

DOG SHELTER AUDIT JULY 2025

COLLECTION, RECORDING, AND DEPOSIT OF CASH RECEIPTS.
AUDIT & CONTROL

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State of New York County of Broome Government Offices

Department of Audit & Control

Meaghan E. Klenovic, Comptroller · Daniel J. Reynolds, Chairman of the Legislature

July 15, 2025

Jason T Garnar, County Executive:

The Department of Audit and Control has completed its review of the Broome County Dog Shelter. The primary goal of this audit was to evaluate the shelter's processes and controls related to cash handling.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), which require us to plan and perform the audit in a way that would allow us to gather sufficient and appropriate evidence. This evidence serves as a reasonable foundation for our findings and conclusions.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We thank the Dog Shelter for their cooperation and assistance throughout the audit process.

Sincerely,

Meaghan E. Klenovic

Comptroller

cc: Daniel J. Reynolds, Chairman of the Legislature
Aaron M. Martin, Clerk of the Legislature
Members of the Legislature
Jason T. Garnar, County Executive
Michael A. Ponticiello
Colleen A. Wagner
Brian R. Norris
Tiffany Wheelock

REPORT HIGHLIGHTS

Audit Objective

To assess that the Broome County Dog Shelter has effective processes and controls for appropriately safeguarding funds.

Findings

The audit of the Broome County Dog Shelter focused on evaluating internal controls over cash receipts, aiming to ensure transparency and proper financial management. The key findings include:

- **Lack of Written Policies and Procedures** – No formal guidelines exist for cash handling, a structured written policy is recommended.
- **Pre-Numbered Receipts** – Receipt tracking is inconsistent, with manual numbering in use. Printed, sequentially pre-numbered receipts is advised.
- **Infrequent Bank Deposits** – Cash is often held for extended periods before deposit, increasing risks for loss or theft. A defined deposit schedule is recommended.
- **Lack of Secure Cash Storage** – Cash is not consistently stored in a safe, and the safe combination is not changed periodically. The use of a secure safe with restricted access to necessary.
- **Lack of Segregation of Duties** – the same individual handles receiving, depositing and recording cash transactions. Oversight and reconciliation measures are suggested.
- **No Daily Cash-Out Procedure** -Daily reconciliations are not performed. A standardized cash-out process should be implemented.
- **Absence of a Cash Receipt Journal** – No comprehensive record exists for tracking all cash transactions. A centralized cash receipt journal should be established with regular supervisory review.

Audit Period

We will examine YTD activity and perform detailed testing for October 2024 related to management of cash and cash equivalents.

Background

The Broome County Dog Shelter is responsible for the care and management of stray dogs within Broome County, New York. Operating under the supervision of the Broome County Department of Public Works, the shelter is responsible for ensuring a safe environment for the animals in its care, until they can be reunited with their owners or rehomed through the adoption program. In addition, to prioritizing animal welfare, the shelter must also ensure that its operations adhere to best practices and comply with relevant state and local regulations.

To enhance transparency and assess responsibility of financial and operational practices, an audit of the Broome County Dog Shelter has been conducted. The review aims to identify areas for improvement, strengthen accountability, and support the shelter's mission of providing high-quality care for the dogs under its watch.

QUICK FACTS	2024 SERVICE FEES: \$90,892
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	2024 DONATIONS: \$64,061
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	DOG SHELTER ACCOUNT BALANCE: \$298,235
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FINDINGS

FINDING 1: LACK OF WRITTEN POLICIES AND PROCEDURES

During the audit, it was noted that the Dog Shelter does not have documented policies and procedures governing the cash receipts process, specifically addressing the custody of assets, recording of transactions, and reconciliation activities.

Best practices recommend developing and implementing written policies and procedures as an effective way to maintain a strong system of internal controls. Policies and procedures help an organization achieve its objectives while mitigating risk. They can be used to define and assign control responsibilities to specific roles or specific stages of the process. They also aid in the orientation of employees by providing clear standardized protocols to inform them of their duties and responsibilities.

Absence of clearly written and enforced policies and procedures increases the risk of operational disruptions, errors, or fraud. Additionally, it creates a lack of accountability within the organization.

RECOMMENDATION

It is recommended that the Dog Shelter develop and implement formal, written policies and procedures for all critical operational areas, including cash handling. The procedures should include sufficient information to permit an individual who is unfamiliar with the operations to perform the necessary activities. These should be reviewed regularly and updated to reflect any changes in industry best practices or internal processes.

Additionally, employees should be trained in the importance of these policies and be held accountable for adhering to them.

MANAGEMENT RESPONSE

In our efforts to enhance the operational efficiency and integrity of our Dog Shelter, we are looking into taking our current Policy and Procedures and developing them into formal, written policies and procedures for all critical operational areas, including cash handling.

