MUNICIPAL AUDITING REPORT

CITY OF ROANOKE

Regional Center for Animal Control & Protection

November 14, 2012

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Municipal Auditing Department
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BACKGROUND

In 2001, the Counties of Roanoke and Botetourt, the Town of Vinton, and the City of Roanoke entered into an agreement with the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc., to create the Regional Center for Animal Control and Protection [Regional Center]. This arrangement was expected to provide an economical, efficient and humane means to manage animal welfare and related public health needs of the community.

The agreement provided for constructing a regional municipal pound adjacent to the Roanoke Valley SPCA's Adoption & Education Center. An Advisory Board was formed with representatives from the participating localities and the Roanoke Valley SPCA to oversee the design and construction of the facility, and to govern future operations of the regional pound. The Advisory Board was organized as follows:

- One voting member appointed by each participating locality.
- One additional voting member appointed by the participating locality with the highest number of animals utilizing the Center.
- Four voting members appointed by the Roanoke Valley SPCA.
- The Roanoke Valley SPCA Executive Director appointed as an ex-officio, non-voting member.

Regional Center for Animal Control and Protection

As described in the regional agreement, the Advisory Board is responsible for the general fiscal and management policy of the Regional Center. Its duties include facilitating communications between the participating localities and the Roanoke Valley SPCA, approving the annual budget for the Regional Center, setting its operating hours, and reviewing its monthly financial reports.

The Roanoke Valley SPCA acts as an independent contractor and is responsible for the day-to-day management and operation of the Regional Center. The agreement requires that the Roanoke Valley SPCA accept and care for all animals delivered by the participating localities and residents, in compliance with applicable laws. It also requires that the Roanoke Valley SPCA regularly maintain and clean the facility, collect all fees imposed by the participating localities, provide monthly financial reports to the Advisory Board, and file all required reports with Federal, State and Local agencies. The Roanoke Valley SPCA employs and controls all staff members of the Regional Center through a wholly owned subsidiary, Animal Care Services [**ACS**].

The participating localities are responsible for funding the operational and debt service costs of the Regional Center. The Regional Center's budget breaks down as follows:

FYE:	Operating	Debt Service	Admin Fee*	Total
6/30/12	637,903	280,504	93,000	1,011,407
6/30/13	666,680	280,504	86,000	1,033,184

*HR, Payroll, Finance, Marketing, and Executive Management services provided by RVSPCA Staff

The Adoption & Education Center

The Roanoke Valley SPCA's Adoption & Education Center is located adjacent to the Regional Center for Animal Control and Protection. A hallway connects the Roanoke Valley SPCA's Adoption Center and the Regional Center, but the two facilities were built to function independently of one another. The Executive Director of the Roanoke Valley SPCA provides executive oversight for both facilities.

The great majority of unredeemed animals rescued from the Regional Center are placed with new owners through the efforts of the Roanoke Valley SPCA Adoption & Education Center. The Roanoke Valley SPCA spays / neuters, vaccinates and microchips all animals it adopts out as part of its mission to reduce overpopulation and to promote animal welfare. The Roanoke Valley SPCA Adoption Center does not receive funding from the participating localities and depends entirely on adoption fees and donations to support its operations.

SCOPE

We reviewed the payroll and operating expenditures for Animal Care Services for fiscal years ending June 30, 2010, 2011, and 2012. Our review included the Roanoke Valley Regional Pound Facility Services Agreement signed in 2001, meeting minutes for the Advisory Board and Roanoke Valley SPCA Board from 2002 through 2012, and testimony of events at the Regional Center occurring from 2007 through 2012. We evaluated the processes for payroll and expenditures, as documented on August 20, 2012.

METHODOLOGY

We reviewed documented procedures and interviewed staff from both ACS and the Roanoke Valley SPCA to develop our understanding of the design and operation of processes. We also interviewed staff individually about the specific projects worked on during the course of their employment and the time worked in both facilities in order to evaluate concerns with proper cost allocation. We analyzed spending trends over three fiscal years by vendor, by entity, and by account. Based on testimony, trend analyses, and other research related to products and services provided by vendors, we reviewed a substantial number of payments looking for purchase orders, invoices, and notations that might indicate the entity benefiting from the purchases. In some cases, we interviewed vendors about past services to verify the work billed was for the Regional Center.

OBJECTIVE 1: DISBURSEMENTS AND COST ALLOCATION

Objective: To determine if disbursement controls were operating as intended and providing reasonable assurance that goods and services paid for by ACS were for the benefit of the Regional Center for Animal Control and Protection.

Scope: Payments made to vendors for fiscal year ending 6-30-12. Cost allocation processes in place at 8-20-12.

Conclusion: Disbursement controls could have been strengthened to provide more reasonable assurance that goods and services paid for by ACS were for the benefit of the Regional Center.

