

Honorable Clifford R. Anderson, III
Presiding Judge, Santa Barbara County Superior Court
PO Box 21107
Santa Barbara, CA 93121-1107

June 28, 2004

The following is our response to the Grand Jury's report on Animal Shelter Donations dated May 7, 2004.

Finding 1 - Donations made directly to the animal shelters in Santa Barbara County go to Special Revenue Funds within the county's budget, and the funds cannot be re-directed for specific shelter uses.

Recommendation 1- The County should proceed with the posting of a sign at each shelter clarifying that money donated to the shelters goes to the county's budget for the shelter general operating expenses if not written to a charitable or volunteer organization.

Management Comment:

We agree with the Grand Jury's finding and recommendation. As the Grand Jury's report points out, in December 2003, the Auditor-Controller's Internal Audit division issued a memo (copy attached) recommending that the Public Health Department train shelter staff regarding the routing of donations and that signs be placed at reception counters informing the public that donations to the shelter will be used in general operations of the shelter. Recent visits by Internal Audit staff to each of the three county shelters disclosed that signs had been posted at each location. In addition to observing the signs, audit staff interviewed counter personnel, each of whom was able to adequately explain donation requirements and restrictions.

We thank the volunteers for their continued efforts and we thank the Grand Jury for their attention to this matter.

Respectfully submitted,

Robert W. Geis, CPA
County Auditor-Controller

Memorandum

Date: December 4, 2003

To: Roger Heroux, Dir., Public Health Dept.

From: Internal Audit Division
Auditor-Controller Department
Auditor: Jim Murr



Subject: Shelter Revenue Process Review

CC: Suzanne Jacobson, Fiscal Manager, Public Health
Stacy Covarrubias Lord, Cost Analyst, Public Health
Jan Glick, Animal Services, Public Health
Bob Geis, Auditor-Controller
Grand Jury

Background

The Internal Audit Division of the Auditor-Controller Department reviewed the process of revenue collection at the Animal Health and Regulation (AH&R) Shelters. The review was prompted by a Grand Jury discussion with our office.

We spoke to staff at two of the three shelters regarding cash flow, including donations, through the Animal Shelters. We did not speak to the temporary shelter supervisor in Lompoc.

Work Performed and General Findings

We reviewed the cash flow process and print outs of the Chameleon computerized cash handling system. It appears that the system is a solid improvement from the prior cashiering system.

We studied the FIN Financial Summary Status and determined that all donations flow into only three programs within Special Revenue Fund 0042. AH&R shelter programs 0500 Santa Barbara, 0600 Lompoc, and 0700 Santa Maria receive the

donations along with other general shelter activity. No money was transferred out from any of these programs during the fiscal year ending June 30, 2003. We are certain that all money received by the shelters, including donations, remained within the individual budgeted program.

We determined that there is confusion among AH&R staff members and volunteers regarding the flow of revenue in Fund 0042. Some staff and volunteers have incomplete information as to how the shelters are funded and the use of donations.

Non-profit organizations, on occasion, purchase items from their own accounts for things they believe to be necessary or that they want at a specific shelter. These items do not appear in County financial records. There are also volunteers who give freely of their time. Likewise, no value for such services is recorded in the financial records.

In addition, donations of money flow into the shelters. These donations are recorded in the accounts of AH&R. It is in fact money donated to the County of Santa Barbara AH&R and not designated for a specific purpose. Donations are used within the shelters for any purpose and are not designated for a specific purpose because of the cost of time and effort that would be required to enter, track, and report on specific bequests.

The revenue of each shelter is insufficient to pay for shelter operations; therefore, each shelter is supplemented by the Public Health Fund, which in turn is reimbursed by the County's general fund. Thus, donations serve to reduce the contributions from the General Fund and not for expanded services as a volunteer or the general public might expect.

Monetary donations from the public and the net County cost to the General Fund for the shelters for the year ended June 30, 2003 were as follows:

	<u>DONATIONS</u>	<u>GENERAL FUND</u>
Santa Barbara	\$ 7,803	\$ 165,585
Santa Maria	5,283	235,174
Lompoc	365	203,883
	<u>\$ 13,451</u>	<u>\$ 604,642</u>

Findings and Recommendations

Finding:

Staff members and volunteers are not fully aware of how the AH&R budget flows from the Public Health overall budget and the County General Fund. Therefore,

shelter staff or volunteers may not be able to adequately explain the process to customers or potential donors.

Recommendation:

We recommend that the Public Health Department fiscal staff provide a basic level of accounting training to AH&R staff so that they may answer questions from the public. More difficult questions regarding accounting or budgeting should be directed to the Public Health Department fiscal staff.

Finding:

Some donors may have the perception that money gathered on behalf of the County Animal Shelters is for some type of expanded or upgraded level of service.

Recommendation:

We recommend that signs (which could take the form of a memo taped to the reception counter) be put in place to notify volunteers and other donors that money received by the shelter will be used in the general operations of the shelter.

An example may be as follows:

<p><u>NOTICE</u></p> <p>Donations to the County of Santa Barbara Animal Shelters are used to offset the obligation of the County to care for animals, and to fund animal shelter operations and cannot be designated for a particular purpose.</p> <p>If a Donor desires to designate his or her donation for a particular purpose, you may wish to consider a local non-profit organization as an alternative. You must select a non-profit organization, if you desire to designate your donation; the County cannot recommend specific organizations.</p>
