

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT

OF

COUNTY ANIMAL SHELTER

JOHNSON COUNTY, INDIANA

January 1, 2008 to April 22, 2009



FILED

11/15/2011

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COUNTY OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|---------------------------|----------------------|
| Animal Shelter Warden | Emily Williamson | 01-01-08 to 04-07-09 |
| | (Vacant) | 04-08-09 to 04-12-09 |
| | Cheryl Long (Co-Interim) | 04-13-09 to 04-22-09 |
| | Michael Delp (Co-Interim) | 04-13-09 to 05-10-09 |
| | Michael Delp | 05-11-09 to 12-31-11 |
| Auditor | Janice Richhart | 07-01-05 to 12-31-11 |
| President of the County Council | Josh McCarty | 01-01-08 to 12-31-08 |
| | Charlie Canary | 01-01-09 to 12-31-09 |
| | Anita Knowles | 01-01-10 to 12-31-10 |
| | Brian Walker | 01-01-11 to 12-31-11 |
| President of the Board of County Commissioners | Tom Kite | 01-01-08 to 12-31-08 |
| | John Price | 01-01-09 to 12-31-11 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JOHNSON COUNTY

We have audited the records of the County Animal Shelter for the period from January 1, 2008 to April 22, 2009, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Reports of Johnson County.

STATE BOARD OF ACCOUNTS

September 15, 2011

COUNTY ANIMAL SHELTER
JOHNSON COUNTY
AUDIT RESULTS AND COMMENTS

BACKGROUND INFORMATION

In June 2009, Ms. Kathleen Hash, Johnson County Attorney, contacted the State Board of Accounts with concerns about a possible shortage at the Animal Shelter. Through inquiry we found that on April 13, 2009, Ms. Hash and Mr. John Price, Johnson County Commissioner, received information that deposits were not being made on a timely basis at the Animal Shelter. This was reported to them by Ms. Dawn Phelps, Animal Shelter Bookkeeper. On April 14, Ms. Hash confirmed through Mr. Michael Delp, Co-Interim Animal Shelter Warden, that 14 days of deposits had not been made. This was brought to the attention of Mr. Delp by one of the Animal Control Officers who had found some of the deposit slips, with checks less the cash, under the front seat of the vehicle he was driving after temporarily swapping vehicles with Ms. Cheryl Long, the other Co-Interim Animal Shelter Warden. Mr. Price went to the Animal Shelter prior to normal business hours on the 14th and discovered Ms. Long, in the process of preparing deposits to take to the bank. The deposits for the time period March 27 through April 14, 2009, were taken to the bank that day by Mr. Delp. At this point the officials believed all receipts had been deposited. Mr. Price and Ms. Hash conducted an interview of Ms. Long on April 22, 2009. During the interview Ms. Long admitted responsibility for not making the deposits and stated that she had been taking cash receipts since the last of March 2009. Ms. Long's employment was terminated on April 22, 2009.

Since that time Ms. Phelps came to believe that all receipts had not been deposited. She relayed this information to Ms. Hash. At this point Ms. Hash requested an Indiana State Board of Accounts audit.

We began the audit of the Animal Shelter on July 1, 2009, and had the following findings.

UNDEPOSITED RECEIPTS

We scheduled all receipts issued by the Animal Shelter for the period July 1, 2008 through April 22, 2009. Ms. Long was employed at the Animal Shelter July 1, 2008 through April 22, 2009. We compared receipts issued to deposits made to the Animal Shelter's bank account.

During the period tested deposits made were \$2,342 less than receipts issued. The \$2,342 was made up of \$946 cash and \$1,396 checks. We were able to identify the receipts that were not deposited and they were all received in March 2009. See appendix A for a schedule of receipts not deposited, page 8.

Tickets, goods for sale, billings and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

Cheryl Long, former Co-Interim Animal Shelter Warden, was requested to repay \$2,342. (See Summary, page 12)

DEPOSITS – INTACT

Some funds deposited were not deposited in the same form in which they were received. In some cases funds were received as cash, per the receipt, and the deposit slip indicated the funds were deposited as a check, or vice versa.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

COUNTY ANIMAL SHELTER
JOHNSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

DEPOSITS - TIMELY

As stated in the prior Report B33332 there were numerous instances when receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

INTERNAL CONTROL - RECEIPT ISSUANCE

Controls over receipting were insufficient. Various documents related to animal control activities were not prepared or maintained in a manner that would allow for all activities to be effectively audited. Due to the allegations made we tested the general receipt issuance process to determine if controls were sufficient. We tested owner surrenders (OS), adoptions, and returns to owner (RTO) transactions.

