
OFFICE OF THE CITY AUDITOR

PERFORMANCE AUDIT OF ANIMAL CONTROL REVENUE PROCESSING

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**October 17, 2003
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Memorandum



CITY OF DALLAS

October 17, 2003

Honorable Mayor and Members of the City Council
City of Dallas

We have conducted a performance audit of the customer revenue processing function of the Animal Control section of Code Compliance Services.

As a result of our inquiries, analysis of the transactions, and review of procedures at the City's animal shelters, we conclude:

- The procedures used for depositing revenue at the animal shelters are in compliance with the City's RESOURCE Information Guide – Cash Receipt Instructions.
- Cash handling procedures are not written.
- Cash at the Forney Road facility is not adequately secured.
- Change funds are not maintained at the shelters.
- The security camera system at the Oak Cliff facility is inoperative.
- Acceptance of credit cards at the animal shelters has not been instituted.

Related opportunities for improvement and recommendations are presented in this report.

We appreciate the cooperation of City staff during our examination.

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c: Teodoro J. Benavides, City Manager

**PERFORMANCE AUDIT OF ANIMAL CONTROL
REVENUE PROCESSING**

CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
Authorization	1
Scope and Methodology	1
Overall Conclusion	1
Background	2
OPPORTUNITIES FOR IMPROVEMENT	4

INTRODUCTION

Authorization

We have conducted a performance audit of the customer revenue processing function of the Animal Control (AC) section of Code Compliance Services (CCS). We conducted this audit under the authority of Chapter IX, Section 2 of the Dallas City Charter and in accordance with the Annual Audit Plan approved by the City Council.

We performed our audit in accordance with generally accepted government auditing standards and included tests of the accounting records and other audit procedures that we considered necessary in the circumstances.

Scope and Methodology

Our audit was limited to revenue transaction processing by the AC transactions section of CCS from October 2002 to the present. The objectives of our audit were to determine whether:

- Revenue collection and accounting procedures are adequate.
- Cash receipt transactions have been properly handled and accurately documented.

To develop an understanding of relevant control structure policies and procedures, we reviewed the following:

- CCS policies and procedures
- The RESOURCE Information Guide
- Applicable laws and ordinances
- Available statistical data

We interviewed management and staff concerning relevant internal controls. We examined individual departmental related reports and analyzed historic results. We also compared data from various reports and observed operating procedures.

Overall Conclusion

As a result of our inquiries, analysis of the transactions, and review of procedures at the City's animal shelters, we conclude:

- The procedures used for depositing revenue at the animal shelters are in compliance with the City's RESOURCE Information Guide – Cash Receipt Instructions.
- Cash handling procedures are not written.

INTRODUCTION

- Cash at the Forney Road facility is not adequately secured.
- Change funds are not maintained at the shelters.
- The security camera system at the Oak Cliff facility is inoperative.
- Acceptance of credit cards at the animal shelters has not been instituted.

Opportunities for improvement are presented in this report.

Background

Dallas has two animal shelter locations, 8414 Forney Road and 525 Shelter Place (the Oak Cliff Shelter). Each shelter is assigned a manager, and one district manager oversees both shelters.

AC is responsible for the enforcement of the Texas Rabies Control Act and Chapter 7 of the Dallas City Code. Activities include the impoundment of stray, biting, and unwanted animals; enforcement of animal related laws; and the registration of dogs and cats.

Each shelter receives fees for a variety of animal control related activities, including but not limited to:

- Impoundment
- Quarantine Boarding
- Adoption
- Rabies Vaccination

The administration of licensing fees for dogs and cats was privatized in 1995 through an out-source contract with PetData, Inc. PetData provides registration services and verification of proper vaccination of dogs and cats within the City of Dallas. PetData maintains an electronic database of dog and cat registrations and provides registration tags and certificates to dog and cat owners. Selected veterinarians are provided the registration equipment and are reimbursed \$1.00 for each registration. Registrations are also provided at each shelter. A fee is collected for each non-exempt registered dog and cat (owners over 65 years of age are fee exempt, and there are special discounts for animals assisting the disabled).