Observations:

1. Purchase orders were not consistently used to document ACS requests and approvals of purchases paid with ACS funds.

2. Employees did not consistently note the purpose of purchases on receipts and invoices, or sign that they received the goods and services as invoiced. This creates greater opportunity for errors in coding purchases to the proper entity and line item account.

3. The cost allocation model did not address all goods and services that by nature could not be directly assigned to one or the other facility and would need to be allocated on a percentage basis.

Recommendations:

We recommend that employees be required to utilize purchase orders to the maximum extent possible to document the person requesting the order and the entity for which the goods and services are intended.

We recommend that employees receiving goods and services sign the invoice to acknowledge that the goods and services were received as invoiced.

Employees who requested the goods should also note on the purchase order or invoice the line item to which the cost should be expensed.

OBJCECTIVE 2: CREDIT CARDS

Objective: To determine if processes for credit cards purchases were adequate to ensure purchases were appropriate, correctly accounted for, and paid by the organization receiving the benefit.

Scope: ACS monthly credit card statements for the months July 2010 through July 2012.

Conclusion: Processes for credit card purchases could have been strengthened to more reasonably ensure purchases were appropriate, correctly accounted for, and paid by the organization receiving the benefit.

Observations:

1. In most cases, credit card receipts did not have adequate notations to determine who received the goods or services or the purpose of the purchase.

2. The monthly credit card statements for ACS were not provided to the Director of Shelter Operations to review, preventing the Director from effectively monitoring ACS purchases for appropriateness and accuracy.

3. The December 2011 credit card statement was filed without the associated receipts.

4. Several receipts included sales tax that should not have been charged to a non-profit or government agency.

5. Purchases totaling $142 during the June 2012 Derecho event were erroneously assumed to be for ACS when processed by Finance.

Recommendation:

We recommend developing procedures that include:

- Requiring itemized receipts.
- Requiring the purchaser to note the purpose on the receipt or on a purchase order.
- Requiring the purchaser to note the cost to be allocated to each entity.
- Requiring the Director of Shelter Operations review and approve the monthly credit card statement prior to payment.

Procedures should be documented, and should be communicated to employees.

OBJECTIVE 3: HVAC AND RELATED SERVICES

Objective: To determine if HVAC and related services were invoiced and paid according to the facility receiving services.

Scope: FY 2010, 2011, 2012.

Conclusion: We are unable to determine if HVAC and related services were invoiced and paid according to the facility receiving the service work, based on the following factors:

- Inconsistent testimony.
- Identical equipment used in both buildings.
- Absence of any data in the vendor's field report notes that document the location of the equipment serviced.
- Lack of supporting documents such as purchase orders.

Observations:

1. The cost of work on the computer system used to monitor environmental systems in both buildings was not consistently allocated between entities.

Recommendations:

When both buildings require services, separate service requests should be created and the work in each building separately invoiced. We suggest that the vendor's Technician include notes in his or her field report that more specifically identifies the location of the equipment serviced. Given the number of identical equipment items in both buildings, better notes would help in tracking the work to individual units.

OBJECTIVE 4: COPIER EXPENSES

Objective: To determine if copier costs paid by ACS were for the benefit of the Regional Center.

Scope: FY 2010, 2011, 2012.

Conclusion: Copier costs were erroneously paid by both entities for each other's copiers.

Observations:

1. The copier contracts for both facilities appear to be setup under the Roanoke Valley SPCA account [RV05] and billed together on one invoice. The layout of the invoice is confusing and creates greater opportunity for errors to occur.

2. We noted a net error of $164 paid by ACS for SPCA copier services. This was 1.9% of the total copier expenditures of $8,500 for the three fiscal years reviewed.

Recommendations:

We recommend that contract billing be separated so that the two entities receive separate invoices. The ACS Director of Shelter Operations should review and approve all copier invoices billed to the Regional Center before they are paid.

OBJECTIVE 5: PETTY CASH

Objective: To evaluate controls over ACS petty cash that ensure expenditures are for the benefit of the Regional Center.

Scope: Petty cash reimbursements FY 2010, 2011, 2012.

Conclusion: The controls over petty cash could be strengthened to provide more reasonable assurance that expenditures are for the benefit of the Regional Center.

Observations:

1. Receipts supporting petty cash expenditures in general do not have the purpose of the purchase or the name of the person receiving the goods documented on them.

2. A reimbursement of $128 on 3/15/12 had no receipts to identify what was purchased; only a note that it was for a purchase with a specific vendor.

3. After adjusting for rounding, shortages in the fund totaled $132, with the largest individual shortage being $77. Total petty cash purchases for FY10 thru FY12 were $5,280.

