Mary Modelski
Cook County Auditor
Office of the County Auditor
69 West Washington, Suite 2200 ● Chicago, Illinois 60602 ● (312) 603-1500

July 16, 2020

The Honorable Toni Preckwinkle, President
And Board of Cook County Commissioners
118 N. Clark Street, Room 537
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

We have conducted an audit of the Department of Animal and Rabies Control Cash Handling. We conducted our audit in accordance with the Cook County Auditor Ordinance.

Our scope and objectives for this audit were designed to assess the cash handling process implemented by Animal and Rabies Control to ensure that proper controls are in place and all cash collected is accounted for and properly safeguarded.

Please refer to the following audit report for the results of the audit. The audit report contains seven audit recommendations. The Executive Summary provides an overview of the audit including the main areas where recommendations for improvement were identified.

We express our appreciation for the cooperation of the Department of Animal and Rabies Control staff extended to our office during the course of our audit. We have discussed our recommendations with the Animal and Rabies Control Department staff and would be pleased to discuss them in greater detail in order to assist Animal and Rabies Control with their implementation of our recommendations.

Respectfully Submitted,

Mary Modelski
Cook County Auditor

cc: Tanya Anthony, Bureau Chief, Bureau of Administration
    Tom Wake, Administrator
    Mark Rosenthal, Deputy Director

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COOK COUNTY GOVERNMENT

OFFICE OF THE COUNTY AUDITOR

ANIMAL CONTROL- CASH HANDLING PROCESS

Internal Audit Report

Report Date:
July 16, 2020

Issued By:
Mary Modelski, Cook County Auditor

Audit Conducted By:
Maria Orozco, Field Auditor IV
Julie Stack, Audit Supervisor

EXECUTIVE SUMMARY

The Office of the County Auditor (OCA) has completed an audit of Cook County Animal and Rabies Control Cash Handling Process. The scope and objectives of the audit were designed to assess the process of cash handling and to ensure proper controls are in place. The time frame reviewed consisted of five months; August, September, October, and November 2018 and April 2019.

As a result of our audit, we presented recommendations to management, which will strengthen the overall internal control structure of the cash handling process in the Animal and Rabies Control. The recommendations presented were the following:

We noted the following recommendations to the internal control structure:
- Strengthen the current controls over the daily cash receipt and transaction postings. (Recommendation #1)
- Update the reconciliation process to include the data that gets interfaced to Oracle EBS general ledger. (Recommendation #2)
- Establish clear segregation of duties to reduce the risk of misappropriation and potential errors in the receipt of funds and transaction posting. (Recommendation #3)
- Improve the highly manual process of tracking checks and cash received via walk-ins and clinics. (Recommendation #4)
- Revise the users' access to iNovah point of sale system to clean up active access rights and establish written policies and procedures to periodically update and review staff access. (Recommendation #5)
- Identify the sales revenue for 1-year tag and 3-year tag sales separately instead of lumping the revenue under one (Recommendation #6)
- Ensure all possible revenue is being properly recorded and recognized (Recommendation #7)

The recommendations noted were presented to the Department of Animal and Rabies Control. Please refer to the Recommendations section for more detail on the recommendations with the management responses, corrective action plans, and estimated completion dates.

BACKGROUND

The Cook County Animal and Rabies Control was established in 1954 when the Illinois Animal Control Act was enacted by the state legislature during a state-wide rabies epidemic. The Department of Animal and Rabies Control is mandated to uphold 510ILCS 5 (Animal Control Act), 510 ILCS70 (Humane Care for Animals Act), and Chapter 10 (Cook County Animal Control Act).

The key activities and services for which the Department of Animal and Rabies Control is responsible include:
- Provides for and maintains the rabies registration through serially numbered rabies tags as prescribed by state law.
- Handles all specimen submitted for rabies analysis.
- Enforces all post-bite quarantine protocols for the entire County.
- Provides training and education for Animal Control Officers, veterinarians, schools, community groups, and town meetings.
- Assists municipalities County-wide in extraordinary circumstances, such as the need for tranquilizing equipment, hoarding situations, and eviction.

