

OF



Washington County
Auditor's Office

2nd and Final Follow-Up:
Audit of Animal Services

Final Report

May 4, 2020



Audit Team: County Auditor: John Hutzler, CIA, CGAP, CCSA
Reviewer: Sherry Kurk, CISA

I. Background and Summary

The Animal Services Division of the Department of Health and Human Services (HHS) enforces Washington County's animal service code. The code addresses dog licensing, animal abuse, the animal shelter, and returning lost pets to their owners.

In February 2018, the Washington County Auditor released his report, "Audit of Animal Services." The Auditor made six recommendations for action to improve compliance with industry standards for animal care, to improve compliance with applicable laws, and to improve controls over cash.

Management generally agreed with the report. The response from the County Administrator and the HHS Director indicated they would implement the five recommendations relating to code compliance and cash handling.¹

In June 2019, we reported that management had fully implemented four of those five recommendations. Although management had addressed most of the elements of the recommendation on improving cash handling, two elements remained in process.

We conducted this second follow-up to determine whether management had fully implemented the remaining elements. We found that management completed one element and accepted the risk of not implementing the final element. We consider this recommendation fully implemented.

II. Overview of the Original Audit

Audit Objectives

The Auditor's Office initiated the Animal Services Audit to address the following objectives:

- a. Did Animal Services comply with industry standards of care?
- b. Did Animal Services comply with applicable laws?
- c. Did Animal Services adequately safeguard cash?

Audit Findings

The original audit determined that Animal Services:

- a. followed most, but not all, standards of care for animals in shelter,

¹ Because we did not have reasonable assurance that management would address Recommendation 1, we conducted a separate audit to more fully document conditions in the animal shelter. In the follow up of the Animal Services audit, we addressed only Recommendations 2 through 6.

- b. followed most, but not all, applicable laws, and
- c. could improve controls over cash handling.

Audit Recommendations

To improve its compliance with industry standards of care, we recommended that:

- 1. Animal Services should initiate a planning process to determine how it will provide at least the minimum level of acceptable or humane care to animals in shelter (as defined by the Association of Shelter Veterinarians) while not euthanizing healthy and treatable companion animals.

To improve its compliance with applicable laws, we recommended that Animal Services should:

- 2. License all animal rescue entities that operate within Washington County,
- 3. Make available to the public a full list of animals in the custody or care of animal services or any enforcement officer, and
- 4. Revise its policy to clarify that staff must retain all finding reports of domestic animals for six months.

To improve cash handling, we recommended:

- 5. Animal Services management should:
 - a. Revise cash handling policies and procedures to address cash transactions in the field, and the processing of mail payments,
 - b. Discontinue, or increase controls over, the practice of accepting cash payments in the field,
 - c. Change the safe combination at least once a year and following the departure of any staff with safe access,
 - d. Establish processes and written procedures for documenting the transfers of the daily deposit between Animal Services administrative staff and animal service officers and between those officers and HHS Administration,
 - e. Reconcile Animal Services daily receipts to the general ledger,
 - f. Ensure that Animal Services staff:
 - i. Perform all cash counts out of public view,
 - ii. Lock their cash drawer when they go on break,
 - iii. Securely store the beginning balance for any unused cash drawer,
 - iv. Process mail payments on the day of receipt, and
 - v. Securely store all credit card information.
- 6. HHS Administration should enable reconciliation of daily receipts to the general ledger by providing Animal Services management with a daily report of the general ledger entries for daily shelter deposits.

III. Status of Audit Recommendations at First Follow-up

In our June 2019 report, we found that management had **Fully Implemented** four of the five recommendations²:

2. Animal Services had established a process for animal rescue entities operating in Washington County to obtain a license.
3. Animal Services had made available to the public a full list of animals impounded in the shelter.
4. Animal Services had revised its policy to clarify that staff must retain all finding reports of domestic animals for six months.
6. HHS Administration had enabled reconciliation of daily receipts to the general ledger by providing Animal Services management with a daily report of the general ledger entries for daily shelter deposits.

