

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 2.9
(ID # 20580)

MEETING DATE:

Tuesday, December 13, 2022

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-301 Riverside County Department of Animal Services, Follow-up Audit

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-301: Riverside County Department of Animal Services, Follow-up Audit

ACTION:Consent

Tanya Harris
Tanya Harris, Assistant Auditor Controller 12/7/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Spiegel and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, and Hewitt
Nays: None
Absent: Perez
Date: December 13, 2022
xc: Auditor

Kecia R. Harper
Clerk of the Board

By: *Cindy Jandy*
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	n/a

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside County Department of Animal Services. Our audit was limited to reviewing actions taken as of June 1, 2022, to correct findings noted in our original audit report 2019-010 dated February 26, 2020. The original audit report contained nine recommendations, all of which required implementation to help correct the reported findings.

Based on the results of our audit, we found that of the nine recommendations:

- The nine recommendations were implemented.

For an in-depth understanding of the original audit, please refer to the Internal Audit 2021-004 at www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports.

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller - Internal Audit Report 2023-301: Riverside County Department of Animal Services, Follow-up Audit.


 Stephanie P..., Principal Management Analyst 12/8/2022

Internal Audit Report 2023-301

**Riverside County
Department of Animal Services
Follow-up Audit**

Report Date: November 29, 2022



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



**COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER**

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



**Paul Angulo, CPA, MA
Riverside County Auditor-Controller**

**Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller**

November 29, 2022

Erin Gettis
Director
Riverside County Department of Animal Services
6851 Van Buren Blvd
Jurupa Valley, CA 92509

Subject: Internal Audit Report 2023-301: Riverside County Department of Animal Services, Follow-up Audit

Dear Ms. Gettis:

We completed the follow-up audit of Riverside County Department of Animal Services. Our audit was limited to reviewing actions taken as of June 1, 2022, to help correct the findings noted in our original audit report 2019-010 dated February 26, 2020.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusion.

The original audit report contained nine recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the nine recommendations all were implemented.

Audit Report 2023-301: Riverside County Department of Animal Services, Follow-up Audit

Summary of the conditions from the original audit and the results of our review on the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2019-010 at www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Deputy Auditor-Controller

cc: Board of Supervisors
Jeff A. Van Wagenen, County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

**Audit Report 2023-301: Riverside County Department of Animal Services, Follow-up
Audit**

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Audit Report 2023-301: Riverside County Department of Animal Services, Follow-up Audit

Controlled Substances Inventory Management

Finding 1: Expired Medication

Expired controlled substances at each animal shelter location have not been properly discarded. Animal Services Policy and procedure, *Protocol for Handling Expired Drugs, including Controlled Substances*, require staff to, “remove or segregate expired drugs or pharmaceuticals and notify the distributor or manufacturer to arrange pick-up.” This was previously identified as an issue by Medical Board. An inspection report dated November 1, 2016, by the Veterinary controlled Drugs. The report stated, “Expired medications must be removed from inventory and properly disposed of.” A letter from the Veterinary Medical Board dated November 13, 2017, distributor.” Animal Services policies and procedures do not contain a detailed protocol for monitoring, removing, and disposing of expired controlled substances. In addition, Animal Services does not have a licensed reverse distributor on contract that can dispose of the expired controlled substances. By not disposing of expired controlled substances, Animal Services increases the risks of accidentally using expired controlled substances on an animal. In addition, the risk for theft of expired controlled substances is increased when not discarded properly. Both risks expose the County of Riverside to significant liabilities.

Recommendation 1.1

Revise policy and procedure, *Protocol for Handling Expired Drugs, Including Controlled Substances*, to contain a detailed protocol for monitoring, removing, and disposing of expired controlled substances.

Current Status 1.1: Implemented

Recommendation 1.2

Identify and establish a contract with licensed reserve distributor in order to dispose of all expired controlled substances.

