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DEPARTMENT OF AUDITOR-CONTROLLER

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October 14, 2004

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **DEPARTMENT OF ANIMAL CARE AND CONTROL FISCAL REVIEW**

We have completed a review of the Department of Animal Care and Control (DACC or Department) fiscal operations. Our review focused on evaluating the Department's internal controls and compliance with County fiscal policies and procedures in key areas such as revenue, expenditures, procurement, and payroll/personnel. We also reviewed the Department's budgetary performance, and use of revolving funds and trust funds.

Summary of Findings

Budget Compliance

The Department consistently operated within its budget and expended less than its budgeted Net County Cost for the three-year period ended June 30, 2004.

Administrative and Financial Controls

The Department needs to improve its administrative and financial controls in several areas including procurement, revolving funds, trust funds and payroll/personnel.

We also noted that, when the Department evaluated its internal controls using the Internal Control Certification Program (ICCP), controls were certified as being in effect when they were not. Many of the internal control weaknesses discussed in this report could have been identified and corrected if the Department had properly completed the ICCP as required. The self-assessment process is an important financial oversight tool for management and DACC needs to give it a higher priority.

The following are examples of areas where improvements can be made in the Department's administrative and financial control practices.

Procurement

The Department is not in compliance with County procurement guidelines in a number of areas. For example, the Department did not consistently obtain and document the necessary price quotes. The Department also split purchasing transactions in order to make it appear that they were not exceeding their delegated authority of $5,000, and they did not report repetitively purchased items to the Internal Services Department (ISD) to establish agreements for these items. In addition, the Department does not use vendor codes to the fullest extent possible when processing online vendor payments.

Revolving Funds

The Department maintains a $5,000 revolving fund checking account. In our review of revolving fund transactions, we noted a number of instances of non-compliance with the County's fiscal policies and deficiencies in the internal controls over this revolving fund. For example, the revolving fund was used to purchase items that should have been processed through the purchase order process and purchases were made in excess of the maximum amount allowable for revolving funds.

Trust Funds

The County Fiscal Manual (CFM) requires departments to reconcile their trust records to the County's centralized accounting records. The Department does not reconcile its trust funds, which have a combined balance of $1.8 million. By not reconciling the Department's trust funds, the Department cannot detect and correct any errors or irregularities. For example, one trust fund we reviewed had a liability balance of $747,813. The balance resulted from an incorrect posting to the account in 1992 which the Department had never detected.

We also noted the Department maintains a donation trust fund with a balance of approximately $315,000 as of June 30, 2004. The Department does not have a spending plan or timeframe to use these trust funds.

Payroll / Personnel

The Department's security controls over payroll need to be strengthened. For example, the Department has not established payroll processing centers so that payroll and personnel staff do not have access to their own payroll/personnel information in the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS). The Department also needs to incorporate more of CWTAPPS' automated features in the Department's payroll operations. For example, the Department continues to maintain manual master time cards on which they account for employee earned leave, leave usage and leave balances instead of using the CWTAPPS automated master time card.

Details of these and other audit findings and recommendations are included in the attached report.

Fixed Assets & Portable Equipment

The department maintains sufficient controls over its fixed assets and portable equipment items.

Warehouse Controls

The department maintains adequate perpetual inventory records and conducts physical inventories every six months.

Acknowledgment

We thank DACC management and staff for their cooperation and assistance during our review. We discussed the results of our review with DACC management. The Department's detailed response (attached) indicates general agreement with our recommendations.

If you have any questions regarding this report, please contact me or have your staff contact Terri Kasman at (626) 293-1121.

JTM:DR:JK
Attachment

c: David E. Janssen, Chief Administrative Officer
Marcia Mayeda, Director, Department of Animal Care and Control
Violet Varona-Lukens, Executive Officer
Public Information Officer
Audit Committee

Los Angeles County

Department Of Animal Care and Control

Fiscal Review

October 2004

Prepared by:

The Department of Auditor-Controller

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Department of Animal Care and Control
Fiscal Review

Comments and Recommendations

Scope

Our review focused on evaluating the Department of Animal Care and Control's (DACC or Department) internal controls and compliance with County fiscal policies and procedures in key areas such as revenue/cash, expenditures, procurement, and payroll/personnel. We also reviewed the Department's budgetary performance, trust funds and fixed assets.

Background

The Department of Animal Care and Control is one of the largest animal care and control agencies in the United States with a Fiscal Year (FY) 2003-04 budget of $18.8 million and 281 budgeted positions. The Department's six animal shelters serve all unincorporated County areas and 51 contract cities, covering more than 3,200 square miles. The Department provides animal control and rescue services 24 hours a day, seven days a week.

The Department, operating under State law and the County Ordinance, provides for rabies vaccination, licensing of dogs and cats, and the public safety-related removal and impoundment of domestic animals and livestock in the unincorporated areas of the County and in contract cities. The Department's shelters offer a variety of potential pets for adoption. The Department offsets its costs by generating revenue from pet licenses, contract city income, plus fees, fines and penalties collected for animals in the shelters.

County Internal Control Certification Program

County Code Section 2.10.015 requires County departments to annually evaluate their fiscal controls using the Internal Control Certification Program (ICCP). The ICCP program is intended to give departments the ability to assess their own internal controls and take corrective action to ensure compliance with County policies and standards.

When the Department evaluated its fiscal controls using the ICCP, management certified controls were in effect when they were not. Many of the internal control weaknesses discussed in this report may have been identified if the Department had correctly completed its ICCP.

Further, we noted that in January 1996, our office granted the Department's request to conduct biennial rather than annual ICCP reviews. Because of the number of internal control weaknesses we identified and noted in this report, the Department should conduct annual ICCP reviews until required controls are reliably implemented.

Recommendation

1. **Department management conduct annual ICCP reviews in accordance with the ICCP procedures and ensure the accuracy of the information before submitting the ICCP to the Auditor-Controller.**

Budgeting

Budgetary Control and Adherence to the County Budget

The Department uses one budget unit to monitor and report its General Fund operations for its five branches: Human Resources Branch, Special Services Branch, Fiscal & Animal License Branch, Animal Care & Control Branch and Veterinary Branch. Based on its size, one budget unit is appropriate for DACC.