4. Petty cash purchases included gift cards, fuel, pet food, and general supplies that are similar in amount and nature to purchases normally made by check or credit card.

Recommendation:

We recommend that a petty cash request form be developed that can be used to document the need / purpose of purchases made with petty cash, the employee requesting the purchase, and the line item account to be charged.

OBJECTIVE 6: 1998 FORD F150 TRUCK REPAIRS

Background: In **November 2005**, the City of Roanoke donated a 1998 Ford F150 truck with a mid-size animal enclosure to the "Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. (RVSPCA)" [Resolution **37255-112105**]. The truck was in good operating condition and was available to donate due to the City's Animal Control department converting to larger animal enclosures at that time.

Roanoke Valley SPCA Management and the Board originally intended to use the truck to transport adoption center animals to and from adoption events. The truck was never used and its condition deteriorated until 2009. In 2009, management had the truck towed to a local garage for mechanical repairs. Once the truck was restored to operating condition, the Facility Manager and Vendor Technician repaired the electrical and ventilation components of the animal enclosure. The invoice from the vendor for the electrical and ventilation repairs totaled $1,979 and was paid by ACS.

In September 2012, we observed the truck in the parking lot at the Regional Center. The truck had license plates and a State inspection sticker, both of which were current when observed. Based on testimony, the truck has not been used since it was repaired in 2009 and is again in a state of deterioration.

Observations:

1. If an animal at the Regional Center requires veterinarian care, the responsible Locality's Animal Control Officers normally transport the animal to and from the veterinarian clinic. ACS generally does not need to transport animals and has a 2004 truck available should the need arise.

2. The costs of repairs, licensing, insurance, and State inspection paid by ACS have not benefited the Regional Center.

Recommendation:

The truck should be sold and the proceeds returned to the Regional Center.

OBJECTIVE 7: MAINTENANCE, JANITORIAL & OTHER SERVICES

Objective: To determine if the costs for maintenance and janitorial services provided by ACS staff for Roanoke Valley SPCA facilities were adequately accounted for by the Roanoke Valley SPCA.

Scope: July 1, 2007 through August 31, 2012.

Conclusion: The Roanoke Valley SPCA did not adequately account for the costs for maintenance and janitorial services provided by ACS staff for Roanoke Valley SPCA facilities.

We also identified services provided by Roanoke Valley SPCA employees for the benefit of the Regional Center that similarly were not adequately accounted for or documented.

Observations:

1. There were no records documenting the maintenance and janitorial work for each entity prior to October 2011.

2. The four (4) hour per week allocation for ACS staff to provide cleaning and maintenance assistance at the Roanoke Valley SPCA during the fiscal year ending 6-30-11 appears to have been inadequate based on estimates of those performing the work. The testimony from employees and supervisors consistently indicates two ACS staff members were regularly utilized to perform work at the Roanoke Valley SPCA and the estimate should have been a minimum of four (4) hours per month more.

    a. One employee was regularly scheduled to perform cleaning at the Roanoke Valley SPCA every Friday for four (4) hours, which conservatively accounts for an average of 16 hours per month.

    b. One employee worked two (2) to three (3) days per month from two (2) to four (4) hours each time in the evenings, which conservatively accounts for four (4) hours per month.

3. It was generally acknowledged that ACS staff worked on the relocation of the Roanoke Valley SPCA's pet cemetery. The time worked was not documented and could not be reasonably estimated based on the testimony.

4. The Facility Manager was a shared resource that was partially funded by the Roanoke Valley SPCA. His work hours were not tracked as to the facility receiving the services and therefore we were unable to reasonably determine if the 80+ hours of pet cemetery related work fit within his overall allocated hours for the fiscal year ending 6-30-08.

5. The wages of the ACS employees who worked on the cemetery relocation in 2008 were paid by ACS and were not reimbursed by the Roanoke Valley SPCA. An estimate of the total costs is not possible given the lack of data and inconsistent testimony.

6. The Facility Manager did not document the hours he worked on opening and closing graves at Pet Haven Cemetery. Roanoke Valley SPCA records indicate a total of 17 burials occurred from 7-1-08 through 6-30-12. Management stated that the activity was thought to be minimal and to fit within the Facility Manager's existing allocation of time to be given to the Roanoke Valley SPCA. Inadequate data was available to evaluate this position, or to develop a reasonable estimate of the costs in labor and fuel to transport the equipment and perform the burials.

7. Executive management did not have data to support setting the Roanoke Valley SPCA's proportional share of the Facility Manager's salary and benefits at 20% [8'/ week]. Management did not track actual hours worked for the benefit of the Roanoke Valley SPCA at any time between 2007 and September 2011, that would have enabled them to develop a more supportable estimate.

