

**Guilford County Internal Audit Department
Fiscal Year 2009-10**

Cooperative Extension 4-H & Advisory Council Accounts

Purpose

In order to fund certain activities, Cooperative Extension Agents obtain sponsors or charge nominal fees to program participants. These monies are, in turn, used to put on programs. Among other things, expenditures include program supplies, refreshments and speaker stipends. The review had five main objectives: to evaluate internal controls over the bank accounts; to evaluate the segregation of duties; to test cash receipts; to test cash disbursements; and to identify opportunities for improvement.

Results in Brief

We recommended that back-up documentation be maintained for all deposits and disbursements. We recommended that Cooperative Extension abide by the reporting requirements for Form 1099-MISC. Finally, we recommended that sales tax expenditures be tracked and submitted for reimbursement.

Court Alternatives Purchasing, Contracting & Sub-recipient Monitoring

Purpose

The Court Alternatives Department's divisions include the Regional Juvenile Detention Center and the Criminal Justice Partnership Program. The department's mission is to protect the community from those youth placed in custody in a safe, secure and humane environment. The objectives of this audit were to examine Court Alternatives' sub-recipient monitoring and purchasing. This included evaluating the:

- Reliability and integrity of financial and operational information
- Controls and governance processes
- Effectiveness and efficiency of operations
- Compliance with laws, regulations, and contracts

Results in Brief

Sub-recipient monitoring could be improved by documenting the market rate of rental charges and reworking the contract to include a conflict of interest clause, no overdue taxes certification and management letter provisions. Streamlined operations would benefit from using different purchasing options. Energy costs and recycling efforts can be improved with Court Alternatives' staff involvement.

Department of Social Services Information Security

Purpose

The Internal Audit Department reviewed system access in the Department of Social Services because increased digitization and electronic storage of information has led to:

- An increased risk for exposure and theft of sensitive/confidential information
- An increased need to properly secure and manage information and digital assets

A key component of data theft prevention is protecting access to data. Any databases or applications where data is stored, edited or added should be restricted and only accessible to authorized users. Access should be reviewed on a regular basis to ensure no unauthorized access to sensitive data. Controls and formal processes need to be in place.

Results in Brief

We recommended that Information Services in the Department of Social Services adhere to all the requirements of the Information Security Manual for the North Carolina Division of Social Services and County Departments of Social Services. This includes regular audits and timely action to terminate system access.

Energy Audit – Emergency Services

Purpose

The objective of this audit was to quantify energy expenditures and consumption for the Emergency Services Department. The scope encompassed Emergency Services locations for fiscal years 2008 and 2009. The County incurs energy costs for the Emergency Services Department at eight locations. Six are buildings and two are communications towers.

Results in Brief

Among other findings, Internal Audit offered the following:

- Buildings should be sub-metered to enable isolation of building energy data
- The plug load in each building should be examined.
- Energy Audits by the Center for Energy Research & Technology (CERT) should be conducted on all buildings not slated for replacement.
- Recycling could be increased to include all Emergency Services locations.

Energy Audit – Parks

Purpose

The objective of this audit was to quantify energy expenditures and consumption for Guilford County Parks. The scope encompassed park locations for fiscal years 2008 and 2009 and calendar year 2009. Guilford County owns eight parks; seven are developed. The County contracts with local jurisdictions to operate the developed parks. In most cases, the jurisdictions are reimbursed for operational expenditures plus a management fee.

Results in Brief

Internal Audit made several recommendations. We recommended that the County consider paying all utility bills directly in order to save the management fee that is added by the managing jurisdictions. This would also improve accountability for provision of facilities and utilities and separate program and maintenance functions. We recommended that contracts include performance standards that include energy saving practices. We recommended that jurisdictions send in more detailed supporting documentation with invoices. Finally, we recommended that separate meters be installed to isolate and monitor energy use at each location.

Excess Liability & Property Insurance Deductible Funds

Purpose

Guilford County protects itself from potential financial losses from various risks using a combination of risk financing methods. The County's protection program consists of liability, property, and workers' compensation. The purpose of this review was to evaluate the restructured excess liability fund and property insurance deductible fund.

Results in Brief

Internal Audit made recommendations for County management to review the service agreement between the Excess Liability Fund Board and the Insurance Advisory Committee and to develop a comprehensive and coordinated policy of risk and insurance management. This will help ensure that the County has the appropriate mix of purchased insurance, self-funded liability and reserves.

Mt. Hope Fire Department

Purpose

Mt. Hope Fire Department is a 501(c)(4) nonprofit corporation that contracts with Guilford County to provide fire and rescue services to a population of approximately 3,200 in a

predominantly rural 32 square-mile area of Guilford County. In fiscal year 2009-10, the department was budgeted to receive \$407,842 from Guilford County.

Results in Brief

Internal Audit’s overall objective was to determine whether resources are managed efficiently and effectively and to identify opportunities for improvement. Recommendations were made in the areas of accounts payable and policies and procedures.

Law Enforcement Computer Inventory

Purpose

The purpose of this review was to follow-up on the department’s accountability and compliance with County policies and procedures for acquiring, using and safeguarding computers and information.

Results in Brief

Law Enforcement appears to have an effective system of tracking the multiple pieces of equipment used within the department. The department’s system of assigning responsibility also appears to be adequate.

Year-End Audit Work

Purpose

The purpose of this audit was to verify and establish accountability for petty cash and change fund accounts assigned to various departments; Facilities inventories; and accounts receivable balances for Public Health, The Guilford Center, and Emergency Services. At year-end, the Internal Audit Department also assisted the County’s auditors, Cherry, Bekaert & Holland, in performing the Single Audit portion of the external audit. Internal Audit audited twelve programs including:

Single Audit Program	Responsible County Department
Children’s Health Insurance Program	Social Services
Community Transportation Program	Transportation & Social Services
Crosscutting	Social Services
Food Stamps	Social Services
IV-E Foster Care/Adoption Assistance	Social Services
Justice Assistance Grant	Law Enforcement
Juvenile Crime Prevention Council	Coordinated Services
Medical Assistance	Social Services
Rural Operating Assistance Program	Transportation & Social Services

Smart Start	Public Health
Subsidized Child Care	Social Services
Women, Infants & Children	Public Health

Results in Brief

Overall, the values of these accounts were fairly reflected in the county’s records. Single Audit findings and corrective actions are released in the annual audit document.

Performance Monitoring Projects

As part of performance monitoring, the department worked on projects specially requested by county departments as well as projects that are completed on an annual basis. These projects fit into the following broad categories.

- American Recovery & Reinvestment Act Revenue Monitoring
- Asset & Expenditure Accountability
- Fraud Hotline & Compliance with Guilford County Policies & Procedures
- Performance Measurement Assistance to Departments
- Revenue Enhancement