In examining the Department's adherence to its General Fund budget, we compared the Department's actual financial results to its budgeted amounts for FYs 2001-02, 2002-03, and 2003-04. The results are summarized below:

Budget to Actual Financial Results
Fiscal Year 2003-2004

	Budget	Actual	Over or <Under> Budget
Expenditures	$18,822,000	$18,124,605	<$ 697,395>
Intrafund transfers	$0	<$ 10,294>	<$ 10,294>
Revenue	$12,108,000	$11,665,221	<$ 442,779>
Net County Cost	$ 6,714,000	$ 6,449,090	<$ 264,910>

Budget to Actual Financial Results
Fiscal Year 2002-2003

	Budget	Actual	Over or <Under> Budget
Expenditures	$18,532,000	$17,266,717	<$1,265,283>
Intrafund transfers	$0	$0	$0
Revenue	$12,077,000	$11,461,205	<$ 615,795>
Net County Cost	$ 6,455,000	$ 5,805,512	<$ 649,488>

Budget to Actual Financial Results
Fiscal Year 2001-2002

	Budget	Actual	Over or <Under> Budget
Expenditures	$17,303,000	$16,105,710	<$1,197,290>
Intrafund transfers	<$40,000>	$0	$40,000
Revenue	$11,378,000	$11,517,298	$139,298
Net County Cost	$5,885,000	$4,588,412	<$1,296,588>

Overall, DACC has operated within its budgeted Net County Cost (NCC). In Fiscal Years 2001-02, 2002-03 and 2003-04, the Department's NCCs were approximately 22%, 10% and 4% below budget, respectively.

The variance between budgeted NCC and actual NCC for these three fiscal years can largely be attributed to delays in spending budgeted funds for the Department's new headquarters facility and other capital projects.

In reviewing DACC's budget preparation process, we noted the Department does not review actual versus budget variances incurred in one year to better estimate budgeted amounts for the subsequent year, as required by the Chief Administrative Office (CAO). As a result, errors in estimating budgeted amounts from prior years can go undetected. For example, for FY 2002-03, the Department incorrectly budgeted approximately $2.5 million in its Personnel Services revenue account that should have been budgeted in the Department's Charges for Services revenue account. The Department correctly recorded this revenue in the Charges for Services revenue account, but because it did not investigate the actual versus budget variance, it repeated the error in its FY 2003-04 budget.

DACC should prepare its budget in accordance with the CAO's instructions.

Recommendation

2. DACC prepare its budget in accordance with the CAO's instructions.

Revenue

On April 29, 2003, the Board of Supervisors directed the Auditor-Controller to review DACC's cash collection and cash handling processes for animal licensing and the appropriateness of the Department's animal licensing fees. The results of our review were reported in a separate report to the Board dated July 15, 2003. In our current review, we evaluated the Department's revenue accruals, as noted below.

Revenue Accruals

If a department provides a service in one fiscal year, but does not expect to receive payment until the next fiscal year, the amount of revenue to be received should be recorded as an account receivable in the year the Department performed the service. Revenue accruals ensure that revenue is reported in the year in which it is earned. We reviewed the Department's revenue accruals and found that the DACC accurately records its accounts receivable.

Expenditure Accounting

Expenditure Accruals

Departments should accrue expenditures and the related accounts payable when goods received in one fiscal year will not be paid for until the next fiscal year. The Auditor-Controller provides instructions to departments on how to account for and report these liabilities at the end of each fiscal year to help ensure the County has accurate records of its financial position and the results of operations.

DACC did not establish any accounts payable at the end of FY 2001-02. We reviewed 20 payments totaling $13,568, made by DACC during the first quarter of FY 2002-03 and charged against the FY 2002-03 appropriation, and noted that eight (40%) payment vouchers totaling $5,950 were for goods received prior to June 30, 2002. DACC should have recorded the payments as an expenditure accrual to be charged against its FY 2001-02 appropriation.

DACC management should ensure accounts payable are properly established and monitored, and that prior year expenses are paid with prior year appropriations, not current year appropriations.

Recommendation

3. **Department management ensure accounts payable are properly established and monitored, and that prior year expenses are paid with prior year appropriations, not current year appropriations.**

Commitments

Commitments represent funds reserved to pay for future obligations on contracts and direct purchase orders. They differ from accounts payable in that the goods and services have been contracted for but not yet received. Leaving unnecessary commitments on the books understates the year-end fund balance available to help finance the following year's budget. CFM Section 4.3.1 requires departments to review outstanding commitment balances and cancel those that no longer represent obligations.

DACC does not annually review its commitment balances and cancel any that are not needed. For FY 2002-03, the Department reported eight commitments totaling approximately $42,000. Seven (88%) of the eight commitments, totaling approximately $15,000, were established in FY 2000-01. The remaining commitment balance of $27,000 was established in FY 2001-02. According to DACC, it should have canceled the seven commitments at the end of FY 2001-02, as the Department received the goods and made its final payments to the vendors in FY 2001-02.

DACC management needs to annually review outstanding commitment balances and cancel amounts that are not needed.

Recommendation

4. **Department management annually review outstanding commitment balances and cancel amounts that are not needed.**

Procurement

The Department's Procurement unit is responsible for purchasing services and supplies for the Department, including reviewing requisitions, obtaining price quotes, reviewing invoices for accuracy and comparing invoices to purchase orders and receiving reports before authorizing payment. For FY 2002-03, the Department's services and supplies budget was approximately $4.5 million.

Non-Agreement Vendor Purchases

Non-agreement vendor purchase orders should only be used when purchasing supplies that are not provided by agreement vendors. County guidelines require that purchases over $5,000 from vendors who do not have a purchasing agreement with the County be submitted on a requisition to the ISD. County guidelines also require departments to obtain at least three price quotes for each purchase ranging from $1,500 to $5,000. ISD purchasing rules require departments to monitor and notify ISD of items that are purchased regularly (generally, more than six times per year, totaling $20,000 or more) that may warrant having an agreement.

In addition, CFM Section 4.3.1 states that splitting of invoices to circumvent the assigned purchase/payment limit is prohibited, and ISD's Purchasing and Contracts bulletin states that blanket purchase orders cannot be fragmented or otherwise split to bypass established County purchasing solicitation requirements.

DACC does not always adhere to County purchasing guidelines. We reviewed 20 non-agreement purchases and noted the following:

- For five (83%) of the six purchases in excess of $1,500, the Department documented obtaining only one bid, not three as required. Management stated

that some staff were unaware of the County's guidelines to obtain and document three price quotes.

