



**Mecklenburg County
Department of Internal Audit**

Mecklenburg County Community Support Services NOVA
Cash Collections and Compliance Follow-Up Audit
Report 1469

February 25, 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://charmeck.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: February 25, 2014

Subject: Mecklenburg County Community Support Services NOVA Cash Collections and Compliance Follow-Up Audit Report 1469

The Department of Internal Audit has completed follow-up procedures on reported issues from the Mecklenburg County Community Support Services NOVA Cash Collection and Compliant Report 1268 issued March 8, 2013. 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 five recommendations in the Mecklenburg County Community Support Services NOVA Cash Collection and Compliance Report 1268. Internal Audit has determined the five recommendations were fully implemented.

The cooperation and assistance of Mecklenburg County Community Support Services 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
Director, Community Support Services

Follow-Up Results
Mecklenburg County Community Support Services NOVA Cash Collections and Compliance Report 1268

- **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	Although the Department has some formally documented cash handling procedures, they do not reflect current cash collection and deposit activities and best practices. Formal, documented procedures, however, 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 Department update its procedures to include, at a minimum, current cash handling activities and best practices related to those activities. The procedures should include, at a minimum: a. adoption of applicable countywide financial 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	X			
2	A. The NOVA Program staff did not adequately separate custodial, recording and verification functions for the cash handling activities to provide accountability in the event of loss or theft. Currently, one staff initially receives, verifies and records cash collected; prepares the deposits; enters the cash receipt documents in Advantage; and reconciles deposit bank confirmations to supporting documentation. That same staff also updates client accounts to record payments	A. Ensure all cash handling activities are adequately separated. If adequate separation of duties cannot be achieved, management should implement appropriate compensating controls.	X			

Follow-Up Results
Mecklenburg County Community Support Services NOVA Cash Collections and Compliance Report 1268

- **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
	<p>provide adequate oversight over cash deposits processed by NOVA staff.</p> <p>D. Money orders, which are as negotiable as checks, are not restrictively endorsed immediately upon receipt in accordance with County policy. As a result, the money orders are more susceptible to theft.</p>	D. Ensure staff restrictively endorses all money orders immediately upon receipt.	X			