

## 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.

- ◆ Animal Services personnel do not adequately record cash donations to the Animal Control Gifts Fund in accordance with City policy. Additionally, they do not restrictively endorse checks received for this fund with a restrictive endorsement stamp. City Cash Collection Policies require personnel at cash collection points to record and to restrictively endorse all checks upon receipt.

## 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. The Rochester Police Department requested this review.

### 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, and deposits required by City Code or State law. 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, that 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 March 2007.

Management is responsible for establishing and maintaining a system of internal accounting and administrative control. In fulfilling this responsibility, estimates and judgments by management are required 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.

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, and with the exceptions noted below, internal controls are adequate, revenue is adequately reported and deposited in a timely manner and, the City's Cash Collection Policies and procedures are followed. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with City policy.

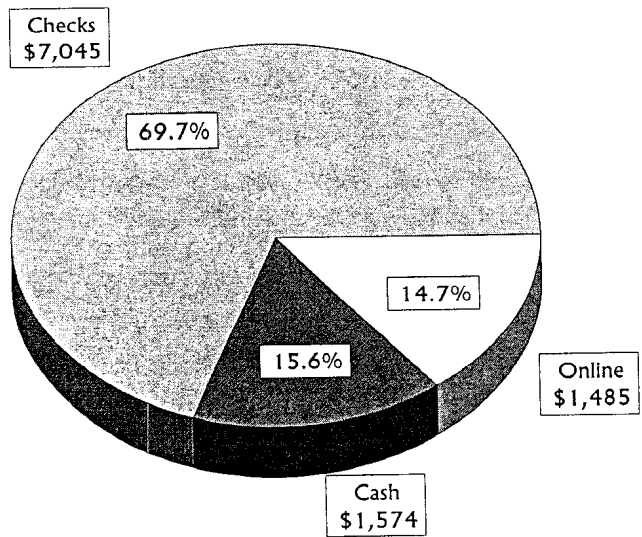
A. Inadequate Controls Over Contributions

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.

For the period 7/1/06 to 5/31/07, Animal Services reported \$10,103 in donations. The sources of these donations are summarized in the chart below.

Rochester Animal Services  
Sources of Donations to Animal Control Gifts Fund  
July 1, 2006 to May 31, 2007

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Public Integrity noted the following internal control weaknesses and exceptions to the City's Cash Collection Policies related to these donations.

1. The Director of Animal Services usually sends thank you letters to donors. These letters include the amounts of the donations. The Director has not retained a copy of all of these letters to support the amounts of the donations. Additionally, pre-numbered cash receipt documents have not been issued for any donations.

The City's Cash Collection Policies require that all cash collection areas record cash when they receive it so that they create a verifiable accounting trail. Acceptable methods for recording cash include use of a cash register, serially numbered customer receipt documents or serially numbered tickets.

2. The Office of Public Integrity observed that Animal Services personnel do not restrictively endorse checks upon receipt. The City's Cash Collection Policies require that cash collection areas restrictively endorse all checks immediately upon receipt with a restrictive endorsement stamp that the City Treasury will provide. Restrictive endorsements decrease the probability that checks can be stolen and improperly cashed.

◆ Recommendation

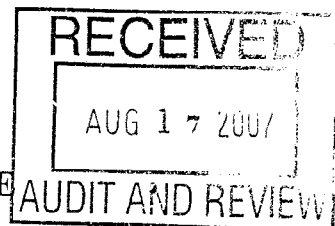
We recommend that Animal Services prepare and retain a copy of all thank you letters sent to donors and distribute pre-numbered cash receipt documents to every donor (with the exception of anonymous donors). Animal Services should also retain a duplicate copy of the pre-numbered receipts for their records and account for the numerical sequence.

Additionally, we recommend that Animal Services obtain a restrictive endorsement stamp from City Treasury and restrictively endorse all checks immediately upon receipt.


#### IV. DEPARTMENT RESPONSE

The response of the Police Department follows.

**City of Rochester – Police Department**  
**INTER-DEPARTMENTAL CORRESPONDENCE**



**TO:** Dan Markese, Office of Public Integrity

**FROM:** David T. Moore, Chief of Police 

**DATE:** August 15, 2007

**SUBJECT:** Management response to Animal Services Audit

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I have reviewed the recent report for the audit conducted upon Rochester Police Department's Animal Services section. The report indicates that cash handling in this area is generally acceptable.

There were two findings and recommendations that require follow up by the police department.

1. Animal Services fails to utilize a restrictive endorsement stamp on checks received for payment of services and/or donations. The city cash handling policy requires use of this stamp. The department has ordered this stamp and we will implement the use of it immediately upon its delivery. I expect this to occur no later than August 24, 2007.
2. Cash donations to Animal Services are not properly documented with a sequentially numbered duplicate receipt. This requirement provides a receipt to the donor and a record of the donation for the department's records. I have directed the Research and Evaluation Section to develop and order a sequentially numbered, two-ply receipt from our printer. As this is not currently on contract and will need to be bid, the time frame may be longer. As soon as we have possession of these receipts we will implement their use.

The Police Department takes these issues very seriously and will implement the required changes as quickly as possible. I would like to thank the staff of the Office of Public Integrity, specifically Dan Mastrella and Dan Markese, who were very thorough and professional in their review.