- Five purchases, totaling $6,088, were made from the same vendor on the same day for similar items (e.g., medical equipment, forceps, clamps, etc.). The purchases exceeded the Department's delegated purchasing authority of $5,000 and required ISD's approval. DACC management stated that staff had split the purchases in order to give the appearance that they did not exceed the Department's delegated purchasing authority.

- The Department does not report repetitively purchased items to ISD. For example, we identified 43 non-agreement purchases of similar items totaling $26,000 from a single vendor. Management stated that some staff members were unaware of the County's guidelines to report repetitively purchased items to ISD. The Department should have worked with ISD to establish an agreement with a vendor for these frequently purchased items.

Department management needs to ensure that staff adheres to County purchasing policies and obtains and documents at least three price quotes for non-agreement purchases over $1,500. Management should instruct its procurement staff to not split purchases to circumvent the Department's delegated purchasing authority and to contact ISD to establish agreements for frequently purchased items. In addition, Department management needs to monitor the Department's procurement activities to ensure that staff complies with County purchasing policies.

Recommendations

Department management:

5. **Ensure that staff adheres to County purchasing policies and obtains at least three price quotes for non-agreement purchases over $1,500.**

6. **Instruct procurement staff to not split purchases to circumvent the Department's delegated purchasing authority.**

7. **Instruct procurement staff to contact ISD to establish agreements for frequently purchased items.**

8. **Monitor the Department's procurement activities to ensure that staff complies with the County purchasing policies.**

Use of Vendor Codes

Departments should use assigned vendor codes whenever possible when reporting expenditures on the Countywide Accounting and Purchasing System (CAPS). Vendor codes are six digit numbers used by CAPS to identify specific vendors. Using vendor

codes minimizes data entry time and improves fiscal accountability and financial reporting. Also, it provides more accurate financial information to help the County negotiate better agreements with vendors. The miscellaneous vendor code should only be used for payments to employees or if the Department is fairly certain that they will not make any future payments to the vendor.

During FY 2002-03, the Department processed 468 miscellaneous vendor transactions. Our review disclosed that the Department should have established vendor codes for 302 (65%) of these transactions, as the Department made two or more purchases from these vendors. In addition, we noted that vendor codes existed for the remaining 166 (35%) transactions, but the Department did not use them.

Department management should request the Auditor-Controller to establish vendor codes for vendors from whom the Department makes two or more purchases. In addition, the Department should emphasize to staff the need to use the appropriate vendor code and monitor staff to ensure compliance.

Recommendations

Department management:

9. **Request the Auditor-Controller to establish vendor codes for vendors from whom the Department makes two or more purchases.**

10. **Emphasize to staff the need to use the appropriate vendor code and monitor staff to ensure compliance.**

Vendor Payments

CFM Section 4.3.1 states that vendor invoices must be properly matched with a receiving report/shipping document before payment is processed. CFM Section 4.3.4 states that an invoice must be approved by personnel who have direct knowledge that the goods or services were received before the invoice is paid. In addition, processed invoices should be marked as "paid" to help prevent duplicate vendor payments.

We reviewed a sample of 20 vendor payments and noted that for four (20%) payments, accounts payable staff did not match a receiving report/shipping document to the vendor invoice before processing the payment. The staff stated this was an oversight. Subsequently, the Department provided documentation that indicated the goods were actually received. However, without matching the appropriate documentation, accounts payable staff cannot ensure goods were received prior to paying the vendors. We also noted that the Department did not mark the 20 invoices as "paid."

Department management needs to ensure that the receipt of goods or services is verified by a receiving report approved by personnel who have direct knowledge that the

goods or services were received before the invoice is paid. Department management also needs to ensure that vendor invoices are marked "paid" after they are processed.

Recommendations

Department management:

11. **Ensure that the receipt of goods or services is verified by a receiving report approved by personnel who have direct knowledge that the goods or services were received before the invoice is paid.**

12. **Ensure that vendor invoices are marked "paid" after they are processed.**

Vendor Discounts

We selected a sample of 15 invoices from vendors who offered discounts during FY 2002-03 and noted that the Department did not take advantage of discounts, totaling $98, on eight (53%) invoices. DACC management stated that their accounts payable staff were new and unaware of the available discounts. Although the dollar amount of the lost discounts was small, by not taking advantage of available vendor discounts, the County is not getting the lowest price available for goods and services. DACC management should ensure accounts payable staff takes advantage of vendor discounts when discounts are available.

Recommendation

13. **Department management ensure accounts payable staff takes advantage of vendor discounts when discounts are available.**

Separation of Duties

CFM Section 4.1.3 requires departments to ensure that an adequate system of checks and balances (separation of duties) exists to minimize the risk of fraud and abuse in the procurement process. At a minimum, the requesting, approving, receiving and payment approval functions should be separated.

DACC does not maintain adequate separation of duties over its procurement process. DACC's Procurement Supervisor stated that he both prepares purchase orders and has responsibilities for certifying goods received.

DACC management should ensure that an adequate separation of duties exists for the requesting, approving and receiving functions.

Recommendation

14. Department management ensure that an adequate separation of duties exists for the requesting, approving and receiving functions.

Revolving Funds

A revolving fund is a predetermined amount of money maintained on an imprest basis that is available for use by departments in carrying out official County business. A revolving fund can be used to make change or to purchase goods and services which are legal and authorized charges against the County.

The Department has $7,500 in revolving funds. These consist of a $5,000 checking account that the Department uses exclusively to expend monies from the Department's Donation Trust Fund, a petty cash fund of $1,625 at the Department's administration headquarters, and $875 in change funds.

Revolving Fund Purchasing Plan

CFM Section 4.4.0 requires departments to prepare a written Revolving Fund Purchasing Plan outlining the fund's purpose and dollar amount, as well as certifications that the Department has established appropriate controls over the fund. These controls are necessary in order to ensure that departments maintain proper accountability and security over all revolving fund monies and to ensure revolving funds are only used for authorized purposes. The Auditor-Controller's Audit Division is responsible for reviewing and approving the Plan. However, the Department was unable to provide us with a copy of the written Plan for its revolving funds.

Recommendation

15. Department management develop a Revolving Fund Purchasing Plan as soon as possible and submit it to the Auditor-Controller Audit Division for review and approval.

