



Clerk of the Circuit Court Board of County Commissioners

Marion County



Internal Audit Division

David R. Ellspermann

Clerk of the Circuit Court

Wallace K. Watford

Internal Auditor

Post Office Box 1030, Ocala, Florida 34478-1030

110 NW First Avenue, Ocala, Florida 34475

Telephone: (352) 620-3904

Facsimile: (352) 620-3300

Suncom: 667-3904

MEMORANDUM

TO: Lee A. Niblock, Community Resources Bureau Chief

FROM: David R. Ellspermann, Clerk of the Circuit Court

DATE: May 19, 2003

RE: SPECIAL REVIEW OF MARION COUNTY ANIMAL CENTER

We have performed a special review of the Marion County Animal Center. The purpose was to provide County Administration and the Bureau Chief with a limited review of certain operational issues after the recent County government reorganization. To accomplish this, we conducted the review principally to update our determination of the status of recommendations previously identified in Audit Report 1999-05, entitled *Follow-Up Review of Animal Center Cash Collection Controls and Procedures*. In addition, we reviewed cash collection procedures and related cash controls, as well as facility security and drug storage controls.

We did not perform a comprehensive examination of Animal Center operations since the purpose of this review was to provide management with updated information on areas previously examined. Our review activities consisted of staff inquiries, review of written documentation, physical inspection of facility security and observation of staff performance. We found that, of the eight recommendations identified in our previous report as being implemented, the first seven are still relevant and are still implemented. We have attached a summary schedule of those recommendations as were presented in Report 1999-05.

We found that cash security procedures and controls have been maintained and further enhanced (with one exception) since our last review. The same is true of facility security, including drug storage rooms. Our current review, although limited, did disclose some areas requiring Management's attention, which are attached. Management's responses are included.

We would like to express our appreciation to the management and staff of the Animal Center for their assistance and cooperation during this review.

c: Patrick G. Howard, County Administrator
Janet Y. Tutt, Deputy County Administrator
Jill E. Lancon, Animal Center Supervisor/Acting Director

FINDINGS AND RECOMMENDATIONS

CASH RECEIPTS

We noted that the Center had a practice, for quite some time, of maintaining a few days cash receipts on hand before submitting to Finance for depositing into the bank. The reason given for this was to reduce the need to prepare check requests for refunds to customers. Such refunds were for customer payments for surgeries and adoptions. The previous Center Director and previous Assistant County Administrator reportedly approved the retaining of a certain number of days receipts in order to return checks to customers if requested during first three days. The records are revised to record and account for the refunds and clearly disclose the sale is voided.

Before this change, refunds required that a separate procedure (preparing a check request, with County Administrator review and approval) be performed before Finance would prepare a check. This process takes time and, according to present Center Management, this caused delays in the customer receiving the refund and which sometimes resulted in customer complaints.

This may have been a beneficial change for the Center, but the reasoning and approvals obtained were not documented in writing. We have also been informed that Finance was not consulted and probably would not have approved. We are not sure that the benefits previously obtained still outweigh the current control issues. Generally, cash should not be retained any longer than is necessary to process and deliver to Finance for depositing. Presently there can be as many as five days receipts on hand before the earliest day is picked up by the contracted security company. During one day in February, the daily receipts on hand totaled \$4,651, with the daily range from \$531 to 1,227.

Although facility security and cash controls have been significantly improved, there appears to be too much exposure to loss. **We recommend** that the Animal Center make daily and current deposits, and discontinue its practice of holding daily receipts. Further, any customer refunds should be made through authorized check requests. (Note: the Center Director had previously agreed with this recommendation and had directed staff to currently submit daily receipts to Finance for recording and depositing into bank.)

Management Response: We concur.

- Cash receipts are being sent to Finance on a daily basis.
- All customer refunds are being processed as per County policy with a written request from the customer.

EMPLOYEE MANUAL

Animal Center management has developed a comprehensive Employee Manual that gives instructions and guidance on many Center policies and procedures. This manual covers such diverse and important operating procedures as impounding animals, animal redemption and adoption, euthanasia, cash collection and safeguarding and security alarm system.

This manual was last updated in July 2000 and there have been certain changes since that time. The manual is in process of being revised, which began in January 2003. The Center Director showed us the “draft”

ANIMAL CENTER SPECIAL REVIEW

manual and explained that Center staff were asked to provide input. The revisions appear to improve the manual and we believe the methodology of using employee input is appropriate. **We recommend** that the Animal Center management continue with this update of the Employee Manual to ensure that each policy and procedure is current. Upon completion, we suggest that the manual be provided to the Bureau Chief for review and comment, as well as any required approval.

Management Response: We concur.

- The policy and procedure revisions have been completed.
- A copy of the manual revision was provided to the Bureau Chief.

