

OFFICE OF THE NASSAU COUNTY COMPTROLLER



Limited Review of the Town of Hempstead Animal Shelter

June 4, 2019

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COMPTROLLER**

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This audit was started under the prior Comptroller's administration.

This report is also available on our website at: <https://www.nassaucountyny.gov/audits>



OFFICE OF THE NASSAU COUNTY COMPTROLLER
TOWN OF HEMPSTEAD ANIMAL SHELTER
REPORT SUMMARY

WHY WE DID THIS REPORT

This audit was initiated by the prior Comptroller in 2017, but was interrupted by the Town of Hempstead commencing legal action attempting to halt the audit. Per a New York State Supreme Court ruling, the Comptroller's audit had to be limited to a financial review. This Court decision was appealed by Nassau County and this appeal is pending. In 2018, the audit was restarted after the current Town Supervisor requested that the current Comptroller perform a financial audit of the Animal Shelter. The audit period was from 2015-2017.

WHAT WE FOUND

Scope Limitations Impacted Overall Audit Review:

- Audit scope limitations, both the 2017 Court ruling and additional restraints placed by the Town during the course of this audit, impeded a comprehensive financial review of the Animal Shelter. Salaries and wages averaged over 80% of Shelter expenses during the audit period, however, we were unable to examine staff personnel records to verify staff qualifications, duties and responsibilities, and determine if salary expenditures were reasonable and appropriate.
- Auditors were not permitted to obtain an organizational chart of the Shelter, rendering Auditors unable to determine if there were adequate staffing levels or proper supervision.
- Auditors were not permitted to go to the Shelter without a prearranged appointment made through the Town Comptroller's Office, and during audit testing, a communications employee or others from the Town Comptroller's Office were assigned to sit and monitor the Auditors while they performed their review.

Tails Of Hope Program Operated with a Lack of Transparency:

- The Town's "Tails of Hope Program" takes private donations to provide funding for animal care needs at the Shelter funded outside of the Town's operating budget. However, donations are not tax-deductible since this program is not a 501(c)(3) non-profit organization.
- Tails of Hope Program funds are not maintained in their own separate bank account but instead are co-mingled with other Town funds in one Trust and Agency bank account. This account contains a multitude of Trust and Agency funds, including PILOT payments, payroll tax deductions, etc. which creates an environment where Tails of Hope Program funds could be diverted to other programs.
- There is no separate annual financial reporting for this donation driven program to illustrate its financial activity, therefore Auditors had to create a report of fiscal activity from analysis of balance sheets and general ledgers.
- Expenditure of the funds are not subject to normal Town procurement procedures. There is no requirement or process to obtain bids/quotes for services before selecting vendors and in most instances the services required are obtained by individuals that do not have a contract with the Animal Shelter.
- Significant internal control deficiencies in Tails of Hope Program cash disbursements were observed, which increases the risk of fiscal mismanagement of these donated funds. Auditors found instances where claims were not properly authorized, daily rates were not specified and proper supporting documentation did not exist. Three invoices were billed to a Town employee's private business address instead of the Shelter's address and also contained two pricing columns ("low" and "high") prices - in one instance the low price was paid and in two others the high price was paid.

Numerous Financial Issues Were Identified:

- Variance analysis to properly monitor spending was not performed by the Town. Auditors had to create their own comparison of budget to actual financial figures for the Shelter because the information was not available from the Town. Analysis of the 2015-2017 budget to actual numbers revealed the following:

2015: Total actual expenditures were \$3.77 million. Actual personal services expenditures of \$3.18 million accounted for 84% of all actual Animal Shelter expenses.

2016: Total actual expenditures were \$3.68 million. Actual personal services expenditures of \$3.06 million exceeded budgeted expenditures by \$60,779 and accounted for 83% of all Shelter expenses.

2017: Total actual expenditures were \$4.25 million and exceeded budgeted expenditures by \$428,893, or 11% over budget. Actual personal services expenditures of \$3.23 million exceeded budgeted expenditures by \$260,904, and accounted for 76% of all Shelter expenses. Actual contractual expenses of \$1.01 million exceeded budgeted expenses by \$167,989 and accounted for 24% of all Shelter expenses. The fees and services contractual expense category was over budget by \$194,483, which included \$184,972 spent on legal fees related to various ex-Shelter employees, volunteers and animal rights activist lawsuits.



OFFICE OF THE NASSAU COUNTY COMPTROLLER
TOWN OF HEMPSTEAD ANIMAL SHELTER
REPORT SUMMARY (CONTINUED)

- The risk of waste, fraud and abuse was increased by the improper preparation and review of overtime slips. The process for producing Animal Shelter payroll is a combination of automatic (including biometric) and manual systems. Paper transcription of information at several points along the process increases risks for input errors which could lead to overpayments. Overtime worked did not always match biometric attendance records.
- An increased risk that mistakes or misappropriation of funds could occur or go undetected was identified due to internal control weaknesses identified during testing of Animal Shelter cash receipts and cash disbursements:
 - Cash collections for the Animal Shelter and Tails of Hope Program totaled over \$337,000 during the audit period. Cash collections lacked documented review, a standardized “cash count form” to close out the register and proper segregation of duties.
 - Contractual expenses made during the audit period totaled \$2.2 million. Cash disbursement testing revealed billing irregularities and improper claim approval. Auditors were unable to verify if the prices paid for multiple claims agreed to contract terms due to a lack of supporting documentation.
- Shelter run rabies vaccine clinics may have not been properly sanctioned by the Town. During cash receipt testing, Auditors observed that half of the proceeds earned from these events were paid to a veterinarian without a formal agreement.
- Shelter staff waived or discounted fees to Shelter patrons on a case by case basis without documented authorization. If employees can arbitrarily and capriciously make decisions to waive or discount fees, total fees collected could be impacted and favoritism is possible.
- Employees were not receiving overtime or accruing compensatory time in accordance with the Town’s Collective Bargaining Agreements.

WHAT WE RECOMMENDED

The Town should undertake an operational audit performed by subject matter experts of the Animal Shelter, which includes a detailed internal review of matters related to staffing, purchasing, and the care of animals. A list of over 50 complaints the Comptroller’s Office received from area residents regarding the Animal Shelter is included in the report, and the Town should take these allegations into consideration and perform an internal review to address all concerns.

Other Recommendations Include:

Tails of Hope Program: Establish a registered 501 (c)(3) for the program; follow the Towns’ procurement policy; pay only invoices made out to the Animal Shelter or the Tails of Hope; and require supporting documentation for all claims.

Financial Internal Controls:

- Include salary and wage sub-categories in the Town’s accounting system and perform variance analysis to properly monitor spending and provide financial guidance to the Shelter Director to properly manage and adjust expenses;
- Properly review overtime slips for completeness/accuracy and deny slips not properly prepared;
- Compare all overtime slips to the hand scan in/out data recorded by the biometric hand scanner to verify if overtime hours submitted were actually worked;
- Develop a standardized form to be used during the cash register closing process, properly segregate cash handling duties and require supervisory review of cash register accountings;
- Develop policies and procedures to document fee waivers/discounts;
- Adhere to the terms of the Town’s collective bargaining agreements; and
- Require purchase orders to be completed before purchasing goods and/or services from vendors; all approval signatures be obtained prior to the payment of a claim; and claims be accompanied by supporting documentation.

WHAT WAS THE RESPONSE?

The Town thanked the County Comptroller for making the Office’s resources available to conduct the financial review and noted that the findings provide an opportunity for the Town to take a broader look at Town-wide processes and make changes which strengthen their internal controls. In many of the findings, the Town noted the Auditors’ exceptions and recommendations and stated that improvements have been made in the reduction of overtime, current budget analysis performed by the Town, the upcoming implementation of a new financial system which will automate certain payroll processes, and the planned implementation of a new point of sale system to improve the controls over cash receipts.

WHY IS THIS REPORT IMPORTANT?

The Town of Hempstead is the nation’s largest township and it is important that it has an effective, efficient, responsive and humane Animal Shelter. The limited review performed by the Nassau County Comptroller’s Office provides an independent analysis of the Town’s financial operations of the Animal Shelter and its internal controls. Our recommendations provide the Town with an opportunity to strengthen its financial processes to improve efficiency, mitigate waste, fraud and abuse and better serve the Town’s taxpayers.

Executive Summary

Summary of Audit Findings and Recommendations		
#	Audit Finding	Audit Recommendation(s)
1	County Auditors were Prevented from Performing a Full Operational Review of the Animal Shelter due to Scope Limitations	We recommend that the Town of Hempstead: a) undertake their own operational audit of the Shelter, including a detailed internal review of matters related to staffing, purchasing and the care of animals at the Shelter; and b) take the allegations listed in Appendix B into consideration and perform an internal review to address all concerns.
2	There is a Lack of Transparency with the Operation of the Tails of Hope Program	We recommend that the Town of Hempstead: a) establish a registered 501(c)(3) charity for the purpose of: i. increasing financial transparency; ii. accepting tax deductible donations from the public; iii. making disbursements for the benefit of animals when Town resources are not available; iv. requiring the annual filing of IRS Form 990; and v. improving minute meeting documentation; b) review the original request to set up the Dogs, Cats, and Caring Foundation, Inc. to determine its purpose and the reason it was never used.
3	Internal Control Weaknesses with Tails of Hope Program Cash Disbursements Were Identified	We recommend the Tails of Hope Program Committee, Town and the TOHAS: a) follow the Town's procurement policy to promote increased competition amongst vendors to obtain quality services at the lowest price with consistent terms; b) only pay invoices made out to the TOHAS or to the Tales of Hope; c) require all approval signatures be obtained prior to the payment of a claim; d) require all claims be accompanied by proper supporting documentation including any applicable meeting minutes and Director memorandums; and e) require all invoice numbers be recorded accurately in the Town's accounting system.
4	TOHAS Should be Performing Variance Analysis to Properly Monitor Spending	We recommend the TOH Comptroller's Office account for the sub-categories of salary and wages, perform variance analysis of revenues/expenses and provide financial guidance to the Shelter Director to properly manage and adjust expenses.
5	Auditors Found Improper Preparation and Review of Overtime Slips which Increases the Risk for Fraud, Waste and Abuse	We recommend: a) Current overtime slips be reviewed for completeness and accuracy before they are approved by the Shelter Director or a supervisor; b) Overtime slips that are not accurately prepared be denied; c) Overtime slips be revised to include the Director's or supervisor's date of approval; and d) Separate forms be used for employees to request paid overtime in comparison to time owed to avoid confusion and duplication of time.

Executive Summary

Summary of Audit Findings and Recommendations

#	Audit Finding	Audit Recommendation(s)
6	Requested Overtime Does Not Match Biometric Attendance Records	<p>We recommend:</p> <ul style="list-style-type: none"> a) all employees, including the Shelter Director, be required to utilize the biometric hand scan procedures to track their time present at work; b) overtime slips be reviewed for accuracy and completeness prior to receiving Director or supervisor approval; c) the Animal Shelter compare all overtime slips to the hand scan in/out data recorded in Attendance Enterprise to verify if overtime hours submitted on the Overtime Slips were actually worked; d) overtime be noted for the day the overtime was actually worked on the Payroll Certification Time and Attendance Records; and e) TOHAS should ensure that they are in compliance with the FLSA by utilizing the US Department of Labor Wage and Hour Division Fact Sheets summarizing the recordkeeping regulations.
7	TOHAS Cash Receipt Process Lacks Adequate Controls, Increasing the Risk that Errors Will go Undetected	<p>We recommend:</p> <ul style="list-style-type: none"> a) a standardized form be developed and used during the register closing process to record the specific breakdown of currency and checks received for each of the three deposit categories. The cashier performing the closeout should sign and date the form and a secondary count should be performed by another cashier to substantiate the financial information; b) proper segregation of duties be adhered to by requiring a clerk different than the closeout cashier to process the daily deposits; c) any discrepancies between cash on hand, the cash register tape and PetPoint be reconciled and documented on all Daily Deposit Breakdown forms; d) a supervisory review be performed to minimize potential errors including discrepancies between the register total and the PetPoint system, method of payment reported, and dates not being recorded on the Daily Deposit breakdown.
8	Shelter Run Rabies Vaccine Clinics May Not have been Properly Sanctioned	<p>We recommend that:</p> <ul style="list-style-type: none"> a) revenue be recorded in full and the amount given to the veterinarian should be recorded as an offsetting cost; b) TOHAS discuss with Town officials to determine if this event has been properly sanctioned; and c) If no formal agreement exists, the Town should follow their procurement procedures to obtain veterinary assistance and document in a written agreement that includes the discounted fee to be charged for rabies vaccines and the rate for the veterinarian.
9	Shelter Staff Waived or Discounted Fees to Shelter Patrons Without Authorization on a Case By Case Basis, Which Could Impact Fees Collected	<p>We recommend that the TOHAS develop policies and procedures which detail:</p> <ul style="list-style-type: none"> a) which fees can be adjusted (waived or discounted) and under what conditions/timeframes; b) the requirements and procedures for the processing of any fee adjustments; and c) who is authorized to approve a fee adjustment.

Executive Summary

Summary of Audit Findings and Recommendations		
#	Audit Finding	Audit Recommendation(s)
10	The Animal Shelter Director Did Not Certify All Payroll Records and Many Manual Payroll Documents Were Not Completed	We recommend the Animal Shelter Director, or in his absence an Assistant Director, certify all Animal Shelter payroll records by signing the payroll certification forms only after he has verified that they are complete with the correct hours worked and the payroll dates for all listed employees.
11	Employees Were Excessively Working Through Lunch Which May Be a Violation of New York State Labor Law	We recommend the Animal Shelter develop policies for allowing employees to work through their lunch break which comply with Section 162 of the New York State Labor Law and that Animal Shelter employees only be permitted to work through their lunch break on an exception basis.
12	Animal Shelter Employees were Not Receiving Overtime or Accruing Compensatory Time in Accordance with the Town's Collective Bargaining Agreement	We recommend that: <ul style="list-style-type: none"> a) The Town and Animal Shelter adhere to the terms of the collective bargaining agreements between the Town and CSEA Local 880; b) All Animal Shelter employees properly complete all sections of the Town's overtime slips; and c) The Animal Shelter implement a procedure requiring supervisory reviews of their internally maintained Attendance Records to verify the accrual and usage of any compensatory time.
13	Internal Control Weaknesses with Animal Shelter Cash Disbursements Were Identified Which Could Lead to Unauthorized Payments or Misappropriation of Funds	We recommend the Town of Hempstead Animal Shelter: <ul style="list-style-type: none"> a) require purchase orders to be completed before purchasing goods and/or services from vendors; b) require all approval signatures be obtained prior to the payment of a claim; and c) require all claims to be accompanied by supporting documentation including any applicable price lists and/or excerpts from contracts stating the agreed upon prices to easily verify if prices paid are in agreement with Town contracts.

The matters covered in this report have been discussed with the officials of the Town of Hempstead and Town of Hempstead Animal Shelter. On April 11, 2019 we submitted a draft report to Town Supervisor Laura Gillen for review, noting their written response was due April 25, 2019. On April 23, 2019 the Town submitted a request to have their written response due date extended to May 9, 2019. This request was granted by the Nassau County Comptroller. On May 9, 2019, the Town requested an Exit Conference be held to discuss the draft report. Accordingly, an Exit Conference with Town representatives was held on May 15, 2019 and the final draft response due date was extended to May 22, 2019. The Town's response was received on May 23, 2019. Their response and our follow up to their response are included at the end of this report.

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Introduction

Purpose:

The objective of this audit was to review the finances of the Town of Hempstead's Animal Shelter and evaluate the staffing and overtime expenses, match qualifications of the staff to duties and responsibilities and review time and leave records for the staff. Due to scope limitations, this Office was unable to complete all of these tasks.

Background

The Town of Hempstead Animal Shelter and Control Division ("TOHAS" or "Shelter") is a subdivision of the Town of Hempstead's ("TOH" or "Town") Department of General Services ("DGS") and serves a public safety function for Town residents.¹ TOHAS provides services for the licensing and identification of dogs; the control and protection of the dog population and other animals; and the protection of persons, property and animals from dog attack and damage.² The Animal Shelter provides temporary housing and care for homeless and lost pets, promotes the fostering and adoption of pets and educates residents through its Humane Education Program.

According to the Animal Shelter Director, the Town of Hempstead Animal Shelter accepts dogs and cats within the Town of Hempstead as per the directives for municipal shelters set forth by the NYS Agriculture and Markets Law. The Shelter also partners with various law enforcement agencies for the seizure and care of animals due to cruelty, neglect and abandonment cases. Stray and homeless animals are taken into the Shelter and provided with a medical examination and behavioral evaluation. The Town also has a TNR (Trap, Neuter, and Return) Program for Town of Hempstead residents free of charge to help reduce the feral cat overpopulation, and has spayed/neutered over 18,000 feral cats since 2010.

Statistics regarding the Animal Shelter provided by the Shelter Director are shown in Appendix A, and provide perspective for the financial expenditures of the facility.

The NYS Department of Agriculture and Markets' Division of Animal Industry has established guidelines to summarize regulations relative to municipal dog control and shelter services.³ The 2016 and 2017 NYS Department of Agriculture Municipal Shelter Inspection Reports for the Town of Hempstead Animal Shelter found the Shelter to be rated "satisfactory." See Appendix E for the 2016 & 2017 NYS inspection reports.

¹ Town of Hempstead Adopted Budget for the Year Ending December 31, 2018 (p. 77)

² Town of Hempstead Town Code. Chapter 152 Animal Shelter and Control Division. § 152-1. Legislative intent.

³ Dog Control Office & Municipal Shelter Guide. Rev. Mar2014.

https://www.agriculture.ny.gov/AI/small_animals/DCO_Shelter_Guide.pdf

Introduction

The Shelter earns revenue from the collection of fees for redemptions, adoptions, surrenders, rabies vaccinations and FIV/FELV⁴ testing, licenses⁵, microchips, TNR Trap Rentals⁶, pick-ups, and low cost spay/neutering⁷. Additionally, the Shelter collects monetary donations for its Tails of Hope Program to promote the welfare of dogs and cats sheltered at TOHAS. Expenses of the Shelter include employee salaries & wages, maintenance of equipment, office expenses, advertising & promotion, fees & services, renting of major equipment, uniform expenses, food & supplies, janitorial supplies, medical supplies, placement of animals, and animal health.

The Town of Hempstead's Town Board ("Board") is an elected seven-member legislative body consisting of the Town Supervisor and six Council Members, who are responsible for financial oversight of the entire Town, including the Shelter. The Board appoints the Shelter's Director and Assistant Directors⁸ who are responsible for managing the Shelter's day to day operations.

According to the Town of Hempstead's 2018 Adopted Budget, total appropriations for the Animal Shelter were \$4.1 million, which included salaries and wages of \$3.0 million for 34 full time positions and an unspecified number of part time positions. The remainder of the budget consisted of contractual expenses of \$1.1 million; the major categories are Fees & Services, Food and Supplies, Medical Supplies and Health.

From 2015-2018 the cost of staffing the Shelter has amounted to an average of 77% of the Shelter's overall adopted expense budget. Exhibit I below summarizes the Shelter's budgeted financial activity for the period 2015-2018. A comparison of 2015-2017 Budget to Actual figures can be found in Appendix C of this report.