Revolving Fund Checking Account

CFM Section 4.4.1 states that the departmental revolving fund purchasing authority is intended to supplement, not replace, various vendor and other Blanket Purchase Order procedures. Revolving funds are not to be used to purchase items available on agreement blanket purchase orders unless absolutely necessary and ISD approval is obtained. In addition, the CFM includes a number of internal controls over disbursements from revolving funds. These include a limit of $1,000 for any single revolving fund transaction and a requirement that check stock must have "Not good for over $1,000" printed on the face of the check. In addition, the fund custodian must obtain and review supporting documentation for all disbursements made from the

revolving fund and documentation supporting the expenditures must be marked "paid" to prevent subsequent reuse.

We reviewed 30 revolving fund checking account transactions processed by the Department and noted that the Department does not always comply with the County's fiscal policies and internal controls over the checking account. Specifically, we noted:

- Eight (27%) transactions involved approximately $13,000 in advances to DACC staff to pay vendors directly for goods and services. For example, three transactions totaling $8,774 involved advances to a DACC Shelter manager to pay for improvements to the facility (i.e., painting, construction of a cat atrium, and steel doors). Several weeks after the manager received the advances, the manager paid the vendors directly using personal checks.

  DACC staff provided documentation that indicated the full advanced amounts were spent. However, the Department was unable to provide documentation to support the need to issue the advances to staff and circumvent the County's procurement processes. By circumventing the County's procurement process, the Department may not get the lowest price available for goods and services purchased. In addition, since the staff paid the vendors directly by cash or personal checks, the amount paid to the vendors will not be reported on their annual 1099 form generated by the County at the end of the tax year. By not accurately reporting 1099 information, the County may be in violation of federal tax reporting laws.

- Twenty-two (73%) of the purchases exceeded the allowable $1,000 maximum. The transactions ranged from $1,100 to $5,300. The revolving fund check stock did not have "Not good for over $1,000" printed on the face of the check. This control alone would have prevented the Department from using the revolving fund to circumvent County procurement practices.

- Five (17%) transactions, totaling $5,362, did not have sufficient documentation to support the expenditure (e.g., receipts, invoices, etc.).

- The vendors' invoices for 19 (63%) transactions were not marked "paid" after the invoice had been paid.

The Department needs to strengthen its controls over revolving fund transactions. Department management needs to ensure that staff does not use the revolving fund checking account to circumvent the County's procurement standards and needs to monitor staff for compliance. In addition, the Department needs to ensure revolving fund check stock contains the phrase "Not good for over $1,000" printed on the face of each check. The Department also needs to ensure that it only pays expenditures that are supported with appropriate documentation (e.g., a receipt or invoice) and ensure that upon payment staff marks the supporting documentation "paid."

Recommendations

Department management:

16. **Ensure that staff does not use the revolving fund checking account to circumvent the County's procurement standards, and monitor staff for compliance.**

17. **Ensure revolving fund check stock contains the phrase "Not good for over $1,000" printed on the face of each check.**

18. **Require staff to only pay expenditures that are supported with appropriate documentation (e.g., a receipt or invoice).**

19. **Ensure that staff, upon payment from the revolving fund checking account, marks the supporting documentation "paid."**

Separation of Duties

CFM Section 1.2.3 states that an individual with no deposit or check writing responsibilities must perform a formal (written) reconciliation for each bank account. In addition, authorized check signers should not have access to the blank check stock.

At DACC, the employee who receives bank statements and reconciles the revolving fund checking account also writes revolving fund checks and makes deposits. In addition, the Department's Fiscal Officer, who is not the custodian of the checks but who is an authorized signer, has access to the blank check stock. This could result in the issuance of unauthorized checks and the theft of County funds. Department management should assign an employee with no deposit or check writing responsibilities to perform the formal bank reconciliation. In addition, Department management should limit access to the secured blank check stock to the custodian of the check stock.

Recommendations

Department management:

20. **Assign an employee with no deposit or check writing responsibilities to perform the formal bank reconciliation.**

21. **Limit access to the secured blank check stock to the custodian of the check stock.**

Petty Cash Fund

CFM Chapter 4 permits the use of petty cash funds when emergencies exist, prepayment is required, immediate payment will result in a cost savings, a purchasing advantage can be achieved or when the payment amount is $25 or less. In addition, departments must maintain documentation to support the reason for using the petty cash fund to make the purchase and, per CFM Section 4.4.2, ensure that the purchases received the appropriate level of approval. The Department must mark the petty cash supporting documentation "paid" to prevent subsequent reuse of the documents. CFM Section 1.6.3 also requires departments to conduct cash counts at frequent intervals.

We noted that the Department needs to strengthen its controls over the use of the petty cash fund maintained at its administration headquarters. We reviewed a sample of 35 petty cash transactions and noted the following:

- For all 35 (100%) of the petty cash transactions, the Department did not document the justification for using petty cash or identify the individuals that were reimbursed with petty cash funds. In one instance, the Department paid a vendor $927 with cash from the petty cash fund for shelving at DACC's headquarters. This transaction should have been processed through the County's formal procurement process as the transaction did not fall under any of the permissible exemptions discussed above.

- For 22 (63%) of the petty cash transactions, the Department did not obtain appropriate approvals required by CFM Section 4.4.2. Management stated certain fiscal staff involved in processing these transactions were, at the time, recent hires and were unaware of this requirement.

- For all 35 (100%) of the petty cash transactions, the invoices or receipts used to document the expenditures were not marked "paid" to prevent reuse.

Department management stated that they did not conduct surprise cash counts of the petty cash fund because they were unaware of the CFM requirement. We conducted a surprise cash count of the Department's petty cash fund, which did not disclose any discrepancies.

Department management needs to ensure that all petty cash transactions are documented valid expenditures with the appropriate level of approval. Department management also needs to ensure that all invoices to document petty cash purchases are marked "paid" and that staff not having cash handling responsibilities should conduct periodic cash counts.

Recommendations

Department management:

22. **Ensure that all petty cash transactions are documented valid expenditures with the appropriate level of approval.**

23. **Ensure that all invoices to document petty cash purchases are marked "paid."**

24. **Ensure staff not having cash handling responsibilities conduct periodic cash counts.**

Statement of Responsibility

CFM Section 1.6.3 states that custodians of all revolving funds, including sub-assignments, sign a Statement of Responsibility form, updated at least annually, or whenever fund custodians change, specifying the amount of the assigned fund for which they are responsible. In addition, CFM Section 1.6.7 requires the Statement of Responsibility form to include the amount of the assignment, the custodian's name and signature, the secondary custodian's name and the supervisor's signature approving the form.

