



**Mecklenburg County
Department of Internal Audit**

Department of Financial Services
Wire Transfers Follow-Up Audit
Report 2308

December 15, 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: Dena Diorio, County Manager
County Manager's Office

From: Terry Thompson, Director
Department of Internal Audit

Date: December 15, 2022

Subject: Department of Financial Services Wire Transfers Follow-Up Audit Report 2308

The Department of Internal Audit completed a follow-up audit on reported issues from the Department of Financial Services Wire Transfers Audit Report 2163 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 9 recommendations in the Department of Financial Services Wire Transfers Audit Report 2163. 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Fiscal Year	Audit Report	Implemented	Open	Not Implemented¹	Withdrawn	Total Carryforward
2021	2163 ²	N/A				9
2023	2308	7	2			2

Details regarding the most recent follow-up audit are noted in the attached **Follow-up Results** matrix. Internal Audit will review any carryforward issues later to verify corrective actions are fully implemented

¹ Management assuming risk for not taking corrective action

² Initial report

and working as intended. Issues that have been resolved through the implementation of effective corrective actions will be excluded from further review.

The cooperation and assistance of the Department of Financial Services staff are recognized and appreciated.

- c: Deputy County Managers
- County Attorney
- Deputy County Attorney
- Board of County Commissioners
- Audit Review Committee
- Director, Department of Financial Services

Follow-Up Results
Department of Financial Services, Wire Transfers Report 2163

- **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 develop department-level SOPs for incoming wire transfers and communicate the procedures to County departments. Procedures should include, at a minimum: <ul style="list-style-type: none"> • Essential operational activities, e.g., incoming wire request, documentation, management approvals, and management oversight • Staff roles and responsibilities • Training requirements 	The existing Wire Request and Processing Policy will be updated to incorporate departmental-level SOPs for incoming wires and communicated to County departments.	January 2022	I	
1.2	Internal Audit recommends management update its enterprise-wide Cash Handling, Receipts, and Deposit policy specific to electronic payments, which includes wire transfers, to reflect current staff roles and responsibilities.	The Cash Handling, Receipts, and Deposit policy will be updated; however, policies and procedures associated with incoming wires will be incorporated into the Wire Request and Processing Policy as described in recommendation response 1.1.	January 2022	I	
1.3	Internal Audit recommends management ensure its policies and procedures are routinely reviewed, updated, and approved according to department policy. The review should be documented, and staff should be trained accordingly.	All Finance policies will be regularly reviewed, updated as necessary, and approved according to department policy. The review will be documented, and staff trained accordingly.	January 2022	I	

Follow-Up Results
Department of Financial Services, Wire Transfers Report 2163

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				Implementation Status	
Risk Observation	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
2.1	Internal Audit recommends management formally approve, document, and periodically validate banking and investment system account privileges. Management should document their review and notify the appropriate system administrators of any changes made to employees' access in the banking and investment systems.	Banking and investment system privileges will routinely be approved and reviewed. Management's review will be documented, and appropriate system administrators notified of any changes made to employees' access in the banking and investment systems.	January 2022	O	Internal Audit determined corrective actions regarding periodic validation of banking and investment system account privileges were not implemented. During the time period between the initial audit and the follow-up, however, there was significant activity related to adding, changing and removing system privileges due to staff changes that resulted in more frequent review of access by management than would be normal albeit not documented nor periodic. Management affirmed that staff will begin periodic validation of banking and investment system account privileges in the first quarter of calendar year 2023. In addition, the review will be documented, and evidence retained.