When an animal is received a surrender form document is prepared. This form states how an animal was received by the animal shelter and the final disposition of the animal. Fees should have been charged for the receipt of the animal and the disposition of the animal. As animals are received their information is recorded in the Animal Shelter's computer database. This database is capable of producing the "Intake Detail Report" and "Outcome Summary Reports." We used these reports to attempt to trace the above transactions to a receipt being issued. We could not match a receipt to all the services rendered.

We noted several instances where the fee for a particular service was waived because the person who owed the fees was financially unable to pay. There were forms completed and signed by the person stating that they were unable to pay. We were also told that RTO fees were sometimes waived if the animal was picked up by an Animal Control Officer and the owner picked the animal up within a certain amount of time. We were unable to locate any ordinances or written procedures allowing for the waiving of fees owed.

Receipts, or an explanation of why a fee was not charged (fee waiver form or a notation stating that the animal was only briefly in custody), were not available for four adoptions, a \$530 value, 17 RTO's, a \$170 value, and 73 OS's, a \$1,451 value.

Without proper controls it is possible that cash receipt transactions were manipulated. Clients could have paid for a service but not received a receipt. The Employee taking the payment could then miss-direct the funds received.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

COUNTY ANIMAL SHELTER
JOHNSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. Each "surrender form" should have the applicable receipt written on the form so that it can be determined that a fee was charged and received for each service rendered. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

INTERNAL CONTROL - VOIDED RECEIPTS – ORIGINAL NOT RETAINED

Controls over receipting were insufficient. Various documents related to animal control activities were not prepared or maintained in such a manner that would allow for the activities to be audited. Due to the allegations made we examined all receipts issued for the period audited. We noted several voided receipts for which the original receipt was not attached.

It is possible that an Animal Shelter employee manipulated these cash receipt transactions. Clients could have paid for a service and received a receipt. The Employee issuing the receipt could then void the receipt and miss-direct the funds received.

Governmental units should have controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

INTERNAL CONTROLS – DEPOSITS

Controls over the recording and accounting for the financial activities of the Animal Control Department were insufficient in that bank deposits were transported to the bank by various Animal Shelter employees. There was no written documentation to indicate who took the deposit on any given day, nor was a log kept of the employee's name, the amount of the deposit, or verification by someone else that the deposit was actually made.

There is a written policy that "the Dispatch/Deputy Warden will be responsible for checking the deposit each day, issuing a run to deposit (South ACO responsibility to go to the bank – also known as signal 28), and assuring accuracy." However there were no records kept as to whether or not this was done each day.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY ANIMAL SHELTER
JOHNSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

REPORTS OF COLLECTION FILED DELINQUENT

Reports of Collection filed with the County Auditor were received delinquent. The required reports were provided to the County Auditor up to two months after the collections were received by the Animal Shelter.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

AUDIT COSTS - MISSING FUNDS

The State of Indiana incurred additional audit fees in the investigation of the missing funds.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

INSURANCE COVERAGE

Cheryl Long, former Co-Interim Animal Shelter Warden, was covered by a crime insurance policy for employee theft - per loss with the Hartford Casualty Insurance Company for \$300,000, with a \$1,500 deductible, for the period of November 1, 2008 to November 1, 2009.

APPENDIX A

COUNTY ANIMAL SHELTER
 DETAIL OF RECEIPTS NOT DEPOSITED

| Receipt Number | Receipt Date | Amount | |
|--------------------|-----------------|-----------------|--------------|
| | | Cash | Check |
| 30352 | 03-02-09 | \$ 25 | |
| 30354 | 03-02-09 | 25 | |
| 30355 | 03-02-09 | 31 | |
| 30359 | 03-02-09 | 115 | |
| 30407 | 03-12-09 | 115 | |
| 30433 | 03-19-09 | | \$ 115 |
| 30434 | 03-19-09 | | 25 |
| 30435 | 03-21-09 | | 115 |
| 30436 | 03-20-09 | | 25 |
| 30437 | 03-20-09 | | 50 |
| 30438 | 03-20-09 | | 115 |
| 30439 | 03-20-09 | 50 | |
| 30440 | 03-20-09 | | 115 |
| 30441 | 03-20-09 | 20 | |
| 30442 | 03-21-09 | | 115 |
| 30443 | 03-23-09 | | 25 |
| 30445 | 03-23-09 | | 25 |
| 30446 | 03-23-09 | 25 | |
| 30447 | 03-23-09 | 115 | |
| 30448 | 03-24-09 | | 115 |
| 30449 | 03-24-09 | | 33 |
| 30450 | 03-24-09 | 115 | |
| 30451 | 03-24-09 | | 33 |
| 30452 | 03-25-09 | 25 | |
| 30453 | 03-25-09 | | 115 |
| 30454 | 03-25-09 | 25 | |
| 30455 | 03-25-09 | 115 | |
| 30456 | 03-25-09 | 25 | |
| 30457 | 03-25-09 | | 115 |
| 30458 | 03-25-09 | | 30 |
| 30459 | 03-26-09 | 15 | |
| 30460 | 03-26-09 | | 115 |
| 30461 | 03-26-09 | | 115 |
| 30462 | 03-26-09 | 40 | |
| 30463 | 03-26-09 | 40 | |
| Net Deposits Short | | <u>25</u> | <u>-</u> |
| Sub - Total | | <u>946</u> | <u>1,396</u> |
| Total | | <u>\$ 2,342</u> | |