We noted that DACC does not properly maintain Statement of Responsibility forms for all the custodians of the revolving fund checking account, petty cash fund or change funds. The Statement of Responsibility forms that were maintained were not updated annually and were over two years old. In addition, the forms used by the Department do not contain the required information, i.e., the custodian's signature, the signature of the supervisor approving the form, the name of the secondary custodian, etc.

Department management needs to ensure that all employees who have custody of revolving funds annually sign a Statement of Responsibility form that includes the appropriate information and to retain the form in the department's business office. Department management also needs to ensure that the Statement of Responsibility form includes the appropriate information.

Recommendations

Department management:

25. **Ensure that all employees who have custody of revolving funds annually sign a Statement of Responsibility form and retain the form in the department's business office.**

26. **Ensure the Statement of Responsibility form includes the appropriate information.**

Trust Funds

DACC maintains the following trust funds:

- TQ1 "Donations Trust Fund-Animal Control"
- V43 "Animal Control-Treasurer Tax Collector in Transit"

The Department also has six accounts (one for each shelter) within the TK9 trust fund - "County's Sales Tax Trust Fund." The TK9 accounts (7039, 7040, 7041, 7042, 7043, 7044) were set up to account for sales tax collections payable to the State. As of June 2003, the Department's trust funds and TK9 accounts had a combined balance of approximately $1.8 million.

Trust Fund Reconciliation

CFM Section 2.3.0 requires departments to reconcile their internal trust records to CAPS monthly. The reconciliations must be reviewed and approved by the departments' fiscal or accounting officer. All reconciling items must be followed up and resolved promptly.

DACC does not reconcile its trust fund records to CAPS. The Department's fiscal officer stated that a current reconciliation did not exist and that he could not recall the last time the Department reconciled its trust records to CAPS. When the Department does not reconcile its trust records to CAPS, undetected overages, shortages, or errors may exist and remain undetected. For example, we found a posting error in DACC's V43 trust fund, which resulted in a trust liability of $747,813. The error occurred in 1992 and had not been detected by the Department. Subsequent to our review, the Auditor-Controller's Accounting Division corrected the posting error.

DACC management should ensure that appropriate staff reconciles the Department's trust funds and TK9 accounts to CAPS monthly and that the Department's chief fiscal officer reviews and approves the reconciliations.

Recommendation

27. Department management ensure that appropriate staff reconciles the Department's trust funds and TK9 accounts to CAPS monthly and that the Department's fiscal officer reviews and approves the reconciliations.

Inactive Trust Fund

CFM Section 2.1.3 requires departments to close trust funds when the need for the trust fund no longer exists. The Department's fiscal officer stated that the Department does not annually review its TK9 accounts. We noted that DACC's TK9 accounts, which

have a combined negative balance totaling $1,148, have been inactive for over two years. The accounts were used to temporarily hold sales tax DACC collected for animal related items (e.g., vaccinations) on behalf of the State. However, as of January 1, 2000, the State no longer required the Department to collect sales tax on these items. Accordingly, the Department should reconcile its TK9 trust accounts, disposition the balances, and request the Auditor-Controller to close the accounts.

Recommendation

28. Department management reconcile its TK9 trust accounts, disposition the balances, and request the Auditor-Controller to close the accounts.

Donation Trust Fund Revenue

The Department's Donation Trust Fund balance was approximately $315,000 as of June 30, 2004. From July 2001 to June 2003, the Department collected approximately $474,000 in donations and spent approximately $197,000 to improve the well-being of animals under the care of the Department. We noted that the Department does not have a spending plan or timeframes to use the Donation Trust Fund monies. We believe that donors would expect the Department to use these funds in a timely manner for the purpose specified by the donor.

Department management needs to develop a spending plan to use the donated funds timely. The plan should identify specific projects along with their planned timeframes for using the funds.

Recommendation

29. Department management develop a spending plan to use donated funds timely.

Foundations

The Department is affiliated with one foundation, the Los Angeles County Animal Care Foundation (Foundation). The Foundation is a "reportable foundation," as defined in CFM Section 15.1.2, because the Foundation donates funds to the Department and the Department incurs costs in maintaining the relationship with the Foundation.

Incorporated in 1983, the Foundation is a non-profit organization established for the sole purpose of assisting and promoting the programs of DACC. For example, the Foundation pays up to $10,000 for each spay/neuter clinic DACC organizes. When the Department's current Director was appointed in November 2001, she discovered the Department did not have a Board-approved agreement with the Foundation, as required by CFM Section 15.1.3.1, and suspended DACC's relationship with the Foundation. In December 2002, DACC resumed its relationship with the Foundation when the Board approved a formal agreement between DACC and the Foundation.

The Foundation collects approximately $300,000 annually through donations and various fund raising activities.

Monitoring Foundation Activities

CFM Section 15.1.3 requires departments to monitor foundation activities to ensure relationships are cost-beneficial.

Per the agreement, the Foundation is to provide the Department with quarterly financial reports. However, we noted that the Foundation provides reports sporadically and the reports cover disparate periods. This limits the Department's ability to monitor the Foundation's activities to ensure the relationship is cost-beneficial. The Department should require the Foundation to provide quarterly financial reports as stipulated in the agreement.

Recommendation

30. Department management require the Foundation to provide quarterly financial reports as stipulated in the agreement.

Sale of Foundation Merchandise

The Department is closely involved with the Foundation's fundraising efforts, particularly in selling merchandise provided by the Foundation. In some instances, the Department sells Foundation merchandise on consignment. However, in other instances, the Department purchases merchandise from the Foundation at a markup over the Foundation's cost to resell to the public at no additional markup. For example, the Department purchases cat boxes from the Foundation at a $1.50 markup, per cat box, above the Foundation's cost. The Department sells the cat boxes (approximately 2,000 annually) to the public at the same price which it paid the Foundation. By paying the Foundation for more than its cost, the Department is in essence making a donation to the Foundation, which is an unnecessary use of County funds. The practice can also distort the Department's financial results depending on the time differences between the purchase and eventual sale of the merchandise. Department management should only sell Foundation merchandise on consignment.

