



**Mecklenburg County
Department of Internal Audit**

Department of Social Services
Closeout Follow-Up Audit
Report 2214

October 20, 2022

Internal Audit's Mission

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

Internal Audit Contacts

Terry Thompson, CIA, CRMA, Director
(980) 314-2889 or terry.thompson@mecklenburgcountync.gov

Felicia Stokes, CIA, CISA, CRMA, CFE, Audit Manager
(980) 314-2893 or felicia.stokes@mecklenburgcountync.gov

Staff Acknowledgements

Raheel Qureshi, CPA, Auditor-in-Charge
(980) 314-2898 or raheel.qureshi@mecklenburgcountync.gov

**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: Terry Thompson, Director
Department of Internal Audit

Date: October 20, 2022

Subject: Department of Social Services Closeout Follow-Up Audit Report 2214

The Department of Internal Audit completed a follow-up audit on reported issues from the Department of Social Services Closeout Audit Report 2001 issued August 18, 2021. 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 Department of Social Services Closeout Audit Report 2001. 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| Fiscal Year | Audit Report | Implemented | Open | Not Implemented ¹ | Withdrawn | Total Carryforward |
|-------------|-------------------|-------------|------|------------------------------|-----------|--------------------|
| 2020 | 2001 ² | N/A | | | | 15 |
| 2022 | 2214 | 10 | 5 | | | 5 |

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 Department of Social Services staff are recognized and appreciated.

cc: Deputy County Managers
County Attorney
Deputy County Attorney
Board of County Commissioners
Audit Review Committee
Director, Department of Social Services

Follow-Up Results
Department of Social Services Closeout Audit Report 2001

- **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 ensure invoices are properly approved before submitting for payment. | The Department will partner with Finance to provide refresher training to management staff responsible for approving payment for invoices to ensure invoice payment approval is accurate. The Department will also partner with Finance to develop Service Level Agreements that clearly identify service provision and responsibilities. | 10/2021 | I | |
| 1.2 | Internal Audit recommends management re-emphasize to staff the importance of timely processing within the Department to ensure compliance with County policy. | The Department has earned a successful or exemplary status on Measure D (percentage of invoices submitted within 21 days) of the County's FAST report for the last three years. Continuous improvement is important to help mitigate risks; therefore, the Department will partner with Finance to provide annual refresher training to management staff responsible for approving payment for invoices, reiterating County policy that invoices must be paid within 21 days of the invoice date. Recognizing there are several factors and stakeholders involved in the invoice payment process, the Department will remind staff to compare the invoice date to ensure it is accurate relative to the date received in the Department. | 10/2021 | I | |

Follow-Up Results
Department of Social Services Closeout Audit Report 2001

- **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 |
| 2.1 | Internal Audit recommends management periodically change the safe locks and combinations for petty cash funds. | The Department will change current safe locks and combinations for petty cash funds by 9/30/2021 and create a schedule to change the locks and combinations annually. The responsibility to monitor the petty cash locks will reside within business operations in the Operations, Strategy, and Innovation Division. This process will be documented in the Department's Petty Cash Policy. | 09/2021 | I | |
| 3.1 | Internal Audit recommends management develop and implement formal, documented capital asset management procedures and train staff accordingly. Procedures should include, at a minimum: <ul style="list-style-type: none"> • Capital asset inventory tracking, reconciliation, and disposal. • Documentation requirements, e.g., evidence of asset reconciliations. • Staff roles and responsibilities, including proper segregation of duties. • Periodic reviews and updates. | The Department will develop written procedures for capital asset inventory management to include the tracking and disposal of capital assets within the department. Staff responsible for business operations within the Operations, Strategy, and Innovation Division will be trained on inventory management best practices for management of capital assets. | 12/2021 | I (3) | |
| 4.1 | Internal Audit recommends management develop and implement a formal and consistent process for car seat inventory management. The | Management within the Youth and Family Services (YFS) Division will develop written procedures for the management of the car seat inventory to ensure YFS can | 10/2021 | I (4) | |

Follow-Up Results
Department of Social Services Closeout Audit Report 2001

- **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 |
| | process should include requirements for an independent, periodic physical inventory count that is reconciled to inventory records and updated as necessary. Discrepancies should be addressed. Reconciliations and actions taken should be documented. | account for all car seats. A communication and training plan will also be developed to ensure YFS staff are trained on car seat inventory management. | | | |
| 4.2 | Internal Audit recommends management develop and implement a formal and consistent process to ensure compliance with department policy regarding mobile device inventory management. The process should ensure mobile device acquisition, activation, deactivation, and disposal go through the DTEC. Further, the DTEC 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 with issued mobile devices. The updated listing should be communicated to ITS and discrepancies should be addressed. In addition, discrepancies, reconciliations, and actions taken should be documented. | The Department is partnering with Information Technology Services (ITS) to understand the roles, responsibilities, and policy related to inventory management of hardware issued by County ITS. This partnership will help inform department expectations so procedures can be developed for management of the devices. Staff within the Operations, Strategy, and Innovation Division at DSS are currently conducting an inventory of all technology resources for each staff person at DSS, including mobile phones. Written policy will be developed for inventory management of all technology resources for all acquisition, activation, deactivation, and disposal of technology resources, including mobile phones. Inventory management will be included in the Service Level Agreement developed in collaboration with County ITS. | 04/2022 | P (5) | Management indicated the recommendation is partially implemented due to the time needed to develop policies and procedures and coordinate with Information Technology Services accordingly. |