completed a follow-up audit on reported issues from the Department of Finance Accounts Payable Audit Report 1162 issued July 18, 2011. 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 eleven recommendations in the Department of Finance Accounts Payable Audit Report 1162. 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| Fiscal Year | Audit Report | Implemented | Open | Not Implemented¹ | Withdrawn | Total Carryforward |
|--------------------|---------------------|--------------------|-------------|------------------------------------|------------------|---------------------------|
| 2012 | 1162 ² | N/A | | | | 11 |
| 2013 | 1363 | 7 | 4 | | | 4 |
| 2014 | 1463 | | 4 | | | 4 |
| 2015 | 1565 | | 4 | | | 4 |

¹ Management assuming risk for not taking corrective action

² Initial report

| Fiscal Year | Audit Report | Implemented | Open | Not Implemented¹ | Withdrawn | Total Carryforward |
|--------------------|---------------------|--------------------|-------------|------------------------------------|------------------|---------------------------|
| 2018 | 1803 | | 1 | 3 | | 1 |
| 2019 | 1924 | 1 | | | | 0 |

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
Department of Finance Accounts Payable Audit Report 1162

- **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**)

| Issue No. | Recommendation | Management's Risk Mitigation Strategy | Original Implementation Date | Implementation Status | |
|-----------|---|---|------------------------------|-----------------------|---------------------|
| | | | | Current Status | Management Comments |
| 1 | <p>Internal Audit recommends that the Department of Finance:</p> <p>B. Develop and implement more comprehensive documented policies and procedures for master vendor file management to improve its accuracy and reliability. Staff should be trained on the policies and procedures. The written policies and procedures should have a framework that establishes, at a minimum:</p> <p>a. requirements and process to validate vendor names, addresses, TINs and telephone numbers prior to setting vendors up in the Advantage master vendor file</p> <p>b. requirements to compare new vendors against debarment lists</p> <p>c. timeframe to periodically review and clean up the master vendor file</p> <p>d. procedures to identify and remove or deactivate duplicate or inactivate duplicate vendors</p> | <p>Agree. The Finance Department will revise its accounts payable policies and procedures to reflect current activities and best practices as recommended by Internal Audit. The anticipated completion date is September 30, 2011. The Finance Department will seek input from the Internal Audit Department on the draft revisions to policies and procedures prior to final approval of the revisions.</p> | 09/2011 | I | |

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| Issue No. | Recommendation | Management's Risk Mitigation Strategy | Original Implementation Date | Implementation Status | |
|-----------|--|---------------------------------------|------------------------------|-----------------------|---------------------|
| | | | | Current Status | Management Comments |
| | e. an independent review of changes to the master vendor file f. data entry requirements, such as vendor naming conventions and critical field entries g. master vendor file change management for all changes h. management oversight requirements | | | | |