

ROCHESTER POLICE DEPARTMENT  
REVIEW OF ANIMAL SERVICES CASH COLLECTIONS

Distribution: Lovely A. Warren, Mayor  
James P. Smith, Deputy Mayor  
Mark L. Simmons, Chief of Police  
Tim Curtin, Corporation Counsel

Office of Public Integrity  
Date: March 26, 2019

## I. EXECUTIVE SUMMARY

In this review we examined accountability of reported cash collections, the adequacy of internal control procedures, and compliance with City cash handling policies at Animal Services. We accounted for all reported cash receipts within the test period. Additionally, the results of this review indicate adequate internal control procedures over the Animal Services operations and, in general, compliance with City cash handling policies. However, we noted the following findings that require management attention to ensure compliance with prescribed policies.

- ◆ OPI noted that 12 of the 25 Cash Drawer Closing reports in our test period did not include a closing date and time. As a result we could not utilize these reports to verify that all transactions entered into the system for these days have been properly reported and deposited. Animal Services personnel indicated that this occurred because they printed these reports before closing them and this resulted in the "Close Date/Time" field being left blank. They indicated that from now on they will ensure that all reports are properly closed before they print them.
- ◆ OPI could not account for one receipt in the numeric sequence of receipts issued for contributions to the Animal Control Gifts Fund. Animal Services personnel could not locate this receipt and indicated that they believe it was voided. However, without a copy of this receipt, the voided transaction cannot be verified.

## II. BACKGROUND, OBJECTIVES AND SCOPE

### A. Assignment

The Office of Public Integrity routinely examines cash collection procedures and related internal controls at various City locations. This review of Animal Services is included in OPI's audit plan.

### B. Background

Animal Services responds to animal related complaints, impounds unleashed animals, euthanizes sick and abandoned animals, issues summonses for unlicensed animals, and temporarily houses stray animals. Additionally, it provides veterinary care for impounded animals and makes unclaimed dogs and cats available for public adoption. The City of Rochester assumed the operation of Animal Services from the Humane Society and assigned the responsibility of day-to-day operations to the Police Department on July 1, 2000.

Cash collections result from animal license sales, redemption and adoption fees, animal boarding and seizure fees, sterilization fees, and microchip and ID tag fees. Animal Services also collects fees for rabies vaccinations and emergency veterinary services. Additionally, Animal Services accepts charitable contributions from citizens to the Animal Control Gifts Fund.

C. Objectives and Scope

The objectives of the review were to determine whether Animal Services has adequate cash collection procedures in place that comply with City Cash Collection Policies and, they can adequately and fairly account for cash collections. The scope of this review included cash receipts and corresponding records applicable to fees and contributions collected at Animal Services for the month of November 2018. The following table details revenue, by type, that Animal Services reported for this period:

Type of Revenue	Total Revenue	
	Dollars	Percent
Sale of Dogs	\$1,035.00	5.80%
Sale of Cats	\$675.00	3.78%
Boarding fees/Dog Seizures	\$2,034.00	11.40%
Rabies Vaccinations	\$1,980.00	11.10%
License Fees	\$740.00	4.15%
Sterilization Fees	\$6,115.00	34.28%
ID Tags/Microchip Fees	\$3,179.50	17.83%
Miscellaneous Fees	\$234.50	1.32%
Donations	\$1,844.82	10.34%
Total	\$17,837.82	100.00%

Management is responsible for establishing and maintaining a system of internal accounting and administrative control. Fulfilling this responsibility requires estimates and judgments by management to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of accurate, informative reports that are fairly stated.

Because of inherent limitations in any system of internal accounting and administrative control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any system evaluation to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the International Standards for the Professional Practice of Internal Auditing. 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 recommendations presented in this report include the more significant areas of potential improvement that came to our attention during the course of the examination, but do not include all possible improvements that a more extensive review might develop.

### III. RESULTS OF REVIEW

The results of this review indicate that, in general, internal controls are adequate, Animal Services adequately reports and deposits revenue in a timely manner and they adhere to the City's Cash Collection Policies. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with City policy.