Budgeted numbers shown below are from Town budget documents found online.

⁴ Feline Immunodeficiency Virus (FIV) and Feline Leukemia Virus (FELV).

⁵ Dog licensing fees can be collected by the Shelter. However, these fees are deposited into the Town Clerk's account and are not treated as a source of revenue for the Shelter.

⁶ TNR stands for Trap, Neuter and Return. The Town of Hempstead Animal Shelter promotes TNR as the humane solution to the feral cat over-population problem. It is a program that stops breeding by trapping, spaying or neutering and then returning cats to their original habitat.

⁷ The Animal Shelter started a low cost spay/neutering program years ago which was open to all TOH residents and charged a range of fees depending on the animal's breed, sex and weight with the exception of Pit bull and Pit bull Mixes which were free of charge. In the last 2 years the protocol was changed to make the low cost program only available to TOH residents who own a Pit bull or Pit bull Mix.

⁸ Auditors noted there were no formally appointed Assistant Directors employed at the Shelter during the scope of our audit despite Town Code §152-2 requiring that, "There shall be two Assistant Directors, who shall be designated in order of priority by the Director." The Assistant Director responsibilities are handled by Shelter supervisors.

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Exhibit I

Town of Hempstead Animal Shelter Revenues & Expenses Adopted Budgets 2015 - 2018				
Description	2015	2016	2017	2018
Revenues				
Dept Revenues	\$ 77,000	\$ 65,000	\$ 95,000	\$ 95,000
Total Revenues	\$ 77,000	\$ 65,000	\$ 95,000	\$ 95,000
Salary Expenses				
Salaries & Wages	\$ 3,217,897	\$ 3,002,895	\$ 2,970,767	\$ 3,016,633
Toal Salary Expenses	\$ 3,217,897	\$ 3,002,895	\$ 2,970,767	\$ 3,016,633
Contractual Expenses				
Maint. Of Equip	\$ 3,500	\$ 2,500	\$ 2,500	\$ 4,500
Office Expense	\$ 20,000	\$ 20,000	\$ 6,000	\$ 10,000
Advertising & Promotion	\$ 2,500	\$ 1,000	\$ 500	\$ 500
Fees & Services	\$ 300,000	\$ 240,000	\$ 275,000	\$ 340,000
Rent of Major Off. Equip	\$ 1,550	\$ 1,500	\$ 1,500	\$ 1,250
Uniform Expense	\$ 15,500	\$ 10,000	\$ 10,000	\$ 7,500
Food & Supplies	\$ 225,000	\$ 170,000	\$ 175,000	\$ 175,000
Janitorial Supplies	\$ 30,000	\$ 27,500	\$ 20,000	\$ 20,000
Medical Supplies	\$ -	\$ 150,000	\$ 160,000	\$ 125,000
Placement of Animals	\$ -	\$ -	\$ 30,000	\$ 30,000
Health	\$ 270,000	\$ 225,000	\$ 165,000	\$ 350,000
Total Contractual Expenses	\$ 868,050	\$ 847,500	\$ 845,500	\$ 1,063,750
Total Appropriations	\$ 4,085,947	\$ 3,850,395	\$ 3,816,267	\$ 4,080,383

Source: Town of Hempstead Adopted Budgets 2015-2018

In November 2012, the Office of the New York State Comptroller (“OSC”) released an audit of the Shelter covering the period January 2010 - September 2011. The following management oversight issues were noted in the OSC report:

- the Shelter’s cost of operations was significantly more than other similarly sized municipal animal shelters on Long Island;
- there were weaknesses in the internal controls and oversight of the Shelter’s financial operations;
- vendors were selected without following the Town’s procurement process;
- State Auditors noted missing documentation, lack of itemized invoices and payments for non-contracted services related to cash disbursements;
- incomplete and inadequate overtime documentation was found;

Introduction

- segregation of duty issues with cash receipts were noted; and
- irreconcilable variances with cash receipts were found.

Origins of Nassau County Comptroller Involvement with TOHAS and Scope Limitations

Beginning in late 2016, the previous Nassau County Comptroller received numerous complaints from Town residents and animal activists of alleged animal neglect, unnecessary deaths, unsanitary conditions and unqualified staff at the Town of Hempstead Animal Shelter. In 2017 an audit engagement letter was sent to the Shelter seeking to have Nassau County Auditors inspect the Shelter and look at the animals' records and employees' qualifications.

Town officials, under the former Town of Hempstead Supervisor Anthony Santino, contended that the County Comptroller's Office did not have the statutory authority to audit such operations of the Shelter, as the intended review did not fall within the audit jurisdiction of the Comptroller's Office. As a result, the matter was taken to the New York State Supreme Court where the Honorable Roy S. Mahon ruled the Nassau County Comptroller's audit be limited "...to a fiscal examination...of the Animal Shelter's balance sheets/budget evidencing its income and expenditures." The original audit was halted pending an appeal of this decision.

At the request of current Town of Hempstead Supervisor Laura Gillen, a new engagement letter was sent to the Town on February 1, 2018 to restart the audit as a financial review of the shelter; examination of staff records and expenses; and verification of staff qualifications, duties and responsibilities.

On February 5, 2018 Supervisor Gillen responded that her invitation to audit the Animal Shelter was limited to a financial review and "The Town's expectation is that your office will not exceed its statutory authority and will limit itself to reviewing accounts and records related to the financial condition of the Animal Shelter." Comptroller Schnirman replied to Supervisor Gillen on February 9, 2018 stating, "Please be assured that this audit will not exceed the statutory authority of the Nassau County Comptroller in reviewing the accounts and records related to the financial condition of the Town of Hempstead Animal Shelter."

A list of constituent complaints/audit requests received by the Comptroller's Office related to the Animal Shelter are compiled in Appendix B of this report. Due to a court order⁹ and Supervisor Gillen's restrictions, Auditors were unable to perform an operational review of the Shelter to investigate many of these concerns, resulting in scope limitations. The Town should take these allegations into consideration and perform their own internal review to address all concerns.

Audit Scope, Objectives and Methodology

The audit covered the period January 2015 – December 2017. As a result of scope limitations, the objective of the audit was adjusted to review the financial condition of the shelter by examining their staffing and overtime expenses and evaluating the internal controls over cash receipts and disbursements.

We interviewed key personnel at the Shelter and Town of Hempstead Comptroller's Office to obtain an understanding of their internal operations and cash receipt, cash disbursement and

⁹ See Finding 1 for information regarding the court order.

Introduction

payroll processes. We sampled cash receipts and cash disbursements to verify if the internal controls set in place to safeguard Town assets were functioning properly and examined payroll records to verify overtime was properly authorized and approved.

We believe our review provides a reasonable basis for the findings and recommendations contained herein.

AUDIT FINDING (1)

(1) County Auditors were Prevented from Performing a Full Operational Review of the Animal Shelter due to Scope Limitations

In 2017, the previous Nassau County Comptroller initiated an audit of the Town of Hempstead Animal Shelter after receiving numerous complaints from Town residents and animal activists related to the operations of the Shelter. Town officials contended that the County Comptroller's Office did not have the statutory authority to audit the operations of the Shelter, and stated that the intended review did not fall within the audit jurisdiction of the Comptroller's Office.

This matter was taken to New York State Supreme Court by Town officials under the former Town supervisor, where the Honorable Roy S. Mahon ruled on March 31, 2017 that the Nassau County Comptrollers' audit must be limited "...to a fiscal examination...of the Animal Shelter's balance sheets/budget evidencing its income and expenditures." Nassau County appealed this decision and the matter is still pending as of April 2019.

Specifically, the Court ordered that the following information could not be requested by the County:

- Town of Hempstead Animal Shelter Organization Chart (All Employees & Civil Service Titles) for the years 2013, 2014, 2015, 2016 and 2017;
- Contracts between the Town of Hempstead and/or the Town of Hempstead Animal Shelter for goods or services provided to the Town of Hempstead Animal Shelter for the period January 2013 through the date of this subpoena;
- Town of Hempstead Animal Shelter written Policies & Procedures, for the period January 1, 2013 through the date of the subpoena including...animal care requirements (vaccinations, surgeries, etc.), cleaning requirements & schedules, and animal euthanasia.

The following documents could be provided by the Town to the County:

- Town of Hempstead Comprehensive Annual Financial Reports (CAFR) for the years 2013, 2014, 2015, and 2016;
- Town of Hempstead Animal Shelter Cash Receipt Logs & Registers for the period January 1, 2013 through the date of the subpoena;
- Town of Hempstead Shelter Cash Disbursement Logs & Registers for the period January 1, 2013 through the date of the subpoena;
- Town of Hempstead Animal Shelter written Policies & Procedures, for the period January 1, 2013 through the date of the subpoena, including...cash receipts, cash disbursements, payroll & overtime, and a list of all fees charged by the Animal Shelter.

Findings & Recommendations

In February 2018 Supervisor Gillen requested that the new Nassau County Comptroller conduct an audit of the Animal Shelter but limit the audit to a financial review of "... accounts and records related to the financial condition of the Animal Shelter."

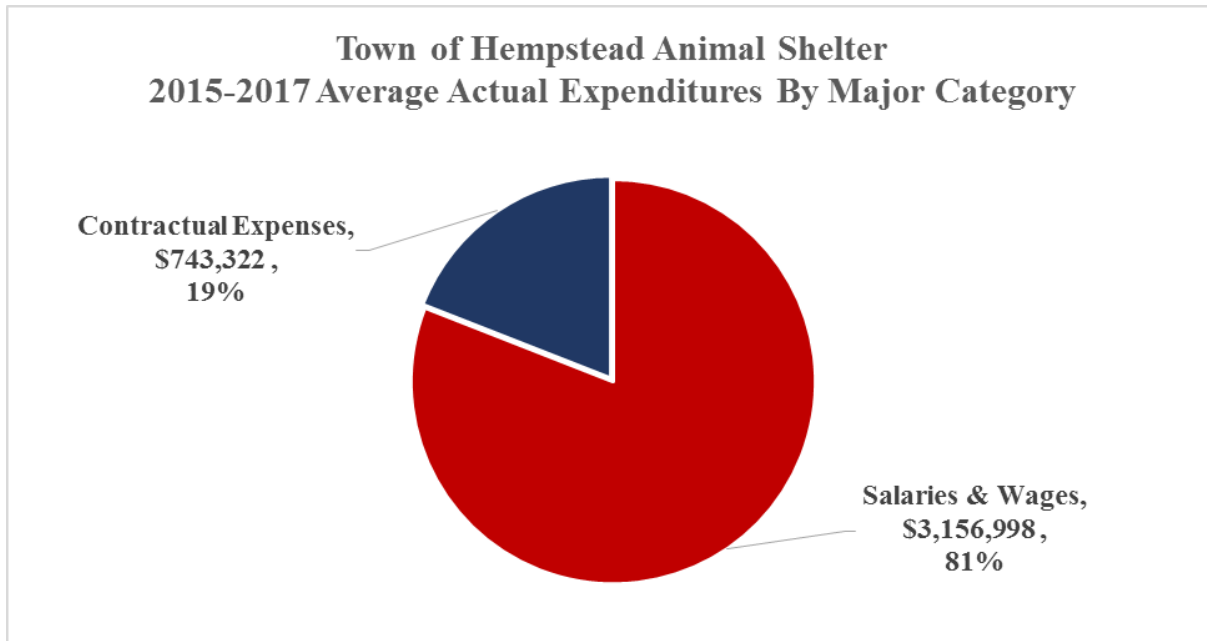
The Comptroller's February 1, 2018 engagement letter stated the review would include but not be limited to, a financial review of the shelter; examination of staff records and expenses; and verification of staff qualifications, duties and responsibilities. Based on the Court's decision and the Town Supervisor's restrictions, the testing for these objectives was not possible.

The following categories breakdown the various scope limitations encountered by the Auditors during our testing.

Animal Shelter Staff, Qualifications, Duties and Responsibilities:

As illustrated in Exhibit II below, the largest expense at the Animal Shelter is the salaries and wages line, which averaged over 80% of all the actual expenditures of the Shelter between 2015 and 2017.

Exhibit II



The Auditors were unable to examine staff personnel records to verify staff qualifications, duties and responsibilities, as Town hiring procedures and maintenance of personnel documents were considered operational. **We were unable to evaluate the qualifications of employees to determine if salary expenditures were reasonable and appropriate.** Also, hiring is performed by the Town's centralized Human Resources and Payroll departments; not the Animal Shelter. This prevented Auditors from investigating the complaints of alleged patronage and no-show jobs at the Animal Shelter (see Appendix B).

We were not permitted to obtain an organizational chart of the Shelter, rendering the Auditors unable to determine if there were adequate staffing levels, proper supervision or to whom the appropriate party was to address specific questions. It should be noted that **all** audits begin with a

Findings & Recommendations

review of the organizational chart of an agency, yet the Court restricted the provision of the Town of Hempstead Animal Shelter Organizational Chart to the Comptrollers' Office.

The Auditors asked a number of questions and requested documentation in an effort to gain an understanding of the Animal Shelter's staffing. However, the Hempstead Town Attorney informed the Town Comptroller that these questions "go beyond the purview and jurisdiction of the financial audit....Please do not answer the questions under the heading "General Staffing" questions."¹⁰ The specific general staffing questions asked, which were not answered, include the following:

- What are the differences between competitive, non-competitive and labor class employee positions? Are there other classes/types of employees? If so, please explain.
- Pertaining specifically to the Animal Shelter, which job titles are competitive, non-competitive, labor, etc.?
- Are there any employees of the Shelter who were hired by a non-competitive civil service exam (i.e. appointed)? If so, please list all that apply. How are their salaries/benefits decided upon? If via Board Resolution, please provide.
- Per § 152-2 of the Town Code, "The executive head of said Division shall be the Director, who shall be appointed by the Town Board for a term fixed by the Town Board, or at the pleasure of the Town Board, at such salary as from time to time may be fixed by said Town Board."
 - Is (the Shelter Director) an appointed person or is he a Civil Service employee?
 - Does (the Shelter Director) have a contract or Board Resolution(s) noting his appointment and salary/benefits? If so, please provide.
- Per § 152-2 of the Town Code, "There shall be two Assistant Directors, who shall be designated in order of priority by the Director."
 - How many Assistant Directors are at the Animal Shelter? Who are they and when were they appointed to this position? Are they appointed via Board Resolution? If so, please provide.
 - Are the Assistant Directors Civil Service Employees or appointed employees? Do these employees have a contract?

Due to the lack of cooperation and transparency from TOH officials in answering the above staffing questions and their refusal to provide basic personnel documents, the Auditors' ability to perform an analysis to ensure that only qualified employees were hired at the appropriate salary levels was limited. Further, financial details of annual actual Shelter overtime, longevity payments, lump sum payments and "salary adjustments" were not provided as the Auditors were told by the

¹⁰ Memo from Joseph J. Ra, Town Attorney to Kevin Conroy Comptroller, August 17, 2018.

Findings & Recommendations

TOH Comptroller's staff that they did not maintain that level of detail during the years being reviewed (see Finding 4 and Appendix C).

TOH Employee Monitoring of Audit Testing:

Auditors were not permitted to go to the Shelter without a prearranged appointment that had to be made with Town Comptroller's Office. During audit testing, a communications employee or others from the **Town Comptroller's Office were assigned to sit and monitor the Auditors while they performed their review.** In some instances, schedules of audit samples had to be provided days before the Auditors began testing, which did not allow Auditors to directly pull source documents from the auditee's files, and there were delays in scheduling meetings with the Shelter, as the Auditors had to work around TOH Comptroller's Office staff schedules. County Auditors are usually provided with a temporary work space and access to staff during field work.

Selection of Vendors:

Auditors did not test the procurement and selection of vendors used by the Animal Shelter, as this function is performed by the Town's centralized Purchasing department, not the Animal Shelter.

Complaints & Audit Requests:

During our review, the Nassau County Comptroller's Office received a large amount of comments, complaints and audit requests from concerned citizens and animal rights activists. Many of these items were unable to be investigated by the Auditors due to the restrictions placed on testing and the inability to perform an operational audit of the Shelter. A listing of received comments, complaints and audit requests can be found in Appendix B of this report.

Audit Recommendations:

We recommend that the Town of Hempstead:

- a) undertake their own operational audit of the Shelter, including a detailed internal review of matters related to staffing, purchasing and the care of animals at the Shelter; and
- b) take the allegations listed in Appendix B into consideration and perform an internal review to address all concerns.

AUDIT FINDING (2)

(2) There is a Lack of Transparency with the Operation of the Tails of Hope Program

The Tails of Hope Program is operating as a balance sheet account within the Trust and Agency Fund of the Town of Hempstead rather than as a separate 501(c)(3) non-profit organization, decreasing the transparency of reporting Tails of Hope Program functions and financial transactions. A 501(c)(3) is a non-profit entity recognized by the Internal Revenue Service that receives tax exempt status and requires certain reporting obligations.

Findings & Recommendations

In 2007 the Town of Hempstead established “Tails of Hope” for the promotion of animal welfare and to enhance an animal’s opportunity for adoption. According to the Shelter Director, the Tails of Hope Program was set up to help animals that otherwise would not have any options for care due to budgetary constraints (i.e. no money available in budget, no contract with vendor, services not covered under existing contract with vendor, etc.).

The goals of the Tails of Hope Program, according to the Shelter Director, are to:

- minimize animal intake,
- decrease the spread of disease,
- reduce the Shelter’s euthanasia rate, and
- improve the health and welfare of Shelter animals.

Tails of Hope uses funds for services, not goods, with the majority of disbursements for medical specialists or surgeries not covered under existing Town contracts.

Exhibit III below illustrates the annual activity for the Tails of Hope Program from 2015-2017.

Exhibit III

TOHAS Tails of Hope Program				
Annual Activity				
2015 - 2017				
Year	Beginning Balance	Income *	Expenses	Ending Balance
2015	\$ 38,906	\$ 24,140	\$ (47,934)	\$ 15,112
2016	\$ 15,112	\$ 32,553	\$ (28,342)	\$ 19,323
2017	\$ 19,323	\$ 20,595	\$ (30,491)	\$ 9,427
TOTAL		\$ 77,288	\$ (106,767)	

* Income calculated by netting cash receipts and journal vouchers

Source: TOHAS Tails of Hope Balance Sheets & General Ledgers

On May 8, 2007 through resolution 509-2007, the Town of Hempstead established a special fund referred to as “Tails of Hope” to “receive private contributions and corporate grants for the specific benefit of the Town of Hempstead Animal Shelter dogs and cats.” The fund was established for the promotion of animal welfare and to enhance an animal’s opportunity for adoption.

An amendment was passed in 2008 via Resolution 515-2008 to change the name of the Tails of Hope fund to the “Tails of Hope Program.” It also established a three member “Tails of Hope Program Committee” to make recommendations for the expenditure of funds. Based on the Committee’s recommendation, the Town Supervisor is authorized to disburse the funds. All Committee members were Animal Shelter employees.

In 2011, resolution 641-2011 further amended the Tails of Hope Program to increase the number of Committee members from three to five and authorized the Commissioner of the Department of General Services to appoint or remove members as required to fill vacancies.