These procedures will be designed to provide comprehensive guidance, ensuring that new employees unfamiliar with our operations can perform necessary activities effectively. Regular reviews and updates will be conducted to ensure best practices and any changes in our processes are captured.

The Shelter Manager will communicate the importance of these policies and the accountability during training.

FINDING 2: PRE-NUMBERED RECEIPTS

During the review of the receipts issued by the Dog Shelter to customers and donors, it was observed that two types of receipts are used. A manually numbered triplicate receipt is issued for service fees, while a pre-numbered duplicate receipt book is used for donations. Although, the Dog Shelter manually pre-numbers the service fee receipts, this practice is insufficient. Additionally, there is no formal system in place to track or verify the sequential use of these receipts.

It is standard control practice to issue pre-numbered receipts to assist in tracking and documenting all incoming cash. When properly managed, recorded, and reconciled, pre-numbered receipts serve as an effective control for ensuring the accuracy of financial information and preventing and detecting errors and fraud. There should be a process to verify that all receipt numbers are accounted for and used in a sequential manner. Missing numbers should be immediately investigated.

Lack of proper control over the issuance and tracking of pre-numbered receipts exposes the Dog Shelter to risk of errors and fraud. Implementing a sequential numbering system and regular reconciliation ensures an audit trail, providing accountability. Lack of an audit trail makes it challenging to track and reconcile transactions, increasing the likelihood of inaccurate records. Additionally, it becomes harder to identify the source of discrepancies, allowing individuals the opportunity to manipulate records.

RECOMMENDATION

It is recommended that the Dog Shelter implement stronger controls surrounding the issuance and tracking of pre-numbered receipts.

- The pre-numbered receipts should be printed, not handwritten.
- The receipt numbering should be sequential, with a process in place to verify that all receipt numbers are accounted for. Missing numbers should be promptly investigated.
- A responsible official independent from custody and recording should be assigned the task of regularly reconciling pre-numbered receipts to ensure there is no break in sequence.

MANAGEMENT RESPONSE:

The Dog Shelter Manager created the current receipting process, and she will review and make the necessary adjustments. In addition to the receipt review, the Dog Shelter Manager will designate the task of reconciling receipts.

FINDING 3: FREQUENCY OF BANK DEPOSITS

The audit revealed that bank deposits are not being made on a regular basis. In some instances, cash receipts were held for over two weeks before being deposited into the bank. As a result, cash is accumulating and being held for extended periods, creating potential risks. The audit identified 10 is the average number of days between the transaction date and the deposit date. For the deposits we reviewed, the average deposit amount was \$3,579, with daily transactions averaging about \$300.

It is best practice to make bank deposits regularly to ensure funds are safeguarded and minimize the risk of theft or loss. Industry standards generally recommend that deposits should be made daily or, if impractical, as soon as a minimum threshold of cash is accumulated.

The infrequent bank deposits create risks for the organization. There is increased risk of theft and loss of funds when cash is stored on-site for extended periods of time.

RECOMMENDATION

We recommend that the Dog Shelter establish a clear policy requiring the timely deposit of all cash receipts. Considering the average dollar amount and staffing constraints, daily deposits may not be feasible. To reduce risks, we suggest a deposit schedule of at least once a week or whenever a specified cash threshold is reached. Additionally, until deposits can be made, funds should be secured in a safe.

MANAGEMENT RESPONSE:

Management accepts this recommendation and will implement a workflow to satisfy the findings. Policy changes will be part of the policy and procedure updates being developed.

FINDING 4: PHYSICAL SAFEGUARD OF CASH RECEIPTS

Based on inquiry, the audit revealed that the Dog Shelter does not consistently utilize a safe to store cash and cash equivalents. Additionally, the combination of the safe is not changed periodically or when there is a change in personnel.

It is standard practice to use a secure, locked safe to store cash receipts. Access of the safe should be limited to authorized personnel. Additionally, the combination of the safe should be changed periodically, or when there is a change in personnel. This practice helps mitigate risks related to theft, misappropriation, or loss of assets.

Failure to use a safe to store cash and cash equivalents increases the likelihood of financial loss, whether through theft, misplacement, or error.

RECOMENDATION

It is recommended that the Dog Shelter establish a policy requiring the use of a safe for storing cash and cash equivalents. Access to the safe should be restricted to authorized personnel only, with all access documented. The policy should include guidelines for periodically changing the safe's combination, as well as whenever there is a change in personnel.

MANAGEMENT RESPONSE

The on site safe will be utilized and access is highly restricted. Policy changes will be part of the policy and procedure updates being developed.