#### A. Cash Drawer Closing Reports Not Properly Closed

The City's Cash Collection Policies require that all cash collection areas must record cash when received. At the time of our last review, Animal Services utilized a cash register to record cash. However, they have discontinued using a cash register and currently they record transactions in the Pet Point Data Management System. Pet Point is a web-based management system that includes integrated payment processing. Unlike a cash register, this system does not produce z-read tapes. However, it contains a "Cash Drawer Closing" report that, when used correctly, can provide the same internal controls that z-read tapes provide and allow verification that all transactions entered into the system are properly reported and can be accounted for.

The Cash Drawer Closing report contains "Date/Time Start" and "End" fields. Additionally, the report contains a "Close Date/Time" field. If the report is closed correctly, closing details include the closing date and time. If the "Date/Time Start" and "End" fields cover the entire day and, the "Close Date/Time" field shows a closing time after the facility closes, then we can be assured that all transactions entered into the system for that day are contained on the report. Then if the revenues recorded on the report agree to the reported and deposited revenues, we can be assured that all transactions entered into the system have been reported and deposited.

OPI noted that 12 of the 25 Cash Drawer Closing reports in our test period did not include a closing date and time. As a result we could not verify that all transactions entered into the system for these days have been properly reported and deposited. Animal Services personnel indicated that this occurred because they printed these reports before closing them and this resulted in the "Close Date/Time" field being left blank. They indicated that from now on they will ensure that all reports are properly closed before they print them.

◆ Recommendation

We recommend that Animal Services properly close all Cash Drawer Closing reports before they print copies for their records.

B. Missing Receipt

Animal Services accepts contributions from citizens that they deposit into the Animal Control Gifts Fund. They use these donations to support the spay-neuter clinic, to purchase supplies for the animals and for advertisements to promote adoptions, responsible pet ownership, and the importance of spaying and neutering. Animal Services receives these donations by mail, in person and online. Citizens make these contributions with cash, checks and credit card transactions through the City's website.

Animal Services personnel utilize pre-numbered receipts to record contributions to the Animal Control Gifts Fund. For our test period we noted 18 donations totaling \$1,844.82.

The City's Cash Handling Policies permit the use of serially numbered customer receipts to record cash and require these receipts be at least duplicate. Per the Policies, one receipt should be given to the customer and the other retained by the originating area. We attempted to verify the

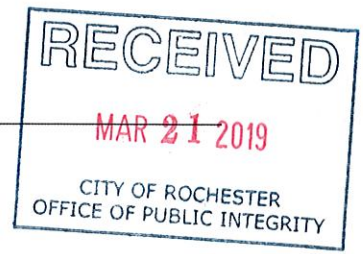
consecutive numerical sequence of receipts issued for contributions reported in the test period. We could not account for one receipt. Animal Services personnel could not locate this receipt and indicated that they believe it was voided. However, without a copy of this receipt, the voided transaction cannot be verified.

◆ Recommendation

We recommend Animal Services retain a duplicate copy of the pre-numbered receipts for their records and account for the numerical sequence.

IV. DEPARTMENT RESPONSE

The response of the Police Department follows.



**To:** Tim Weir, Director Office of Public Integrity  
**From:** Mark Simmons, Chief of Police *Mark Simmons*  
**Date:** March 19, 2019  
**Subject:** Response to Audit Report

The purpose of this correspondence is to address the findings of the internal audit recently completed related to cash controls, handling, and collection procedures at Animal Services. I have reviewed the audit report and understand that in general, internal controls are adequate, reports and deposits are timely, and there is adherence to City Cash Collection Policies. I also recognize that there were two findings that require management attention. The following are my responses for each of those findings:

**Finding A – Cash Drawer Closing Reports Not Properly Closed**

I have reviewed the information related to the cash drawer closing reports and agree with the finding. The Shelter Manager has provided remedial training and instruction to all employees involved with the daily cash out procedure emphasizing the importance of completing all of the steps in the process. In the future, we will ensure that the reports are properly closed before they are printed.

**Finding B – Missing Receipt**

I have reviewed the information related to the missing donation receipt and agree with the findings. The Shelter Manager has provided remedial training and instruction to all employees involved with accepting donations and preparing receipts emphasizing the importance of retaining a copy of each receipt including any that may have been voided. In the future, we will ensure that duplicates of all receipts including any that have been voided are maintained on file.

**CC:** Chris Fitzgerald  
DCO Scott Peters  
Dan Mastrella