The mission of Cook County Animal and Rabies Control is to:
- Prevent the transmission of rabies from animal to man through vaccination, registration, education, legislation, and surveillance.
- Decrease pet overpopulation by promoting spay/neuter programs.
- Ensure the compliance of quarantine protocol for all animal bite incidents to prevent the transmission of rabies.
- Prevent cruelty and abuse of animals according to State and County Laws.

Cook County Animal Control is introducing new changes for processing Rabies Vaccination information. The new electronic process will improve the efficiency and accuracy of certificate data processing. Animal Control's current process to allocate revenue is via OnBase, which is also the primary software utilized when compiling financial statements. When posting transactions into OnBase the transactions get broken down into one of six categories, in which there are four different categories for tags. These categories include 1-year tags, 3-year tags, 1-year low-cost tags, and 3-year low-cost tags.

AUDIT SCOPE AND OBJECTIVES

The scope and objectives of this audit were designed to assess the overall cash management process in the Department of Animal and Rabies Control by ensuring that proper procedures are in place to account for the cash collected. Our audit consisted of an evaluation of the policies and procedures used by the Department of Animal and Rabies Control related to cash management procedures over a time frame of five months, which consisted of August, September, October, November 2018 and April 2019.

The audit objectives were primarily to determine the following:
- Policies and procedures exist overall cash management functions and are adhered to by staff.
- The preventive controls in the office are sufficient to ensure that all funds received via walk-ins and mail are properly accounted for and adequately safeguarded.
- Funds received through the cashiering process at the main office and the clinics are properly accounted for, adequately safeguarded and any variance is properly explained and supported.
- Segregation of duties exists, where possible, over the collection, receipt, deposit, and reconciliation process.
- Reconciliations are performed, reviewed, and approved in a timely manner.
- Verify appropriate user access controls are in place to support the segregation of duties.

The following procedures were performed to assess the objectives regarding the Department of Animal and Rabies Control cash management functions:
- Reviewed policies and procedures for the cash handling process to verify that documentation thoroughly outlines key business processes.
- In the Animal Control's office and clinic, physically observed and interviewed staff to ensure that preventive controls are in place and all funds are properly accounted for and safeguarded against misappropriation.
- Traced cash transactions through the collection, receipt, deposit, and reconciliation process to ensure proper safeguarding.
- Through observation, verified that segregation of duties exists for the collection, receipt, and deposit of cash.
- Reviewed account reconciliation verifying that cash collected was properly reconciled and recorded to the general ledger.
- Requested and verified access reports to ensure user access and rights were appropriate based on the staff's responsibilities.

RECOMMENDATIONS

Recommendation #1:

The current process for daily deposits includes three staff members. The Administrative Assistant I (Tag Room Clerk) initiates the process by receiving payment and posting the transaction to the Point of Sale system. At some point during the day, she walks the checks over to the Administrative Assistant I (Deposit Preparer). The Administrative Assistant I (Deposit Preparer) prepares the deposit slip and enters the checks into a check logbook. Once the deposit slip is complete, the checks and the deposit slip get walked over to the Accountant V who inputs the transactions to iNovah POS and prepares the deposit to be picked up by an armored car service.

The Accountant V is in charge of putting the deposit together as well as posting the transactions in iNovah it creates a control weakness in the segregation of duties. The lack of proper internal controls and segregation of duties increases the risk of mishandling of funds and potential theft. Internal controls should set clear segregation of duties. Without proper segregation of duties to dictate who is responsible for certain tasks it can lead to confusion and misconduct. We recommend that the responsibility of finalizing the deposit be given to the Administrative Assistant I (Deposit Preparer), while Accountant V be in charge of posting the transactions to iNovah and then verifying the iNovah posting to the bank deposit to make sure the amounts match. This will prevent any potential mishandling of funds, furthermore, it will aid in the month-end reconciliation process.

Management Response

The Administrative Assistant will complete the deposit ticket and finalize the deposit to be picked up by the armored courier service. The Accountant's function will only include financial reporting and no payment handling.

