



**Mecklenburg County
Department of Internal Audit**

Mecklenburg County Sheriff's Office
Accounts Payable and Inventory Follow-Up Audit
Report 1468

March 11, 2014

**Internal Audit's
Mission**

Through open communication, professionalism, expertise and trust, Internal Audit assists executive management and the Audit Review Committee in accomplishing the Board's objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of the County's risk management, control and governance processes in the delivery of services.

Internal Audit Contacts

Joanne Whitmore, CPA, CIA, CFE, CFF, CRMA, Audit Director
(704) 336-2575 or joanne.whitmore@mecklenburgcountync.gov

Christopher Waddell, CIA, CRMA, Audit Manager
(704) 336-2599 or christopher.waddell@mecklenburgcountync.gov

**Staff
Acknowledgements**

Gewreka Robertson, Auditor-In-Charge

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<http://charneck.org/mecklenburg/county/audit/reports/pages/default.aspx>



MECKLENBURG COUNTY
Department of Internal Audit

To: Dena Diorio, County Manager

From: Joanne Whitmore, Director, Department of Internal Audit

Date: March 11, 2014

Subject: Mecklenburg County Sheriff's Office Accounts Payable and Inventory Follow-Up Audit Report 1468

The Department of Internal Audit has completed follow-up procedures on reported issues from the Sheriff's Office Accounts Payable and Inventory Audit Report issued December 12, 2012. The objective of the follow-up review was to determine with reasonable but not absolute assurance whether management took effective and timely action on the issues presented in the audit report.

Internal Audit interviewed key personnel, observed operations, reviewed written policies and procedures and other documents, and tested specific transaction activity 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.

RESULTS

As noted in the following **Follow-Up Results** section, there were six recommendations in the Mecklenburg County Sheriff's Office Accounts Payable and Inventory Audit Report 1262. Internal Audit has determined five recommendations were fully implemented and one recommendation has been partially implemented.

Management indicates the recommendation is partially implemented due to an oversight while updating policies and procedures and their intention is to fully implement the recommendation. The County Manager agrees with the Sheriff's Office plan for implementing the remaining recommendation.

Internal Audit will conduct a follow-up review at a later date to verify the partially implemented recommendation is fully implemented and working as expected.

The cooperation and assistance of the Mecklenburg County Sheriff's Office staff are recognized and appreciated.

c: Deputy County Manager
Assistant County Managers
Deputy County Attorney
Senior Associate Attorney

Board of County Commissioners
Audit Review Committee
Mecklenburg County Sheriff

Follow-Up Results
Sheriff's Office Accounts Payable and Inventory Report 1468

- **Fully Implemented** – The audit issue has been adequately addressed by implementing the original or alternative corrective action (X).
- **Open/Partially Implemented** – The corrective action has been initiated but is not complete (P) or the audit issue has not been addressed but management fully intends to address the issue (O).
- **Not Implemented** – The audit issue has not been addressed and management has assumed the risk of not taking corrective action (NI).
- **Withdrawn** – The audit issue no longer exist because of changes in the auditee's operation (W).

Issue	Risk Observation	Recommendation	Corrective Action Taken			
			Fully Implemented	Open/Partially Implemented	Not Implemented	Withdrawn
1	The Agency does not have formal, documented policies and procedures for its inventory management processes. Yet, policies and pro-cedures are important control activities to help ensure management's directives are carried out while mitigating risks that may prevent the organization from achieving its objectives.	Internal Audit recommends the Agency develop and implement formal, documented policies and procedures for its inventory management processes, which establish, at a minimum: <ul style="list-style-type: none"> a. adoption of any applicable County-wide policies and procedures b. staff roles and responsibilities c. staff training requirements d. communication requirements for internal and external stakeholders e. frequency of policy and procedure review and update 		P		
2	The Agency performs an annual inventory of assigned weapons each year during the deputies' annual firearms qualification process and performs an annual inventory of fleet vehicles and radios. The Agency does not, however, conduct a formal annual inventory of armored vests, badges and seized weapons. Moreover, while detention facilities document at each shift the existence of all facility weapons to account for the weapons they maintain there, those weapons are not routinely agreed to inventory records. Without a formal, routine inventory process to ensure records are	Internal Audit recommends the Agency conduct a formal annual physical inventory of armored vests, deputy badges, seized weapons and facility weapons. The physical inventory should be documented, reconciled to current inventory records and evidence timely resolution of any discrepancies. Additionally, the physical inventory should be performed by individuals without custodial responsibilities over the assets being inventoried. The annual physical inventory review should be approved by management.	X			

