



Chesterfield County, Virginia Internal Audit

9901 Lori Road, Room 142 – P.O. Box 40 – Chesterfield, VA 23832
Phone: (804) 748-1240 – Fax: (804) 768-9346 – Internet: chesterfield.gov

DATE: July 11, 2018

TO: Joseph P. Casey, Ph.D. Chesterfield County
County Administrator Board of Supervisors
Donald R. Fairheart Chesterfield County
Interim School Superintendent School Board

FROM: Greg L. Akers
Director of Internal Audit

A handwritten signature in black ink, appearing to read "Greg", is placed to the right of the typed name "Greg L. Akers".

SUBJECT: FY18 Police Animal Services Audit

The Office of Internal Audit completed an audit of Police Animal Services, and the final report is attached.

We would like to thank Captain Andrea Riesmeyer, and Animal Services Manager, Alice Berry, and their staff for cooperation and assistance during this audit.

Attachment

Copy: Colonel Jeffery S. Katz, Chief of Police
Captain Andrea Riesmeyer, Community Services Division
Alice Berry, Animal Shelter Manager
Carey Adams, Treasurer



Providing a FIRST CHOICE
Community through
Excellence in Public Service

Chesterfield County
Internal Audit
Department

Greg L. Akers, Director
Steve Sanderson, Audit Manager
Lora Holland, Senior Auditor
Khara Lounsbury, Senior Auditor
Christopher Meade, Senior Auditor
Terry Parker, Senior Auditor
Sandra Fuentes, Staff Auditor
Christian Wingfield, Staff Auditor
Annette Stinson, Administrative Analyst

Police Animal Services

July 11, 2018

HIGHLIGHTS/OVERVIEW	1
INTRODUCTION	2
FINDINGS/RECOMMENDATIONS	
Annual Animal Statistics and Dog License Revenue	5
User Access Control	9
Revenue Collection and Processing	11
Expenditure Testing	13

July 2018

Highlights

Internal Audit Report to the Board of Supervisors/School Board

Why We Did This Review

Internal Audit conducted this audit as part of our FY18 audit plan approved by the County Administrator, School Superintendent, and the Audit and Finance Committee.

The audit objectives were to:

- Benchmark with other localities annual animal statistics and dog license process.
- Evaluate system applications used for user access controls.
- Test revenue collection and processing for compliance with policies and procedures.
- Review expenditures for compliance with policies and procedures.

What We Recommend

- Treasurer coordinate with Animal Services to increase awareness for dog license requirements and benefits.
- Treasurer continue pursuit of County Code change for lifetime dog licensure.
- Treasurer consider online payment option for dog licensure.
- Limit shelter system accounts to a single user and establish procedure for periodic user password changes.
- Review shelter system user roles to limit employee access based on required job functions.
- Evaluate shelter system upgrade or replacement options to provide an integrated credit and debit card payment option.
- Record and track promissory notes in an automated system. Consideration should be given to system alternatives that electronically capture necessary information at the point of sale.



For more information, please contact Greg L. Akers, at 804-748-1240 or akersg@chesterfield.gov

Police Animal Services



What We Found

Annual Animal Statistics and Dog License Revenue

We estimate 10% of Chesterfield's dogs were licensed FY17. Licensing helps identify lost animals, allowing quicker return to their families. We support the Treasurer's plan to change from annual to lifetime license, which could provide an opportunity to promote licensing awareness and increase owner compliance.

Animal shelters must report statistics annually to the Virginia Department of Agriculture and Consumer Services (VDACS). Internal audit selected four similar population localities to compare certain FY13 through FY17 data. Chesterfield generally compares favorably, including the highest percentage of dogs and cats reclaimed by owner (FY17, 27.9%). We also noted shelter intake decreased 27.5% from FY13 to FY17, which illustrates the positive impact of the Free Ride Home program, with 611 animals returned in FY17.

