

# **Follow-Up of the Audit of the Animal Services Trust Fund**

**Report by the  
Office of County Comptroller**

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**Report No. 415  
September 2011**

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September 22, 2011

Teresa Jacobs, County Mayor  
And  
Board of County Commissioners

We have conducted a follow-up of the Audit of Animal Services Trust Fund. Our original audit included the period of October 1, 2004 to September 30, 2007. Testing of the status of the previous Recommendations for Improvement was performed for the period October 1, 2008 through September 31, 2010.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous condition and the previous recommendation. Following each recommendation is a summary of the current status as determined in this review.

We appreciate the cooperation of the personnel of the Animal Services Division during the course of the audit.

Martha O. Haynie, CPA  
County Comptroller

c: Ajit Lalchandani, County Administrator  
Melvin Pittman, Director, Community and Environmental Services Department  
Dil Luther, Acting Manager, Animal Services Division

**IMPLEMENTATION STATUS OF  
PREVIOUS RECOMMENDATIONS  
FOR IMPROVEMENT**

**FOLLOW-UP OF THE AUDIT OF THE ANIMAL SERVICES TRUST FUND  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
1.	We recommend the Division, together with the ASAB, continues their efforts to identify appropriate projects for funding from the Trust Fund.	✓			
2.	We recommend the Division develops and implements written procedures to ensure that approved Trust Fund expenditures are actually charged to the Fund. These procedures should be in writing.	✓			
3.	We recommend the Division complies with the requirements of Animal Services Resolution No. 2005-M-17 and appropriately adjusts all fees. Alternatively, the Division could review the fees and fines charged and the various costs to provide such services and propose applicable changes to the Resolution.			✓	
4.	We recommend the Division performs the following:				
A)	Ensures that proceeds of surcharges are used to only pay travel and training expenses for animal control officers;	✓			
B)	Requests the Clerk of the Court to provide a monthly listing, or a copy of each remittance transmittal, showing the cases for which surcharges were collected and amount remitted to the Comptroller's Office;	✓			
C)	Obtains periodic reports to show amounts of surcharges applied to the Trust Fund by the Comptroller's Office; and,	✓			

**FOLLOW-UP OF THE AUDIT OF THE ANIMAL SERVICES TRUST FUND  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
4. D)	Reconciles, on a periodic basis, the amounts noted on the remittance statement from the Clerk of the Court with the amounts credited to the Trust Fund.	✓			
5.	We recommend the Division establishes the following:				
A)	A formal disbursement/expenditures approval process at least as restrictive as the County's procurement policy; and,	✓			
B)	Written guidelines as to which expenditures are required to be approved by the ASAB.	✓			
6.	We recommend the Division provides the ASAB periodic reports on the Trust Fund Activities.	✓			
7.	We recommend the Division evaluates the creation and distribution of calendars for appropriateness. If the creation and distribution is to continue, the Division should perform the following:				
A)	Establish an appropriate system to track sales and other distribution of the calendars;				✓
B)	Ensure Division customer service representatives properly account for calendars and sale proceeds;				✓
C)	Perform periodic reconciliation of the quantities sold, distributed free, and on hand;				✓

**FOLLOW-UP OF THE AUDIT OF THE ANIMAL SERVICES TRUST FUND  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
7. D)	Obtain permission from the County Administrator for the distribution of free copies to County employees and the application of proceeds of sales to the Trust Fund; and,				✓
E)	Establish a policy as to who should be given free copies for promotional purposes and ensure only authorized personnel handle these distributions.				✓
8.	We recommend the Division performs the following:				
A)	Evaluates the feasibility of submitting the adopter information in the electronic format from the Division's computer database;	✓			
B)	Ensures that adopter information is submitted for all adoptions and fosters. This would involve keeping a record of the number of adoption notices provided to the company and comparing it to the number of adoptions; and,			✓	
C)	Periodically reviews the incentive payments to ensure that the number of cards submitted each month is materially reflected in the incentive payment.				✓
9.	We recommend the Division performs the following:				
A)	Periodically reconciles the reward amounts received from the pet store with the number of cats adopted through them; and,			✓	
B)	Maintains the log of cats delivered to the pet store in accordance with the County record's retention policy.	✓			

**FOLLOW-UP OF THE AUDIT OF THE ANIMAL SERVICES TRUST FUND  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
10.	We recommend the Division performs the following:				
A)	Timely removes privileges of terminated and re-assigned employees;			✓	
B)	Promptly removes outdated group assignments from the system;	✓			
C)	Assigns application privileges, whenever possible, by groups; therefore, assigning application privileges to individual users should be minimized. The current groups should be analyzed to determine whether they provide appropriate access levels and that their membership is accurate; and,	✓			
D)	Distributes periodic reminders to Animal Services application users to remind them to manually change their passwords.	✓			



# INTRODUCTION

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## INTRODUCTION



Follow-Up of the Audit of the  
Animal Services Trust Fund

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### Scope and Methodology

We have conducted a follow-up of the Audit of the Animal Services Trust Fund (Report No. 395). Our original audit included the period of October 2004 to September 2007. In addition, certain matters occurring prior to and after the end of the audit period were reviewed. Testing of the status of the previous Recommendations for Improvement was performed for the period October 2008 through September 2010. Our follow-up audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances.