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Issue	Risk Observation	Recommendation	Corrective Action Taken			
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	<p>accurate and up-to-date, assets could be lost or stolen without timely identification. Also, County policy requires an annual inventory for non-capital assets with a high resale value and/or potential risk of theft.</p> <p>Internal Audit conducted an inventory and identified the following missing assets.</p> <ul style="list-style-type: none"> • Eight of 64 armored vests • One of 71 deputy badges • One of 69 radios 					
3	<p>The inventory management process does not ensure asset acquisition and disposition are accurately, timely and completely recorded in inventory records and that supporting documentation is maintained.</p> <p>a. The acquisition of 61 armored vests was not recorded in the eRIMS2 inventory system.</p> <p>b. Inventory records do not include data entry dates to evidence the asset's recordation and receipt into inventory.</p> <p>c. Three of 14 or 21% of seized weapons returned to the owner were still shown in the inventory records.</p>	<p>Internal Audit recommends the Agency implement inventory management procedures that ensure asset acquisitions and dispositions are completely and accurately recorded in the inventory records and supporting documentation is properly maintained.</p>	X			

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	<p>d. Descriptions reflected in the inventory records for 11 of 56 or 20% of seized weapons and one of 53 or 2% of fleet vehicles reviewed did not agree to the related assets.</p> <p>e. Four of 69 or 6% of weapons reviewed had insufficient documentation to evidence the asset's disposition although records showed three sold or traded and one stolen.</p> <p>The County Capital Asset Policy, however, requires departments to maintain detailed records of high value non-capital assets that have a high resale value and/or a potential risk of theft.</p>					
4	One staff member records armored vests, deputy badges, radios and seized weapons into inventory records, maintains custody of the assets, performs inventory counts and reconciles inventory counts to inventory records. Allowing a single individual to carry out incompatible duties within a process does not provide a proper separation of duties and increases the risk of loss or theft.	Internal Audit recommends the Agency provide adequate separation of duties in its inventory management process for armored vests, deputy badges, radios and seized weapons. If adequate separation of duties is not possible, management should implement appropriate compensating controls.	X			
5	One storage location maintains some	Internal Audit recommends the Agency	X			

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	inventory in a shared storage space separated by a 20-foot aluminum chain link fence. Although the shared space requires a badge to enter, any person with access, including non-County staff, could breach the fenced perimeter and gain access to the inventory. On the same floor, a separate storage location that maintains high risk inventory is inadequate to protect them from theft.	enhance physical security over the cited inventory storage location to adequately protect assets maintained in its shared storage space or, alternatively, consider an alternate and more secure storage location for those assets.				
6	<p>A. The Agency does not consistently document its authorization of users' access to the eRIMS2 system; at times authorization is granted based on a verbal request only.</p> <p>B. Management does not ensure that staff's continued eRIMS2 system access is appropriate based on their job duties. Rather, management relies on a visual comparison of system records to verify that users are current staff members as a basis to authorize continued access.</p>	<p>A. Document all eRIMS2 system access authorizations.</p> <p>B. Review, at least on an annual basis, eRIMS2 system user access and recertify in writing access provided to each user is appropriate. In addition, documentation of the review and recertification should be maintained.</p>	X			