Findings & Recommendations

Tails of Hope Program financial information is grouped into the Town's Trust & Agency fund. It is a "balance sheet account"¹¹ and as such is only reflected as assets and liabilities on the books, with their account balances carried forward from year to year.

The following deficiencies were noted with the way the Tails of Hope Program is functioning:

- **Although accepted from the public, donations made to the Tails of Hope Program are not tax deductible as the Program is not a registered 501(c)(3) non-profit organization.**
- **Income and expenses are not categorized by type (i.e. donations, veterinary expenses, medical supplies, animal placement, etc.).** This is because the Tails of Hope Program is a balance sheet account and only recorded as assets or liabilities.
- There is no **separate annual financial reporting to illustrate the Tails of Hope Program's financial activity.** Tails of Hope Program activity is grouped within the Town's Trust and Agency fiduciary fund when reported on the Town's annual financial statements. **The Committee does not prepare Profit and Loss statements to distinguish the categories of expenses, opening balances, ending balances and remaining available funds. A properly set up 501(c)(3) non-profit organization would require a Form 990 to be filed with the IRS annually that allows all donors and the general public access to an entity's financial activity and operations.**
- Unlike a 501(c)(3) organization, **there is no separate bank account** to record any financial transactions for the Tails of Hope Program. Tails of Hope funds are comingled with other Town of Hempstead Trust and Agency programs into one Trust and Agency bank account. Bank reconciliations of this account are performed by the Town of Hempstead's Comptroller's Office, not by Shelter Committee members.
- **Normal Town procurement procedures are not followed for the selection of vendors paid from the Tails of Hope Program,** since its funds are not Town assets and are maintained in the Town's Trust and Agency account for the exclusive use by the Committee. There is no requirement or process to obtain bids/quotes for services before selecting vendors and in most instances the services required are obtained by individuals that do not have a contract with the Animal Shelter. This process allows the Committee to select any vendor they wish to perform the service without assuring any cost considerations such as "the lowest responsible vendors" or "the most qualified vendors" were selected. Obtaining Requests for Proposals ("RFP") and competitive bids/quotes are best practices to prevent favoritism with the selection of vendors.

¹¹ "Balance sheet accounts are one of two types of general ledger accounts...Balance sheet accounts are described as permanent or real accounts because at the end of the accounting year the balances in these accounts are not closed. Instead, the end-of-the-accounting-year balances will be carried forward to become the beginning balances in the next accounting year. (This is different from the income statement accounts, which begin each accounting year with zero balances.)" <https://www.accountingcoach.com/blog/what-are-balance-sheet-accounts>

Findings & Recommendations

- **All members of the Committee have been/are TOH Animal Shelter employees.** The Committee consists of the Shelter Director, Shelter Veterinarian and three clerks. There are no set roles or responsibilities for Committee members such as president, vice president, treasurer, secretary, etc. A 501(c)(3) non-profit entity would have a board of directors who are not usually involved in the day-to-day activities of the organization but are responsible for making policy decisions and authorizing financial transactions crucial to the direction of the organization. A non-profit should have written job descriptions for its directors, officers, employees, volunteers and consultants.
- The Tails of Hope Program Committee holds infrequent and informal meetings. According to the Shelter Director who is also a Committee member, **meetings are held on a case by case basis at the Shelter and are not open to the Public.**
- Auditor review of the minutes for meetings held during the scope of our audit indicated the following:
 - One Committee member was not present for any meetings held in either 2015 or 2016. This member was subsequently replaced in 2017.
 - According to Resolution 641-2011, the Committee is authorized to make recommendations to the Commissioner of the Department of General Services (“DGS”) for the expenditures of funds, as it deems proper, from the Tails of Hope Program and the Supervisor is authorized to disburse funds upon recommendation of the Tails of Hope Committee. **No recommendations to the Commissioner of DGS or Town Supervisor for the expenditure of Tails of Hope Program funds or the subsequent approval of such funds were documented in the meeting minutes.**
 - **Meeting minutes do not contain any financial information such as which vendor was expected to be used, justification for the selection of the vendor, or an estimation of anticipated costs.** Results on any voting for decision making, such as the number of ayes and nays from the Committee, are not documented.
 - Meeting minutes frequently contained information for events which took place after the meeting date. For example, a meeting was held on April 25, 2017 and briefly discussed an animal with eye issues. No recommendations on what to do were presented (i.e. take animal to ophthalmologist). The Committee signed and dated the minutes as of April 25, 2017. However, a “decision” section was also completed noting the animal was taken to an outside veterinarian on April 26, 2017 to be treated and was later adopted on May 5, 2017.

The Dogs, Cats, and Caring Foundation, Inc.

A Town of Hempstead attorney set up a registered 501(c)(3) non-profit organization known as "The Dogs, Cats, and Caring Foundation, Inc." with an effective tax exempt status as of September 10, 2013. It appears this organization was set up for the same purpose as the Tails of Hope Program. Research on this organization revealed that although tax exempt status

Findings & Recommendations

was authorized by the Internal Revenue Service, the Town of Hempstead did not file the required Form 990 in each of the three years following the entity's establishment as required for registered tax exempt entities. As a result, the IRS revoked the tax exempt status of this entity effective May 15, 2016.

Auditors questioned staff at the Animal Shelter and representatives from the Town of Hempstead Comptroller's Office to determine the purpose of the foundation and why it appeared to not have been used. However, **they did not know why it was set up or if it was ever used.** Auditors were told the foundation was set up solely by the Town Attorney's Office.

On January 24, 2019 Auditors called the Town Attorney whose name was associated with registering the entity to discuss the purpose of setting it up and to ask why it was never used. They left a message with his Office but have not received a response.

A representative of the Nassau County Comptroller's Office stopped by the Town Attorney's Office on February 5, 2019 in effort to speak with the attorney face-to-face. Initially a receptionist told him the attorney no longer works for the Town. He then spoke with a Deputy Town Attorney who stated the individual still works for the Town but was out of the office and would call him back. To this date no response has been received from the Town Attorney's Office.

Audit Recommendations:

We recommend that the Town of Hempstead:

- a) establish a registered 501(c)(3) charity for the purpose of:
 - i. increasing financial transparency;
 - ii. accepting tax deductible donations from the public;
 - iii. making disbursements for the benefit of animals when Town resources are not available;
 - iv. requiring the annual filing of IRS Form 990; and
 - v. improving minute meeting documentation;
- b) review the original request to set up the Dogs, Cats, and Caring Foundation, Inc. to determine its purpose and the reason it was never used.

Findings & Recommendations

AUDIT FINDING (3)

(3) Internal Control Weaknesses with Tails of Hope Program Cash Disbursements Were Identified

Auditor review of Tails of Hope Program cash disbursements revealed numerous internal control deficiencies.

The Town of Hempstead Tails of Hope Program was established to promote the welfare of dogs and cats at the Town of Hempstead Animal Shelter and is funded by private contributions and corporate grants. **Funds for the Tails of Hope Program are in a pass through account; none of the money actually belongs to the Town as it exists solely for use by the Tails of Hope Committee for the betterment of the animals. These fiduciary funds are maintained in the Town's Trust & Agency account.** Disbursements from the Tails of Hope Program are for services (usually medical specialists) that are not covered in the normal budget. Expenses are paid purely based on the decision of the Committee and ultimately the approval of the Commissioner of General Services and Town Supervisor.

Auditors performed internal control testing on a sample of 34 Tails of Hope Program disbursements from 2015-2017 which amounted to \$65,741. Our analysis revealed the following significant deficiencies, which are categorized by topic below.

When there are significant deficiencies in cash disbursements as we observed, there is a risk of fiscal mismanagement of these donated funds.

Billing Irregularities:

- **Three invoices were billed to the Town Veterinarian's private business address instead of the Shelter's address and these invoices had two pricing columns: "low price" and "high price". In one instance the low price was paid, in the other two the high price was paid. See Exhibit IV below for an example.**

Findings & Recommendations

Exhibit IV

Code	Description	Low Qty	High Qty	Low Price	High Price
EX335	Recheck - Oncology	1.00	1.00	\$ 133.00	\$ 133.00 ✓
IHL00008	*CBC (On-site - STAT)	1.00	1.00	\$ 119.00	\$ 119.00 ✓
IHL00002	*IDEXX In House Chemistry - STAT	1.00	1.00	\$ 137.00	\$ 137.70 ✓
T760	Urinalysis - ATH	1.00	1.00	\$ 123.00	\$ 123.00 ✓
CYST	Cystocentesis (sterile urine capture)	1.00	1.00	\$ 23.00	\$ 23.00 ✓
HOS21541	Hospitalization - Outpatient	1.00	1.00	\$ 72.00	\$ 72.00 ✓
IVFT0038	*IV Catheter - Peripheral/Placement	1.00	1.00	\$ 77.00	\$ 77.00 ✓
IVFT0035	*Fluids Administration / 1st Unit	1.00	1.00	\$ 89.00	\$ 89.00 ✓
ANSE0027	Sedation: Injectables/Induction 51-100	2.00	2.00	\$ 386.00	\$ 386.00 ✓
BUN432	Chemotherapy -BUN	1.00	1.00	\$ 173.05	\$ 173.05 ✓
IC000007	Chemotherapy Nursing Care	1.00	1.00	\$ 0.00	\$ 0.00
MECH0021	Closed Chemotherapy Protection System	1.00	1.00	\$ 0.00	\$ 0.00
L664M	Electrochemotherapy (multiple)	1.00	1.00	\$ 275.00	\$ 275.00 ✓
MECH0020	Pamidronate Injection	1.00	1.00	\$ 179.00	\$ 179.00 ✓
M4749	*Cerenia Inj 10mg/ml (per mg) anti-vomit	1.00	1.00	\$ 51.00	\$ 51.00 ✓
MW	Medical Waste	1.00	1.00	\$ 9.00	\$ 9.00 ✓
MMEDS	Misc Meds & Services	1.00	1.00	\$ 159.15	\$ 371.35 ✓
M4004	Cisplatin	1.00	1.00	\$ 185.00	\$ 185.00 ✓
IM000078	Rad-Thorax -Comprehensive 3 Views	1.00	1.00	\$ 210.10	\$ 210.10 ✓
IM000052	Rad Read Report - U-DVM-Insight	1.00	1.00	\$ 125.00	\$ 125.00 ✓
IM000052	Rad Read Report - U-DVM-Insight Storage	1.00	1.00	\$ 13.00	\$ 13.00 ✓
IM000088	Ultrasound	1.00	1.00	\$ 425.00	\$ 425.00 ✓
IM000052	Rad Read Report - U-DVM-Insight	1.00	1.00	\$ 125.00	\$ 125.00 ✓
IM000052	Rad Read Report - U-DVM-Insight Storage	1.00	1.00	\$ 13.00	\$ 13.00 ✓
Total for Duffy:				\$ 3,101.30	\$ 3,314.20
Total Invoice:				\$ 3,101.30	\$ 3,314.20 ✓

- **Six claims (seven invoices) were paid for temperament evaluations of dogs without daily rates specified. Auditor recalculation of these invoices revealed this vendor charged a variety of steadily increasing daily rates:**
 - December 2014 - \$55.56;
 - June 2015 - \$77.78;
 - 2016 - \$87.50;
 - 2017 \$187.50.

Improper Claim Approval:

- Six claims lacked either the **Vendor signature or the Shelter Director signatures.**
- Nine claims lacked two TOH Comptroller's claims review signatures. The Town's claims approval process requires only one Comptroller's Office review; however, an additional control has been set in place by the Town requiring two approvals for Animal Shelter disbursements.
- Nine claims lacked approval dates from either the Animal Shelter or vendor.
- Three claims lacked Town Comptroller approval.

Findings & Recommendations

Documentation and Recording:

- Six instances where the **incorrect invoice number was recorded** in the Town's accounting software. These invoice numbers either did not match those on the claim or were not recorded increasing the risk that an invoice could be paid more than once.
- **Ten claims did not have Tails of Hope Meeting Minutes present in the voucher package to support the approval of the claim.**

Audit Recommendations:

We recommend the Tails of Hope Program Committee, Town and the TOHAS:

- a) follow the Town's procurement policy to promote increased competition amongst vendors to obtain quality services at the lowest price with consistent terms;
- b) only pay invoices made out to the TOHAS or to the Tales of Hope;
- c) require all approval signatures be obtained prior to the payment of a claim;
- d) require all claims be accompanied by proper supporting documentation including any applicable meeting minutes and Director memorandums; and
- e) require all invoice numbers be recorded accurately in the Town's accounting system.

AUDIT FINDING (4)

(4) TOHAS Should be Performing Variance Analysis to Properly Monitor Spending

The Town of Hempstead does not appear to be monitoring budget to actual revenues and expenses for the Animal Shelter.

During our field work, Auditors requested a comparison of budget to actual financial figures for the Shelter. We were told that the Town's accounting system does not output a report which will display a budget to actual comparison, this information must be manually compiled by analyzing the Town's adopted budget books and the general ledgers.

The Town's adopted budget presented both a total budgeted amount for Salaries and Wages and an additional schedule which detailed the individual sub-categories which make up the total Salaries and Wages budget line. Sub-categories included the budgeted expenses for departmental job titles, overtime, longevity, lump sum payments, salary adjustments and savings.

According to Town Comptroller's staff, sub-category level information is not maintained in the Town's accounting system; it is only included in their budget for informational purposes. As a result, Auditors were unable to determine if any of these individual sub-categories were over/under budget.

Findings & Recommendations

Due to the Town not generating budget actual figures, Auditors created their own budget to actual comparison for the scope of the audit (2015-2017) to determine if the Shelter was operating over/under budget. It is unclear how the Town is able to monitor whether the Shelter was over/under budget electronically in their accounting software without performing a similar manual analysis.

Exhibit V through Exhibit VII below provide the analysis of budget to actual numbers for the audit period, by year. Cells highlighted in yellow indicate information which the Town would not or could not provide. See Appendix C for side by side comparison of all three years of detailed budget to actual numbers.

Exhibit V

Town of Hempstead Animal Shelter 2015 Adopted Budget vs. Actual			
Account	2015 Adopted Budget	2015 Actual	2015 Difference
REVENUE	\$ 77,000.00	\$ 70,742.00	\$ (6,258.00)
EXPENDITURES			
1000 Personal Services			
Staff	\$ 2,761,541.00		
Overtime	\$ 237,500.00		
Longevity	\$ 12,600.00		
Lump Sum Payments	\$ 21,600.00		
Salary Adjustments	\$ 184,656.00		
Less Savings	\$ -		
Total Salaries & Wages	\$ 3,217,897.00	\$ 3,175,648.55	\$ (42,248.45)
4000 Contractual Expenses			
4030 Maint. Of Equip	\$ 3,500.00	\$ 3,604.55	\$ 104.55
4040 Office Expense	\$ 20,000.00	\$ 14,239.41	\$ (5,760.59)
4060 Advertising & Promotion	\$ 2,500.00	\$ 212.00	\$ (2,288.00)
4151 Fees & Services	\$ 300,000.00	\$ 203,223.79	\$ (96,776.21)
4250 Rent of Major Off. Equip	\$ 1,550.00	\$ 1,169.64	\$ (380.36)
4340 Uniform Expense	\$ 15,500.00	\$ 7,820.35	\$ (7,679.65)
4820 Food & Supplies	\$ 225,000.00	\$ 242,017.84	\$ 17,017.84
4830 Janitorial Supplies	\$ 30,000.00	\$ 22,223.54	\$ (7,776.46)
4831 Medical Supplies	\$ -	\$ -	\$ -
4832 Placement of Animals	\$ -	\$ -	\$ -
4900 Health	\$ 270,000.00	\$ 101,641.93	\$ (168,358.07)
Total Contractual Expenses	\$ 868,050.00	\$ 596,153.05	\$ (271,896.95)
Total Appropriations	\$ 4,085,947.00	\$ 3,771,801.60	\$ (314,145.40)
Revenue - Appropriations	\$ (4,008,947.00)	\$ (3,701,059.60)	\$ 307,887.40

Source: TOH Adopted Budgets and General Ledgers

Information not available from the Town of Hempstead Comptroller's Office Highlighted in Yellow

Findings & Recommendations

Observations on the 2015 Budget Actuals

- Actual Revenues of \$70,742 were under the adopted budget of \$77,000 by \$6,258.
- Actual Personal Services Expenditures (salaries & wages) of \$3,175,649 were less than budgeted Personal Services Expenditures of \$3,217,897 by \$42,248. Actual Personal Services Expenditures accounted for 84% of all actual Animal Shelter expenses in 2015.
- Actual Contractual Expenses of \$596,153 were less than budgeted Contractual Expenses of \$868,050 by \$271,897. Actual Contractual Expenses accounted for 16% of all actual Animal Shelter expenses in 2015.
- Overall, total actual expenses of \$3,771,802 were under budgeted expenses of \$4,085,947 by \$314,145, or 8% under budget.

Exhibit VI

Town of Hempstead Animal Shelter 2016 Adopted Budget vs. Actual			
Account	2016 Adopted Budget	2016 Actual	2016 Difference
REVENUE	\$ 65,000.00	\$ 91,378.63	\$ 26,378.63
EXPENDITURES			
1000 Personal Services			
Staff	\$ 2,656,006.00		
Overtime	\$ 119,800.00		
Longevity	\$ 9,775.00		
Lump Sum Payments	\$ 22,800.00		
Salary Adjustments	\$ 194,514.00		
Less Savings	\$ -		
Total Salaries & Wages	\$ 3,002,895.00	\$ 3,063,674.34	\$ 60,779.34
4000 Contractual Expenses			
4030 Maint. Of Equip	\$ 2,500.00	\$ 2,883.41	\$ 383.41
4040 Office Expense	\$ 20,000.00	\$ 4,565.46	\$ (15,434.54)
4060 Advertising & Promotion	\$ 1,000.00	\$ 389.77	\$ (610.23)
4151 Fees & Services	\$ 240,000.00	\$ 204,325.96	\$ (35,674.04)
4250 Rent of Major Off. Equip	\$ 1,500.00	\$ 1,169.63	\$ (330.37)
4340 Uniform Expense	\$ 10,000.00	\$ 8,870.33	\$ (1,129.67)
4820 Food & Supplies	\$ 170,000.00	\$ 211,333.24	\$ 41,333.24
4830 Janitorial Supplies	\$ 27,500.00	\$ 54,319.78	\$ 26,819.78
4831 Medical Supplies	\$ 150,000.00	\$ 51,249.59	\$ (98,750.41)
4832 Placement of Animals	\$ -	\$ -	\$ -
4900 Health	\$ 225,000.00	\$ 81,216.81	\$ (143,783.19)
Total Contractual Expenses	\$ 847,500.00	\$ 620,323.98	\$ (227,176.02)
Total Appropriations	\$ 3,850,395.00	\$ 3,683,998.32	\$ (166,396.68)
Revenue - Appropriations	\$ (3,785,395.00)	\$ (3,592,619.69)	\$ 192,775.31

Source: TOH Adopted Budgets and General Ledgers

Information not available from the Town of Hempstead Comptroller's Office Highlighted in Yellow

Findings & Recommendations

Observations on the 2016 Budget Actuals

- Actual Revenues of \$91,379 exceeded budget by \$26,379.
- According to TOH, revenues increased in 2016 compared to 2015 as a result of "...fee increases across various functions performed by the Animal Shelter, the most significant being Rabies fees increasing to \$25 in 2016 from \$15. Dog adoption fees increasing to \$85 from \$75, as well as Cat adoption fees increasing to \$80 from \$75."
- Actual Personal Services Expenditures (salaries & wages) of \$3,063,674 were more than budgeted Personal Services Expenditures of \$3,002,895 by \$60,779. Actual Personal Services Expenditures accounted for 83% of all actual Animal Shelter expenses in 2016.
- Actual Contractual Expenses of \$620,324 were less than budgeted Contractual Expenses of \$847,500 by \$227,176. Actual Contractual Expenses accounted for 17% of all actual Animal Shelter expenses in 2016.
 - In 2016, the Town implemented a new expense account, Medical Supplies (4831), for increased transparency of medical purchases. Claims previously charged to (4820) Food & Supplies were charged against the new Medical Supplies account.
- Overall, total actual expenses of \$3,683,998 were under budgeted expenses of \$3,850,395 by \$166,397, or 4% under budget.