FINDING 5: FOCUS ON COMPENSATING CONTROLS

The audit found that the Dog Shelter lacks segregation of duties for staff members responsible for receiving, depositing, recording and reconciling cash receipts. Currently, the Broome County Dog Shelter employs a Dog Shelter Manager, a Senior Kennel Person and a Kennel Person. The 2025 budget authorizes the hire of an additional Kennel Person. The Dog Shelter Manager currently handles most of these tasks, without segregation of duties or the implementation of any compensating controls.

Ideally, receiving, depositing, recording, and reconciling cash receipts should be performed by different individuals. When segregation of duties cannot be fully implemented due to resource constraints, compensating controls should be used to help ensure that financial activities are monitored, and potential risks are mitigated.

Without compensating controls that focus on oversight and reconciliation, there is an increased risk of financial loss whether through undetected errors or fraud.

RECOMMENDATION

Considering the limited staff at the Dog Shelter, completely segregating the duties of cash receipt collection from record keeping and reconciliation may not be practical. Therefore, it is recommended that the Dog Shelter implement internal controls that address these staffing constraints. This can be accomplished by assigning an independent position, separate from the receipting and recording functions, to periodically monitor the process and perform cash receipt reconciliations.

Specifically, we recommend the following actions:

- Supervisory review - A supervisor, independent of the cash handling process, should periodically review cash transactions, receipts and records. The review should check the sequence of pre-numbered receipts, verifying the accuracy of cash deposits and ensuring proper documentation for all transactions.
- Independent reconciliation – A individual who is independent of the cash handling process should regularly reconcile cash receipts with the cash receipts journal and bank deposits to ensure accuracy.

This process would be facilitated by developing a cash receipts journal stored on a shared drive (finding #7)

MANAGEMENT RESPONSE:

Personnel will be assigned to satisfy the recommendations.

FINDING 6: DEVELOP A DAILY CASH OUT PROCEDURE

During our audit, we noted that the Dog Shelter does not complete a daily cash-out procedure, in which the amount of cash on hand (service fees and donations) is reconciled to recorded amounts.

Cash-out procedures are a best practice for strong internal controls. The daily cash-out procedure establishes a clear, standardized process for cash management, which helps promote consistency and reduces the likelihood of errors or fraud. These procedures also provide an audit trail with proper documentation and support. Regular reconciliations should be performed to ensure:

- Accuracy – Reconciliation helps identify and address discrepancies.
- Accountability – Regular cash counts and reconciliations hold employees accountable.

Without a daily cash-out procedure, the Dog Shelter is exposed to an increased risk of discrepancies through errors or fraud. Inaccurate cash records may remain unnoticed, and the lack of regular reconciliation and oversight makes it more difficult to ensure accountability and address discrepancies in a timely manner.

RECOMMENDATION

We recommend that the Dog Shelter establish a daily cash-out procedure to reconcile the cash on hand to the daily collection records. The individual responsible should document their accountability for the reconciliation. This process should be formally documented to ensure consistency and accuracy. The collected cash should be put in the safe. Assuming no issues, start up cash should be used for the following day's operations. Any discrepancies between the collection records and the cash and checks on hand should be promptly investigated.

MANAGEMENT RESPONSE:

The Dog Shelter Manager will create and maintain this workflow to ensure operational efficiencies and accountability.

FINDING 7: RECORD TRANSACTIONS IN A CASH RECEIPT JOURNAL

The audit revealed that the Dog Shelter does not maintain a comprehensive cash receipt journal to record all cash transactions. Instead, a various methods are used to record service fees and donations.

Maintaining a centralized cash receipts journal is considered best practice in cash management. This journal should systematically record every cash receipt, ensuring that all transactions are accurately recorded and properly documented. It helps establish internal controls by providing a clear audit trail, minimizing the risk of discrepancies, and ensuring the accurate recording of cash receipts.

Without a cash receipts journal, the Dog Shelter is at increased risk of inaccuracies. The absence of a centralized record makes it difficult to properly track and reconcile cash transactions.

RECOMMENDATION:

We recommend that the Dog Shelter develop and maintain a cash receipts journal to record all cash transactions. This will improve accuracy, accountability and provide an audit trail. The journal should be updated daily with regular supervisory reviews and reconciliations to ensure its accuracy.

MANAGEMENT RESPONSE:

The Dog Shelter Manager will create and maintain this workflow to ensure operational efficiencies and accountability.

APPENDIX

Appendix A: Items for note

The following items are observations that merit mention:

NOTE 1: DONATION JAR

We noted that the Dog Shelter has a donation jar for walk in customers and donors.

While receipting all donations put in the jar is not practical and would likely discourage donations, we do have some recommendations relating to safeguarding these funds:

- A lock box style container should be used to collect donations rather than an easily accessible open container.
- Daily, one pre-numbered cash receipt should be prepared for the total amount of donations received in the container.
- The pre-numbered cash receipt for the donations should be included in the daily cash-out procedure (Finding #6) and then secured in the safe with the rest of the day's transactions.