Current Status 1.2: Implemented

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Finding 2: Transferring Controlled Substances

The Blythe shelter was not monitoring its controlled substance inventory by transferring these substances from the Coachella Valley shelter. An employee from the Blythe Shelter would transport the controlled substances as needed by signing out of the inventory log at the Coachella Valley shelter, but not accounting for in the Blythe shelter inventory log. Standard Practice Manual 1001, *Internal Controls* (formerly referred as SPM 104), states, "County departments and agencies shall establish, document, and maintain an effective system of internal control." It further states that internal controls should provide reasonable assurance that assets are safeguarded and promote adherence policies, procedures, regulations, and laws. Employees at the location stated they did not use an inventory log since the controlled substances were already logged in and out at the Coachella Valley shelter. Without a log to track the arrival and usage of controlled substances transferred between locations, the risk of misappropriation and theft of controlled substances increases. Furthermore, Animal Services risks being non-compliant with laws and regulations relating to controlled substances.

Recommendation 2.1

Ensure the arrival of all controlled substances are consistently maintained in an inventory log at all shelters and usage is reconciled to inventory logs.

Current Status 2.1: Implemented

Recommendation 2.2

Update policies and procedures to reflect current processes for handling of controlled substances, and ensure they are compliant with current laws and regulations.

Current Status 2.2: Implemented

Recommendation 2.3

Ensure Animal Services shelters continue to receive controlled substances directly from the vendor.

Current Status 2.3: Implemented

Audit Report 2023-301: Riverside County Department of Animal Services, Follow-up Audit

Cash Controls at Animal Shelters

Finding 3: Donations

While reviewing donations for Animal Service, we noted the following:

- Animal Services has policies and procedures which detail how to accept donations. However, these policies and procedures do not clearly state how donations are to be expended and what efforts are needed to ensure donations are spent in accordance with the function or operation designated by the donors when received.
- The department does not conduct monthly reconciliations that trace purchases to the correct project code
- Animal Services does not have documents that support how donated money was used in accordance with their intended purposes.
- Internal controls to ensure the accuracy of recording and reporting of donations are inadequate. As a result, the account in which donations are recorded does not accurately reflect the amount of donations currently held by Animal Services.

Standard Practice Manual 1001, *Internal Controls* (formerly referred as SPM 104), requires all county departments and agencies to establish, document, and maintain an effective system of internal control in order to safeguard assets and ensure the accuracy, reliability, and timeliness of financial records and reports. Animal Services does not have policies and procedures that address how to manage donations once received. By not having a clearly designed process with adequate procedures in place on how to manage donations, the risk of misappropriation and loss of public trust is increased. Additionally, donations are not accurately reflected on Animal Services' financial records.

Recommendation 3.1

Develop policies and procedures that address how to manage donations that include controls on how to ensure donations are spent for their intended purpose, how to perform monthly reconciliations, and how to document any expenditures from the donation account.

Current Status 3.1: Implemented

Audit Report 2023-301: Riverside County Department of Animal Services, Follow-up Audit

Recommendation 3.2

Ensure the processes developed in the policies and procedures are implemented and followed.

Current Status 3.2: Implemented

Finding 4: Incoming Mail

Internal controls over payments received via mail are not in place at the San Jacinto shelter. The person who opens the mail does not make detailed log of the cash and checks received. In addition, incoming mail is opened by someone with cashier responsibilities with the ability to record transactions. Per Standard Practice Manual 101, *Internal Controls* (Formerly referred as SPM 104), "segregation of duties should be divided or segregated so that no one person has completed control over a key function or activity." Further, Animal Services Policy 000-28, *Donation Processing*, states the following regarding mail delivery, "The mail is opened by the appointed Office Assistant and all mail containing cash or checks is logged on the Incoming Mail Cash Handling Log." The San Jacinto shelter was not in compliance with the procedure. By not segregating the responsibilities of opening the mail and cashiering, as well as maintaining a mail log, the risk to recording inaccurate payments is greater and the potential for misappropriation is increased.

Recommendation 4.1

Ensure segregation of duties are present when opening the mail.

Current Status 4.1: Implemented

Recommendation 4.2

Make a detailed listing of cash and checks received through the mail.

Current Status 4.2: Implemented