Findings & Recommendations

Exhibit VII

Town of Hempstead Animal Shelter 2017 Adopted Budget vs. Actual			
Account	2017 Adopted Budget	2017 Actual	2017 Difference
REVENUE	\$ 95,000.00	\$ 98,176.00	\$ 3,176.00
EXPENDITURES			
1000 Personal Services			
Staff	\$ 2,991,863.00		
Overtime	\$ 100,000.00		
Longevity	\$ 10,925.00		
Lump Sum Payments	\$ 24,300.00		
Salary Adjustments	\$ 164,621.00		
Less Savings	\$ (320,942.00)		
Total Salaries & Wages	\$ 2,970,767.00	\$ 3,231,671.30	\$ 260,904.30
4000 Contractual Expenses			
4030 Maint. Of Equip	\$ 2,500.00	\$ 4,840.67	\$ 2,340.67
4040 Office Expense	\$ 6,000.00	\$ 8,489.24	\$ 2,489.24
4060 Advertising & Promotion	\$ 500.00	\$ 1,249.40	\$ 749.40
4151 Fees & Services	\$ 275,000.00	\$ 469,483.00	\$ 194,483.00
4250 Rent of Major Off. Equip	\$ 1,500.00	\$ 1,188.20	\$ (311.80)
4340 Uniform Expense	\$ 10,000.00	\$ 4,243.39	\$ (5,756.61)
4820 Food & Supplies	\$ 175,000.00	\$ 191,705.42	\$ 16,705.42
4830 Janitorial Supplies	\$ 20,000.00	\$ 28,292.60	\$ 8,292.60
4831 Medical Supplies	\$ 160,000.00	\$ 114,783.91	\$ (45,216.09)
4832 Placement of Animals	\$ 30,000.00	\$ 12,000.00	\$ (18,000.00)
4900 Health	\$ 165,000.00	\$ 177,212.74	\$ 12,212.74
Total Contractual Expenses	\$ 845,500.00	\$ 1,013,488.57	\$ 167,988.57
Total Appropriations	\$ 3,816,267.00	\$ 4,245,159.87	\$ 428,892.87
Revenue - Appropriations	\$ (3,721,267.00)	\$ (4,146,983.87)	\$ (425,716.87)

Source: TOH Adopted Budgets and General Ledgers

Information not available from the Town of Hempstead Comptroller's Office Highlighted in Yellow

Observations on the 2017 Budget Actuals

- Actual Revenues of \$98,176 exceeded budget by \$3,176.
- Actual Personal Services Expenditures (salaries & wages) of \$3,231,671 exceeded budgeted Personal Services Expenditures of \$2,970,767 by \$260,904. Actual Personal Services Expenditures accounted for 76% of all actual Animal Shelter expenses in 2017.
- Actual Contractual Expenses of \$1,013,489 exceeded budgeted Contractual Expenses of \$845,500 by \$167,989. Actual Contractual Expenses accounted for 24% of all actual Animal Shelter expenses in 2017.
 - Our review found in 2017 the Fees and Services contractual expense category was over budget by \$194,483. **Further review found that of the \$469,483 spent on**

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Fees and Services, \$184,972 (or 39%) was spent on legal fees related to various ex-Shelter employees, volunteers and animal rights activist lawsuits.

- Overall, total actual expenses of \$4,245,160 exceeded budgeted expenses of \$3,816,267 by \$428,893, or 11% over budget.

Audit Recommendation:

We recommend the TOH Comptroller's Office account for the sub-categories of salary and wages, perform variance analysis of revenues/expenses and provide financial guidance to the Shelter Director to properly manage and adjust expenses.

AUDIT FINDING (5)

(5) Auditors Found Improper Preparation and Review of Overtime Slips which Increases the Risk for Fraud, Waste and Abuse

Auditor review found incomplete preparation and a lack of documented review of overtime slips to establish a proper audit trail. These slips serve as the control documentation for all overtime requests. Proper controls require overtime be documented with a request that includes the hours of overtime the employee is claiming to have worked and the hours the supervisor agrees they worked evidencing approval to be paid.

The Town's payroll process is a mixture of computerized and manual paper documentation, with the majority of the work consisting of transcribing information between paper forms and computer programs. TOHAS employees document if they worked overtime by filling out a paper overtime slip containing multiple days within the pay period.

Auditors performed a review of **3,169 individual requests** for overtime for full time employees submitted during the period 2015-2017. The Town's overtime slips can have up to seven individual days of overtime requests, and in some instances TOHAS employees noted multiple requests for a single day. For purposes of this analysis, Auditors will be referring to all individual requests for overtime as "slips".

If the initial overtime slips are not prepared properly, unauthorized overtime may be paid. Our review noted the following significant deficiencies with overtime source documentation:

- **17 overtime slips were not signed by the employee.** An additional four instances were noted where there was no overtime slip present but the employee accrued time owed on a Compensation Time Approval Report which does not have a place for employees to sign.
- **58 slips were not signed by the Shelter Director or a supervisor** indicating the overtime was not properly authorized.
- **179 instances were identified where the documented reason for working overtime was either not indicated or there was an inadequate description such as "Asked to Work," "Busy," "Overtime," or "Working."**

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- **14 instances were identified where five employees filled out their overtime slip with the total hours worked for the day instead of only the overtime hours worked, rendering Auditors unable to determine the actual overtime hours worked.**
- **32 instances were identified where the date worked was either not specified or was prior to our audit period of 2015-2017.**
- **1,361 instances were identified where AM/PM was not indicated on the overtime slip. The Animal Shelter is a 24 hour operating facility rendering this information a necessity for proper internal controls to prevent an incorrect calculation of overtime.**
- **118 instances were identified where the From/To time noted on the Overtime slip did not agree with the number of Total OT hours requested.**
- **47 instances were identified where no start time or end time (noted as “From” and “To” on the Overtime slip) was indicated.**
- **According to Town officials, the Town’s Director of Finance and the Animal Shelter’s payroll clerk, all overtime must be pre-approved by the Director or Commissioner of General Services and there must be an immediate need for the overtime, with the exception of emergency situations.** However, the “Approved by Supervisor” signature line does not also request the approval date, thus rendering **no documented proof for pre-approval of overtime on the slip.**
- **Overtime slips do not contain a standard classification to designate if the requested time is for paid overtime or compensatory time.** To denote compensatory time, employees sometimes cross off the “Overtime” wording at the top of the overtime slip and handwrite “Time Owed” or “TO”. However, Auditor analysis noted this was not always happening. Additional issues with the Animal Shelter’s granting of compensatory time will be addressed in Finding 12.
- Overtime sheets for one particular employee were **illegible, rendering Auditors unable to perform a verification of overtime requested and approved.** This employee was paid a total of 145 hours overtime or (\$4,601) in a little over a year (2015 through early 2016.) **Auditors could not determine the compensatory time accrued and used.** See Appendix F for an example of this employee’s overtime slips.

Audit Recommendations:

We recommend:

- a) Current overtime slips be reviewed for completeness and accuracy before they are approved by the Shelter Director or a supervisor;
- b) Overtime slips that are not accurately prepared be denied;
- c) Overtime slips be revised to include the Director’s or supervisor’s date of approval; and

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- d) Separate forms be used for employees to request paid overtime in comparison to time owed to avoid confusion and duplication of time.

AUDIT FINDING (6)

(6) Requested Overtime Does Not Match Biometric Attendance Records

Auditor review found biometric attendance records from the Town's Attendance Enterprise system were not in agreement with employee prepared overtime slips, increasing the risk that employees may not have actually worked the overtime hours they requested. **The process for producing Animal Shelter payroll is a combination of automatic and manual systems. Paper transcription of information at several points along the process increases risks for input errors which could lead to overpayments.** Exhibit VIII below illustrates the major points of the payroll process:

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Auditors selected 50 overtime slips submitted for the period 2015-2017 and traced the overtime requested on the slip to the Attendance Enterprise system to validate if the employee was physically present at work. The time requested was also traced to either (1) the Payroll Certification forms to ensure the proper amount of time was credited so the employee would be paid appropriately or (2) to the Shelter's internally maintained Time Owed Balance Report to determine if time owed was accrued for overtime worked.

The following inconsistencies were noted in our testing:

- **Overtime was not accurately reflected on the timesheets on the day it was worked.** The Shelter payroll clerk stated that overtime is not recorded on the timesheets until the employee has worked 40 hours. Since the Shelter is a seven day a week operation, employees have different work shifts. Some employees work Monday-Friday, while others work Tuesday-Saturday. For example, a Tuesday to Saturday employee who worked a full 8 hours of overtime on Monday did not have the overtime recorded on their timesheet until Saturday after the employee completed their 40 hour work week.
- **Incorrect overtime calculations.** Several instances where an incorrect amount of overtime/time owed was calculated resulting in three employees receiving too much overtime and one employee being shortchanged the amount of time owed that was accrued.
- **Overtime granted without two hand scans.** Several instances where a hand scan in/scan out was not recorded in Attendance Enterprise; however, overtime was granted.
- **Overtime with incorrect dates.** Several instances where the overtime slip indicated an incorrect date worked when compared to the Attendance Enterprise hand scan data.
- **Overtime submitted and approved but no attendance for that date.** Two instances where an overtime slip was submitted and approved by the Shelter Director or supervisor; however, no overtime was worked according to the Attendance Enterprise System and the timesheets.
- **Hand scan not in agreement with overtime hours.** Two instances where the hand scan in/scan out does not agree with the overtime hours indicated on the timesheets.
- **Large amount of overtime without hand scans.** One instance where an employee received **46 hours of overtime due to a snowstorm**; however, there were no hand scans in/out to support the overtime requested.
- **Five and one half hours of Comp Time received/ Biometric scan shows three minutes worked.** Auditors found an instance where an employee's overtime slip had no indication of the time worked, but had a request for 4 hours of compensatory time, which was signed by the Shelter Director. Hand scan data in Attendance Enterprise indicated the employee was only present at work for three minutes; however, the employee accrued 5.5 hours of compensatory time for this request.

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The Fair Labor Standards Act (“FLSA”) states employers may use any timekeeping method they choose as long as it is complete and accurate. Some of the basic records required to be maintained by an employer include, but are not limited to, the time and day of week when employee's workweek begins, hours worked each day and total hours worked each workweek. When an employee works longer or shorter period of time than their schedule, the employer must record the number of hours the employee actually worked, on an exception basis.

Audit Recommendations:

We recommend:

- a) all employees, including the Shelter Director, be required to utilize the biometric hand scan procedures to track their time present at work;
- b) overtime slips be reviewed for accuracy and completeness prior to receiving Director or supervisor approval;
- c) the Animal Shelter compare all overtime slips to the hand scan in/out data recorded in Attendance Enterprise to verify if overtime hours submitted on the Overtime Slips were actually worked;
- d) overtime be noted for the day the overtime was actually worked on the Payroll Certification Time and Attendance Records; and
- e) TOHAS should ensure that they are in compliance with the FLSA by utilizing the US Department of Labor Wage and Hour Division Fact Sheets¹² summarizing the recordkeeping regulations.

AUDIT FINDING (7)

(7) TOHAS Cash Receipt Process Lacks Adequate Controls, Increasing the Risk that Errors Will go Undetected

Auditors found a control weakness regarding cash receipts, specifically the lack of documented review over cash collections and errors in the cash receipt process. A proper segregation of duties should exist whereby a secondary count and review are performed by someone other than the individual closing out the register and there should be the two signatures listed. **Without this review, there is an increased risk that mistakes or misappropriation of funds could occur or go undetected.**

The Town of Hempstead Animal Shelter accepts cash and checks for a number of services including:

- Dog and cat adoptions,
- dog licenses,
- redemptions (fees paid by pet owners to reclaim their animals from the Shelter),

¹² <https://www.dol.gov/whd/regs/compliance/whdfs21.pdf>

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- animal surrenders,
- rabies vaccines,
- TNR trap rentals¹³ for feral cat spay/neutering, and
- low cost spay/neutering.

Cash collections for the Animal Shelter and Tails of Hope Program totaled \$337,585 during the audit period.

Cash Receipts Process:

During office hours, Shelter patrons can pay for service at the Animal Shelters front desk. Any money collected after office hours (such as owner surrender fees collected in the field by an Animal Control Officer) is placed into a specific “after hours lock box” which is processed the following morning. Tails of Hope donations are kept in a separate donations lock box which is emptied and processed by a clerk when it appears to be full.

Shelter cashiers restrictively endorse all checks upon receipt, enter all fees and donations into a cash register, and record all activity into the Animal Shelter’s PetPoint case management system (“PetPoint”) where a receipt is created for every transaction.

Cashiers close out their cash registers at the end of office hours and an envelope containing any received cash/checks, their handwritten cash amounts on a post it note and the cash register tape will be stored in a safe until the following morning when the deposit documentation is prepared.

Every morning a clerk will remove the prior day’s money envelope from the safe, make copies of any checks received, generate reports of the prior day’s activity from PetPoint and reconcile the envelope’s contents to the cash register tape and the PetPoint reports. They will then prepare a “Daily Deposit Breakdown” form to summarize the dollar amount received from the public for all non-license fees, Tails of Hope donations and dog licensing fees. Discrepancies between the cash on hand, the register tape and the PetPoint system are documented in the explanation section of the Daily Deposit Breakdown form.

The clerk will separate the money and prepare three deposit slips to be deposited into three bank accounts as follows:

- (1) non-license fees are deposited into the Town’s General Fund account,
- (2) Tails of Hope donations are deposited into the Town’s Trust and Agency account, and
- (3) licensing fees are deposited into the Town Clerk’s account.

The deposits are taken to the bank at some point throughout the day by an Animal Shelter employee and copies of the deposit slips are sent to the Town Comptroller’s Office along with the Shelter’s weekly deposit information to be booked into the Town’s accounting system.

¹³ TNR stands for Trap, Neuter and Return. The Town of Hempstead Animal Shelter promotes TNR as the humane solution to the feral cat over-population problem. It is a program that stops breeding by trapping, spaying or neutering and then returning cats to their original habitat.

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Auditor Analysis:

Auditors selected a sample of 31 daily cash receipt transactions from the Animal Shelter's general fund (amounting to \$16,673) and 31 daily cash receipts from the Tails of Hope Program (amounting to \$9,325) for the period 2015-2017 to review. Auditors observed the following internal control weaknesses with the cash receipts tested:

- One cash receipt did not have a cash register tape attached to indicate what was collected at the register for the day, so it could not be determined if money was missing;
- Three cash receipts did not have a reconciliation between the cash register tape and the Daily Deposit Breakdown to explain \$973 in differences between the money collected at the cash register and money recorded in PetPoint;
- Five cash receipts had the incorrect type of payment recorded in PetPoint (i.e. collected check but recorded as cash, or vice versa);
- Two cash receipts did not have the deposit date specified on the Daily Deposit Breakdown form; however, they were recorded on the Weekly Remittance form; and
- One Weekly Remittance form was not signed by the Shelter Director.

Auditors found a general lack of documented review pertaining to the cash receipt process. There is no standardized "cash count form" utilized during the cash register closing process to specify the denomination and quantity of bills/coins/checks collected and which clerk closed out the register.

The morning clerk preparing the deposit did add a manual cash count handwritten on the printed Daily Cash Report from PetPoint; however, this was not signed by the preparing clerk.

Auditors also found there was no evidence of a secondary review of the cash register count being performed, which increases the risk that errors or misappropriation of funds could go undetected.

Audit Recommendations:

We recommend:

- a) a standardized form be developed and used during the register closing process to record the specific breakdown of currency and checks received for each of the three deposit categories. The cashier performing the closeout should sign and date the form and a secondary count should be performed by another cashier to substantiate the financial information;
- b) proper segregation of duties be adhered to by requiring a clerk different than the closeout cashier to process the daily deposits;
- c) any discrepancies between cash on hand, the cash register tape and PetPoint be reconciled and documented on all Daily Deposit Breakdown forms;

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- d) a supervisory review be performed to minimize potential errors including discrepancies between the register total and the PetPoint system, method of payment reported, and dates not being recorded on the Daily Deposit breakdown.

AUDIT FINDING (8)

(8) Shelter Run Rabies Vaccine Clinics May Not have been Properly Sanctioned

The Animal Shelter utilizes the services of an outside veterinarian to assist with the Shelter's rabies vaccine clinics. During cash receipt testing Auditors observed that half the proceeds earned from these events were paid to a veterinarian without a formal agreement.

The Town of Hempstead Animal Shelter hosts an annual on-site rabies clinic, which usually takes place around Columbus Day. In an effort to promote good will, rabies vaccinations are reduced from \$25 to \$10. Money collected at the clinic is handled by Shelter Clerks and rung up in a Shelter cash register. An outside veterinarian assists in the inoculations due to the number of pet owners who participate in the event.

The assisting veterinarian is not paid through the Shelter's normal disbursement procedures (i.e. via Town check). Instead the vendor's fee is subtracted from the total amount collected for the event and paid to the veterinarian at the end of the rabies clinic. This reduction in revenue for the event is noted in the Animal Shelter's PetPoint system as an overall 50% discount of the revenue collected during the clinic.

When questioned about this process, the Shelter Director informed the Auditors that this veterinarian receives half the proceeds earned from the event for their assistance. However, the Shelter Director was unable to produce any formal documentation to support this agreement between the Town and the veterinarian; he stated this arrangement predated his hiring at the Shelter. As a result, there is no way for Auditors to determine if the veterinarian was selected through an open procurement process or if 50% of the amount taken in is a fair price to pay for the service received to hold this clinic. Without formal documentation, such as a vendor contract or adopted Town Resolution, there is no way for Auditors to verify if this practice was properly authorized by Town officials.

Auditors also noted that net revenue deposited from the Animal Shelter's rabies vaccine clinics was \$2,230 in 2015 and \$2,005 in 2016, totaling \$4,235 for two years. Each year this was recorded as a single lump sum entry in PetPoint. The revenue should be recorded in full and the amount given to the veterinarian should be recorded as an offsetting cost to reflect the income noted above.

Animal Shelter clerks record each animals' rabies certificate information in PetPoint after the event takes place; however, no financial data such as the amount paid or method of payment is recorded for each individual vaccine which was administered.