User Access Control

The Animal Service's software application has separate user roles for Administrator, Front Desk and Operation Manager functions. We noted six users are assigned to all three roles, which does not provide for segregation of duties. There was also one generic user id that did not identify the individual user. System does not include password expiration function, that would require users change passwords periodically.

Revenue Collection and Processing

In April 2017 Animal Services performed daily reconciliations with the Daily Cash Activity/Summary report and deposited collections with the Treasurer timely. Change funds were consistently audited by the Police department to document completeness.

The existing Animal Service's system is over 10 years old and does not provide an option to pay for services by credit or debit card. Animal Services accepts promissory notes for those unable to pay by cash or check. Using monthly sales reports, we noted \$17,421 in promissory notes were issued during FY17, 31.8% of Animal Service's sales (\$54,800). Accounts receivable are managed manually and are not tracked through on an automated system. Police Finance summarize manual notes over 3 years past due to recommend write-off, which was \$25,540 for FY17. Adding credit and debit card payment options would improve customer service and increase collections.

Expenditure Testing

Animal Services FY17 operating expenditures were approximately \$500,000. Testing was performed with no exceptions for authorized creators and approvers, duplicate payments, or split purchases. A random sample of 41 FY17 expenditures identified minimal exceptions.

Management concurred with 9 of 9 recommendations to be implemented from November 1, 2018 to June 1, 2019.

We appreciate the cooperation received from management and staff while conducting this audit.

INTRODUCTION

BACKGROUND

Animal Services falls under the command of the Chesterfield County Police Department's Community Services Division. Animal Services ensures the control of unsupervised domestic animals and the protection of animals from inhumane treatment. Animal Services officers are responsible for the enforcement of state laws and County ordinances as they apply to domestic animals. In addition to enforcement duties, Animal Service operates a shelter for the care of animals in their custody.

Animal Services works in partnership with numerous rescue organizations and corporate businesses, as well as County agencies, to increase community awareness for animal welfare best practices. Initiatives focus on public education and awareness highlighting pet adoptions, sterilization, volunteerism, and responsible pet ownership. Animal Services also provides a no cost "Free Ride Home" for dogs or cats wearing a tag displaying the owner's information. This helps get lost dogs and cats home sooner and keeps them out of the shelter. During FY17, 611 animals were returned through this program, improving customer service while saving tax dollars.

OBJECTIVES

Objectives of the audit were to:

- Benchmark with other localities annual animal statistics and dog license process.
- Evaluate system applications used for user access controls.
- Test revenue collection and processing for compliance with policies and procedures.
- Review expenditures for compliance with policies and procedures.

SCOPE

Our audit work covered FY17 and the current operating environment.

We considered the following code and policies during our audit:

<i>Code of Virginia §3.2-6524 Unlicensed Dogs Prohibited</i>	<i>County Code §4.30 – Unlicensed Dogs Prohibited</i>
<i>Code of Virginia §3.2-6526 What Dog or Cat License Shall Consist Of</i>	<i>Code of Virginia §3.2-6527 How to Obtain License</i>
<i>Code of Virginia §3.2-6528 Amount of License Tax</i>	<i>Code of Virginia §3.2-6546 County or City Public Animal Shelters</i>
<i>County Code §4.25 – Confinement and Disposition of Animals; Animal Shelter, Redemption by Owner, Shelter Charges</i>	<i>County Code §4.31 – What Dog License Shall Consist Of</i>
<i>County Code §4.35 – How to Obtain License</i>	<i>County Code §4.36 – License taxes – Amounts; Exception</i>
<i>County Code §4.39 – Same – Disposition of Funds</i>	<i>Accounting Policy 1-8 Cash Receipts</i>
<i>Accounting Policy 1-9 Change Fund</i>	<i>County Purchasing Procedures</i>
<i>Animal Services SOP</i>	

We conducted this performance 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. Khara Lounsbury, Senior Auditor, performed the audit work. Chesterfield County Internal Audit is a department within the organization of Chesterfield County/Schools.

METHODOLOGY

Detailed information regarding the methodology can be found in the individual findings listed in the report. Our methodology included the following: interviews, observations, data analysis, and documentation review.