INVENTORY ISSUES

The Animal Center purchases many types of supplies for the care and maintenance of animals in its care. Some important items are drugs, medications and vaccines. The controlled drugs are under very good control and security, as observed during our review and as evidenced by the results of annual and periodic investigations by the State of Florida. The other drugs, medicines and vaccines appear to be well controlled as to purchases and usages. There are inventory logs and schedules maintained, but there is no present method to periodically conduct a physical inventory of these items and reconcile to the purchase and usage records. In many instance, this would be very time consuming, but we believe that such periodic reconciliations could have value in ensuring that certain of the inventory items are completely accounted for. **We recommend** that Animal Center management establish a procedure for periodic physical inventory of selected drugs, medicines and vaccines, which are then reconciled to supporting records of the purchases and usages of the items.

Management Response: We concur.

- An inventory policy and procedure will be drafted, reviewed and added to the manual.
- An inventory document is being created that will have tracking ability to record a running tally of supply usage, inventory will be done on a weekly basis prior to ordering needed drugs and supplies. Inventory sheets will be kept in a binder and a reconciliation report done quarterly.
- Drugs are logged and inventoried based on daily usage.

The Animal Center purchases food for animal care and maintenance. In addition, there have been donations of these items, which are acknowledged but not valued and accounted for in the Center records. We were informed that food and other care items (including medications) are sometimes used for animals in foster care and given to people adopting animals. We believe that certain additional controls could be implemented to ensure that all food and animal care items are properly used only for those animals for which the Center is responsible. **We recommend** that Animal Center management consider additional inventory control enhancements over its animal food and maintenance items. These could include: establish a procedure for periodic physical inventory of selected items and reconciliation to supporting records of the purchases and usages of the items; establish a policy that allows, and under what circumstances, food and other care items to be given for foster care and adopted animals; and establish a policy to note usages of certain significant items on individual animal records.

ANIMAL CENTER SPECIAL REVIEW

Management Response: We concur.

- An inventory sheet has been created to track supplies and pet foods.
- Inventory is being done on a weekly basis prior to ordering needed supplies and food items.
- Inventory sheets will be kept in a binder and a reconciliation report done quarterly.
- An inventory policy and procedure will be drafted, reviewed and added to the manual.
- A policy and procedure on foster animal and adopted animal supplies has been included in the revision draft that is being reviewed.

FACILITY INTERIOR IMPROVEMENTS

The Animal Center will undergo some interior improvements to make better use of the facility for employees and the public. This will include changing the front counter area, which should result in better security and public “crowd” control. Another area will be remodeled into small partitioned offices.

The Center Director has been involved with Facilities Management in planning stages of the renovation. She discussed with us many of the potential changes and we believe they have operational and security merit. Facility security was an important component of our previous reports and we believe that further security enhancements are appropriate. The Center Director asked our specific opinion on proposed changes in and around the cashier’s office. Presently there is a sliding glass window with access to the public area, which is no longer needed. We believe that the sliding window is no longer needed and does present an unnecessary risk of unauthorized access to cashier’s office, which is otherwise secure. The Center Director suggested that this potential access point be covered or replaced with a fixed window, to which we concur. **We recommend** that the appropriate County personnel give due consideration to the Center Director’s suggestions in the interior improvements of the Animal Center.

Management Response: We concur.

ATTACHMENT

Schedule of Recommendations from the Animal Center Follow-up Review, as disclosed in Report No. 1999-05 (Dated August 16, 1999)

ORIGINAL RECOMMENDATION	MANAGEMENT RESPONSE	CURRENT STATUS	COMMENTS
1. Management should revise and reissue in written form its policies concerning cash collection and safeguarding.	Concur	Implemented	Management has revised the Center's operational policies and employee manual, including policy and procedures for cash collection and safeguarding. Center employees recently have been issued this revised written policy and procedures.
2. Other cash security features should be devised or acquired.	Concur	Implemented	Management promptly obtained and implemented all suggested security measures and enhanced cash control procedures.
3. Cashier's office should be further secured.	Concur	Implemented	The cashier's office is well secured with numerous enhancements implemented by management.
4. All important security doors should have appropriate upgraded security features	Concur	Implemented	The important doors have been upgraded to provide sufficient and appropriate security.
5. Unauthorized access to the building should be further restricted.	Concur	Implemented	Public access to employee areas has been significantly restricted by fences and locked gates. Further restrictions will occur when planned changes to the animal intake area are completed.
6. Employee entrance gate should be upgraded with current technology.	Concur	Implemented	A new employee entrance gate was acquired. It is electronic and requires a remote control device for access. Individual devices are assigned by Center management.
7. Management should evaluate if there are preferable alternatives to Saturday employee staffing.	Concur	Implemented	The evaluation occurred. Improvements have resulted from reducing daily hours of Community Service workers and better scheduling after filling vacant employee positions. Further improvements should result from additional staff approved for FY 2000.