Estimated Completion Date

August 2020

Recommendation #2:

The Accountant V compiles the financial statements for Animal Control's administrator. Based on the five months selected, we discovered a discrepancy between what was input into Oracle EBS general ledger and what gets posted to the iNovah POS system. Given that the Accountant V does not utilize Oracle EBS general ledger to put together the financial statements it is nearly impossible to catch any discrepancies between Oracle EBS general ledger and iNovah POS system. When comparing the amounts posted in Oracle EBS general ledger to those posted in iNovah, we were able to identify a variance of $11,574, which was due to a void in iNovah that never interfaced to Oracle EBS GL. The excess of $11,574 now sits in the fiscal year 2018 which in turn means that the revenue for Animal Control was overstated by that amount.

Given our discovery, we recommend that the Accountant V utilize the Oracle EBS general ledger's monthly numbers to put together their monthly reconciliation and financial statements. By utilizing the Oracle EBS general ledger instead of the Animal Control general ledger from Sage 50, discrepancies can be identified and the Department of Revenue can address them on a more timely manner. We further suggest that Accountant V compares the reconciliation done in the department to that completed by the Department of Revenue to ensure its accuracy.

Management Response

The Department of Revenue instructed ARC to report revenue in the Inovah system, currently, we don't utilize EBS to review revenue. ARC has contacted the contact Comptroller's office on 8/3/2020 to determine how to obtain an EBS revenue report, we were directed to contact the Budget Department. We are currently in the process to find the best solution to solve this recommendation.

We have contacted the Department of Revenue to schedule a team meeting to ensure that Inovah and EBS interface process is functioning properly. ARC will implement a process to include reconciling the revenue reported to Oracle EBS in the future.

Estimated Completion Date

ARC should have this response complete 30 to 60 days

Recommendation #3:

During our interview with the staff currently involved in the cash handling process, it was discovered that that Accountant V is the only staff member who handles transactions regarding specimen. Guardsmen are currently in charge of collecting the fees for specimens, which then are turned into Accountant V for processing in iNovah point of sale system and creating the bank deposit. This raises the issue of segregation of duties. Given that Accountant V is also in charge of putting together the monthly financial statements, as well as, reconciling the transactions at the end of the month, this increases the risk of potential oversight and misappropriation of funds.

We recommend that the specimen transactions be recorded by Accountant V in iNovah POS System while the deposit be completed by Administrative Assistant I (Deposit Preparer). Proper segregation of duties decreases the risk of misappropriation of funds and ensures there is oversight and review to catch errors.

Management Response

Specimen payments received by Wardens will be placed in a sealed bag and submit to the Administrative Assistant I that prepares the deposit ticket. The Administrative Assistant will prepare the deposit ticket for all payments for the day and finalize the deposit. The Accountant's function will only include financial reporting and no payment handling

Estimated Completion Date

September 2020

Recommendation #4:

The process of recording funds received for tag sales and summer clinics is highly manual. The recording of the funds and checks received whether via mail or walk-ins consists of handwritten logbooks and manual calculations on a printed form. The Administrative Assistant I (Deposit Preparer) and Administrative Assistant I (Tag Room Clerk) log checks in two different check logs. This process seems redundant and time-consuming, there is no current process that calls for the review of such logbooks to help identify errors.

We recommend that Animal Control establish a more automated process. We suggest Animal Control set up the following items to ease the log process:
- Develop a logbook where checks received can be logged in and accessed at any time.
- Develop a cash and check count that will eliminate the current manual process form being utilized to prevent any errors in the addition of funds and speed the current counting process.

In addition, we are aware that the Department of Animal Control is currently working with the Bureau of Technology to allow them to accept credit cards at the clinics as well as having the ability to electronically process rabies certificates at the clinic site. We suggest that Animal control continues to pursue this matter further to enhance the automation process.

Management Response

ARC will eliminate the redundant process of the Administrative Assistant recording deposits in the deposit log. With the implementation of Hyland OnBase Phase II, ARC will be totally automated. This will eliminate the redundant process for reporting and streamline our processes.

Our Department will continue work Bureau of Technology and Department of Revenue to ascertain a solution to collect credit cards in the field at our seasonal clinics and to enter rabies certificates electronically.

Estimated Completion Date

August 2020-elimination of deposit log.

Phase II Hyland OnBase FY 2021.

