



**Mecklenburg County
Department of Internal Audit**

Land Use and Environmental Services Agency
Storm Water Cost Recovery Follow-Up Audit
Report 2304

October 13, 2022

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: Terry Thompson, Director
Department of Internal Audit

Date: October 13, 2022

Subject: LUESA Storm Water Cost Recovery Follow-Up Audit 2304

The Department of Internal Audit completed a follow-up audit on reported issues from the Land Use Environmental Services Agency Storm Water Cost Recovery Audit Report 1971 issued February 15, 2022. 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 5 recommendations in the Land Use Environmental Services Agency Storm Water Cost Recovery Audit Report 1971. 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Fiscal Year	Audit Report	Implemented	Open	Not Implemented¹	Withdrawn	Total Carryforward
2022	1971 ²	N/A				5
2023	2304	5				0

¹ Management accepts the risk and will not implement corrective action(s).

² Initial report

Details regarding the most recent follow-up audit are noted in the attached **Follow-up Results** matrix. Because corrective actions have been effectively implemented and prior audit issues have been adequately addressed, an additional follow-up audit will not be required.

The cooperation and assistance of the Land Use Environmental Services Agency staff are recognized and appreciated.

- c: Deputy County Managers
- County Attorney
- Deputy County Attorney
- Board of County Commissioners
- Audit Review Committee
- Director, Land Use Environmental Services Agency

Follow-Up Results
LUESA Storm Water Cost Recovery Audit Report 1971

- **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
Service Cost Analysis	Internal Audit recommends management formally develop policies and procedures for service costing that provides guidance to staff on: <ul style="list-style-type: none"> • Cost recovery principles and the methodology for costing services, including management’s rationale • Cost allocation principles and the related processes to allocate costs • Procedures for monitoring the efficiency and effectiveness of service costs, e.g., cost standards, cost analysis, benchmarking, etcetera 	Create a policy and procedures document for service costing that addresses the opportunities above.	June 2022	I	
Fee-Setting Analysis	Internal Audit recommends management formally develop policies and procedures for fee setting that provides guidance to staff on: <ul style="list-style-type: none"> • Fee setting principles and the cost-to-service delivery relationship • Fee setting methods, including factors to be considered in determining the desired level of cost 	Create a policy and procedures document for fee setting that addresses the opportunities above.	June 2022	I	

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				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
	recovery • Procedures for monitoring the efficiency and effectiveness of cost recovery activities, e.g., service costs and fees and their alignment to cost recovery objectives				
Timekeeping Analysis	LUESA's timekeeping system is the most significant source of information affecting estimates of staff time spent providing a service or an activity. 1) Internal Audit recommends management reemphasize to staff and managers the importance of submitting and approving timesheets in accordance with management's expectations. 2) In addition, management should formally develop timekeeping procedures for Storm Water Operations and train staff accordingly. 3) Further, management should implement a formal process to ensure its policies and procedures	Storm Water Operations has created timekeeping procedures and they have been included in TimePro. All STW [Storm Water] staff has received training to emphasize the importance of submitting and approving timesheets consistent with procedures. At the beginning of each fiscal year, each program in Storm Water will review the timekeeping procedures with staff.	December 2021	I (1) I (2) I (3)	

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				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
	are routinely reviewed, updated, and approved. Evidence of the approval should be documented.				