Recommendation

31. Department management only sell Foundation merchandise on consignment.

Payroll and Personnel

The Countywide Timekeeping and Payroll/Personnel System (CWTAPPS) allows departments to process personnel actions (e.g., hires, changes in employee status, terminations, etc.) on-line. It also maintains a variety of employee data (e.g., birth

dates, hire dates, social security numbers, etc.) and employee work histories. CWTAPPS also automates the leave record keeping; including leave balances and the disposition of year-end leave balances.

CWTAPPS Processing Centers and Access Security

CFM Section 3.1.5 states that payroll/personnel sections should be set up so payroll and personnel staff does not have access to their own personnel/payroll information on CWTAPPS. In addition, County departments are to limit CWTAPPS access to the scope of the employee's job responsibilities. CFM Section 7.6.4 states that employees should not share access controls or passwords.

During our review, we noted that separate processing centers have not been established and the Department's six payroll/personnel employees have access to their own data. We also noted that two (33%) of the Department's six staff with CWTAPPS access have profiles that allow them to update payroll information, even though their current job responsibilities only require them to update personnel information.

In addition, we noted that a payroll clerk circumvents CWTAPPS access controls by accessing CWTAPPS' personnel function using another individual's user ID and password to update employee termination information (i.e., one employee signs on the system with his/her password, and then allows the other employee to access the system). The payroll clerk should not have access to the personnel function and her CWTAPPS user ID should appropriately be restricted to only the payroll function.

To strengthen internal controls over CWTAPPS information, DACC management should set up CWTAPPS processing centers so that payroll/personnel employees do not have access to their own data. In addition, DACC management should ensure that profile assignments are restricted to the scope of the employee's job responsibilities and that employees do not share their access to CWTAPPS to circumvent CWTAPPS access controls.

Recommendations

Department management:

32. **Set up CWTAPPS processing centers so that payroll/personnel employees do not have access to their own data.**

33. **Ensure that CWTAPPS profile assignments are restricted to the scope of the employee's job responsibilities.**

34. **Ensure that employees do not share their access to CWTAPPS to circumvent CWTAPPS access controls.**

System Security Policy

CFM Section 7.6.3 requires all employees with access to County computer data to acknowledge, in writing, that they have read and understand their security responsibilities. The Department has not established a formal, written security policy which employees can sign acknowledging their responsibilities. Department managers stated that they were unaware of this requirement. Department management needs to establish a formal, written security policy and require employees to sign acknowledging their responsibilities.

Recommendation

35. Department management establish a formal, written security policy and require employees to sign acknowledging their responsibilities.

Payroll Distribution

CFM Section 3.1.11 states that payroll warrants and direct deposit notices (DDN) must be received and distributed by persons having no other payroll or personnel responsibilities. In addition, payroll distribution payoffs (i.e., a process in which payroll warrants and notices of direct deposit are released to employees only after each employee has shown proper identification and has signed for the warrant/notice) should be conducted on an unannounced basis at least once every twelve months by personnel also with no other payroll or personnel responsibilities. These controls help to minimize the likelihood of fraud and to ensure payroll warrants and DDNs are generated for, and distributed to, bona fide employees.

At DACC, the payroll clerk who receives warrants for out-of-service employees also performs payroll duties and has access to CWTAPPS payroll information. In addition, the Department does not conduct payroll distribution payoffs. By not conducting payoffs, the Department may not detect instances in which payroll or personnel staff receives paychecks for terminated or fictitious employees.

Department management needs to ensure only personnel with no other payroll or personnel responsibilities are involved in the receiving, distributing, storing, or otherwise handling of warrants and direct deposit notices. Department management also needs to conduct payroll distribution payoffs on an unannounced basis at least once every twelve months using personnel with no other payroll or personnel responsibilities.

Recommendations

Department management:

36. **Ensure only personnel with no other payroll or personnel responsibilities are involved in the receiving, distributing, storing, or otherwise handling of warrants and direct deposit notices.**

37. **Conduct payroll distribution payoffs on an unannounced basis at least once every twelve months using personnel with no other payroll or personnel responsibilities.**

Employee Terminations

To ensure terminated employees are removed from the payroll and are not paid, personnel management or someone independent of entering job and time card adjustment data on CWTAPPS should trace the names of terminated employees to the Payroll Sequence Register for at least three consecutive months.

DACC management stated that the Department does not perform this function. We traced the names of 15 recently terminated employees to the Payroll Sequence Register for three consecutive months after the employees' termination dates and noted no inappropriate payments. However, by not performing this test on an ongoing basis, the Department may not detect instances in which terminated employees received pay after their termination date.

Recommendation

38. **Department management ensure that personnel management or other Department staff independent of entering job and time card adjustment data on CWTAPPS traces terminated employees' names to the Payroll Sequence Register for three consecutive months after termination.**

Personnel and Pay Period Bonuses

A personnel bonus represents an amount an employee is entitled to above the employee's base salary, such as out-of-class bonuses. Pay period bonuses (e.g., a bilingual bonus) represent additional compensation paid each pay period to employees possessing and using a special job skill.

To ensure accurate payments to employees, departments must comply with Auditor-Controller deadlines for processing personnel and payroll transactions into CWTAPPS. Failure to meet these deadlines could result in employees being paid incorrectly and the department being billed for additional CWTAPPS transactions. When bonus transactions are not entered timely, CWTAPPS' automatic retroactive processing features are triggered which create additional adjustment transactions.

DACC payroll staff do not process personnel and pay period bonuses in CWTAPPS in a timely manner which results in employee bonuses being paid late. We reviewed ten personnel bonuses and noted that DACC staff data entered four bonuses (40%) into CWTAPPS an average of 63 days after the Auditor-Controller deadline. We also reviewed 15 pay period bonuses (bilingual) in CWTAPPS and noted that the Department entered six (40%) of the 15 bilingual bonuses an average of 41 days past the Auditor-Controller deadline.

Department management needs to ensure personnel staff data enter bonus information into CWTAPPS to coincide with the Auditor-Controller's deadline schedule.

Recommendation

39. Department management ensure personnel staff data enter bonus information timely into CWTAPPS.

Supplemental Warrant Approval

Supplemental payroll warrants are issued when an employee is paid incorrectly or needs an Emergency Salary Advance. CFM Section 3.2.3 requires that someone independent of the personnel and payroll functions verify that written approval exists for each supplemental warrant issued. The Department stated they do not perform this verification. The Department should ensure that staff independent of personnel/payroll verifies that written approval exists for each supplemental warrant issued to ensure the warrant represents a valid payment.