COUNTY ANIMAL SHELTER
JOHNSON COUNTY
EXIT CONFERENCE

Contact was made with Cheryl Long, former Co-Interim Animal Shelter Warden, via phone, on September 15, 2011; Ms. Long declined to discuss the comments.

The contents of this report were discussed on September 15, 2011, with Michael Delp, Animal Shelter Warden; and Kathleen Hash, Johnson County Attorney.

The contents of this report were communicated via email on September 19, 2011, with Emily Williamson, former Animal Shelter Warden. The official response has been made a part of this report and may be found on pages 10 and 11.



Miles Law Office, P.C.

Carrie J. Miles, Attorney at Law

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317-736-8600 phone • 317-736-8690 fax

September 28, 2011

State Board of Accounts
302 West Washington St., Rm E 418
Indianapolis, IN 46204

RE: Dr. Emily Williamson, D.V.M.

Dear State Board of Accounts:

I am an attorney who represents Dr. Emily Williamson. Please find enclosed her Official Response to Audit Report of Animal Shelter in Johnson County, Indiana. If you have any questions, please call my office.

Sincerely,

Carrie J. Miles

CJM/dkr
Enclosure

September 27, 2011

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204

RE: OFFICIAL RESPONSE to Audit Report of Animal
Shelter, Johnson County, Indiana January 1, 2008 to
April 22, 2009

Dear State Board of Accounts:

Please accept the following as an "OFFICIAL RESPONSE" on behalf of Dr. Emily Williamson to the aforementioned Audit Report:

Dr. Emily Williamson was requested to act as interim Animal Shelter Warden in 2007. The County Commissioners knew she had a full time veterinary practice, and that she would not be at the shelter each day.

An audit was performed with results being provided to the Animal Shelter in the summer of 2008. Dawn Phelps, a part-time bookkeeper, informed Dr. Williamson of the findings. Based upon the audit, Dr. Williamson instituted a policy requiring the employee working the cash register to provide receipts to all customers, to place all money in the cash register, and to deposit all money into the safe at the end of each day. Dr. Williamson assigned Michael Delp the responsibility of removing the receipts from the safe and taking the deposit to the bank each day.

Dr. Williamson believed that only Michael Delp, Dawn Phelps, and Cheryl Long had the combination to the safe. Dr. Williamson never handled any money at the shelter, and never had the combination to the safe. Dr. Williamson observed Mr. Delp taking deposits, and was unaware the deposits were not being made in a timely manner. Mr. Delp reported to her that the deposits were being made each day as required. He failed to report to her the discovery of receipts/deposits in the shelter van (referred to in the Audit). Dr. Williamson was not made aware of any missing funds and/or deposits until April, 2009.

Respectfully submitted,



Dr. Emily Williamson, D.V.M.

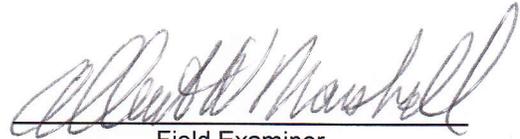
COUNTY ANIMAL SHELTER
JOHNSON COUNTY
SUMMARY

| | <u>Charges</u> | <u>Credits</u> | <u>Balance Due</u> |
|---|-----------------|----------------|--------------------|
| Cheryl Long, former Co-Interim Animal Shelter Warden: Undeposited Receipts, page 4 | <u>\$ 2,342</u> | <u>\$ -</u> | <u>\$ 2,342</u> |

AFFIDAVIT

STATE OF INDIANA)
)
_____ COUNTY)

I, Albert Marshall, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the County Animal Shelter, Johnson County, Indiana, for the period from January 1, 2008, to April 22, 2009, is true and correct to the best of my knowledge and belief.



Field Examiner

Subscribed and sworn to before me this 2nd day of November, 2011.



(Notary Public)

My Commission Expires: June 23, 2016
County of Residence: Hendricks