Although Animal Services implemented most elements of the cash management recommendation, the recommendation remained **In Process** because two elements were not yet completed.

5. To improve controls over cash, Animal Services management had:
 - a. Revised cash handling policies and procedures to address cash transactions in the field, and the processing of mail payments.
 - b. Discontinued the practice of accepting cash payments in the field.
 - c. Adopted a policy requiring that a manager change the safe combination at least once a year and following the departure of any staff with safe access. (However, we found the combination had not been changed until several weeks after the departure of an employee with safe access. We considered this element not yet completed.)
 - d. Established processes and written procedures for documenting the transfers of deposits between Animal Services administration and HHS Administration.
 - e. Reconciled Animal Services daily receipts to the general ledger.
 - f. Ensured that Animal Services staff:
 - i. Performed all cash counts out of public view,
 - ii. Locked their cash drawer when they go on break,
 - iii. Securely stored the beginning balance for any unused cash drawer,

² Because we did not have reasonable assurance that management would address Recommendation 1 we conducted a separate audit to more fully document conditions in the shelter. In the follow up of the Animal Services audit, we addressed only Recommendations 2 through 6.

- iv. Adopted a policy of processing mail payments within 3 days of receipt. (This did not satisfy County Fiscal Policy which requires that receipts exceeding \$100 be deposited on the day of receipt. Animal Services management reported they were working with the Finance Department on a potential change to the Fiscal Policy. We considered this element not yet completed.)
- v. Securely stored all credit card information.

IV. Results of Second and Final Follow-up

In March 2020, we initiated a second follow-up to determine whether implementation of the two remaining elements of the cash handling recommendation was complete.

We compared the records of safe code changes to the departure dates of employees with safe access. We confirmed that the safe code had been promptly changed after the departure of an employee with safe access.

We found that the Finance Division is conducting a comprehensive review of the County Fiscal Policy and has not yet submitted a revised policy for adoption by the Board of Commissioners. As authorized by the Fiscal Policy, the Chief Financial Officer has approved the Director of Health and Human Services' written request for an exception from the requirement that Animal Services deposit receipts on the day of receipt. Since senior management has assumed the risk in accordance with County Fiscal Policy, we consider this element completed.

With the completion of these two elements of the recommendation, we are closing Recommendation 5 as **Fully Implemented**.

V. About this Review

In March 2020, we initiated a second follow-up review to determine whether management had implemented the remaining elements of the cash handling recommendation from our February 2018 Audit of Animal Services. We asked the Animal Services Manager to describe any actions taken to implement those elements and to provide documentation that would support the actions taken. We reviewed the response, reviewed the documentation submitted, and collected additional information to determine whether each element was complete.

We concluded that Recommendation 4 was Fully Implemented when we found management had completed the recommended actions or had adequately addressed the issues identified by alternative means. The Interim County Administrator agreed with our conclusion. We have included his response following our report.

We conducted this follow-up audit in accordance with generally accepted government auditing standards, except that we have not had an external peer review. 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.



signed:

John Hutzler, CIA, CGAP, CCSA
Washington County Auditor



May 4, 2020

TO: John Hutzler, County Auditor

FROM: Stephen Rhodes, Interim County Administrator *SMAR*
Sia Lindstrom, Interim Assistant County Administrator

SUBJECT: RESPONSE TO SECOND AND FINAL FOLLOW UP: Audit of Animal Services

We have reviewed the report dated May 4, 2020, regarding your second and final follow-up to the Animal Services Audit which was initiated in 2017.

We appreciate the work the Auditor's Office undertook to assess the important services provided within the Animal Services Division. HHS values continuous quality improvement. The recommendations in your original report supported our intention to ensure we provide quality services throughout HHS, which includes Animal Services.

Your follow-up report is a positive and accurate assessment of the steps taken at Animal Services to address your recommendations. We appreciate the collaboration of the Auditor's Office with the staff at Animal Services and believe that the combined efforts have resulted in improvements to our programs and services.

Cc: Marni Kuyl, Health and Human Services Director
Mjere Simantel, HHS Assistant Director
Randy Covey, Animal Services Manager