Recommendation

40. Department management ensure that someone independent of the personnel and payroll functions verifies that written approval exists for each supplemental warrant issued.

CWTAPPS Master Time Card

The CWTAPPS master time card is the employee's official timekeeping record. CFM Section 3.1.6 states that with the implementation of CWTAPPS, manual master time cards are no longer required. We noted that the Department's Payroll staff continues to maintain manual master time cards on which they account for employee earned leave, leave usage, and leave balances. Staff stated that the manual master time cards allow them to view historical information in a more user-friendly format than CWTAPPS. However, maintaining manual master time cards in addition to the CWTAPPS master time card is a duplication of effort.

To improve the efficiency of the Department's payroll operations, the Department should require staff to discontinue maintaining manual master time cards and instead utilize the CWTAPPS master time card.

Recommendation

41. Department management require staff to discontinue maintaining manual master time cards and instead utilize the CWTAPPS master time card.

Time Card Approval Process

CFM Section 3.1.6 states that employees must certify the accuracy of their reported time by completing and signing their monthly/daily time records. Employees' supervisors must also certify the accuracy of employee time reported by signing the employees' time records. As supervisors sign subordinates' time cards, they should be checking for the validity of hours charged, the overall completeness of the time card and the employees' signature. Modifications to time cards must be initialed by the employee and the supervisor. After approving the time cards, supervisors should forward them directly to timekeepers. Approved original time cards should not be returned or accessible to employees.

We interviewed DACC supervisors to gain an understanding of the Department's time card approval process and to evaluate the controls in place to prevent unauthorized changes to approved time cards. The Department has adequate controls in place to ensure employees do not have access to approved time cards. However, during our review of 78 semi-monthly and 732 daily approved time cards, we noted 96 (12%) time cards with numerous changes to information that were not initialed by either the employee or the employee's supervisor indicating approval of the changes.

To ensure that both the employee and the employee's supervisor approve changes to time card information, Department management should ensure that the employee and the employee's supervisor initial any changes.

Recommendation

42. Department management ensure that the employee and the employee's supervisor initial any changes to time cards.

Fixed Assets and Portable Equipment

CFM Section 6.1.1 defines fixed assets as equipment costing $5,000 or greater at the time of acquisition and requires County departments to conduct an annual inventory of their fixed assets. County departments are also required to notify the Auditor-Controller Accounting Division when fixed assets assigned to the department are salvaged, stolen, lost, etc. CFM Section 6.1.1 defines portable items of equipment (portables) as equipment items that can be easily carried or moved. Portables that have a unit cost of less than $5,000 do not appear on the Auditor-Controller's Inventory Listing and must be controlled and accounted for by the department.

Most of DACC's assets are the 101 vehicles assigned to DACC's fleet. Other than vehicles, DACC has eight fixed assets. Overall, the Department maintains sufficient controls over its eight fixed assets and portable equipment items. The Department last conducted a fixed asset inventory and a portable equipment inventory in January 2003 and noted no discrepancies.

Warehouse Controls

CFM Section 5.2.6 requires departments to establish perpetual inventory records for large inventories, with additions and reductions of inventory items recorded as they occur, to the extent possible. In addition, departments must perform periodic reviews of inventory records to identify slow moving, obsolete, and/or overstocked items.

The Department maintains an inventory balance with a value of approximately $150,000, consisting primarily of veterinary and office supplies. We noted that the Department maintains adequate perpetual inventory records and conducts physical inventories in the warehouse every six months. In addition, the Department stores the inventory in a secured location with limited access.

MEMORANDUM

October 7, 2004

COUNTY OF LOS ANGELES ANIMAL CARE AND CONTROL

Marcia Mayeda
Director

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To: J. Tyler McCauley
Auditor-Controller

From: Marcia Mayeda
Director

Subject: Department of Animal Care and Control Fiscal Review

Our agency has completed its review of the Auditor-Controller's fiscal review of our fiscal operations which was submitted to us on October 7, 2004

We agree in general with the review's Summary of Findings and its recommendations. We also note that, in a number of instances, corrective action was initiated at the time the audit was being performed.

Our agency makes responses to each of the recommendations in the findings, including detailing various procedural changes if those have not already been implemented.

If you have any questions, please contact me at (562) 728-4610.

Attachment

Department of Animal Care and Control
Fiscal Review
Recommendations and Responses
October 7, 2004

RECOMMENDATION 1: Department management conduct annual ICCP reviews in accordance with the ICCP procedures and ensure the accuracy of the information before submitting the ICCP to the Auditor-Controller.

RESPONSE: The Department agrees with this recommendation and will submit ICCP reports on an annual basis.

RECOMMENDATION 2: DACC ensures it prepares its budget in accordance with the CAO's instructions.

RESPONSE: The Department agrees with this recommendation and will monitor the account code titles to make the correct postings.

RECOMMENDATION 3: Department management ensure accounts payable are properly established and monitored, and that prior year expenses are paid with prior year appropriations, not current year appropriations.

RESPONSE: Department management agrees with this recommendation and has taken corrective action to be in compliance.

RECOMMENDATION 4: Department management annually review outstanding commitment balances and cancel amounts that are not needed.

RESPONSE: Department management agrees with this recommendation and has taken corrective action to be in compliance.

RECOMMENDATIONS 5-8:

Department management:

5: Ensure that staff adheres to County purchasing policies and obtains at least three price quotes for non-agreement purchases over $1,500.

6: Instruct procurement staff to not split purchases to circumvent the Department's delegated purchasing authority.

7: Instruct the procurement staff to contact ISD to establish agreements for frequently purchased items.

8: Monitor the Department's procurement activities to ensure that staff complies with the County purchasing policies.

RESPONSE: Department management agrees with these recommendations and has taken corrective action to be in compliance.

RECOMMENDATIONS 9-10:

Department management:

9: Request the Auditor-Controller to establish vendor codes for vendors for whom the Department makes two or more purchases.

10: Emphasize to staff the need to use the appropriate vendor codes and monitor staff to ensure compliance.

RESPONSE: : Department management agrees with these recommendations and is assigning and monitoring the appropriate vendor codes.

RECOMMENDATIONS 11-12:

Department management:

11: Ensure that the receipt of goods or services is verified by a receiving report, shipping document, or the invoice is approved by personnel who have direct knowledge that the goods and services were received before the invoice was paid.

12: Ensure that vendor invoices are marked "paid" after they are processed.