INTERNAL CONTROL CONCLUSION

According to Government Auditing Standards, internal controls, in the broadest sense, encompass the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal controls include the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

Based on the results and findings of the audit test work, auditors concluded that there are several opportunities for improvement to internal control procedures to better provide reasonable assurance to assist management in meeting its missions, goals, and objectives. Recommendations specific to improving these controls can be found in detail further in the audit report.

CLOSING

We would like to thank the Animal Services department for their cooperation and assistance during the course of this audit.

FINDINGS, RECOMMENDATIONS, RESPONSES

Annual Animal Statistics and Dog License Revenue

(Point Sheet 1)

CRITERIA:

Virginia Department of Agriculture and Consumer Services (VDACS) animal care division requires public animal shelters annually report intake and disposition activity by species. Each public shelter is responsible for accumulating the required information. VDACS reports these statistics online.

Per Virginia Code §3.2-6524 and County Code §4-30, dogs over four months must be licensed. Virginia Code §3.2-6528 limits license taxes to \$10 annually. In 2017, state code was amended allowing localities to issue a lifetime license (up to \$50). Chesterfield county dog license taxes are \$7 per year, \$5 if spayed/neutered and no charge for service dogs. These amounts are due with a written application to the Treasurer. The Treasurer is authorized to establish substations in convenient County locations and appoint agents to collect dog license tax. In addition to the Treasurer and Animal Shelter, there are eleven substations that provide the Treasurer completed application copies for dog licenses collected. County Code §4-39 dictates that dog license revenues shall be kept in a separate fund for specified purposes, including animal control and shelter costs.

CONDITION(S):

Internal audit benchmarked Chesterfield County Animal Services with similar size localities. We selected four localities based on population estimates. The American Veterinary Medical Association (AVMA) provides a dog population estimator on its website based on the 2012 U.S. Pet Ownership & Demographics Sourcebook. It assumes approximately 36.5% of households have an average of 1.6 dogs. Using this concept, we calculated the percentage of dogs licensed based on FY17 license revenue.

As illustrated in the following charts, we estimate 10% of Chesterfield dogs are licensed. We also noted that Chesterfield had the largest decrease in dog license revenue from FY13 to FY17 and was the lowest overall FY17 revenue despite having the 2nd largest population. Loudoun County accepts online payment for dog licenses and has had an increase in dog license revenue (+14.9%) over the past five years, and the greatest percentage of licensed dogs (52.7%) out of any locality. Chesterfield County does not accept online payments and currently has an annual license, as well as the lowest license tax of the localities compared.

The County's annual license requirement involves a significant administrative effort for minimal revenues. Chesterfield's Treasurer has initiated steps to obtain board approval for a lifetime license. Henrico County recently implemented a lifetime license.

FINDINGS, RECOMMENDATIONS, RESPONSES

Annual Animal Statistics and Dog License Revenue

(Point Sheet 1, Continued)

Licensed Dog Population

	Population Estimate ¹	Dog Population Estimates ²	License Revenue ³	% of Dogs Licensed
Loudoun County	396,068	88,963	\$ 468,740	52.7%
Chesapeake City	242,655	54,504	162,967	30.0%
Henrico County	324,395	72,864	119,293	16.4%
Chesterfield County	340,020	76,374	53,232	10.0%
Norfolk City	246,256	55,313	65,368	4.7%

¹2017 Weldon Cooper Center for Public Service

²2012 AVMA based on population

³2017 CAFR Reports

Dog License Revenue over Past Five Years

	FY13	FY17	% Change
Norfolk City	\$ 50,845	\$65,368	28.6%
Loudoun County	408,082	468,740	14.9%
Chesapeake City	167,504	162,967	-2.7%
Henrico County	141,929	119,293	-15.9%
Chesterfield County	80,741	53,232	-34.1%

	Annual License Tax ⁴	Online License Payment Available
Norfolk City	\$25/year	No
Loudoun County	\$10/year up to three years	Yes
Henrico County	\$10/lifetime	No
Chesapeake City	\$10/year	No
Chesterfield County	\$7/year	No

⁴Discounts may apply if the animal has been spayed or neutered.

