



**Mecklenburg County
Department of Internal Audit**

Public Health Department
Closeout Audit
Report 2209

December 5, 2022

Internal Audit's Mission	To support key stakeholders in cultivating an environment of accountability, transparency, and good governance.
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MECKLENBURG COUNTY
Department of Internal Audit

To: Dr. Raynard Washington, Director
Public Health Department

From: Terry Thompson, Director
Department of Internal Audit

Date: December 5, 2022

Subject: Public Health Closeout Audit Report 2209

The Department of Internal Audit has completed a closeout audit of the Mecklenburg County Public Health Department to assess whether the Department has maintained accountability of key resources and records and to assist the succeeding director's transition into office. Internal Audit staff interviewed key personnel and tested expenditures between July 1, 2020 to December 31, 2021. Staff also verified petty cash and change funds, conducted an inventory check of certain capital and non-capital assets, and reviewed operations of the Department's pharmacies and immunization program.

This audit was conducted in conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

OVERALL EVALUATION

Overall, accountability of key resources and records has been maintained; however, opportunities exist to improve the design and operation of some control activities related to expenditures and non-capital assets.

CLOSEOUT AUDIT SUMMARY

The table below summarizes the closeout audit results.

CLOSEOUT AUDIT SUMMARY	
Focus Area	Observation
Expenditures	Invoices were not consistently paid within 21 days of the invoice date.
Change Funds and Petty Cash	Change Funds and Petty Cash agreed to the amounts authorized by the Financial Services Department.
Capital Assets	Capital assets were monitored and reported in accordance with Financial Services Department Policies and Procedures.
Non-Capital Assets	Non-capital assets, including mobile devices, could not be physically verified in a consistent manner. In addition, there was lack of a formal and consistent process for mobile device inventory management.
Pharmacies	Medication inventory was managed and dispensed in accordance with North Carolina laws and Board of Pharmacy requirements.
Immunization Program	Vaccine supplies were managed in accordance with the Center for Diseases Control and Prevention (CDC) and North Carolina Immunization Program (NCIP) requirements.

Risk observations and management's risk mitigation strategies, defined in Appendix A, are discussed in detail in the attached document. Internal Audit will conduct a follow-up review to verify management's action plans have been implemented and are working as expected.

We appreciate the assistance and cooperation you and your staff provided during the performance of this audit. Please feel free to contact me at 980-314-2889 if you have any questions or concerns.

c: County Manager
Deputy County Managers
County Attorney
Deputy County Attorney
Board of County Commissioners
Audit Review Committee

BACKGROUND

The mission of Mecklenburg County Public Health (the Department) is to promote and protect the public's health and manage health activities in Mecklenburg County. The Department's four main divisions are Preventive Health, Clinical Services, Population Health Services, and Case Management & Health Partnerships and provide services such as STD-related prevention and management, immunization clinic, and laboratory services. In addition, the Department provides administrative services such as the Office of Vital Records that assists residents with obtaining birth or death certificates that were registered in Mecklenburg County.

Audit Focus Areas

This closeout audit testing focused on the following areas:

- Expenditures—43,375 vendor payments totaling \$165,999,650 were processed between July 2020 and December 2021
- Change Funds and Petty Cash—7 change funds (total of \$3,550) and 3 petty cash funds (total of \$1,100) as of March 2022
- Capital Assets—190 capital assets valued at \$3,191,397 as of April 2022
- Non-Capital Assets—995 mobile devices (total as of March 2022) and 206 Women, Infants and Children (WIC) Program assets (total as of February 2022)
- Pharmacies—Drug inventory at the Northwest and Southeast clinic facilities (prescription volume of 11,337 and serving 6,166 patients for the year 2021)
- Immunization Program—Received vaccine doses worth \$1,388,176 (excluding COVID-19 vaccines) from the State of North Carolina (from January 1, 2021 through December 31, 2021) and dispensed through the Mecklenburg County Northwest, Southeast, and Valerie C. Woodward Center clinic facilities

OBSERVATIONS AND RECOMMENDATIONS

Focus Area
Expenditures

Observation

- 1.1 Payment Timeliness—County policy requires an invoice to be paid within 21 days of the vendor’s invoice date, which includes Financial Services Department’s (Finance) processing time. However, 14 of 72 or 19% of sampled invoices were paid by Finance 23-191 days from the invoice date for various reasons such as vendor corrections and staff failing to execute Department procedures. Failure to pay invoices timely could result in late fee payments. In addition, late payments could negatively affect relationships between the County and vendors that could lead to a potential reputational damage to the County.

Recommendation

- 1.1 Internal Audit recommends management:
- Implement or update control processes and procedures designed to provide reasonable assurance that vendors submit invoices with new invoice dates in instances in which vendors need to correct and resubmit invoices.
 - Train applicable staff on invoice processing procedures and provide oversight to ensure procedures are being properly executed.
 - Re-emphasize to staff the importance of paying invoices timely, including working with vendors to submit corrected invoices timely.

Management’s Response

- 1.1 **Risk Mitigation Strategy:** Reduce **Implementation Date:** February 2023

Action Plan: The Fiscal Compliance team already instructs staff that when they reach out to vendors to change or correct invoices, they should also ask that the invoice reflect a new invoice date. Some vendors cooperate. However, some vendors are unwilling to re-date their invoices, particularly if there has been delays on the part of HSF invoice processing returning the invoice for additional information. County payment policy is net 30 and vendors do not wish to reset that clock.

