

MUNICIPALITY OF ANCHORAGE



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Internal Audit Report 2010-11
Animal Care and Control Services Cash Controls
Department of Health and Human Services

Introduction. The Municipality of Anchorage (Municipality) currently provides animal care and control services through a contract with Animal Licensing and Placement Services (Contractor). The 2010 contract totals \$1,797,065. The Contractor has operated the Animal Care and Control Services Center (Animal Control) since 1999 and is responsible for providing personnel, supplies, and equipment to perform the required animal control services. In 2009, the Contractor collected \$629,628 in revenue from animal license fees, animal shelter fees, animal drop-off fees, and fines. The Department of Health and Human Services administers the contract.

Objective and Scope. The objective of this audit was to determine whether Animal Control had adequate controls in place over cash and credit transactions, and if these controls complied with Municipal Policy and Procedure (P&P) 24-1, *Collecting, Securing, Depositing and Reporting Cash*. To accomplish our objective, we performed a surprise cash count, verified that deposits were made timely and were properly recorded in the Municipality's general ledger, and reviewed Cashier Daily Summary Reports for completeness.

The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during August through September 2010. The audit was requested by the Administration.

Overall Evaluation. Our review found that Animal Control generally complied with P&P 24-1 and had well organized documentation to support cash deposits. However, Animal Control staff did not

always send Cashier Daily Summary Reports to Treasury on a daily basis, unscheduled supervisory cash counts were not performed, checks were not always endorsed immediately upon receipt, and cashiers and their supervisors had not attended cash handling and reporting training since 2008.

FINDINGS AND RECOMMENDATIONS

1. Cash Documents Not Always Signed and Submitted Daily.

- a. Finding.** Although the cash deposits were made timely, Animal Control staff did not always send Cashier Daily Summary Reports to Treasury on a daily basis as required by the Municipality's Cashier Guide. Specifically, between January 1, 2010 and July 15, 2010 there were 82 instances where Cashier Daily Summary Reports with supporting documentation were not submitted timely. In addition, cash documents were not always signed by the supervisor. We were told that the Customer Services Supervisor and the Animal Control Manager were not always available to review the cash documents on a daily basis. When cash documents are not submitted timely the potential for fraud increases, errors are not readily detected, and general ledger posting are not made timely for reconciliation purposes.
- b. Recommendation.** The Director of Health and Human Services should ensure that the cash receipt documentation is sent to Treasury on a daily basis as required by Municipality's Cashier Guide.
- c. Management Comments.** Management stated, "Concur. Management agrees cash deposits are being made timely, yet not all cashier daily summary reports are signed and sent to Treasury on a daily basis. The Department of Health and Human Services (DHHS) addressed the requirement with the Animal Care and Control Services Contractor. All cashier daily summary reports are reviewed and approved by both the Center Manager and the Customer Service Supervisor. Since Animal Care and

Control is open 7 days per week and supervisory schedules vary, the Contractor will train additional supervisory staff to review and approve cashier daily summary reports to cover periods when the Center Manager and/or Customer Service Supervisor are absent. Training will begin in November 2010.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Unscheduled Cash Count Not Performed.**

- a. **Finding.** Animal Control supervisors did not perform unscheduled cash/check counts and reconciliations for each cashier. P&P 24-1 states that “...the supervisor of each collection location must perform an unscheduled cash/check count and reconciliation...” several times each year. Lack of unscheduled cash counts may lead to inadequate preventive controls, decreased personal accountability by each cashier, and risk of misappropriations.
- b. **Recommendation.** The Director of Health and Human Services should ensure that unscheduled supervisory cash/check counts are performed and documented as required by P&P 24-1.
- c. **Management Comments.** Management stated, “Concur. Management agrees unscheduled cash counts should be performed and documented as required by P&P 24-1. DHHS addressed the requirement for unscheduled cash counts with the Animal Care and Control Contractor. A supervisor will conduct periodic cash counts and document findings several times each year beginning in November 2010.”
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **Checks Not Always Endorsed Immediately Upon Receipt.**

- a. **Finding.** Animal Control staff did not always endorse the checks immediately upon receiving them. The Municipality's Cashier Guide states that "Each check accepted will be validated by the cash register if it has validation capability. If it does not, each check accepted must be endorsed with the officially issued Municipal 'For Deposit Only' stamp immediately upon receipt."
- b. **Recommendation.** The Director of Health and Human Services should ensure that Animal Control staff endorse checks immediately upon receiving them as required by the Municipal Cashier Guide.
- c. **Management Comments.** Management stated, "Concur. Management agrees staff should endorse checks immediately upon receiving them. DHHS addressed the requirement with the Animal Care and Control Contractor and obtained additional endorsement stamps in October 2010. Each cashier now has an endorsement stamp readily available for their immediate use when receiving checks."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

4. **Cashier Training Class Not Attended.**

- a. **Finding.** Cashiers and their supervisors had not attended cash handling and reporting training since 2008. P&P 24-1 requires ". . . at least annually, all cashiers and their supervisors attend training sessions conducted by the Finance Department on cash handling and reporting procedures in accordance with this policy and Cashier & Cashier Supervisor Guides."

- b. **Recommendation.** The Director of Health and Human Services should ensure that cashiers and their supervisors attend cash handling and reporting training on an annual bases as required by P&P 24-1.

- c. **Management Comments.** Management stated, “Concur. Management agrees not all cashiers and supervisors attended cashier training annually. While supervisors and some cashiers had attended training, it was not always accomplished annually. Since cash handling and reporting training sessions are not regularly held, all Animal Care and Control Contractor cashiers and cashier supervisors will take PowerPoint training developed by Treasury. Training will be completed by all required staff in November 2010 and annually thereafter. Any new cashiers hired will receive the training as required.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on October 6, 2010.

Audit Staff:
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