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Audit Recommendations:

We recommend that:

- a) revenue be recorded in full and the amount given to the veterinarian should be recorded as an offsetting cost;
- b) TOHAS discuss with Town officials to determine if this event has been properly sanctioned; and
- c) If no formal agreement exists, the Town should follow their procurement procedures to obtain veterinary assistance and document in a written agreement that includes the discounted fee to be charged for rabies vaccines and the rate for the veterinarian.

AUDIT FINDING (9)

(9) Shelter Staff Waived or Discounted Fees to Shelter Patrons Without Authorization on a Case By Case Basis, Which Could Impact Fees Collected

Auditor review noted instances where Shelter staff either waived or discounted fees to Shelter patrons on a case-by-case basis. Several times during the year the Shelter has promotional periods where adoption fees are waived (i.e. Summer of Love, Home for the Holidays, Valentine's Day, etc.). However, during the Auditors' cash receipt testing we noticed instances where adoption and other fees were waived or discounted. Our review noted the following:

- one instance where an owner surrender for euthanasia fee was discounted 96% due to "financial hardship claimed by the owner";
- two instances where the owner surrender fees were waived as a result of the owner passing away and the owner's family handling the placement of the pet;
- one instance where an owner surrendered two cats but was only charged the surrender fee for one; and
- one instance where adoption fees were waived for the Shelter's "Pet of the Month".

According to the Animal Shelter's fee schedule¹⁴, the fee for surrender for euthanasia is \$275 and owner surrender fees are \$60 per instance.

Auditors received the *Animal Shelter Policy and Procedures Book* on February 28, 2018 in response to an initial audit request for Shelter documentation. The creation of the document is unknown as it was undated. In regards to fee waivers, the book states, "Adoption fees are waived all year for adopters 60 years and older, veterans, volunteer firefighters, and the physically challenged. Free adoptions may also apply to 'Special Adoption'¹⁵ candidates and senior animals ages 7+ years". The policy and procedure book did not make any mention of waiving any fees other than adoptions and also did not detail free adoptions for the Pet of the Month.

¹⁴ The most recent Animal Shelter fee schedule followed during the Auditors review was as of August 2016.

¹⁵ These are animals that include former bite cases, dogs with severe behavior issues or concerns and any other animal that has been labeled 'special adoption' by the Behavior Department or Director.

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There needs to be duly authorized procedures in place to determine what discounts may be given, who can make these decisions and what proof is required to justify any adjustment to Shelter fees. If TOHAS employees can arbitrarily and capriciously make these decisions it could lead to favoritism and is not fair to those paying the full fees.

Audit Recommendations:

We recommend that the TOHAS develop policies and procedures which detail:

- a) which fees can be adjusted (waived or discounted) and under what conditions/timeframes;
- b) the requirements and procedures for the processing of any fee adjustments; and
- c) who is authorized to approve a fee adjustment.

AUDIT FINDING (10)

(10) The Animal Shelter Director Did Not Certify All Payroll Records and Many Manual Payroll Documents Were Not Completed

An Act of Congress followed by a Federal Circular dictates “Managements’ Responsibility for Internal Controls”¹⁶ and requires all Auditors to evaluate internal controls in place in the organization. Proper internal controls are to be set in place by management to insure data integrity and to limit risk. A financial control over the payroll process would require a system where the work performed by one employee (the payroll clerk) be reviewed and approved by a supervisor (Shelter Director).

The Auditors found that not all payroll certification forms were properly reviewed and certified by the Animal Shelter’s Director or Assistant Director/supervisor, to evidence the accuracy of timesheets prior to processing payroll.

The Town of Hempstead’s payroll process consists of a combination of manual procedures for completing paper documentation, which are eventually entered into a computer system for processing. (See Finding 6 for an illustration of the payroll process.) Manual systems have a greater chance for errors or manipulation whereas automated systems can have built-in controls that do not allow for processing until all previous steps are completed. In addition, most automated systems contain an audit trail of submission and approval information.

At the Animal Shelter, payroll data is originated by an automated time clock entry system via biometric hand scanners which require employees to scan in and out. The hand scan data is collected in the Town’s “Attendance Enterprise” software.

¹⁶ A 1982 Act of Congress requiring the Government Accounting Office to issues Standards for Internal Control In Government. Federal Circular A-123 –“Managements’ Responsibility for Internal Controls” updated by Appendix A in June 2018.

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The Animal Shelter's payroll clerk¹⁷ will review the Attendance Enterprise data and prepare paper "Payroll Time and Attendance" timesheets which detail the days worked or compensated absences¹⁸ taken during the pay period. Information from manually prepared overtime slips is also transcribed onto the timesheets. **The detailed time in and out information from the Attendance Enterprise (Hand Biometric) system is not fed into a computerized timesheet but instead is transcribed onto the paper "Payroll Time and Attendance" timesheets. The payroll clerk just enters an "8" for the day to represent 8 hours (the regular hours worked for full time TOH employees).**

The timesheets are submitted to the Town's centralized Payroll Department in the Town Comptroller's office. Town payroll personnel will then enter the information from the paper "Payroll Time and Attendance" timesheets into either a Microsoft Access Database or directly into Genesys, the Town's payroll system, reconcile all employee payroll information from the system to the paper backups and then process the payroll¹⁹.

Auditors requested all payroll records for the Animal Shelter from 2015 to 2017 and reviewed the documents for completion and proper approval. Our review noted the following deficiencies:

- One instance where the **payroll record for full-time employees was signed** by the Animal Shelter Director. **However, the payroll certification form did not include any figures for the total hours worked by pay category or the total number of employees to be paid** in the pay period;
- **Two instances where the payroll records for part-time employees were signed** by the Animal Shelter Director. **However, the payroll certification form did not include any figures for the total hours worked by pay category or the total number of employees to be paid** in the pay period;
- **Six full-time employee timesheet records were not certified by the Director** or an Assistant Director;
- **Six part-time employee timesheet records were not certified by the Director** or an Assistant Director.

Audit Recommendations:

We recommend the Animal Shelter Director, or in his absence an Assistant Director, certify all Animal Shelter payroll records by signing the payroll certification forms only after he has verified that they are complete with the correct hours worked and the payroll dates for all listed employees.

¹⁷ The Civil Service title of this "payroll clerk" is Clerk Laborer. Besides payroll, this employee's responsibilities also include procurement and cash disbursements, cash receipts and human resources.

¹⁸ Compensated absences are considered any paid time off such as vacation, personal, sick, etc.

¹⁹ Town payroll personnel input the payroll information from the paper timesheets into either a Microsoft Access Database or directly into Genesys. Pre-existing employees will have their data entered into the Access Database which then converts the data into a .DAT file to be uploaded into Genesys. New employees must have their information entered directly into Genesys.

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AUDIT FINDING (11)

(11) Employees Were Excessively Working Through Lunch Which May Be a Violation of New York State Labor Law

Auditor review found that Animal Shelter staff were routinely working through their lunch, taking half lunch or no break at all, which is a violation of Section 162 of the New York State Labor Law.

Working through lunch has resulted in employees accruing significant amounts of compensatory time, 705.25 hours, or approximately \$21,025, from 2015-2017²⁰. Town officials advised us that compensatory time is not eligible for separation pay for most Animal Shelter employees according to their collective bargaining agreements. However, according these labor agreements (see Appendix D) Non-Schedule F employees (all Animal Shelter employees except the Director) are not entitled to earn compensatory time. Auditors believe that allowing employees to accumulate compensatory time not permitted by labor agreements could have a financial impact. A separate issue regarding the improper granting of compensatory time is discussed in Finding 12.

Explanation of Law

The New York State Department of Labor's Division of Labor Standards has established Guidelines for Meal Periods ("Guidelines")²¹ and prepared a Meal and Rest Periods Frequently Asked Questions ("FAQ")²² informational packet for employers to follow relating to time allowed for meal periods under Section 162 of the New York State Labor Law ("Law"). All private and public sector employers and their employees who work in New York State are covered by the law.

According to Section 162, non-factory workers are entitled to a 30-minute lunch break between 11:00 AM and 2:00 PM for shifts six hours or longer that extend over that period and a 45-minute meal break at the time midway between the beginning and end of the shift for all shifts of more than six hours starting between 1:00 PM and 6:00 AM.

The FAQ states that "Employees must be completely relieved from duty for the purposes of providing meal periods and an employee is not relieved if he or she is required to perform any duties, whether active or in-active, during that period. While employees may remain at their desk or in their work area during a meal break, they must be effectively relieved of their duties during that period. In general, employees who are required to remain at their desk or workstation during meal periods are not considered to be completely relieved of their duties."

What Auditors Reviewed

Auditors reviewed 3,169 individual requests for overtime for full time Animal Shelter employees covering the period 2015-2017. Our review found 717 requests, amounting to **706.25 hours, were submitted for employees working through lunch** (including taking a half lunch or not having a break). Of the 717 requests submitted, 693 noted a request for compensatory time amounting to

²⁰ Note: This amount represents what was requested on the overtime slips by TOHAS employees and may not include the rate of time and a half (1 ½) which is applied to both paid overtime and compensatory time for hours worked in excess of 40 hours.

²¹ <https://labor.ny.gov/formsdocs/wp/LS443.pdf>

²² <https://labor.ny.gov/legal/counsel/pdf/meal-and-rest-periods-frequently-asked-questions.pdf>

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682.25 hours while 24 requested paid overtime amounting to 24 hours). Further review of the 24 paid overtime requests revealed only one instance where the employee received an hour of paid overtime for working through a meal period; the other 23 instances all accrued an hour of compensatory time.

Additionally, our review noted seven Animal Shelter employees were routinely working through their lunch, taking half lunch or no break at all, which may be a violation of Section 162 of the New York State Labor law. The standard number of work days for the Town of Hempstead in 2015, 2016 and 2017 were 261 days, 261 days and 260 days respectively. Auditors analyzed the number of individual requests and determined an excessive amount of time was being submitted for working through lunch when compared to the amount of annual work days.

Although this percentage appears to have decreased over the scope of the audit, it is significant that **in 2015 seven employees worked through lunch for at least ten percent of their work days.**

Exhibit IX below displays the number of overtime requests for these seven employees and the percentage of their overall work year which was spent working through lunch.

Exhibit IX

Animal Shelter Staff Excessively Working Through Lunch						
Employee	2015		2016		2017	
	# OT Slips for Working Through Lunch	% of Annual Schedule Worked Through Lunch	# OT Slips for Working Through Lunch	% of Annual Schedule Worked Through Lunch	# OT Slips for Working Through Lunch	% of Annual Schedule Worked Through Lunch
Employee A	73	28%	22	8%	0	0%
Employee B	65	25%	12	5%	1	0%
Employee C	52	20%	18	7%	5	2%
Employee D	46	18%	40	15%	2	1%
Employee E	43	16%	14	5%	6	2%
Employee F	37	14%	14	5%	10	4%
Employee G	26	10%	8	3%	0	0%
TOTAL	342		128		24	

Source: TOHAS Overtime Slips

When Auditors inquired about the policy of working through lunch, representatives from the Town of Hempstead’s Comptroller’s Office indicated that working through lunch now happens infrequently and is on an exception basis, which is supported by the information above.

Audit Recommendation:

We recommend the Animal Shelter develop policies for allowing employees to work through their lunch break which comply with Section 162 of the New York State Labor Law and that Animal Shelter employees only be permitted to work through their lunch break on an exception basis.

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AUDIT FINDING (12)

(12) Animal Shelter Employees were Not Receiving Overtime or Accruing Compensatory Time in Accordance with the Town's Collective Bargaining Agreement

Auditor testing revealed that during 2015-2017, the Animal Shelter violated terms of the Town of Hempstead's collective bargaining agreements with respect to the accrual of compensatory time and overtime pay to its employees. **Violations of the union contract can have a financial impact.**

The 2015-2017 period under review covered two separate collective bargaining agreements ("CBA" or "contract") between the Town of Hempstead ("Town") and the Civil Service Employees Association, Inc. Local 880 ("CSEA Local 880"). The first CBA was for the timeframe 2013-2016, and the latest CBA is for 2017-2021. A summary of the CBA terms of each contract related to overtime, compensatory time and emergency report to work pay can be found in Appendix D of this report.

Based on contract terminology, the staff at the Animal Shelter fall under two different classifications of employees: "Schedule F employees" and "Non-Schedule F employees". Schedule F employees generally include Commissioners, Directors and Assistant Directors. The only Schedule F employee working at the Animal Shelter during the scope of our review was the Director. All other employees of the Shelter (such as Animal Control Officers, Kennel Supervisors, Clerks, Laborers, etc.) would be considered Non-Schedule F employees.

Auditors reviewed the terms of both CBAs and noted issues with the methodology that the Animal Shelter used to accrue compensatory time and overtime for its workers. The Animal Shelter manually tracks the accrual and usage of compensatory time for each employee in annual "Attendance Record" Microsoft Excel spreadsheets.

During a conversation with Town Comptroller staff on August 22, 2018, **Auditors were told that the timeframe being audited covered two collective bargaining agreements and three different Town of Hempstead administration changes, and the accrual of compensatory time was handled differently depending on which Town Administration was in office, despite contract terms.** The Auditors analysis of the Shelter's compliance with these terms are presented as follows:

2015-2016 Auditor Analysis:

Auditors analyzed overtime slips submitted by Animal Shelter staff and noted the Animal Shelter was not in compliance with the terms of the Town's 2013-2016 collective bargaining agreement:

- Non-Schedule F employees cannot be granted compensatory time as of March 22, 1988. **Overtime slips submitted by Non-Schedule F employees indicated that a total of 966 hours of compensatory time (approximately \$29,134) was requested during the period 2015-2016. Granting compensatory time to Non-Schedule F employees during this timeframe is a direct violation of the Town's 2013-2016 CBA.**
- The Animal Shelter's Director (the one Schedule F employee) requested 181 hours (approximately \$9,019) of compensatory time, which was not documented on the overtime slips as an emergency as required under the contract. Slips submitted requested

Findings & Recommendations

compensatory time for a variety of reasons including but not limited to meetings, events, no supervisor available, coverage and transport. However, none of these slips indicated the overtime was for an emergency or had the emergency “EP” code.

2017 Auditor Analysis:

Auditors analyzed overtime slips submitted by Animal Shelter staff and noted the Animal Shelter was not in compliance with the terms of the Town’s 2017-2021 collective bargaining agreement:

- **Non-Schedule F employees indicated a total of 438 hours of compensatory time (approximately \$14,483) was requested despite being specifically not allowed under the terms of the 2017-2021 contract.**
- **The Animal Shelter’s one Schedule F employee (Director) submitted overtime slips for 54 separate instances which amounted to 104 hours (approximately \$5,279). Sixteen of these instances were not specifically noted to be for compensatory time, giving them the appearance of being submitted for paid overtime. As a result, Auditors tested these 16 requests and noted none of these instances led to any paid overtime. However, Auditors found discrepancies with the accrual of compensatory time for some of these 16 requests.**
 - **Three requests were incorrectly recorded on the Animal Shelter’s Attendance Records, resulting in a net over accrual of 5.25 hours.**
 - **Three requests for compensatory time were not recorded on the Attendance Record, resulting in an under accrual of 7.5 hours.**
- **Based on the overtime slips reviewed, it appears the Shelter Director and staff were unaware of the changes included in the 2017-2021 contract for the granting of emergency report to work time. Unlike the terms of the 2013-2016 contract, Schedule F employees are no longer entitled to a minimum of 4 hours per occurrence. Under the terms of the 2017-2021 contract, Schedule F employees can be paid out for their accumulated unused compensatory time upon termination. Therefore, any over accruals of compensatory time could result in an increased financial liability for the Town.**

As a result, Auditors tested nine emergency time requests submitted by the Shelter Director in 2017 and found numerous discrepancies with the calculation and accrual of his compensatory time:

- **One overtime slip was undated, rendering Auditors unable to determine when or if compensatory time should have been accrued.**
- **Six overtime slips resulted in the over accrual of 20 hours of compensatory time.**

Findings & Recommendations

Audit Recommendations:

We recommend that:

- a) The Town and Animal Shelter adhere to the terms of the collective bargaining agreements between the Town and CSEA Local 880;
- b) All Animal Shelter employees properly complete all sections of the Town's overtime slips; and
- c) The Animal Shelter implement a procedure requiring supervisory reviews of their internally maintained Attendance Records to verify the accrual and usage of any compensatory time.

AUDIT FINDING (13)

(13) Internal Control Weaknesses with Animal Shelter Cash Disbursements Were Identified Which Could Lead to Unauthorized Payments or Misappropriation of Funds

Auditor review of the Animal Shelter's cash disbursements revealed internal control deficiencies which increases the risk that unauthorized payments or misappropriation of funds could occur or go undetected.

The Town of Hempstead Animal Shelter is a subdivision of the Town's Department of General Services and is included in the Town's General Fund. Contractual Expenses of the Shelter include:

- maintenance of equipment,
- office expenses,
- advertising & promotion,
- fees & services,
- renting of major equipment,
- uniform expenses,
- pet food & supplies,
- janitorial supplies,
- medical supplies,
- placement of animals, and
- animal health.

Contractual expenses made during the scope of our audit (2015-2017) totaled \$2,229,966.

In accordance with the Town's purchasing guidelines, the Town's Purchasing Division handles the solicitation of all prices (i.e. bids, quotes, RFP, etc.).

Auditors performed internal control testing on a sample of 45 disbursements made during our audit scope of 2015-2017 which amounted to \$222,636. Our analysis revealed the following deficiencies, which are categorized by topic below:

Findings & Recommendations

Billing Irregularities:

- Five claims were found to be confirming purchases, whereby goods were purchased or services rendered before the purchase order was created. The purchase orders for three of these five claims noted the purchase order was confirming.

Improper Claim Approval:

- Five claims lacked approval signatures from the Shelter Director.
- Two claims lacked two TOH Comptroller's claims review signatures. The Town's claims approval process requires only one Comptroller's Office review; however, an additional control has been set in place by the Town requiring two approvals for Animal Shelter disbursements.
- Nine claims (amounting to twelve instances) were appropriately signed but lacked approval dates from either the Animal Shelter or vendor.

Auditors were unable to verify if the prices paid for 13 claims agreed to contractual terms due to a lack of supporting documentation received at the time of our testing (contracts, manufacturer price lists, etc.). However, Auditors noted no pricing issues with the 32 claims which were fully tested.

Audit Recommendations:

We recommend the Town of Hempstead Animal Shelter:

- a) require purchase orders to be completed before purchasing goods and/or services from vendors;
- b) require all approval signatures be obtained prior to the payment of a claim; and
- c) require all claims to be accompanied by supporting documentation including any applicable price lists and/or excerpts from contracts stating the agreed upon prices to easily verify if prices paid are in agreement with Town contracts.

APPENDICES

Appendix A – Town of Hempstead Animal Shelter Statistics

Town of Hempstead Animal Shelter Statistics 2013, 2015 & 2018			
Statistics	2013	2015	2018
Dog Intake	1,852	2,144	1,405
Dog Adoption	410	489	434
Dog Transfer to Rescue Groups	439	389	196
Overall Dog Euthanasia	262	174	19
Dog Owner Request for Euthanasia	157 (of 262)	141 (of 174)	5 (of 19)
Dog Euthanasia for Aggression	88	24	2
Cat Intake	1,630	1,947	2,442
Cat Adoption	531	503	465
Cat Transfer to Rescue Groups	503	648	1,187
Overall Cat Euthanasia	245	231	146
Cat Owner Request for Euthanasia	60 (of 245)	46 (of 231)	1 (of 146)
Cat Euthanasia for Aggression	6	8	0

Source: Town of Hempstead Animal Shelter

Appendix B – Complaints Received by Nassau County Comptroller’s Office

The following appendix represents complaints received by the Nassau County Comptroller’s Office from November 17, 2016 through March 19, 2019.