The following tables compare Chesterfield County using data submitted to VDACS for FY13 through FY17.

Dog and Cat Intake over Past Five Years

	FY13	FY17	% Change
Chesterfield County	2,731	1,979	-27.5%
Chesapeake City	3,923	3,124	-20.4%
Norfolk City	5,783	4,898	-15.3%
Henrico County	3,061	2,809	-8.2%
Loudoun County	2,057	1,932	-6.1%

FINDINGS, RECOMMENDATIONS, RESPONSES

Annual Animal Statistics and Dog License Revenue

(Point Sheet 1, Continued)

All localities had a decrease in dog and cat shelter intake over the past five years. Chesterfield County compares favorably with the largest decrease.

Localities are also required to report how dogs and cats leave the shelter. The following three charts compare the most significant methods over the past five years; owner reclaim, adoption and euthanasia. Chesterfield reports an increasing reclaim percentage, which is the highest. Pet adoption rates have also increased and decreasing euthanasia rates continue to compare favorably.

Dogs and Cats Reclaimed by Owner over the Past Five Years

	FY13	FY17	% Change
Chesterfield County	(25.7%) 702	(27.9%) 552	2.2%
Henrico County	(19.8%) 606	(26.9%) 757	7.1%
Chesapeake City	(19.1%) 752	(22.9%) 717	3.8%
Norfolk City	(14.5%) 841	(18.9%) 927	4.4%
Loudoun County	(21.3%) 439	(18.9%) 366	-2.4%

Percentage change based on of cat and dog intake for that year.

Dogs and Cats Adopted over the Past Five Years

	FY13	FY17	% Change
Loudoun County	(30.1%) 619	(63.3%) 1,223	33.2%
Norfolk City	(38.2%) 2,211	(41.2%) 2,021	3.0%
Chesterfield County	(26.9%) 735	(35.6%) 704	8.7%
Chesapeake City	(20.8%) 817	(27.6%) 863	6.8%
Henrico County	(14.9%) 456	(19.9%) 558	5.0%

Percentage change based on of cat and dog intake for that year.

Dogs and Cats Euthanized over Past Five Years

	FY13	FY17	% Change
Loudoun County	(41.4%) 851	(10.8%) 209	-30.6%
Chesterfield County	(22.2%) 605	(19.3%) 382	-2.9%
Henrico County	(38.7%) 1,184	(23.0%) 645	-15.7%
Chesapeake City	(51.5%) 2,021	(30.7%) 961	-20.8%
Norfolk City	(42.9%) 2,483	(33.7%) 1,652	-9.2%

Percentage change based on of cat and dog intake for that year.

FINDINGS, RECOMMENDATIONS, RESPONSES

Annual Animal Statistics and Dog License Revenue

(Point Sheet 1, Continued)

CAUSE(S):

- The current licensure process requires an annual effort on the part of pet owners to apply for a license.
- Until recently, state code required an annual license renewal.
- Existing systems are not in place to handle online license payments.

EFFECT(S):

- Increasing the number of licensed dogs, aids in their return to owners and helps protect the public from rabies, since licensure requires vaccination.
- Migration to a lifetime licensure requirement would reduce administrative effort and could increase pet owner compliance.
- An online payment option would enhance customer service and could increase pet owner compliance.

RECOMMENDATION(S):

We recommend Treasurer:

1. Coordinate with Animal Services to increase awareness for license requirements and benefits.
2. Continue pursuit of County Code change for lifetime licensure.
3. Consider online payment option for dog licensure.