We interviewed personnel with the Animal Services Division (Division, hereafter) of the Community and Environmental Services Department. We also reviewed source documents and performed the tests necessary to determine the implementation status of the previous recommendations. We have described the specific methodologies utilized during our review in the implementation status of each recommendation in the Follow-Up to Previous Recommendations for Improvement section of this report.

**FOLLOW-UP TO PREVIOUS  
RECOMMENDATIONS  
FOR IMPROVEMENT**



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**1. Current Management and the Animal Services Advisory Board Should Continue Their Efforts to Achieve the Objective of the Trust Fund**

During the prior audit, we noted that the Trust Fund balance increased during fiscal years 2003 through 2007 from approximately \$24,000 to \$141,000. However, except for certain travel and training expenditures, no expenditures were made from the Trust Fund for the care and welfare of animals.

**We Recommend** the Division, together with the ASAB, continues efforts to identify and implement appropriate projects for funding from the Trust Fund.

**Status:**

Implemented. We reviewed ASAB meeting minutes for approved projects and verified their completion by confirming payment for the project in the County's Advantage Financial System. A reasonable explanation was obtained from management for projects that were not completed. Fiscal Year 2009 and 2010 expenditures totaled \$7,687 and \$27,535 respectively for projects such as spaying/neutering feral cats, providing free community vaccinations, and purchasing medical equipment for the treatment of shelter animals.

**2. Appropriate Procedures Should Be Established to Ensure Approved Expenditures Are Charged to the Trust Fund**

During the prior audit, we noted that the ASAB recommended and the County Administrator later approved expenditures of up to \$5,000 to procure extra supplies for an anticipated high volume spay/neuter event. However, the Division ultimately charged the amount to the County's General Fund instead of the Trust Fund.

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**We Recommend** the Division develops and implements written procedures to ensure that approved Trust Fund expenditures are actually charged to the Fund. These procedures should be in writing.

**Status:**

Implemented. We reviewed the support documentation for the approved ASAB expenditures noted above in the Status of Previous Recommendations No. 1 and confirmed that the Trust Fund was charged for each of the expenditures and that all (10 of 10) of the items were an appropriate use of Trust Fund monies.

In addition, we reviewed Division guidelines and noted that written procedures were developed addressing the proper coding of Trust Fund expenditures.

**3. The Animal Services Division Should Comply With Requirements of Animal Services Resolution No. 2005-M-17**

During the prior audit, we noted that fees for services provided by the Division were not increased annually as required by Animal Services Resolution No. 2005-M-17 on July 12, 2005.

**We Recommend** the Division complies with the requirements of Animal Services Resolution No. 2005-M-17 and appropriately adjusts all fees. Alternatively, the Division could review the fees and fines charged and the various costs to provide such services and propose applicable changes to the Resolution.

**Status:**

Not Implemented. We reviewed the fees charged for services since the original audit and noted that an increase has not occurred since 2008. In addition, interviews with

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management and a review of the Resolution wording revealed that a change has not been proposed.

**We Again Recommend** the Division complies with the requirements of Animal Services Resolution No. 2005-M-17 and appropriately adjusts all fees. Alternatively, the Division could review the fees and fines charged and the various costs to provide such services and propose applicable changes to the Resolution, if warranted.

**Management's Response:**

The Division will seek County Administration/Board approval to change the wording in our resolution to remove the imperative from the section currently requiring both the review and adjustment of all fees on an annual basis.

**4. The Administration and Use of Surcharge Funds Should Be Improved**

During the prior audit, we noted the following regarding surcharge funds:

- A) During the period October 1, 2005 to September 30, 2006, the Division spent approximately \$6,000 from proceeds of surcharges in the Trust Fund for the training of employees who were not animal control officers.
- B) The Division did not track the surcharges that were remitted by the Clerk of the Court to the Comptroller's Finance and Accounting Department cashiers for deposit in the Trust Fund.

