

# Audit Wrap-up

## Mecklenburg County, NC

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*Senior Manager*

December 18, 2018



*Your guide forward*



# Agenda

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Role of External Auditor

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Key Highlights

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Accounting Standards

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Summary

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Questions and Comments

# Role of the External Auditor

## Actions

- Plan
- Perform
- Obtain Reasonable Assurance
- Test Compliance

## Results

- Express Opinions

## Communication

- Significant Policy Changes
- Policies
- Estimates
- Journal Entries

# Key Highlights

## RESULTS

Opinions	Internal Controls	Single Audit	Required Communications
Unmodified Opinion – Financial Statements	No Findings	Two (2) Findings	One (1) journal entry
Unmodified Opinion – Yellow Book			No passed journal entries
Unmodified Opinion - Federal Single Audit			Implemented GASB 75
Unmodified Opinion – State Single Audit			

# Key Highlights

## Internal Controls – Financial Statements

### Significant Transaction Cycles

- Accounts Receivable Billings/Revenues
- Expenditures & Expenses/ Disbursements
- Capital Assets
- Accounts Payable
- Payroll
- Treasury Debt
- Budgeting
- Financial Statement Close

### Testing of Internal Controls

- Payroll (FY 2017)
- Budget (FY 2018)
- Purchasing, Cash Disbursements and Expenditures (FY 2018)

### Journal Entries

- Active Data

### IT Controls

- IT Entity Level
- Backup & Recovery
- Access & Security
- Network Security

# Key Highlights

## Significant Audit Areas – Financial Statements

### Assets and Revenues

- Cash and Investments
- Accounts Receivable
- Capital Assets
- Revenues

### Liabilities & Expenses

- Accounts Payable
- Accrued Expenses
- Payroll/Pensions
- Self Insurance
- Landfill Closure
- Long Term Debt
- Expenses

### Other Areas

- Net Positon
- Related Parties
- Estimates
- Leases
- Legal

# Key Highlights

## Internal Controls and Compliance – Single Audit

### Federal Major Programs

- Medical Assistance Cluster
- Women, Infants and Children (WIC)
- Low Income Energy Assistance Program
- Early Intervention Services
- Subsidized Child Care Cluster

### State Major Programs

- Child Protective Services
- Child Development Services Agency
- Public School Building Capital Fund – Lottery Funds
- Crosscutting



# Nonmaterial Noncompliance

Department: Program	Compliance Attribute	Finding	Summary	Instances/ Sample Size	Questioned Costs	Repeat?
DHHS: DSS Crosscutting	Allowable Costs / Cost Principles / Reporting	2018-001	Day sheets for the selected months did not agree to the Percentage of Time Report submitted to the State for that month.	24/40	None	Yes
DHHS: DSS Crosscutting	Allowable Costs / Cost Principles / Reporting	2018-002	Employees day sheets for a month chosen did not account for 100% of their time in the given month	1/40	None	No



# Medicaid AUP Exceptions

Department: Program	Procedure	Summary	Instances/ Sample Size
DHHS	13a	<p>For applicable MAA, MAB, MAD, or MQB participants confirm that the AVS inquiry was completed and agrees to information reported in NCFAS.</p> <p>This was applicable to 30 of the 96 participants tested, and for three of those the AVS inquiry did not agree to what was entered into NCFAS.</p>	3/30
DHHS	17	<p>For applicable participants, confirm and recalculate that the total amount for all countable resources was computed accurately in NCFAS in accordance with the Eligibility Review Document.</p> <p>This was applicable to 29 of the 96 participants tested, and for three of those participants liquid resources were noted that were not included in countable resources in NCFAS.</p>	3/29

# Prior Year Findings Cured

Department	Finding #	Program	Summary
DHHS	2017-001	Medical Assistance	This program includes split eligibility compliance requirements that are no longer reported on the County's Schedule of Expenditures of Federal and State Awards. As such, no determination if the findings has been properly corrected in accordance with Uniform Grant Guidance was completed.
DHHS	2017-002	Medical Assistance	This program includes split eligibility compliance requirements that are no longer reported on the County's Schedule of Expenditures of Federal and State Awards. As such, no determination if the findings has been properly corrected in accordance with Uniform Grant Guidance was completed.
DHHS	2017-003	Cross Cutting	This comment has been repeated in the current year as Finding 2018-001.
COD	2017-004	ROAP	There was an elimination of the manual paper tracking process for bus passes in the current year. There were also monthly quality reviews implemented to ensure the new electronic process was being followed properly and all required documentation was stored electronically.

# Significant Accounting Standards

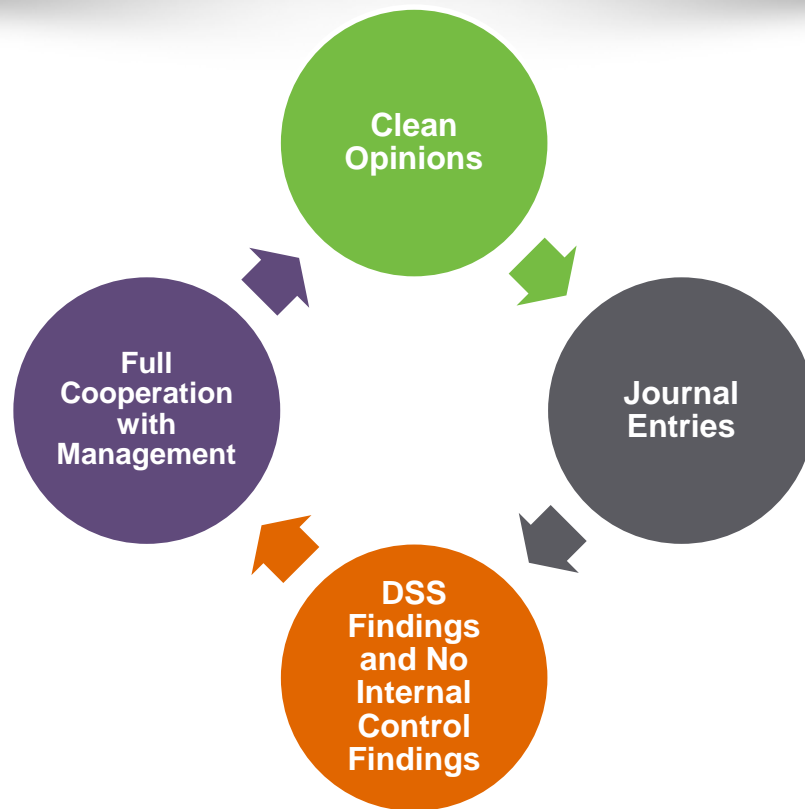
To Be Implemented in Future Years

## GASB 87

Leases

(Effective June 30, 2021)

# Summary



# Questions & Comments?

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