MANAGEMENT'S RESPONSE(S):

1. *Concur. Chief Deputy Treasurer, Carol Bennett, is responsible for implementing 12/31/18. Coordination will be made with Animal Services and Communications and Media to ensure the widest reach from traditional media outlets to social media of the lifetime license, requirements, and benefits.*
2. *Concur. Chief Deputy Treasurer, Carol Bennett, is responsible for implementing 11/1/18. Board approval was received on 6/27/18.*
3. *Concur. Chief Deputy Treasurer, Carol Bennett, is responsible for implementing 3/31/19. Previous efforts to pursue online licensure were postponed given the implementation of our new Taxation Management System (TMS). Now that TMS has been largely implemented, we can once again turn our attention to analyzing options available to provide more convenience-oriented services to our citizens including online animal licensure.*

FINDINGS, RECOMMENDATIONS, RESPONSES

User Access Control

(Point Sheet 2)

CRITERIA:

User access control policies, procedures should help prevent or detect unauthorized access to automated systems. Best practices include removal of system access after employment termination, requiring unique user identification and passwords, as well as regular changing of passwords, and defined user roles that limit access to information based on job responsibilities to provide appropriate segregation of duties.

County Administrative Policy 7-3: Information Systems Technology – Information Security Policy describes segregation of duties requirements for system access and security administration.

County Administrative Policy 7-5: Information Systems Technology – Access to Distributed Systems requires unique identification and authentication for access.

CONDITION(S):

Animal Services uses a third-party software AnimalShelterNet to track shelter operations including; services provided, charges and cash receipts by animal. Unique user ID's by employee are assigned to various roles in the software. Separately defined user roles include Front Desk, Operation Manager and Administrator. The Front Desk role allows for cash register use and animal service data entry (i.e. charges and cash receipts). The Operation Manager role has supervisory functions including cash drawer administration rights (i.e. voids). The Administrator role has system administration privileges and cash drawer administration rights (i.e. voids).

The employees assigned to each role above were reviewed to determine if they were still currently employed by Animal Services and that the role assigned was reasonable based on their work assignments. All 11 users reviewed were current employees or volunteers, however we noted:

- A generic administrative user ID with access to all three roles. We understand this is used by the Police Systems Support Unit.
- Access to administrative and supervisory roles was not limited to the minimum number of employees required to accomplish the function. Five employees and the one volunteer were assigned to all three roles. The employees included a system support unit employee with a unique user ID.
- Passwords are required for AnimalShelterNet access, but they are not changed on a regular basis.

FINDINGS, RECOMMENDATIONS, RESPONSES

User Access Control

(Point Sheet 2, Continued)

CAUSE:

- A generic user account was created for administrative use by the Police Systems Support Unit.
- Animal Services employees and volunteers are expected to fulfill multiple roles during the work day. When employees are set up with user access in AnimalShelterNet, multiple roles are assigned.
- As confirmed by Police Systems Support Unit with the software developer, passwords cannot be set to expire in the AnimalShelterNet system at this time.

EFFECTS(S):

- A system user account accessible by multiple individuals does not provide individual accountability.
- Five employees and one volunteer with the same user roles prevents proper segregation of duties and provides a large percentage of employees the same access.
- Access security is compromised when passwords are not changed on a regular basis.

RECOMMENDATION(S):

We recommend Animal Services Department:

4. Disable the Admin user account and limit system accounts to a single user.
5. Review user roles and limit employees assigned to each based on required job functions.
6. Establish a procedure for AnimalShelterNet users to change their passwords periodically and continue to monitor future software updates for the availability of this function.

MANAGEMENT'S RESPONSE(S):

4. *Concur. Animal Shelter Manager, Alice Berry, and Captain Andrea Riesmeyer of Community Services Division, are responsible for implementing 12/31/18. Animal Services will research and work with PD Support to disable the Admin user account and limit system accounts to a single user.*
5. *Concur. Animal Shelter Manager, Alice Berry, and Captain Andrea Riesmeyer of Community Services Division, are responsible for implementing 12/31/18. Animal Services will research and work to reduce user roles and limit employees assigned to each based on required job functions.*
6. *Concur. Animal Shelter Manager, Alice Berry, and Captain Andrea Riesmeyer of Community Services Division, are responsible for implementing 3/1/19. Animal Services will research and work towards finding new animal shelter software or programs that will enable the users to change their passwords periodically.*