Recommendation #5:

Controls over the iNovah point of sale system need to be strengthened.

The user access report requested from the Department of Revenue showed the following results:

- All users in Animal Control have full access to run reports, post transactions, void, and adjust.
- Three out of the nine users who have access to iNovah point of sale system, do not have an immediate need for it as their current positions do not require them to utilize it.

Upon review of iNovah's point of sale access reports, it was noticed that the Accountant V, who is in charge of reviewing transactions and putting the reconciliation together, has the same access as the cashiers do which creates a conflict with the segregation of duties. The Accountant V is the person in charge of verifying transactions and putting reconciliations together, access should be assessed to allow Accountant V to continue to post transactions but her voiding rights should be removed to avoid conflicts with segregation of duties. Voiding rights should be limited to the Deputy Director and the Executive Officer only segregation of duties is an internal control designed to reduce the risk of employees committing errors or engaging in fraudulent activity. We recommend the users who do not use iNovah point of sale system have their rights reassessed, we recommend that access right reports be periodically reviewed to identify potential conflicts.

Management Response

ARC will work with the Department of Revenue to evaluate the access rights. Users identified will be reviewed for the need for access. The responsibility to create voids will be assigned to the Administrator, Deputy and Executive Officer

Estimated Completion Date

October 2020

Recommendation #6

The current process that Animal Control follows is to post all transactions into OnBase, by breaking them down, whether that be a 1-year tag or a 3-year tag. Animal Control's current process to allocate revenue in iNovah POS, however, is to simply lump all tag sales revenue under the 1yr tag sales. Under this process, no transactions get posted under 3-year tag sales and therefore no revenue gets allocated to this code. If a third person runs an iNovah point of sale system report for Animal Control the numbers will erroneously reflect an overstatement of sales for the 1-year tags and no transactions for the 3-year tags. In iNovah point of sale system, for the 2018 year, there was a total of $3,760,458 recorded for 1-year tag sales, and for 2019 there was $3,884,862 while no transactions were recorded for 3-year tag sales for either year.

We recommend that going forward Animal Control breaks down the transactions in the same way they are broken down in OnBase. This will help avoid any confusion in the future when reports are being run in iNovah point of sale system. The proper breakdown will also deliver more accurate numbers at the time that reports are run and will also aid in accurately budgeting for future periods.

Management Response

When the Department of Revenue initiated ARC to start recording revenue in the iNovah application, we were in implementing phase I of the Hyland OnBase project. The Hyland OnBase system does capture one-year and three-year tag sales; however, it does not allocate credits that are posted to one-year and three-year tag sale transactions. With the implementation of phase II of Hyland OnBase, ARC will have the ability to separate the one and three tag sales in the iNovah application. After Phase II of the Hyland, OnBase project is complete, ARC will have the ability to provide detailed reports identifying 1-year and 3-year tag sales with credits.

Estimated Completion Date

FY2021

Recommendation #7

Under the monthly reconciliation put together by Animal Control, only revenue for tag sales, summer clinics, specimens, guard dogs, and non-sufficient fees is recognized. Based on the information we gathered we identified an additional source of revenue that is not being picked up by the department which is violation fees. This revenue may not be currently recognized by Animal Control as they are not the ones in charge of collecting these fees and it is collected by the Department of Revenue. Given that the Department of Revenue is the department collecting the revenue Animal Control may not be aware of the revenue that is generated from these fees alone or simply forgets to include this revenue in their monthly reconciliation.

We recommend that going forward when completing their monthly reconciliation Animal Control also recognizes the revenue for violation fees, as this can be utilized to offset other expenses. Based on the information we gathered we were able to note that in 2018 there was a total of $7,269 collected in violation fees and $8,710 for 2019 this revenue could be utilized to offset other expenses. The recognition of this revenue will further improve the accuracy of their monthly reconciliation as it will include all revenue collected.

Management Response

ARC will contact the Administrator of the Department of Revenue and the Comptroller's office to determine where the revenue collected for violation is captured. ARC was under the assumption that revenue collected for violations is utilized by the general fund. We will research this recommendation to provide a resolution.

Estimated Completion Date

August 2020