TOH Animal Shelter Constituent Complaints Received via Report It Reform It, Email, Letter or Telephone to the Office of the Comptroller		
#	Date of Complaint	Complaint Category
1	3/19/2019	Allegations of Illegal Behaviorist Contract and Conflict of Interest with Town's Internal Investigation into the matter
2	1/8/2019	3 Complaints Opposing Town of Hempstead Resolution 31 (Opposing the consultant to be named for Animal Adoption Program)
3	11/6/2018	Requesting Operational Review/Misuse of Funds
4	10/11/2018	Requesting Operational Review/Misuse of Funds and Tax Payers Dollars/Mistreatment of Animals
5	10/3/2018	Mistreatment of Animals/Placement of Dogs in Unqualified Rescues/Warehouse
6	9/18/2018	Requesting Operational Review/Mistreatment of Animals
7	9/14/2018	Requesting Operational Review/Mistreatment of Animals
8	9/13/2018	Requesting Operational Review/Mistreatment of Animals
9	9/12/2018	Requesting Operational Review/Mistreatment of Animals
10	7/17/2018	Allegations of Non-enforcement of TOH Code of Conduct
11	7/9/2018	Donated Toys Are Not Being Recycled Amongst Animals
12	4/4/2018	Lack of Response to Constituent Complaints
13	4/4/2018	Allegations of Non-enforcement of TOH Code of Ethics
14	3/18/18 & 3/19/18	Allegations of Lack of Enforcement of Volunteer Code of Conduct at TOHAS
15	3/18/18 & 3/19/18	Allegations of Improper Use of Tax Exempt Form
16	3/18/18 & 3/19/18	Requesting Operational Review/Internal Controls for Donations (Specifically Gift Cards)
17	3/18/18 & 3/19/18	Requesting Operational Review/Determine if Donations to TOHAS are Tax Deductible
18	3/18/18 & 3/19/18	Requesting Operational Review/Follow up of NYS Audit in relation to Internal Controls for Cash Receipts
19	3/18/18 & 3/19/18	Excessive Costs of Emergency Vets
20	3/18/18 & 3/19/18	Allegations of Improper Vendor Contracts
21	3/18/18 & 3/19/18	Allegations of No Show Job/Replacement Accountant
22	3/18/18 & 3/19/18	Accountant Hired in Response to NYS Audit was Fired After Admin Change & Replaced with Politically Connected Employee
23	3/15/2018 & 3/17/18	Rescue where dog is being sent is to a rescue group who might not meet agricultural laws
24	2/23/2018	Requesting Operational Review/Investigate Town Contract (Potential Illegal Contract)
25	2/22/2018	Requesting Operational Review/Placement of Animals (via Agency)

Appendix B – Complaints Received by Nassau County Comptroller’s Office

#	Date of Complaint	Complaint Category
26	2/22/2018	Requesting Operational Review/Placement of Animals (via GoFundMe/YouCaring Campaigns)
27	2/22/2018	Requesting Operational Review/Money Received from Public Donations - GoFundMe/YouCaring Campaigns
28	2/21/2018	Requesting Operational Review/Money Received from Public Donations - Parties/Food at Shelter
29	2/21/2018	Requesting Operational Review/TOHAS Software System
30	2/2/2018	Please look into: Puppy With Advanced Worms When Adopted Not Disclosed to Adoptee
31	3/22/2017	3 Page Letter Explaining Operations/Financial Audit
32	3/21/2017 (Letter dated 3/8/2017)	<p><u>28 Page Report includes the following categories:</u></p> <ul style="list-style-type: none"> 18 Complaints-Lack of Policies/Improper Procedures 15 Complaints-Programs Dismantled or Under Utilized 10 Complaints-Lack of Licensed/Trained Personnel 9 Complaints-Mistreatment of Animals/Animal Neglect 8 Complaints-Misuse of Funds/Donations/Grants 7 Complaints-Political Patronage for Employment 6 Complaints-Hostile Work Environment 5 Complaints-Poor Living Conditions for the Animals 5 Complaints-High Payroll Budget 3 Complaints-Personnel Not Properly Supervised 2 Complaints-No Show Jobs 2 Complaints-Manipulating or Falsifying Records
33	2/7/2017	Allegations of Denial of Proper Care & Preventative Meds for FIV+ Cats
34	2/7/2017	"Do Not Adopt List" to Protect Animals from Questionable Adoptees Not Maintained
35	2/7/2017	Mistreatment of Animals: No Tubs for Bathing Animals
36	2/7/2017	Mistreatment of Animals: Treatment for Ringworm (cats)
37	2/7/2017	Condition of Shelter: No Large Sinks to Wash Items
38	2/7/2017	Condition of Shelter: No Washer/Dryers Due to Construction
39	2/3/2017	Allegations of Animal Abuse Cover-Up due to Political Connections
40	2/3/2017	Requesting Operational Review/Work with DA to Address Allegations
41	2/3/2017	Allegations of Animal Abuse
42	2/3/2017	Lack of Independence: Inability to go to DA for complaints due to DA usage of Shelter
43	2/3/2017	Punishment for Staff Who Speak Out About Abuse
44	2/3/2017	Requesting Operational Review/Follow-Up on NYS Audit Recommendation Corrective Actions
45	2/3/2017	Requesting Operational Review/Follow-Up on Conclusion & Lack of Actions Related to TOH Internal Investigation of Animal Shelter
46	11/18/2016	Requesting Operational Review/No Show Jobs
47	11/18/2016	Town Board: Committee for Selection of Behaviorist
48	11/18/2016	Mismanagement/Management Decisions: Dysfunctional Operations
49	11/18/2016	Town Board: Refusal to Answer Advocate Questions
50	11/18/2016	Mismanagement/Management Decisions: Shelter Director

Appendix B – Complaints Received by Nassau County Comptroller’s Office

#	Date of Complaint	Complaint Category
51	11/17/2016	Accusation of No Show Job
52	11/17/2016	Shortage of Supplies/Food
53	11/17/2016	High Salary of Shelter Director
54	11/17/2016	Condition of Shelter: Cleanliness of Kennels/Cages
55	11/17/2016	Mismanagement/Management Decisions: Installation of Fragrance Dispensers
56	11/17/2016	Mistreatment of Animals: Cats

Appendix C – 2015-2017 TOHAS Revenues & Expenditures Adopted Budget vs. Actual

Town of Hempstead Animal Shelter									
Adopted Budget vs. Actual									
2015 - 2017									
Account	2015 Adopted Budget	2015 Actual	2015 Difference	2016 Adopted Budget	2016 Actual	2016 Difference	2017 Adopted Budget	2017 Actual	2017 Difference
Revenue	\$ 77,000.00	\$ 70,742.00	\$ (6,258.00)	\$ 65,000.00	\$ 91,378.63	\$ 26,378.63	\$ 95,000.00	\$ 98,176.00	\$ 3,176.00
1000 Personal Services									
Staff	\$ 2,761,541.00			\$ 2,656,006.00			\$ 2,991,863.00		
Overtime	\$ 237,500.00			\$ 119,800.00			\$ 100,000.00		
Longevity	\$ 12,600.00			\$ 9,775.00			\$ 10,925.00		
Lump Sum Payments	\$ 21,600.00			\$ 22,800.00			\$ 24,300.00		
Salary Adjustments	\$ 184,656.00			\$ 194,514.00			\$ 164,621.00		
Less Savings	\$ -			\$ -			\$ (320,942.00)		
Total Salaries & Wages	\$ 3,217,897.00	\$ 3,175,648.55	\$ (42,248.45)	\$ 3,002,895.00	\$ 3,063,674.34	\$ 60,779.34	\$ 2,970,767.00	\$ 3,231,671.30	\$ 260,904.30
4000 Contractual Expenses									
4030 Maint. Of Equip	\$ 3,500.00	\$ 3,604.55	\$ 104.55	\$ 2,500.00	\$ 2,883.41	\$ 383.41	\$ 2,500.00	\$ 4,840.67	\$ 2,340.67
4040 Office Expense	\$ 20,000.00	\$ 14,239.41	\$ (5,760.59)	\$ 20,000.00	\$ 4,565.46	\$ (15,434.54)	\$ 6,000.00	\$ 8,489.24	\$ 2,489.24
4060 Advertising & Promotion	\$ 2,500.00	\$ 212.00	\$ (2,288.00)	\$ 1,000.00	\$ 389.77	\$ (610.23)	\$ 500.00	\$ 1,249.40	\$ 749.40
4151 Fees & Services	\$ 300,000.00	\$ 203,223.79	\$ (96,776.21)	\$ 240,000.00	\$ 204,325.96	\$ (35,674.04)	\$ 275,000.00	\$ 469,483.00	\$ 194,483.00
4250 Rent of Major Off. Equip	\$ 1,550.00	\$ 1,169.64	\$ (380.36)	\$ 1,500.00	\$ 1,169.63	\$ (330.37)	\$ 1,500.00	\$ 1,188.20	\$ (311.80)
4340 Uniform Expense	\$ 15,500.00	\$ 7,820.35	\$ (7,679.65)	\$ 10,000.00	\$ 8,870.33	\$ (1,129.67)	\$ 10,000.00	\$ 4,243.39	\$ (5,756.61)
4820 Food & Supplies	\$ 225,000.00	\$ 242,017.84	\$ 17,017.84	\$ 170,000.00	\$ 211,333.24	\$ 41,333.24	\$ 175,000.00	\$ 191,705.42	\$ 16,705.42
4830 Janitorial Supplies	\$ 30,000.00	\$ 22,223.54	\$ (7,776.46)	\$ 27,500.00	\$ 54,319.78	\$ 26,819.78	\$ 20,000.00	\$ 28,292.60	\$ 8,292.60
4831 Medical Supplies	\$ -	\$ -	\$ -	\$ 150,000.00	\$ 51,249.59	\$ (98,750.41)	\$ 160,000.00	\$ 114,783.91	\$ (45,216.09)
4832 Placement of Animals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000.00	\$ 12,000.00	\$ (18,000.00)
4900 Health	\$ 270,000.00	\$ 101,641.93	\$ (168,358.07)	\$ 225,000.00	\$ 81,216.81	\$ (143,783.19)	\$ 165,000.00	\$ 177,212.74	\$ 12,212.74
Total Contractual Expenses	\$ 868,050.00	\$ 596,153.05	\$ (271,896.95)	\$ 847,500.00	\$ 620,323.98	\$ (227,176.02)	\$ 845,500.00	\$ 1,013,488.57	\$ 167,988.57
Total Appropriations	\$ 4,085,947.00	\$ 3,771,801.60	\$ (314,145.40)	\$ 3,850,395.00	\$ 3,683,998.32	\$ (166,396.68)	\$ 3,816,267.00	\$ 4,245,159.87	\$ 428,892.87
Revenue - Appropriations	\$ (4,008,947.00)	\$ (3,701,059.60)	\$ 307,887.40	\$ (3,785,395.00)	\$ (3,592,619.69)	\$ 192,775.31	\$ (3,721,267.00)	\$ (4,146,983.87)	\$ (425,716.87)

Source: TOH Adopted Budgets and General Ledgers

■ = Information not available from the Town of Hempstead Comptroller's Office.

Appendix D – TOH Collective Bargaining Agreement Key Overtime Contract Terms

The 2015-2017 period under review covered two separate collective bargaining agreements (“CBA” or “contract”) between the Town of Hempstead (“Town”) and the Civil Service Employees Association, Inc. Local 880 (“CSEA Local 880”). The first CBA was for the timeframe 2013-2016, whereas the latest CBA is for 2017-2021. A summary of the CBA terms of each contract related to overtime, compensatory time and emergency report to work pay are as follows:

2013-2016 Summary on CBA Terms:

- Schedule F employees (i.e. the Animal Shelter Director) may not receive any overtime pay.
- Schedule F employees shall be entitled to compensatory time if the overtime is for an emergency. Compensatory time must be used or lost within one year of being earned.
- Non-Schedule F employees must be paid for any overtime worked, at a rate of one and a half times their regular hourly rate of pay for all hours worked in excess of 40 hours per week. As of March 22, 1988, Non-Schedule F employees cannot be granted compensatory time.
- Emergency report to work pay: An employee called to work on other than a regularly-scheduled work tour shall be guaranteed a minimum of four (4) hours pay at straight time unless actual time worked (computed at time and one-half) should exceed the monetary amount that is represented by four (4) hours at straight time.

2017-2021 Summary on CBA Terms:

- Schedule F employees (i.e. the Animal Shelter Director) may not receive any overtime pay.
- Schedule F employees shall receive compensatory time at the rate of time and a half (1 ½) for all hours worked in excess of forty (40) hours in any scheduled workweek in lieu of cash overtime. Compensatory time earned shall be placed in a "Compensatory Time Bank."
 - Upon termination of service with the Town, the employee or his/her legal representative shall receive payment for accumulated unused compensatory time in the employee's "Compensatory Time Bank" of record up to a maximum of one hundred (100) days, based on the salary of the employee at the time of such termination.
- Non-Schedule F employees must be paid for any overtime worked, at a rate of one and a half times their regular hourly rate of pay for all hours worked in excess of 40 hours per week. As of March 22, 1988, Non-Schedule F employees cannot be granted compensatory time.
- Emergency report to work pay: Non-Schedule F employees who are called to work on other than a regularly-scheduled work tour shall be guaranteed a minimum of four (4) hours pay

Appendix D – TOH Collective Bargaining Agreement Key Overtime Contract Terms

at straight time unless actual time worked (computed at time and one-half) should exceed the monetary amount that is represented by four (4) hours at straight time. **Schedule F employees no longer receive a four hour minimum** and instead shall receive compensatory time at the rate of time and a half (1 ½) for all hours worked in excess of forty (40) hours in any scheduled workweek.

Appendix E – 2016 & 2017 NYS Municipal Shelter Inspection Reports

DL-89

NEW YORK STATE DEPARTMENT OF AGRICULTURE AND MARKETS
DIVISION OF ANIMAL INDUSTRY
10B AIRLINE DRIVE, ALBANY, NY 12235

Page 1 of 2

DOG CONTROL OFFICER INSPECTION REPORT - DL-89

Rating: **Satisfactory365**

Purpose: **Inspection**

DATE/TOA: **2/1/16 11:30 am**

**HEMPSTEAD ANIMAL SHELTER DCO
3320 BELTAGH AVENUE
WANTAGH NY 11793**

Inspector: **Michelle Gaeta**

Inspector #: **51**

These are the findings of an inspection of your facility on the date(s) indicated above:

- | | |
|--|-----|
| 1. Equipment is available for proper capture and holding | Yes |
| 2. Dogs are held and transported safely | Yes |
| 3. Equipment maintained in clean and sanitary condition | Yes |
| 4. Veterinary care is provided when necessary | Yes |
| 5. Dogs are euthanized humanely | Yes |
| 6. Complete seizure and disposition records are maintained for all seized dogs | Yes |
| 7. Dogs transferred for purposes of adoption in compliance with Article 7 | Yes |
| 8. Redemption period is observed before adoption, euthanasia or transfer | Yes |
| 9. Owners of identified dogs are properly notified | Yes |
| 10. Redeemed dogs are licensed before release | Yes |
| 11. Proper impoundment fees paid before dogs are released | Yes |

Appendix E – 2016 & 2017 NYS Municipal Shelter Inspection Reports

DL-09

Page 2 of 2

Town - City - Village Information for Inspection:

TCV CODE	TCV NAME
2801	Town of Hempstead
2806	Village of Atlantic Beach
2808	Village of Bellerose
2809	Village of Cedarhurst
2813	Village of Floral Park
2814	Village of Freeport
2815	Village of Garden City
2816	Village of Hempstead
2818	Village of Hewlett Harbor
2819	Village of Hewlett Neck
2820	Village of Island Park
2824	Village of Malverne
2828	Village of Rockville Centre
2830	Village of South Floral Park
2832	Village of Valley Stream

Additional Information for Inspection:

Number of Dogs Seized:

Number of dogs seized since previous inspection: 900

Associated Municipal Shelter(s):

Name of Shelter(s): none

REMARKS:

REPRESENTATIVE PRESENT FOR INSPECTION: **Michael Pastore**
TITLE: **director**

REVIEWED BY: **Eloise Herrman**
REVIEWED DATE: **02/02/2016**

Appendix E – 2016 & 2017 NYS Municipal Shelter Inspection Reports

DL-90

NEW YORK STATE DEPARTMENT OF AGRICULTURE AND MARKETS
DIVISION OF ANIMAL INDUSTRY
10B AIRLINE DRIVE, ALBANY, NY 12235

Page 1 of 2

MUNICIPAL SHELTER INSPECTION REPORT - DL-90

Rating: **Satisfactory365**

Purpose: **Inspection**

DATE/TOA: **3/10/16 10:00 am**

**HEMPSTEAD ANIMAL SHELTER
3320 BELTAGH AVENUE
WANTAGH NY 11793**

Inspector: **Michelle Gaeta**

Inspector #: **51**

These are the findings of an inspection of your facility on the date(s) indicated above:

- | | |
|--|-----|
| 1. Shelter is structurally sound | Yes |
| 2. Housing area and equipment is sanitized regularly | Yes |
| 3. Repairs are done when necessary | Yes |
| 4. Dogs are handled safely | Yes |
| 5. Adequate space is available for all dogs | Yes |
| 6. Light is sufficient for observation | Yes |
| 7. Ventilation is adequate | Yes |
| 8. Drainage is adequate | Yes |
| 9. Temperature extremes are avoided | Yes |
| 10. Clean food and water is available and in ample amount | Yes |
| 11. Veterinary care is provided when necessary | Yes |
| 12. Dogs are euthanized humanely, by authorized personnel | Yes |
| 13. Complete intake and disposition records are maintained for all seized dogs | Yes |
| 14. Dogs transferred for purposes of adoption in compliance with Article 7 | Yes |
| 15. Redemption period is observed before adoption, euthanasia or transfer | Yes |
| 16. Owners of identified dogs are properly notified | Yes |
| 17. Redeemed dogs are licensed before release | Yes |
| 18. Proper impoundment fees paid before dogs are released | Yes |
| 19. Written contract or lease with municipality | Yes |

Appendix E – 2016 & 2017 NYS Municipal Shelter Inspection Reports

DL-90

Page 2 of 2

Town - City - Village Information for Inspection:

TCV CODE	TCV NAME
2801	Town of Hempstead
2806	Village of Atlantic Beach
2808	Village of Bellerose
2809	Village of Cedarhurst
2813	Village of Floral Park
2814	Village of Freeport
2815	Village of Garden City
2816	Village of Hempstead
2818	Village of Hewlett Harbor
2819	Village of Hewlett Neck
2820	Village of Island Park
2824	Village of Malverne
2828	Village of Rockville Centre
2830	Village of South Floral Park
2832	Village of Valley Stream