FINDINGS, RECOMMENDATIONS, RESPONSES

Revenue Collection and Processing

(Point Sheet 3)

CRITERIA:

County Accounting Policy 1-8: Cash Receipts Policy, outlines the procedures for processing cash receipts including the following practices:

- Cash receipts must be secured.
- Daily receipts should be reconciled with the Daily Cash Activity/Summary report.
- Cash receipts totaling \$300 or more must be deposited within one business day if possible, but no later than two business days if there are logistical constraints. Cash receipts totaling less than \$300 should be deposited within 2 business days, if possible, and in no case should receipts remain undeposited for more than five (5) days.
- An individual independent of receipting and depositing must verify/approve the Treasurer's deposit totals the Daily Cash Activity/Summary Report.

Chesterfield County Administrative Policy and Procedure, Change Fund Policy and Procedures, Accounting 1-9, sets forth guidelines for the establishment, use, and security of change funds. If an increase in a change fund needs to be made, a change request form should be completed and submitted to the Director of Accounting.

Accounting Policy 1-21 Non-Tax Accounts Receivable requires:

- Automated system be used to record accounts receivable.
- Accounts receivable ledger must be maintained which shall include at a minimum a unique identifying account and/or customer number, the name of the debtor, the amount owed, the invoice number, the invoice date, fees assessed, adjustments made, a listing of payments and the dates those payments were received, indicator if in collections, and a running total of individual account balances.

CONDITION(S):

All 25 days with cash receipts for the month of April 2017 were examined. Animal Control performed daily reconciliations with the Daily Cash Activity/Summary report and deposited collections with the Treasurer timely. The 17 deposits for the month ranged from \$10 to \$552, totaling \$3,912. We noted the \$75 fund used to make change for customers is periodically test counted by the Police department to document completeness. However, change fund verification is not documented on the daily cash activity report.

We also noted a significant portion of daily sales were unpaid, with customers issued promissory notes. The Shelter does not accept credit card payments. If a customer does not have cash or check at time of service, the Shelter issues the customer a promissory note. We matched \$2,588 in promissory notes issued during April to the daily sales reports. This represents 48% of monthly Shelter sales (\$5,444). Using monthly sales reports, we noted \$17,421 in promissory notes were issued during FY17, 31.8% of Shelter sales (\$54,800).

FINDINGS, RECOMMENDATIONS, RESPONSES

Revenue Collection and Processing

(Point Sheet 3, Continued)

Copies of promissory notes are sent to Police Finance for collection. Collection efforts consist of two letters. Account balances are not tracked in an automated system that would allow for standard receivable analysis such as aging and control totals. Police Finance summarize manual notes over 3 years past due to recommend write-off, which was \$25,540 for FY17.

CAUSE(S):

- The shelter does not accept credit cards. Promissory notes are issued when a customer cannot pay with cash or check.
- The current shelter and cash register system is over ten years old and does not incorporate credit card processing
- Accounts receivable are not recorded nor tracked per County accounts receivable policy requirements. Individual promissory note documents are manually managed.

EFFECT(S):

- Lack of credit and debit card payment options increase use of promissory notes and reduce opportunity for collection. Issuing promissory notes for relatively small amounts is an administrative burden and does not provide efficient customer service.
- Without automation, receivables are not effectively managed. There is no aging schedule or ability to target larger account balances for additional collection efforts.

RECOMMENDATION(S):

We recommend:

7. Animal Services evaluate system upgrade or replacement options to provide an integrated credit and debit card payment options to increase collections and reduce promissory notes issued.
8. Police Finance record and track promissory notes in an automated system. Consideration should be given to system alternatives that electronically capture necessary information at the point of sale.