**We Recommend** the Division performs the following:

- A) Ensures that proceeds of surcharges are used to only pay travel and training expenses for animal control officers;

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- B) Requests the Clerk of the Court to provide a monthly listing, or a copy of each remittance transmittal, showing the cases for which surcharges were collected and amount remitted to the Comptroller's Office;
- C) Obtains periodic reports to show amounts of surcharges applied to the Trust Fund by the Comptroller's Office; and,
- D) Reconciles, on a periodic basis, the amounts noted on the remittance statement from the Clerk of the Court with the amounts credited to the Trust Fund.

**Status:**

- A) Implemented. We reviewed the support documentation for Trust Fund charges made for training and education and confirmed that all of the charges were for Animal Control Officer related employee positions.
- B) Implemented. We scanned Division records and confirmed receipt of a monthly report from the Clerk of the Court that identifies the defendant's name, case number, and amount remitted to the Comptroller's Office.
- C) Implemented. We scanned Division records and confirmed that the Division is obtaining a report of surcharge revenue deposited to the Trust Fund from the County's Advantage Financial System.
- D) Implemented. We verified that the records noted above in B) and C) included reconciliations for the months of October and November 2010.



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**5. A Formal Process Should Be Established for the Approval of Expenditures From the Trust Fund**

During the prior audit, we noted there appeared to be some ambiguity regarding the required approval process for expenditures from the Trust Fund. The current practice of the Division was to have all travel and training expenditures from surcharges approved by the Division Manager and the Department's Director. All other expenditures from the Trust Fund required the approval of the County Administrator.

A careful reading of County Code Section 5-47 (h) seems to indicate that the permission of the County Administrator relates only to the request of "funds from the public" or, at the very least, is confusing as to whether the County Administrator must approve the expenditures. As such, this section does not clearly require the County Administrator to approve expenditures from the Trust Fund.

**We recommend** the Division establishes the following:

- A) A formal disbursement/expenditures approval process at least as restrictive as the County's procurement policy; and,
- B) Written guidelines as to which expenditures are required to be approved by the ASAB.

**Status:**

Implemented. We reviewed Division guidelines and noted several references to following the purchasing guidelines set forth by the County's Purchasing and Contracts Division. In addition, specific instructions are provided regarding the approval of expenditures by the ASAB.





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**6. Formal Reports on the Activities of the Trust Fund Should Be Provided to the ASAB on a Regular Basis**

During the prior audit, we noted that the Division did not provide the ASAB with formal reports on Trust Fund activities (receipts, expenditures, and the fund balance) on a regular basis. Reports were provided only when requested by the ASAB. In addition, reports were not provided promptly after the ASAB requested the reports.

**We Recommend** the Division provides the ASAB periodic reports on the Trust Fund Activities.

**Status:**

Implemented. We reviewed ASAB meeting minutes and noted several instances where the Division provided Trust Fund updates to the Board. In addition, Section 7 of the Divisions Animal Services Trust Fund guidelines require the following to be reported to the ASAB during each board meeting: expenditure reports for all units, project progress reports, applications for approval and standard expenditure approval memos.

**7. Controls Over the Distribution and Sale of Calendars Should Be Improved**

During the prior audit, we noted that the Division promoted its services each year by producing a pet calendar.

For calendar year 2008, the Division printed 500 calendars at a cost of \$4,310 (printing costs only) which was charged to the Division's general fund account. The calendars were distributed without charge and as a promotional tool for the Division's services to certain County and public persons while others were sold to the public and employees for \$10 each.

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**We Recommend** the Division evaluate the creation and distribution of calendars for appropriateness. If the creation and distribution is to continue, the Division should perform the following:

- A) Establish an appropriate system to track sales and other distribution of the calendars;
- B) Ensure Division customer service representatives properly account for calendars and sale proceeds;
- C) Perform periodic reconciliation of the quantities sold, distributed free, and on hand;
- D) Obtain permission from the County Administrator for the distribution of free copies to County employees and the application of proceeds of sales to the Trust Fund; and,
- E) Establish a policy as to who should be given free copies for promotional purposes and ensure only authorized personnel handle these distributions.

**Status:**

Not Applicable. The Division discontinued the sale of calendars as an effort to fund raise for the Trust Fund.

**8. The Method of Submitting Adopter Information Should Be Evaluated**

During the prior audit, we noted that the Division has a written contract with its pet food provider wherein the Division is eligible for an incentive based upon the performance criteria detailed in the contract. The performance criteria includes, among other criteria, the number of adopter names submitted and submission format (electronically or on adopter cards).

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However, no record was kept of the number of adopter cards completed each day. In addition, cards were not always completed for all adoptions that were given the complimentary bag of pet food. Further, we noted that no record was kept of the number of cards sent to the company each month.

