



**Mecklenburg County
Department of Internal Audit**

MeckLINK Behavioral Healthcare
and Provided Services Organization
Accounts Payable and Procurement Card Follow-Up Audit
Report 1470

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

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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
<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: February 25, 2014

Subject: MeckLINK Behavioral Healthcare and Provided Services Organization Accounts Payable and Procurement Card Audit Follow-Up Report 1470

The Department of Internal Audit has completed follow-up procedures on reported issues from the MeckLINK Behavioral Healthcare and Provided Services Organization Accounts Payable and Procurement Card Audit Report 1269 issued January 3, 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 MeckLINK Behavioral Healthcare and Provided Services Organization Accounts Payable and Procurement Card Audit Report 1269. Internal Audit has determined the five recommendations were fully implemented.

The cooperation and assistance of the MeckLINK Behavioral Healthcare and Provided Services Organization 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, Provided Services Organization

Follow-Up Results

MeckLINK Behavioral Healthcare and Provided Services Organization Accounts Payable and Procurement Card Report 1269

- **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	<p>While MeckLINK and PSO follow the County’s procurement card policies and procedures, they do not have formally documented department-level procurement card policies and procedures to ensure staff executes their duties, meets management’s expectations and that there are adequate internal controls in place.</p> <p>Policies and procedures 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. Policies and procedures include a range of activities, such as approvals, authorizations, verifications, reconciliations, operational reviews, asset security and separation of duties. Thus, it is critical that a department’s formal, documented policies and procedures provide adequate guidance to help ensure staff performs their activities in accordance with management’s expectations and that adequate controls are in place to effectively mitigate risks inherent to those activities.</p>	<p>Internal Audit recommends the MeckLINK Behavioral Healthcare and Provided Services Organization develop and implement formal, documented procurement card policies and procedures. The policies and procedures should include, at a minimum:</p> <ol style="list-style-type: none"> a. adoption of applicable County policy and procedures b. staff roles and responsibilities c. documentation requirements d. staff training requirements e. communication requirements for internal and external stakeholders f. frequency of policy and procedure reviews and updates 	X			
2	MeckLINK and PSO did not properly record in WORKS the associated	Internal Audit recommends the Financial Services’ Human Services Finance	X (2)			

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MeckLINK Behavioral Healthcare and Provided Services Organization Accounts Payable and Procurement Card Report 1269

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Issue	Risk Observation	Recommendation	Corrective Action Taken			
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	procurement card sales taxes to the appropriate general ledger account in accordance with County’s policy and procedure. Recording the sales tax to the appropriate account helps to ensure Mecklenburg County receives the proper reimbursement from the State of North Carolina. Of 301 individual procurement card transactions sampled, MeckLINK’s and PSO’s staff improperly recorded 108 or 36% and HSF staff improperly recorded 30 or 10%. As a result, the County has a total potential loss of \$963 in North Carolina tax reimbursements.	Division retrain staff on County procurement card policies and procedures regarding proper sales tax recording. In addition, the program manager should conduct routine reviews of individual procurement card transactions to ensure compliance.				
3	Some invoices were not signed by MeckLINK’s and PSO’s management prior to being entered and processed in Advantage. As a result, there is no way to validate the expenditures were authorized. <ul style="list-style-type: none"> • 3 of 73 or 4% MeckLINK invoices • 2 of 73 or 3% PSO invoices <p>Per MeckLINK’s and PSO’s Accounts Payable Policy and Procedures, staff must obtain supervisor and budget unit manager approval and signature for all invoices.</p>	Internal Audit recommends the MeckLINK Behavioral Healthcare and Provided Services Organization re-emphasize to staff the importance of documenting their approval of all expenditures. In addition, the Financial Services’ Human Services Finance Division should re-emphasize to staff the invoice authorization requirements and related procedures and ensure all invoices are properly authorized.	X (2)			