REMARKS:

REPRESENTATIVE PRESENT FOR INSPECTION: **Mike Pastore**
TITLE: **director**

REVIEWED BY: **Eloise Herrman**
REVIEWED DATE: **03/15/2016**

Appendix E – 2016 & 2017 NYS Municipal Shelter Inspection Reports

DL-90

NEW YORK STATE DEPARTMENT OF AGRICULTURE AND MARKETS
DIVISION OF ANIMAL INDUSTRY
10B AIRLINE DRIVE, ALBANY, NY 12235

Page 1 of 2

MUNICIPAL SHELTER INSPECTION REPORT - DL-90

Rating: **Satisfactory365**

Purpose: **Inspection**

DATE/TOA: **9/15/16 10:30 am**

**HEMPSTEAD ANIMAL SHELTER
3320 BELTAGH AVENUE
WANTAGH NY 11793**

Inspector: **Michelle Gaeta**

Inspector #: **51**

These are the findings of an inspection of your facility on the date(s) indicated above:

- | | |
|---|-----|
| 1. Shelter is structurally sound | Yes |
| 2. Housing area and equipment is sanitized regularly | Yes |
| 3. Repairs are done when necessary | Yes |
| 4. Dogs are handled safely | Yes |
| 5. Adequate space is available for all dogs | Yes |
| 6. Light is sufficient for observation | Yes |
| 7. Ventilation is adequate | Yes |
| 8. Drainage is adequate | Yes |
| 9. Temperature extremes are avoided | Yes |
| 10. Clean food and water is available and in ample amount | Yes |
| 11. Veterinary care is provided when necessary | Yes |
| 12. Dogs are euthanized humanely, by authorized personnel | Yes |
| 13. Complete intake and disposition records are maintained for all seized dogs | Yes |
| 14. Dogs transferred for purposes of adoption in compliance with Article 7 | Yes |
| 15. Redemption period is observed before adoption, euthanasia or transfer | Yes |
| 16. Owners of identified dogs are properly notified | Yes |
| 17. Redeemed dogs are licensed before release | Yes |
| 18. Proper impoundment fees paid before dogs are released | Yes |
| 19. Written contract or lease with municipality | Yes |

Appendix E – 2016 & 2017 NYS Municipal Shelter Inspection Reports

DL-90

Page 2 of 2

Town - City - Village Information for Inspection:

<u>TCV CODE</u>	<u>TCV NAME</u>
2801	Town of Hempstead
2806	Village of Atlantic Beach
2808	Village of Bellerose
2809	Village of Cedarhurst
2813	Village of Floral Park
2814	Village of Freeport
2815	Village of Garden City
2816	Village of Hempstead
2818	Village of Hewlett Harbor
2819	Village of Hewlett Neck
2820	Village of Island Park
2824	Village of Malverne
2828	Village of Rockville Centre
2830	Village of South Floral Park
2832	Village of Valley Stream

REMARKS:

REPRESENTATIVE PRESENT FOR INSPECTION: **Mike Pastore and Kim Matthews**
TITLE: **director**

REVIEWED BY: **Eloise Herrman**
REVIEWED DATE: **09/16/2016**

Appendix E – 2016 & 2017 NYS Municipal Shelter Inspection Reports

DL-89

NEW YORK STATE DEPARTMENT OF AGRICULTURE AND MARKETS
DIVISION OF ANIMAL INDUSTRY
10B AIRLINE DRIVE, ALBANY, NY 12235

Page 1 of 2

DOG CONTROL OFFICER INSPECTION REPORT - DL-89

Rating: **Satisfactory365**

Purpose: **Inspection**

DATE/TOA: **2/10/17 11:15 am**

**HEMPSTEAD ANIMAL SHELTER DCO
3320 BELTAGH AVENUE
WANTAGH NY 11793**

Inspector: **Michelle Gaeta**

Inspector #: **51**

These are the findings of an inspection of your facility on the date(s) indicated above:

- | | |
|---|-----|
| 1. Equipment is available for proper capture and holding | Yes |
| 2. Dogs are held and transported safely | Yes |
| 3. Equipment maintained in clean and sanitary condition | Yes |
| 4. Veterinary care is provided when necessary | Yes |
| 5. Dogs are euthanized humanely | Yes |
| 6. Complete seizure and disposition records are maintained for all seized dogs | Yes |
| 7. Dogs transferred for purposes of adoption in compliance with Article 7 | Yes |
| 8. Redemption period is observed before adoption, euthanasia or transfer | Yes |
| 9. Owners of identified dogs are properly notified | Yes |
| 10. Redeemed dogs are licensed before release | Yes |
| 11. Proper impoundment fees paid before dogs are released | Yes |

Appendix E – 2016 & 2017 NYS Municipal Shelter Inspection Reports

DL-89

Page 2 of 2

Town - City - Village Information for Inspection:

TCV CODE	TCV NAME
----------	----------

2801	Town of Hempstead
2806	Village of Atlantic Beach
2808	Village of Bellerose
2809	Village of Cedarhurst
2813	Village of Floral Park
2814	Village of Freeport
2815	Village of Garden City
2816	Village of Hempstead
2818	Village of Hewlett Harbor
2819	Village of Hewlett Neck
2820	Village of Island Park
2824	Village of Malverne
2828	Village of Rockville Centre
2830	Village of South Floral Park
2832	Village of Valley Stream

Additional Information for Inspection:

Number of Dogs Seized:

Number of dogs seized since previous inspection: 1000

Associated Municipal Shelter(s):

Name of Shelter(s): Hempstead shelter

REMARKS:

REPRESENTATIVE PRESENT FOR INSPECTION: **Michael Pastore**
TITLE: **director**

REVIEWED BY: **Eloise Herrman**
REVIEWED DATE: **02/10/2017**

Appendix F – Examples of Illegible Overtime Slips

FYI - 32 hrs from home in tree notes doing the Zapp report/BEAS report to be reimbursed -

TOWN OF HEMPSTEAD
DGS Animal Shelter & Control Division
Overtime

OVT: 2 hrs.
1.0: 1/2 hr.

NAME: [REDACTED] PERIOD: 11-30 TO 12-06-15

DATE	FROM	HOURS TO	TOTAL HOURS	REASON FOR OVERTIME
MONDAY 11/30				off - flipped day w/ Sunday - worked event
TUESDAY 12/01	9:45	6:15	5:45	6:15 (1/2 hr) emails/applications/vol for this wknd & next wk on events.
WEDNESDAY 02				RDO
THURSDAY 03	11:50	8:05		* freebie *
FRIDAY 04	9:40	6:15	5:40	6:15 (1/2 hr) work on org both wknd events/animal list for wknd plans for 12/12 M+G/adopt
SATURDAY 05	9:50	7:00	5:50	7:00 (1 hr) (2 hrs took 1/2 lunch - cat m+G after bpm
SUNDAY 06	11:30	3:30		NO BREAK - (use time to cover) appications for 12/05 + 12/06 M+G adoptions

EMPLOYEE'S SIGNATURE: [REDACTED] CFSITE - Baldwin Pet Co - no break

APPROVED BY SUPERVISOR: [REDACTED]

~~UNPAID~~ Worked from home on raffles, posting on fb + changing BEAS banner for ET.

TOWN OF HEMPSTEAD
DGS Animal Shelter & Control Division
Overtime

1.0: (3) hrs.
OVT: 3 hrs.

NAME: [REDACTED] PERIOD: 12/07 TO 12/12/15

DATE	FROM	HOURS TO	TOTAL HOURS	REASON FOR OVERTIME
MONDAY 12/07				Changed day off from Wedn. NO LUNCH - emails from 3+
TUESDAY 08	9:45	6:45	5:45	6:45 (1 hr) days/applications/M+G/adoptions/org for event + solicit volunteers
WEDNESDAY 09	9:45	6:10		plan + set up TGH adopter bags/sort donations/Wk on WBW, vols + raffles
THURSDAY 10	10:05	6:05		(1/2) lunch/vol list w/ps/floor plan/info on road closing/event plans
FRIDAY 11	9:40	7:00		(1/2) lunch/sort donations/begin Dec Thank U's/event + raffles
SATURDAY 12	9:15	7:15	5:15	7:15 (1 hr) (2 hrs) NO LUNCH Event + adoption madness/sort & dispense some donations
SUNDAY				

EMPLOYEE'S SIGNATURE: [REDACTED]

APPROVED BY SUPERVISOR: [REDACTED]

Appendix F – Examples of Illegible Overtime Slips

wk from home unpaid on
BFAS report, media show
for Remi video, Canada
transport.
(Gladys)

TOWN OF HEMPSTEAD
DGS Animal Shelter & Control Division
Overtime

OVT: 1 1/2 hrs.
T.O.: 1 1/4 hrs.

NAME [REDACTED] PERIOD 12.14 TO 12.19.15

DATE	FROM	HOURS TO	TOTAL HOURS	REASON FOR OVERTIME
MONDAY 14	9:55	3:00 (6:00)		worked thru lunch - crazy
TUESDAY 15				OUT - SICK post event follow ups, adoptions, meet & greets etc.
WEDNESDAY 16				OFF - RDO took 3/4 lunch (had MtG) - emails
THURSDAY 17	12:05 - 8:55	8:05 - 8:55	45 m.	MtGs, sort some donations + dispense, clean up + reset area
FRIDAY 18	9:50	6:15		freebie (cat mtg after hours) - work on event animals, van, media for Remi video, adoptions
SATURDAY 19	9:45	6:30	3/4 hr.	NO LUNCH
SUNDAY				CRAZY BUSY ADOPTIONS.

EMPLOYEE'S SIGNATURE [REDACTED]

APPROVED BY SUPERVISOR [REDACTED]

TOWN OF HEMPSTEAD
DGS Animal Shelter & Control Division
Overtime

T.O.: (2 hrs)
OVT: 1 1/2 hrs

NAME [REDACTED] PERIOD 12.21 TO 12.26.15

DATE	FROM	HOURS TO	TOTAL HOURS	REASON FOR OVERTIME
MONDAY 21				Out SICK -
TUESDAY 22	9:50	3:10 (4:10)	1 hr 20	catch from all wknd applications + adoptions - work thru lunch -
WEDNESDAY 23				OFF - RDO - NO LUNCH -
THURSDAY 24	8:45	5:15	4:45	MtGs/adoptions - madness non stop!!
FRIDAY 25				OFF - HOLIDAY -
SATURDAY 26	10:20	6:20	1 hr 1/2	NO LUNCH - adoptions/MtGs
SUNDAY				from the minute I worked in until 9 hrs later.

EMPLOYEE'S SIGNATURE [REDACTED]

APPROVED BY SUPERVISOR [REDACTED]

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

Appendix G contains an analysis of the Town of Hempstead’s response to the Draft Audit report and the Auditors follow up comments to the Town’s response. The Town of Hempstead’s full response letter as submitted is included in Appendix H.

Audit Finding (1)

(1) County Auditors were Prevented from Performing a Full Operational Review of the Animal Shelter due to Scope Limitations

Audit Recommendations:

We recommend that the Town of Hempstead:

- a) undertake their own operational audit of the Shelter, including a detailed internal review of matters related to staffing, purchasing and the care of animals at the Shelter; and
- b) take the allegations listed in Appendix B into consideration and perform an internal review to address all concerns.

Town of Hempstead Response to Finding (1) Recommendations

We believe that this should not be a "finding". In this report, the auditors have acknowledged the limitations imposed on the scope of the review by the New York State Supreme Court's (the "Court") decision. Throughout the fieldwork and at the exit meeting we have communicated that most of the records needed to facilitate a financial review of the Shelter are kept in a centralized Town location which require person(s) with knowledge of the location to assist with gathering the required documents. The Town's approach to facilitating the financial review, while taking steps to comply with the Court imposed limitations, within our existing recordkeeping system, should not be considered a finding, but rather, inherent to this review.

The town acknowledges and shall consider conducting an operational audit to review internal controls and to identify opportunities for operational efficiencies.

Auditors’ Follow Up Comments to Finding (1) TOHAS Response

The Auditors reiterate that limitations imposed on the scope of the review were not exclusively attributed to the New York State Supreme Court’s decision. Additional limitations were placed on the Auditors by the Town Attorney, restricting Auditor access to information and requested documents relating to personnel files and job qualifications. We contend that employees not having the right qualifications for their jobs can have a financial impact to TOHAS.

The Auditors reiterate our recommendations that the Town should perform their own operational review of the Animal Shelter including a detailed internal review of matters relating to staffing, purchasing, and the care of animals at the Shelter.

Additionally, the Town should take the allegations listed in Appendix B into consideration and perform an internal review to address all concerns.

Audit Finding (2)

(2) There is a Lack of Transparency with the Operation of the Tails of Hope Program

Audit Recommendations:

We recommend that the Town of Hempstead:

- a) establish a registered 501(c)(3) charity for the purpose of:
 - i. increasing financial transparency;
 - ii. accepting tax deductible donations from the public;
 - iii. making disbursements for the benefit of animals when Town resources are not available;
 - iv. requiring the annual filing of IRS Form 990; and
 - v. improving minute meeting documentation;
- b) review the original request to set up the Dogs, Cats, and Caring Foundation, Inc. to determine its purpose and the reason it was never used.

Town of Hempstead Response to Finding (2) Recommendations

We have indicated throughout the auditors field work and at the exit conference, that this finding contains many factual inaccuracies which were not corrected in the final version of the report. Including:

- 1. *The Tails of Hope Program is not and does not represent itself to be a 501 (c) (3) tax exempt organization.*
- 2. *The funds are not co-mingled. The funds for Tails of Hope are held in the Town's trust and agency account and reported annually as part of the Town's financial statements.*
- 3. *The goals listed as that of the Tails of Hope Program are those of the Shelter.*
- 4. *The Committee members are appointed by the Commissioner of the Department of General Services ("DGS"), which is consistent with the Town Board resolution granting this authority.*

Further, with respect to the Auditors' recommendation to establish a registered 501(c)(3) the Town has previously determined that the administrative cost (legal, banking, accounting & financial reporting etc.) associated with maintaining an independent not-for-profit entity is cost prohibitive to the purpose of Tails of Hope Program. As documented in this finding, the average annual donation is \$25,000.

The Town will review the existing guidance covering the Tails of Hope Program to tighten the internal controls over the Program.

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

Auditors’ Follow Up Comments to Finding (2) TOHAS Response

We are pleased that the Town will review the existing guidance covering the Tails of Hope Program and look to tighten the internal controls over the program.

The Auditor’s stand by their finding that the operation of the Tails of Hope Program lacks transparency.

We disagree with the Town’s statement that our finding includes “many factual inaccuracies which were not corrected in the final version of the report.” Specifically:

1. As noted in our finding, **Auditors did not claim the Tails of Hope Program is a 501(c)(3) tax exempt organization**. On the contrary, we recommended the Town establish a 501(c)(3) tax exempt organization instead of the Town run Tails of Hope Program to improve financial transparency to the public.

2. As the Town has stated, the funds for Tails of Hope are held in the Town's Trust and Agency account. As outlined in our finding, there is no separate bank account to record any financial transactions for only the Tails of Hope Program. **Tails of Hope funds are comingled** with other Town of Hempstead Trust and Agency programs into one Trust and Agency bank account.

Although the Trust and Agency financial information is reported annually as part of the Town's financial statements, the Tails of Hope Program’s financial information is not specifically disclosed. As reported on the Statement of Fiduciary Assets and Liabilities in the Town’s December 31, 2017 Financial Statements²³, the Town’s Trust and Agency funds had cash and cash equivalents of \$89,395,331 whereas the Tails of Hope Program had an ending balance of only \$9,427. The Tails of Hope Program financial information is not explicitly presented to the public for them to see how much money is received and spent.

3. The goals of the Tails of Hope Program, as outlined in our finding, were given to the Auditors by the Shelter Director, who is also a member of the Tails of Hope Program Committee. If the goals of the Tails of Hope Program are not as described, we further recommend the Town educate its Tails of Hope Committee members on the Program’s goals.

4. We agree that the Committee members are appointed by the Commissioner of the Department of General Services ("DGS"), which is consistent with the Town Board resolution granting this authority. Our finding did not note otherwise.

We understand that the financial impact of establishing and operating a 501(c)(3) tax exempt organization instead of the Town run Tails of Hope Program may be cost prohibitive to the purpose of the Tails of Hope Program.

²³ Town of Hempstead, New York. Financial Statements. Year Ended December 31, 2017 (p. 36)
<https://hempsteadny.gov/files/pdfs/transparency/Financials/TOH%20Financial%20Statements%20-%202017.pdf>

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

Audit Finding (3)

(3) Internal Control Weaknesses with Tails of Hope Program Cash Disbursements Were Identified

Audit Recommendations:

We recommend the Tails of Hope Program Committee, Town and the TOHAS:

- a) follow the Town’s procurement policy to promote increased competition amongst vendors to obtain quality services at the lowest price with consistent terms;
- b) only pay invoices made out to the TOHAS or to the Tales of Hope;
- c) require all approval signatures be obtained prior to the payment of a claim;
- d) require all claims be accompanied by proper supporting documentation including any applicable meeting minutes and Director memorandums; and
- e) require all invoice numbers be recorded accurately in the Town’s accounting system.

Town of Hempstead Response to Finding (3) Recommendations

Auditors' exceptions and recommendations are noted.

In its fiduciary role, the Town will look for ways to tighten controls in this area. The urgency and unique nature for the service needs solved by the Tails of Hope Program funds creates a challenge in following the Town's current procurement policy, which have been significantly enhanced since 2018.

With the implementation of the Town's new financial system, townwide invoice processing and approval is expected to be significantly streamlined and improved, reducing the opportunity for the exceptions identified.

Auditors’ Follow Up Comments to Finding (3) TOHAS Response

We are pleased the Town will look for ways to tighten controls in this area and that the Town’s new financial system is expected to significantly streamline invoice processing and approval.

We reiterate the need for Tails of Hope disbursements to follow the Town of Hempstead procurement policy to promote increased competition amongst vendors to obtain quality services at the lowest price with consistent terms.

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

Audit Finding (4)

(4) TOHAS Should be Performing Variance Analysis to Properly Monitor Spending

Audit Recommendations:

We recommend the TOH Comptroller’s Office account for the sub-categories of salary and wages, perform variance analysis of revenues/expenses and provide financial guidance to the Shelter Director to properly manage and adjust expenses.

Town of Hempstead Response to Finding (4) Recommendations

Auditors' exceptions and recommendations are noted.

With respect to sub-categories for salary and wages, this change occurred in 2018 with the preparation of the Town's 2019 Budget.

Within the limitations of the Town's existing financial system, budget to actual analysis is facilitated. Each department is provided with copies of its budget to actual reports on a monthly basis from the Town's comptroller's office. This manual process will continue until the new financial system becomes operable, at which time departments would have ready access to data to perform financial analytical work.

Auditors’ Follow Up Comments to Finding (4) TOHAS Response

We are pleased the Town has modified its budget to include sub-categories for salary and wages as of 2018. Each department should continue to monitor its budget to actual reports manually until the Town’s new financial system becomes operable.