INTRODUCTION

The primary AC revenue source is the registration fee. The following table summarizes dog and cat registrations in Dallas for a four-year period:

Dog and Cat Registrations, Including Fee Exemptions				
Fiscal Year	2001-02	2000-01	1999-00	1998-99
Registrations	63,946	62,600	58,200	50,800

OPPORTUNITIES FOR IMPROVEMENT

We identified certain policies, procedures, and practices that can be improved. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the opportunities for improvement presented in this report may not be comprehensive of the areas where improvements may be needed.

1. Cash handling procedures need improvement.

During our observation of revenue collection at the two shelters, we noted the following:

- Cash/receipt collection, handling, and safeguarding procedures performed by AC personnel are not written or approved.
- Cash/receipts containers at the Forney Shelter are not kept in secure locations. At this facility, fees are collected at two locations (the main area and the O'Connor Adoption Center). The main area uses a locked box that is kept behind the counter. At the O'Connor Center, fees are kept in a zipper bag in an unlocked drawer.
- Neither location maintains a change fund to provide start-up cash and change.
- There are an inadequate number of cash drawers.

The importance of documenting cash receipts during work periods had not been emphasized. Further, leaving cash receipts unsecured during operational times had not been identified as a risk. In the past, AC used petty cash as a source for change (this is not a function of petty cash). The petty cash was removed from the shelters after reconciliation problems were identified. Additionally, increasing the number of cash drawers had not been considered.

Receipts are at risk of being misplaced, lost, or unaccounted for. Customers are required to have the exact amount for the fee or pay by check, and in some cases customers have to leave the premises to obtain the correct cash. Cashiers share a cash box; each time a cashier is relieved by another cashier, the receipts in the cash box are counted by both staff members, resulting in customer delays and inefficient time expenditures.

Written procedures help ensure uniformity in handling cash receipts and aid in accountability. Cash and cash items should be safeguarded. Cashiers should be provided change amounts to facilitate transactions processing. The shelters should have a sufficient number of cash drawers with standard start up amounts, which will enable cashiers to have separate cash drawers and will reduce the shift change delays.

OPPORTUNITIES FOR IMPROVEMENT

We recommend that the Director of CCS:

- A. Ensure that all procedures related to the revenue collection process are written and approved.
- B. If cash box use remains, ensure that an adequate number of cash boxes are placed in secured locations. Consider using locked cash drawers and issuing keys to cashiers when necessary.
- C. Establish a change fund to provide start up cash for cash drawers.
- D. Provide a sufficient number of cash trays to enable cashiers to maintain separate trays on their shifts.

Management's Response:

The department is currently developing procedures for cash handling at the shelters. This is expected to be completed by November 30, 2003.

2. A security system camera is inoperative.

Each shelter is equipped with security cameras and monitors. The security camera that monitors the counter area at the Oak Cliff Shelter is inoperative.

Repairs to the camera have not taken place. Equipment should be maintained to ensure a secure environment. Staff safety and cash handling may be compromised. The ability to secretly observe areas of concerns may be diminished.

We recommend that the Director of CCS repair/replace the inoperative camera system.

Management's Response:

Seven of the eight cameras are currently operational. An order for one replacement camera has been placed. Installation is expected to be completed by the first week of December 2003. Additionally, two VCRs have been ordered to record the activities captured on these cameras. The VCRs are expected to be installed by the first week of December 2003.

3. Animal Shelters do not accept credit card payments.

Both animal shelters collect fees for various activities (e.g., adoption, retrieval). Transactions must be conducted by cash or check since neither shelter is equipped to accept credit cards.

Financial Services supplies and assists City departments in establishing and implementing credit card acceptance, guidelines, and procedures.

OPPORTUNITIES FOR IMPROVEMENT

Animal shelters in Fort Worth, San Antonio, and Phoenix accept credit cards.

Customers may view the non-acceptance of credit cards as an inconvenience. This inconvenience may deter the public from retrieving impounded pets or adopting animals that may be euthanized.

Customary methods of payment should be employed to enhance customer service.

We recommend that the Director of CCS consult with Financial Services to establish and implement acceptance of credit cards at each shelter.

Management's Response:

The department concurs with this recommendation. MasterCard and Visa machines are expected to be installed by November.