RESPONSE: Department management agrees with these recommendations and has taken corrective action to be in compliance.

RECOMMENDATION 13:

Department management ensure accounts payable staff takes advantage of vendor discounts when discounts are available.

RESPONSE: Department management agrees with this recommendation and has taken corrective action to be in compliance.

RECOMMENDATION 14: Department management ensure that an adequate separation of duties exists for the requesting, approving and receiving functions.

RESPONSE: Department management agrees with this recommendation and is changing its procedures to be in compliance.

RECOMMENDATION 15: Department management develop a Revolving Fund Purchasing Plan as soon as possible and submit it to the Auditor-Controller Audit Division for review and approval.

RESPONSE: Department management agrees with this recommendation and will include a Revolving Fund Purchasing Plan as an element of a master spending plan for trust funds.

RECOMMENDATIONS 16-19:

Department management:

16: Ensure that staff does not use the revolving fund checking account to circumvent the County's procurement standards, and monitor staff for compliance.

17: Ensure the revolving fund check stock contains the phrase "Not good for over $1,000" printed on the face of each check.

18: Require staff to pay only expenditures that are support with appropriate documentation (e.g., a receipt or invoice).

19: Ensure that staff, upon payment from the revolving fund checking account, marks the supporting documentation "paid."

RESPONSE: Department management agrees with these recommendations and has taken corrective action to be in compliance.

RECOMMENDATIONS 20-21:

Department management:

20: Assign an employee with no deposit or check writing responsibilities to perform the formal bank reconciliation.

21: Limit access to the secure blank check stock to the custodian of the check stock.

RESPONSE: Department management agrees with these recommendations and has assigned these duties to be in compliance.

RECOMMENDATIONS 22-24:

Department management:

22: Ensure that all petty cash transactions are documented valid expenditures with the appropriate level of approval.

23: Ensure that all invoices to document petty cash purchases are marked "paid."

24: Ensure staff not having cash handling responsibilities over the specific fund being counted conduct cash counts.

RESPONSE: Department management agrees with these recommendations and is taking steps to develop a form identifying persons authorized to approve such purchases and track those purchases, with the appropriate separation of authority.

RECOMMENDATIONS 25-26:

Department management:

25: Ensure that all employees who have custody of revolving funds annually sign a Statement of Responsibility form and retain the form in the department's business office.

26: Ensure the Statement of Responsibility form includes the appropriate information.

RESPONSE: Department management agrees with these recommendations and is updating its forms and will monitor compliance on a quarterly basis.

RECOMMENDATION 27:

Department's management ensure that appropriate staff reconciles the Department's trust funds and TK9 accounts to CAPS monthly and that the Department's fiscal officer reviews and approves the reconciliations.

RESPONSE: Department management agrees with this recommendation and is taking corrective action to be in compliance.

RECOMMENDATION 28:

Department management reconcile its TK9 trust accounts, disposition the balances, and request the Auditor-Controller to close the accounts.

RESPONSE: Department management agrees with this recommendation and is in the process of closing the TK9 trust accounts and expects to have that process completed by the end of October, 2004.

RECOMMENDATION 29:

Department management develop a spending plan to use donated funds timely.

RESPONSE: Department management agrees with this recommendation and is in the process of developing a spending plan for donated funds.

RECOMMENDATION 30:

Department management require the Foundation to provide quarterly financial reports, as stipulated in the agreement.

RESPONSE: Department management agrees with this recommendation and will obtain the required quarterly statements.

RECOMMENDATION 31:

Department management only sell Foundation merchandise on consignment.

RESPONSE: Department management agrees with this recommendation and is taking corrective measures to be in compliance.

RECOMMENDATIONS 32-34

Department management:

32: Set up CWTAPPS processing centers so that payroll/personnel employees do not have access to their own data.

33: Ensure that CWTAPPS profile assignments are restricted to the scope of the employee's job responsibilities.

34: Ensure that employees do not share their access to CWTAPPS to circumvent CWTAPPS access controls.

RESPONSE: Department management agrees with these recommendations. The Department may be participating in a Shared Services pilot program under the direction of the Auditor-Controller. This program is studying the feasibility of centralizing payroll, accounting, and other functions for smaller County agencies. If successful, that program would address all these issues.

The Department also notes that it does not have separate processing centers, but is rotating personnel to comply with the CWTAPPS-related recommendations and has excluded those employees with access to personnel data from accessing their own files.

RECOMMENDATION 35:

Department management establish a formal, written security policy and require employees to sign acknowledging their responsibilities.

RESPONSE: Department management agrees with this recommendation and expects to have re-written and signed forms in place by September 30, 2004.

RECOMMENDATIONS 36-37:

Department management:

36: Ensure personnel with no other payroll or personnel responsibilities are involved in the receiving, distributing, storing, or otherwise handling of warrants and direct deposit notices.

37: Conduct payroll distribution payoffs on an unannounced basis at least once every twelve months using personnel with no other payroll or personnel responsibilities.

RESPONSE: Department management agrees with these recommendations and is now in compliance with both recommendations.

RECOMMENDATION 38:

Department management ensure that personnel management or other Department staff independent of entering job and time card adjustment data on CWTAPPS traces terminated employees' names to the Payroll Sequence Register for three consecutive months after termination.

RESPONSE: Department management agrees with this recommendation and this function will be performed by an employee who has no payroll responsibility.

RECOMMENDATION 39: Department management ensure personnel staff data enter bonus information timely in CWTAPPS.

RESPONSE: Department management agrees with this recommendation and is now complying with it.

RECOMMENDATION 40: Department management ensure that someone independent of the personnel and payroll functions verifies that written approval exists for each supplemental warrant issued.

RESPONSE: Department management agrees with this recommendation and, while the issuance of supplemental warrants is a rare occurrence, is in compliance with approved procedures.

RECOMMENDATION 41: Department management require staff to discontinue maintain manual master time cards and instead utilize the CWTAPPS master time card.

RESPONSE: Department believes this may be an issue that can be resolved by use of the Shared Services pilot program in which the Department may be a participant. However, Department also states that use of manual master time card has advantages that the electronic format does not and, until replaced by a better system, the Department wants to use a system that best suits its operations.

RECOMMENDATION 42: Department management ensure that the employee and the employee's supervisor initial any changes to time cards.

RESPONSE: Department management agrees with this recommendation and has implemented a form to ensure compliance.

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