Audit Finding (5)

(5) Auditors Found Improper Preparation and Review of Overtime Slips which Increases the Risk for Fraud, Waste and Abuse

Audit Recommendations:

We recommend:

- a) Current overtime slips be reviewed for completeness and accuracy before they are approved by the Shelter Director or a supervisor;
- b) Overtime slips that are not accurately prepared be denied;
- c) Overtime slips be revised to include the Director’s or supervisor’s date of approval; and
- d) Separate forms be used for employees to request paid overtime in comparison to time owed to avoid confusion and duplication of time.

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

Town of Hempstead Response to Finding (5) Recommendations

Auditors' exceptions noted.

The noted exceptions occurred in the distant past and the control environment has significantly improved in the area of overtime. Overtime for the review period declined by approximately three hundred and sixty thousand dollars (\$360,000). Since the beginning of 2018, a townwide overtime approval policy was instituted which has also improved internal controls in this area.

Additionally, we expect that the automation of certain payroll processes with the implementation of the Town's new financial system will significantly reduce to opportunity for the exceptions noted in this finding. The auditors recommendations will be considered as we continue to tighten controls townwide in this area.

Auditors’ Follow Up Comments to Finding (5) TOHAS Response

We are pleased with the Town’s statement that the Animal Shelter has significantly reduced overtime over the three year period 2015-2017. We reiterate the need for overtime requests to be properly completed and approved and look forward to the automation of many of the payroll processes with the implementation of the Town’s new financial system.

Audit Finding (6)

(6) Requested Overtime Does Not Match Biometric Attendance Records

Audit Recommendations:

We recommend:

- a) all employees, including the Shelter Director, be required to utilize the biometric hand scan procedures to track their time present at work;
- b) overtime slips be reviewed for accuracy and completeness prior to receiving Director or supervisor approval;
- c) the Animal Shelter compare all overtime slips to the hand scan in/out data recorded in Attendance Enterprise to verify if overtime hours submitted on the Overtime Slips were actually worked;
- d) overtime be noted for the day the overtime was actually worked on the Payroll Certification Time and Attendance Records; and
- e) TOHAS should ensure that they are in compliance with the FLSA by utilizing the US Department of Labor Wage and Hour Division Fact Sheets²⁴ summarizing the recordkeeping regulations.

²⁴ <https://www.dol.gov/whd/regs/compliance/whdfs21.pdf>

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

Town of Hempstead Response to Finding (6) Recommendations

Auditors' exceptions and recommendations are noted.

Department heads, deputies and director level employees townwide are not currently required to hand scan.

The Town is subject to the terms of a Collective Bargaining Agreement (CBA). The recall provisions of the CBA create overtime instances where hand scan data will not match written records for payment. In addition, overtime calls to outside locations will necessarily create instances where hand scan data will not match written records. The implementation of the Town's new financial system is expected to provide greater internal control over the management of timekeeping records.

Auditors’ Follow Up Comments to Finding (6) TOHAS Response

We are pleased that the Town’s new financial system is expected to provide greater internal control over the management of timekeeping records. However, the Animal Shelter needs to verify that submitted overtime was actually worked and is accurately noted on the Overtime Slips, Payroll Time and Attendance sheets and Payroll Certification records. Differences in overtime slips and time records must be reconciled and substantiated.

We reiterate our recommendations that overtime slips be reviewed for accuracy and completeness prior to receiving Director or supervisor approval; the Animal Shelter should compare all overtime slips to the hand scan in/out data recorded in Attendance Enterprise to verify if overtime hours submitted on the Overtime Slips were actually worked; overtime be noted for the day the overtime was actually worked on the Payroll Certification Time and Attendance Records; and TOHAS should ensure that they are in compliance with the FLSA by utilizing the US Department of Labor Wage and Hour Division Fact Sheets summarizing the recordkeeping regulations.

Audit Finding (7)

(7) TOHAS Cash Receipt Process Lacks Adequate Controls, Increasing the Risk that Errors Will go Undetected

Audit Recommendations:

We recommend:

- a) a standardized form be developed and used during the register closing process to record the specific breakdown of currency and checks received for each of the three deposit categories. The cashier performing the closeout should sign and date the form and a secondary count should be performed by another cashier to substantiate the financial information;
- b) proper segregation of duties be adhered to by requiring a clerk different than the closeout cashier to process the daily deposits;

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

- c) any discrepancies between cash on hand, the cash register tape and PetPoint be reconciled and documented on all Daily Deposit Breakdown forms;
- d) a supervisory review be performed to minimize potential errors including discrepancies between the register total and the PetPoint system, method of payment reported, and dates not being recorded on the Daily Deposit breakdown.

Town of Hempstead Response to Finding (7) Recommendations

Auditors' exceptions noted;

The implementation of the new point-of-sale system is expected to significantly improve the controls over cash receipts. The auditors' recommendations will be also considered.

Auditors’ Follow Up Comments to Finding (7) TOHAS Response

We are pleased that the Animal Shelter is implementing a new point-of-sale system which is expected to significantly improve the controls over cash receipts.

We reiterate our recommendations. The Town needs to strengthen internal controls over cash receipts and establish proper segregation of duties to ensure risk over cash collections is mitigated.

Audit Finding (8)

(8) Shelter Run Rabies Vaccine Clinics May Not have been Properly Sanctioned

Audit Recommendations:

We recommend that:

- a) revenue be recorded in full and the amount given to the veterinarian should be recorded as an offsetting cost;
- b) TOHAS discuss with Town officials to determine if this event has been properly sanctioned; and
- c) If no formal agreement exists, the Town should follow their procurement procedures to obtain veterinary assistance and document in a written agreement that includes the discounted fee to be charged for rabies vaccines and the rate for the veterinarian.

Town of Hempstead Response to Finding (8) Recommendations

Auditors' exceptions and recommendations are noted.

The Town will eliminate this practice.

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

Auditors’ Follow Up Comments to Finding (8) TOHAS Response

We concur with the Town’s response to eliminate this practice.

If the Town later decides to continue this practice, we reiterate our recommendation that the Town follow their procurement procedures to obtain veterinary assistance and document in a written agreement that includes the discounted fee to be charged for rabies vaccines and the rate for the veterinarian. Any revenue received or expenses incurred should be recorded in full.

Audit Finding (9)

(9) Shelter Staff Waived or Discounted Fees to Shelter Patrons Without Authorization on a Case By Case Basis, Which Could Impact Fees Collected

Audit Recommendations:

We recommend that the TOHAS develop policies and procedures which detail:

- a) which fees can be adjusted (waived or discounted) and under what conditions/timeframes;
- b) the requirements and procedures for the processing of any fee adjustments; and
- c) who is authorized to approve a fee adjustment.

Town of Hempstead Response to Finding (9) Recommendations

Auditors' exceptions noted.

The finding does not reflect the authority of Section 152-5 of the Town Code which grants the Commissioner of DGS "the discretion to waive fees associated with this chapter upon a showing of good cause. The Commissioner may delegate such authority to the Director." Within this context, we believe that the exceptions noted in the finding were "properly" waived.

Notwithstanding the previous paragraph and to enhance internal controls over cash receipts we will require documented evidence of the Commissioner's approval of exceptions waiver or discounted fees be kept with the cash receipts and register reconciliation paperwork. Additionally, appropriate signage for Town Council authorized waiver periods will be prominently posted at the Shelter.

Auditors’ Follow Up Comments to Finding (9) TOHAS Response

While we acknowledge that Section 152-5 of the Town Code grants the Commissioner of DGS and/or the Shelter Director the authority to discount fees, we reiterate this practice should be properly documented.

We are pleased the Town will enhance internal controls over cash receipts and require documented evidence of the Commissioner's approval of exceptions waiver or discounted fees

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

be kept with the cash receipts and register reconciliation paperwork and that appropriate signage for Town Council authorized waiver periods will be prominently posted at the Shelter.

Audit Finding (10)

(10) The Animal Shelter Director Did Not Certify All Payroll Records and Many Manual Payroll Documents Were Not Completed

Audit Recommendations:

We recommend the Animal Shelter Director, or in his absence an Assistant Director, certify all Animal Shelter payroll records by signing the payroll certification forms only after he has verified that they are complete with the correct hours worked and the payroll dates for all listed employees.

Town of Hempstead Response to Finding (10) Recommendations

Auditors' exceptions and recommendations are noted.

The implementation of the Town's new financial system is expected to significantly streamline the approval process and reduce the opportunity for the exceptions noted in this finding.

Auditors’ Follow Up Comments to Finding (10) TOHAS Response

We are pleased the Town will be implementing a new financial system to address many of the payroll issues. We reiterate the need for controls to ensure all payroll certification forms are properly reviewed and certified by the Shelter Director or in his absence by the new Assistant Shelter Director.

Audit Finding (11)

(11) Employees Were Excessively Working Through Lunch Which May Be a Violation of New York State Labor Law

Audit Recommendations:

We recommend the Animal Shelter develop policies for allowing employees to work through their lunch break which comply with Section 162 of the New York State Labor Law and that Animal Shelter employees only be permitted to work through their lunch break on an exception basis.

Town of Hempstead Response to Finding (11) Recommendations

Auditors' exceptions noted;

The Town asserts that it is aware of and is compliant with Section 162 of the New York State Labor Law. The noted exceptions occurred in the past as supported by the data trend in this finding. Corrective processes have been put in place to curb this practice.

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

Auditors’ Follow Up Comments to Finding (11) TOHAS Response

We commend the Animal Shelter on the steady reduction of employees working through lunch and are pleased that corrective processes have been put in place to limit this practice.

Audit Finding (12)

(12) Animal Shelter Employees were Not Receiving Overtime or Accruing Compensatory Time in Accordance with the Town’s Collective Bargaining Agreement

Audit Recommendations:

We recommend that:

- a) The Town and Animal Shelter adhere to the terms of the collective bargaining agreements between the Town and CSEA Local 880;
- b) All Animal Shelter employees properly complete all sections of the Town’s overtime slips; and
- c) The Animal Shelter implement a procedure requiring supervisory reviews of their internally maintained Attendance Records to verify the accrual and usage of any compensatory time.

Town of Hempstead Response to Finding (12) Recommendations

The Town's intent is always to be compliant with and faithful to the terms of its agreements.

The auditors' observation identifies an inherent weakness with the current de-centralized, manual tracking of time and attendance and entitlement information. The Town will look into a townwide process to improve controls in this area. Additionally, we expect that the automation of certain payroll processes, with the implementation of the Town's new financial system, will significantly reduce the opportunity for the exceptions noted in this finding.

Auditors’ Follow Up Comments to Finding (12) TOHAS Response

We are pleased the Town will look into a Town-wide process to improve controls in this area and that the Town's new financial system will significantly reduce the opportunity for the exceptions noted in this finding. However, the Town is subjecting itself to potential liability for the accrual of compensatory time by not following the terms of the CBA.

We reiterate our recommendations that the Town and Animal Shelter adhere to the terms of the collective bargaining agreements between the Town and CSEA Local 880; all Animal Shelter employees properly complete all sections of the Town’s overtime slips; and the Animal Shelter implement a procedure requiring supervisory reviews of their internally maintained Attendance Records to verify the accrual and usage of any compensatory time.

Appendix G – Auditor’s Follow Up Comments to TOHAS Response

Audit Finding (13)

(13) Internal Control Weaknesses with Animal Shelter Cash Disbursements Were Identified Which Could Lead to Unauthorized Payments or Misappropriation of Funds

Audit Recommendations:

We recommend the Town of Hempstead Animal Shelter:

- a) require purchase orders to be completed before purchasing goods and/or services from vendors;
- b) require all approval signatures be obtained prior to the payment of a claim; and
- c) require all claims to be accompanied by supporting documentation including any applicable price lists and/or excerpts from contracts stating the agreed upon prices to easily verify if prices paid are in agreement with Town contracts.

Town of Hempstead Response to Finding (13) Recommendations

Auditors' exceptions and recommendations are noted.

With the implementation of the Town's new financial system our townwide invoice processing and approval is expected to be significantly streamlined and improved reducing the opportunity for the exceptions identified in this finding.

Auditors’ Follow Up Comments to Finding (13) TOHAS Response

We are pleased the implementation of the Town's new financial system is expected to reduce the opportunity for the exceptions we have identified and significantly streamline Town-wide invoice processing/approval.

Appendix H – Town of Hempstead Animal Shelter’s Response



TOWN OF HEMPSTEAD
ONE WASHINGTON STREET,
HEMPSTEAD, NEW YORK 11550-4923
(516) 489-5000

May 22, 2019

Mr. Jack Schnirman
Comptroller
Nassau County
240 Old Country Road
Mineola, New York, 11501

Re: Animal Shelter Financial Review Responses

Dear Comptroller Schnirman:

On behalf of Supervisor Gillen and the Town Council of the Town of Hempstead (“the Town”), I wanted to thank you for making the resources of your office available to conduct the financial review of our Animal Shelter facility (the “Shelter”).

Some of the exceptions highlighted in your findings provide the opportunity for us to take a broader look at our processes townwide and make changes which will strengthen our system of internal controls, giving our taxpayers the reasonable assurance that their tax dollars are spent respectfully and restrictively.

Once again, thank you.

Sincerely,


Kevin Conroy
Comptroller

cc: Supervisor – Laura Gillen
Town Council Members
Town Attorney – J. Ra
Commissioner, DGS – G. Marino
Director, Animal Shelter – M. Pastore

SUPERVISOR LAURA A. GILLEN

Council Members

DOROTHY L. GOOSBY • THOMAS MUSCARELLA • BRUCE A. BLAKEMAN
ERIN KING SWEENEY • ANTHONY R. DIPOSTO • DENNIS DUNNE, SR.

SYLVIA A. CABANA
Town Clerk

DONALD X. CLAVIN, JR.
Receiver of Taxes

Appendix H – Town of Hempstead Animal Shelter’s Response

Town Responses

Finding #1:

Comment on Finding #1:

We believe that this should not be a “finding”. In this report, the auditors have acknowledged the limitations imposed on the scope of the review by the New York State Supreme Court’s (the “Court”) decision. Throughout the fieldwork and at the exit meeting we have communicated that most of the records needed to facilitate a financial review of the Shelter are kept in a centralized Town location which require person(s) with knowledge of the location to assist with gathering the required documents. The Town’s approach to facilitating the financial review, while taking steps to comply with the Court imposed limitations, within our existing recordkeeping system, should not be considered a finding, but rather, inherent to this review.

The town acknowledges and shall consider conducting an operational audit to review internal controls and to identify opportunities for operational efficiencies.

Finding #2:

We have indicated throughout the auditors field work and at the exit conference, that this finding contains many factual inaccuracies which were not corrected in the final version of the report. Including:

1. The Tails of Hope Program is not and does not represent itself to be a 501 (c) (3) tax exempt organization.
2. The funds are not co-mingled. The funds for Tails of Hope are held in the Town’s trust and agency account and reported annually as part of the Town’s financial statements.
3. The goals listed as that of the Tails of Hope Program are those of the Shelter.
4. The Committee members are appointed by the Commissioner of the Department of General Services (“DGS”), which is consistent with the Town Board resolution granting this authority.

Further, with respect to the Auditors’ recommendation to establish a registered 501(c)(3) the Town has previously determined that the administrative cost (legal, banking, accounting & financial reporting etc.) associated with maintaining an independent not-for-profit entity is cost prohibitive to the purpose of Tails of Hope Program. As documented in this finding, the average annual donation is \$25,000.

The Town will review the existing guidance covering the Tails of Hope Program to tighten the internal controls over the Program.

Finding # 3:

Auditors’ exceptions and recommendations are noted.

In its fiduciary role, the Town will look for ways to tighten controls in this area. The urgency and unique nature for the service needs solved by the Tails of Hope Program funds creates a challenge in following the Town’s current procurement policy, which have been significantly enhanced since 2018.

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With the implementation of the Town’s new financial system, townwide invoice processing and approval is expected to be significantly streamlined and improved, reducing the opportunity for the exceptions identified.

Finding # 4:

Auditors’ exceptions and recommendations are noted.

With respect to sub-categories for salary and wages, this change occurred in 2018 with the preparation of the Town’s 2019 Budget.

Within the limitations of the Town’s existing financial system, budget to actual analysis is facilitated. Each department is provided with copies of its budget to actual reports on a monthly basis from the Town’s comptroller’s office. This manual process will continue until the new financial system becomes operable, at which time departments would have ready access to data to perform financial analytical work.

Finding # 5:

Auditors’ exceptions noted.

The noted exceptions occurred in the distant past and the control environment has significantly improved in the area of overtime. Overtime for the review period declined by approximately three hundred and sixty thousand dollars (\$360,000). Since the beginning of 2018, a townwide overtime approval policy was instituted which has also improved internal controls in this area.

Additionally, we expect that the automation of certain payroll processes with the implementation of the Town’s new financial system will significantly reduce to opportunity for the exceptions noted in this finding. The auditors recommendations will be considered as we continue to tighten controls townwide in this area.

Finding # 6:

Auditors’ exceptions and recommendations are noted.

Department heads, deputies and director level employees townwide are not currently required to hand scan.

The Town is subject to the terms of a Collective Bargaining Agreement (CBA). The recall provisions of the CBA create overtime instances where hand scan data will not match written records for payment. In addition, overtime calls to outside locations will necessarily create instances where hand scan data will not match written records. The implementation of the Town’s new financial system is expected to provide greater internal control over the management of timekeeping records.

Finding # 7:

Auditors’ exceptions noted;

The implementation of the new point-of-sale system is expected to significantly improve the controls over cash receipts. The auditors’ recommendations will be also considered.

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Finding # 8:

Auditors’ exceptions and recommendations are noted.

The Town will eliminate this practice.

Finding # 9:

Auditors’ exceptions noted.

The finding does not reflect the authority of Section 152-5 of the Town Code which grants the Commissioner of DGS “the discretion to waive fees associated with this chapter upon a showing of good cause. The Commissioner may delegate such authority to the Director.” Within this context, we believe that the exceptions noted in the finding were “properly” waived.

Notwithstanding the previous paragraph and to enhance internal controls over cash receipts we will require documented evidence of the Commissioner’s approval of exceptions waiver or discounted fees be kept with the cash receipts and register reconciliation paperwork. Additionally, appropriate signage for Town Council authorized waiver periods will be prominently posted at the Shelter.

Finding # 10:

Auditors’ exceptions and recommendations are noted.

The implementation of the Town’s new financial system is expected to significantly streamline the approval process and reduce the opportunity for the exceptions noted in this finding.

Finding # 11:

Auditors’ exceptions noted;

The Town asserts that it is aware of and is compliant with Section 162 of the New York State Labor Law. The noted exceptions occurred in the past as supported by the data trend in this finding. Corrective processes have been put in place to curb this practice.

Finding # 12:

The Town’s intent is always to be compliant with and faithful to the terms of its agreements.

The auditors’ observation identifies an inherent weakness with the current de-centralized, manual tracking of time and attendance and entitlement information. The Town will look into a townwide process to improve controls in this area. Additionally, we expect that the automation of certain payroll processes, with the implementation of the Town’s new financial system, will significantly reduce the opportunity for the exceptions noted in this finding.

Finding # 13:

Auditors’ exceptions and recommendations are noted.

With the implementation of the Town’s new financial system our townwide invoice processing and approval is expected to be significantly streamlined and improved reducing the opportunity for the exceptions identified in this finding.