**We Recommend** the Division performs the following:

- A) Evaluates the feasibility of submitting the adopter information in the electronic format from the Division's computer database;
- B) Ensures that adopter information is submitted for all adoptions and fosters. This would involve keeping a record of the number of adoption notices provided to the company and comparing it to the number of adoptions; and,
- C) Periodically reviews the incentive payments to ensure that the number of cards submitted each month is materially reflected in the incentive payment.

**Status:**

- A) Implemented. We reviewed Division documents for the last year of the audit period (October 2009 through September 2010) and noted that an electronic Excel spreadsheet of adopter names was prepared for each month.
- B) Not implemented. Interviews with management revealed that a reconciliation of the number of adoption notices provided to the pet food provider with the number of adoptions is not performed.

Although the shipping rebate incentive program was discontinued (as noted in the status below), the pet food provider contract continues to require program benchmarks, including the number of adopter names submitted, as part of the free pet food program.

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**We Again Recommend** the Division ensures that adopter information is submitted for all adoptions. This would involve keeping a record of the number of adoption notices provided to the company and comparing it to the number of adoptions.

**Management's Response:**

The Division intends to formalize the current informal method of reconciliation between adoption numbers and numbers of notices provided to the company.

- C) Not applicable. The shipping rebate incentive program was discontinued in October 2009.

**9. Reward Payments Should Be Periodically Reconciled with the Number of Cats Adopted**

During the prior audit, we noted that the Division provides a pet store with cats for adoption under a written agreement with the pet store's charity program. The pet store handles the adoption process and collects the adoption fees. Also, under its rewards program, the pet store's affiliated charity donates \$5 to the Trust Fund for each cat that is adopted from its store. However, the Division did not reconcile the amount received with the number of cats adopted through the pet store. In addition, the old portion of the log of the cats delivered to the pet store was discarded periodically.

**We Recommend** the Division performs the following:

- A) Periodically reconciles the reward amounts received from the pet store with the number of cats adopted through them; and,
- B) Maintains the log of cats delivered to the pet store in accordance with the County record's retention policy.

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**Status:**

- A) Not Implemented. Interviews with management revealed that a reconciliation of the reward amounts received from the pet store with the number of cats adopted through them is not performed.

Although the amount appears to not be significant, a comparison of the number of adoptions reported by the pet store with Division records for an 18 month period revealed differences of one to nine adoptions with a net effect of \$105 in uncollected adoption fees. Periodic reconciliations are an important tool to ensure public monies are accounted for adequately.

**We Again Recommend** the Division periodically reconciles the reward amounts received from the pet store with the number of cats adopted through them.

**Management's Response:**

The Division's Senior Fiscal Coordinator recently implemented a reconciliation of reward amounts received from the pet store with the number of animals adopted.

- B) Implemented. We scanned the manual "Multiple Day Cat-Pet Adoption Logs" and noted that they have been retained since the original audit.

**10. Controls Over the Animal Services Computer Application Need Improvement**

During the prior audit, we noted the following concerns related to end-user access to the Animal Services computer system:

- A) Access permissions remained in effect after employees were terminated or re-assigned to positions that did not require system access.

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- B) A group consisted of only one member who was not defined as a valid system user.
  - C) Another group with two members has 22 application features granted through this group assignment. However, the Animal Services Business System Analyst permissions were granted individually, instead of through this group assignment.
  - D) The animal services application does not force users to change passwords.

**We Recommend** the Division performs the following:

- A) Timely removes privileges of terminated and re-assigned employees;
- B) Promptly removes outdated group assignments from the system;
- C) Assigns application privileges, whenever possible, by groups; therefore, assigning application privileges to individual users should be minimized. The current groups should be analyzed to determine whether they provide appropriate access levels and that their membership is accurate; and,
- D) Distributes periodic reminders to Animal Services application users to remind them to manually change their passwords.

**Status:**

- A) Not Implemented. During the review process, we noted two accounts were still active for employees that no longer actively work for the Division. Access for employees that have separated or are on temporary leave should be disabled. Management has drafted a Standard Operating Procedure (SOP) which addresses disablement of terminated employees; however, the SOP has not been

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implemented. Failure to disable access in a timely manner can lead to unauthorized access.

**We Again Recommend** that the Division timely removes privileges of terminated and re-assigned employees.

**Management's Response:**

The Division currently removes privileges of the terminated and reassigned employees by notifying ISS. This task is performed by the Division's Program Coordinator upon termination or reassignment.

- B) Implemented. All group assignments appear to have a valid business reason.
- C) Implemented. Access levels for groups appear reasonable and justified. All users appeared to be members of one of the active groups and our testing did not reveal any individuals assigned access on an individual basis.
- D) Implemented. Password restrictions appear to be adequately monitored and enforced.