NOTE 2: PROOF OF PURCHASE

During our audit, we noted that the Dog Shelter has no visible sign informing customers/donors that they should receive a receipt for their transactions.

It is recommended that the Dog Shelter display a sign at customer touchpoints informing customers of their right to receive a receipt for any transaction. This is important because the receipt serves as proof of a transaction. The sign should include a phone number (Broome County Security) that customers can call if they do not receive a receipt. Displaying such signage ensures transparency and helps safeguards both the customer and the Dog Shelter against potential disputes or fraud.

NOTE 3: TRANSMITTAL DISCREPANCY

While reconciling collection receipts to the bank deposit, we noted that for the November 8, 2024 deposit, the transaction detail exceeded the bank deposit by forty \$40 dollars. Upon further review, we noted that the discrepancy followed through to the transmittal form that accompanies the deposit. This discrepancy between the transmittal form and the actual deposit amount was discovered by the Office of Management and Budget and corrected prior to entry into the general ledger. The Dog Shelter Manager was unable to identify the source of the discrepancy but believes it was a counting error related to cash deposited from the donation jar.

While daily cash reconciliations do not eliminate these types of discrepancies, they do allow errors and irregularities to be more easily identified and corrected (finding #6).

Appendix B: Methodology

The audit methodology outlined for the Dog Shelter's cash handling processes is designed to assess the effectiveness of internal controls, accuracy in recording cash transactions, and compliance with established procedures. It involves the following steps:

1. Planning and Risk Assessment

- The audit begins with a meeting with the Director of Security to understand the specific risks, concerns, related to the shelter's operations, particularly surrounding cash management.
- A draft audit program is then prepared based on these discussions, with feedback from the Director to ensure alignment with shelter priorities.

2. Documentation and Process Review

- The next step involves gathering all relevant documentation for review, including processes and procedures related to cash handling and year-to-date revenue and donation records.
- All sources of cash receipts and disbursements are identified.

3. On-Site Observation and Testing

- An on-site visit is arranged to observe the shelter's cash handling practices.
- Cash receipts are reviewed to ensure they are appropriately documented, recorded, and deposited. This includes verifying supporting documentation, confirming sequential numbering, and ensuring deposits are made in a timely manner.
- A sample of cash receipts is selected for testing.

4. Donation and Receipt Handling

- The audit verifies that donations are fully documented and that receipts are issued to donors. A sample testing is performed to ensure timely deposits and to confirm that donation amounts match the corresponding bank statements.
- Special attention is given to cash equivalents such as gift cards to ensure they are appropriately recorded and safeguarded.

5. Disbursement Review and Security Controls

- A sample of cash disbursements is selected to confirm that expenditures are authorized, recorded, and backed by appropriate documentation.
- Cash storage arrangements are observed to ensure that cash awaiting deposit is securely stored in locked facilities with restricted access to authorized personnel. Additionally, periodic changes to combinations and access control procedures are reviewed.

6. Operational Controls and Employee Accountability

- The audit assesses whether cash drawers are balanced daily with evidence of supervisory review and clear employee accountability for their respective drawers.
- A sample is taken to verify that fees charged align with approved rates.

7. Procedure Documentation and Segregation of Duties

- The audit verifies that written procedures outlining cash handling and revenue processing are up-to-date, detailed, and appropriately distributed among staff.
- Testing is conducted to confirm that employees are adhering to established procedures and proper segregation of duties.

8. Revenue Reconciliation

- The audit checks that October 2024 revenue matches the supporting documentation, ensuring consistency between records and data.

9. Reporting and Follow-Up

- A draft report is prepared outlining findings, followed by an exit conference with the Director of Security to review issues and corrective actions. The final report includes conclusions and recommendations for improvement.

This methodology aims to ensure a comprehensive evaluation of the Dog Shelter's cash management processes. The goal is to ensure financial integrity, minimize risks, and support the shelter in implementing effective cash handling practices.

Appendix C: Summary of Deposits

Dog Shelter Deposit Summary

Date of Deposit	Deposit Amount	Cash Deposited	Checks Deposited	# of Transactions	Fees for Services	Donations	Days to Deposit	Avg Daily Receipt
10/3/2024	\$4,283.14	\$2,633.14	\$1650.00	25	\$2,200.00	\$2,083.14	16	\$356.19
10/24/2024	\$3,982.50	\$2,182.50	\$1,800.00	26	\$3,030.00	\$752.50	16	\$306.35
11/8/2024	\$2,472.28	\$1,197.28	\$1,275.00	18	\$1,625.00	\$887.28	14	\$228.39
TOTAL	\$10,737.92	\$6,012.92	\$4,725.00	69	\$6,855.00	\$3,722.92		\$296.98