Since December 2021, all new managers and supervisors are required to attend a new leader orientation. Jana Harrison, Director of Administrative Services and Compliance Officer, provides training that covers topics associated with business operations and compliance, including invoice processing and the twenty-one day processing deadline.

The Department meets quarterly with all supervisors and managers. In order to re-emphasize the importance of timely invoice processing and the process for working with vendors on corrected

invoices, Fiscal Compliance team will provide a brief in-service training at the February 2023 meeting as well as report on status for each budget unit.

Focus Area
Non-Capital Assets

Observations

2.1 Inventory Management—Newly acquired assets and updates (including asset transfers and disposals) have not been recorded in the non-capital assets inventory management database since December 2021 because:

- Equipment Replacement Policies and Procedures do not provide specific guidance on timely recording of new purchases, transfers, and disposals.
- Staff did not provide the Department Asset Representative with training needed to execute responsibilities.

Failure to track non-capital asset acquisitions and relevant updates in the inventory management database may impact management’s ability to detect potential waste and/or fraud and result in either an understatement or overstatement of non-capital assets.

2.2 Mobile Device Management—The Department did not have a formal and consistent process for mobile device inventory management, which could result in unauthorized expenses, misuse, or theft of County resources. Specifically:

- Clear departmental guideline on who is authorized to request a new device for staff members did not exist.
- Staff inconsistently returned mobile devices to County Information Technology Services (ITS) or department management and inconsistently submitted a disposal form as required by ITS policy.
- Management responsible for maintaining 66 mobile devices assigned to School Health Nurses did not notify ITS to suspend service for the unused period. As a result, service on these temporarily returned smartphones remained active, which cost the Department approximately \$6,100 for a two-month period.
- There was no process in place to provide reasonable assurance that the Department’s designated staff member received the necessary account information for their mobile device inventory from division coordinators. As a result, 184 (18%) of the mobile device population could not be verified or located based on information provided by staff who were assigned the devices.

The mobile device population testing results as of August 11, 2022 are shown in the table below.

Mobile Device Inventory Results		
Exception	Exception Count	Exception Rate
Mobile device identification numbers were not provided or did not agree to the Information Technology Services inventory listing of active mobile devices.	116	12%
Mobile devices could not be located.	54	5%
The status of mobile devices could not be confirmed because staff assigned the mobile devices were on FMLA or other work.	14	1%

Recommendations

2.1 Internal Audit recommends management:

- Update Equipment Replacement Policies and Procedures to state expectations regarding timely entry of acquired, transferred or disposed non-capital assets into the non-capital assets inventory management database.
- Train both management and staff responsible for updating the inventory management database on the updated procedures and provide oversight to ensure responsibilities are properly executed.
- Update the non-capital assets inventory management database to ensure the database accurately reflects the Department's current non-capital assets.

2.2 Internal Audit recommends management:

- Develop and implement a formal process for mobile device inventory management. The process should be designed to provide reasonable assurance that mobile device acquisition, activation, deactivation, and disposal are properly executed by staff who are assigned mobile devices, division coordinators, and a designated Department staff member. This designated staff member should use the Information Technology Services (ITS) monthly mobile device listing to obtain confirmations and/or any changes from all division coordinators for their staff who have been assigned County mobile devices, including accounts that should be suspended. The listing should be updated and communicated to ITS, and discrepancies should be addressed. In addition, discrepancies, reconciliations, and actions taken should be documented.
- Develop and implement policies and procedures that reflect the mobile device inventory process and the roles and responsibilities of staff, division coordinator and designated staff member.
- Train staff on the requirements of mobile device inventory policies and procedures.

- Provide oversight to ensure compliance with the requirements of the mobile device policies and procedures.

Management's Responses

2.1 **Risk Mitigation Strategy:** Reduce **Implementation Date:** April 2023

Action Plan: Subsequent to the site visit, training was provided to the new Department Asset Representative. Additional training will be provided as needed. The Department is in the process of updating and cleaning up its non-capital assets inventory database. This will be completed by April 2023. The Department will update its equipment policy to add a definition of "timely."

2.2 **Risk Mitigation Strategy:** Reduce **Implementation Date:** June 2023

Action Plan: The Department will develop a policy regarding mobile device monitoring and management and will provide training to its staff.

The Information Technology Services Department (ITS) maintains the mobile device inventory of record for the County. ITS staff manage cell phone acquisition, activation, deactivation, and disposal. The Health Department does not wish to create duplicate processes. Thus, the Department will develop its policy in conjunction with ITS.

The Department acknowledges that many of its staff, primarily temporary and COVID-related staff (who are time-limited) did not respond to the internal audit mobile device survey, which was part of the reason why 18% of Departmental cell phones could not be verified. The Health Department will develop a process (including oversight) for improved monitoring of its mobile devices.

APPENDIX A—Risk Mitigation Strategy Definitions

Risk Mitigation Strategy	Definition
Reduce	Risk response where actions are taken to reduce a risk and its consequences. Should this be “and” instead of “or” – i.e., wouldn’t the consequences be reduced if the risk is reduced?
Accept	Risk response where no action is taken to affect the risk.
Transfer	Risk response where a portion of the risk is transferred to other parties.
Avoid	Risk response to eliminate the risk by avoiding the activity giving rise to the risk.