MANAGEMENT'S RESPONSE(S):

7. *Concur. Animal Shelter Manager, Alice Berry, and Captain Andrea Riesmeyer of Community Services Division, are responsible for implementing 6/1/19. Animal Services has begun researching applicable shelter manager systems and coordinate with PD System Support and the county Treasurer and county IST to identify options that may provide an integrated credit and debit card payment options that can work in unison with established or new shelter programs.*
8. *Concur. Chief of Administrative Services, Theresa Simonson, is responsible for implementing 6/1/19. The Police Finance Unit will work with Animal Services staff to create a promissory note tracking system (excel spreadsheet). This document will record all notes issued and baseline info (name, date, amount, fee type) as well as tracking payments made against the notes. This will be done until a more comprehensive automated system can be acquired. See response item #7. In addition procedures for the promissory note process will be established through a department SOP or policy. The timeframe for this task completion is December 2018.*

FINDINGS, RECOMMENDATIONS, RESPONSES

Expenditure Testing

(Point Sheet 4)

CRITERIA:

County Accounting Policy 1-5 “Bill Approval Documentation”, defines requirements for Bill Approval, Documentation and Payment of goods or services for County employees, elected officials, and Board appointees and are pursuant to the authority granted by §2-21 through §2-24, *Code of the County of Chesterfield*. Expenditures made with County funds must have a legitimate business purpose and supporting documentation. To ensure segregation of duties, departments should designate at least two different individuals to create and approve purchases. Non-Cash Award purchases should be reported to Accounting for tax considerations.

County Accounting Policy 1-6 “Fixed Assets Policy”, states that the acquisition cost of vehicles includes the purchase price and other charges incurred to place the asset in service.

County Accounting Policy 12-11 “Competitive Sealed Bidding”, sets forth procedures for procuring goods and services through competitive sealed bidding when the estimated sum of an individual purchase or the estimated aggregate or sum of all phases reaches or exceeds \$50,000.

CONDITION(S):

Animal Services FY17 operating expenditures were approximately \$500,000. The largest single expenditure category was veterinarian services. Other significant expenditures were for vehicle operation, utilities, food supplies and a purchase of a new vehicle.

The following tests were performed with no exceptions:

- IFAS user security verification reports for authorized creators and approvers were confirmed by department management twice yearly.
- All purchase request/order creator and approvers were listed on the user security verification reports.
- There were no duplicate payments.
- There were no split purchases.
- There were no non-cash rewards or recognition purchases.

In addition, we selected 41 non-payroll FY17 expenditures for testing.

- Invoice agreed to supporting documentation.
- Proper purchasing procedures were followed (bids, purchase order logs, travel, etc.).
- Expenditure was for legitimate, reasonable County business.
- Correct accounting codes (GL Key and Object) were used.
- Payments were made against proper contracts and amounts agreed with the contract terms.

FINDINGS, RECOMMENDATIONS, RESPONSES

Expenditure Testing

(Point Sheet 4, Continued)

We found minimal exceptions for:

- \$4,053 additional cost (two invoices) to place a vehicle into service should have been coded to account 581050 (capital passenger vehicle) for potential capitalization.
- One invoice dated in October 2016 was paid in February 2017.

CAUSE(S):

- Vehicle equipment costs were miscoded to 562020 (furniture and equipment) and 560140 (other operating supplies).
- Invoice payment was temporarily held to allow for change order processing. After the budget adjustment, the invoice was overlooked.

EFFECT(S):

- \$4,053 of expenditures associated with new vehicle were not identified for potential capitalization.
- One payment was made late to vendor.

RECOMMENDATION(S):

9. We recommend Police Finance review the noted exceptions for coding and timely payment with processors to strengthen their future monitoring.

MANAGEMENT'S RESPONSE(S):

9. *Concur. Chief of Administrative Services, Theresa Simonson, is responsible for implementing 6/1/19. Police Finance has reviewed the items listed as a "minimal exception". Additional cost to place vehicle in service will be coded to 581050 (capital passenger vehicle) for accounting department to determine if capitalization is appropriate. Invoices pending change order approval by purchasing department will be reviewed more frequently.*