8. In 2007, Roanoke Valley SPCA management began having its Behaviorist assess all dogs received by the Regional Center. These assessments helped management better understand characteristics of the population of animals coming into the Regional Center. Eventually, the assessments helped in placing animals with appropriate rescue organizations. The Behaviorist's time in the Regional Center was not recorded and Roanoke Valley SPCA management did not request compensation from the Regional Center.

9. At the request of the localities, the Roanoke Valley SPCA Volunteer Coordinator invested substantial time in developing a volunteer program at the Regional Center from April 2011 through September 2011. Her time was not tracked but is evidenced by the development of a volunteer handbook and initiation of a volunteer program in late 2011. The Roanoke Valley SPCA did not request reimbursement for the costs for developing the program.

   In November 2011, the Regional Center began paying a portion of the Volunteer Coordinator's salary. The Roanoke Valley SPCA monitored the Coordinator's actual time worked on the Regional Center program and determined that it significantly exceeded the estimated time paid by the Regional Center during fiscal 2012. In July 2012, the Regional Center began paying the Volunteer Coordinator based on actual hours worked at the Center.

Recommendations: None at this time.

OBJECTIVE 8: VETERINARY SERVICES

Objective: To determine if the veterinary services provided to the Regional Center by the Roanoke Valley SPCA are reasonable and supported.

Scope: Fiscal year ending 6-30-12.

Conclusion: Veterinary services provided to the Regional Center by the Roanoke Valley SPCA appear to be reasonable and supported.

Observations:

1. The process for documenting veterinary services provided to the Regional Center is adequate.

2. Staff, management and the Advisory Board generally acknowledged the increased utilization of veterinary services in fiscal 2012.

3. The cost drivers for veterinary services appeared to be longer holding periods for animals and a higher standard of care.

Recommendations: None.

OBJECTIVE 9: HUMAN RESOURCES

Objective: To evaluate the processes in place to provide human resources support for ACS employees.

Scope: Processes in place as of August 22, 2012.

Conclusions: Overall, the personnel manual, orientation checklist, and other forms appear to be reasonably well developed. Based on the manual and memos we reviewed, there was an earnest effort to improve communications within the organization. A "Whistleblower" policy was adopted in February 2009 and an "Open Door / Suggestions" policy was adopted in October 2011. However, all formal protocols to address concerns ultimately terminate with the Executive Director of the Roanoke Valley SPCA and the Roanoke Valley SPCA Board.

Recommendations:

We recommend the following:

- Revise the whistleblower policy to include a requirement that the Advisory Board be informed of allegations involving the Regional Center's operations or facility. The Advisory Board should also receive a written report communicating the investigation work performed, the results, and any actions taken to resolve the issues.

- Revise the personnel manual to incorporate the whistleblower policy and the open door policy, and update the organization chart and job titles.

OBJECTIVE 10: ADVISORY BOARD

Objective: To determine if the Advisory Board was adequately informed about the reasons for terminations of former Directors of Shelter Operations and the terms of their separation.

Scope: FY 2011, FY 2012.

Conclusions:

We conclude that locality representatives on the Advisory Board were not adequately informed about the reasons for terminations of former Directors of Shelter Operations or the terms of their separation.

Additionally, we conclude that the structure of the Advisory Board is not adequate to effectively govern the Regional Center as a publicly funded function.

Observations:

1. The information provided to the participating localities' representatives on the Advisory Board was not sufficient to enable them to collectively ensure the:

    a. Reliability and integrity of financial and operational information
    b. Effectiveness and efficiency of operations
    c. Safeguarding of public assets
    d. Compliance with laws, regulations, and contracts

2. The Director of Shelter Operations worked at the pleasure of the Executive Director of the Roanoke Valley SPCA and was afforded no protections from termination should he or she feel that the interests of the Regional Center were not being adequately promoted and protected.

3. The Advisory Board was established in **Article II** of the "Roanoke Valley Regional Pound Facility Services Agreement". The agreement provides that participating localities will appoint five members to the Board and the Roanoke Valley SPCA will appoint four members; the Roanoke Valley SPCA Executive Director serves as an ex-officio non-voting member. This design provides substantial influence for the contractor [RVSPCA] whom the Board is charged with overseeing. It creates a structural conflict of interest that has the potential to suppress communication about Regional Center operations between the Director of Shelter Operations and the Board.

4. The Roanoke Valley Regional Pound Facility Services Agreement also provides that the Advisory Board is "…responsible for general fiscal and management policy for the New Pound Facility…." Duties included considering for approval "…the employment and procurement of administrators…" **[2.1.1 (b) (ii)]**. The Executive Director of the Roanoke Valley SPCA did not seek the approval of the Advisory Board in hiring the Director of Shelter Operations.

5. The Regional Center paid approximately $17,500 in severance to a former Director of Shelter Operations in 2011 without the Advisory Board's knowledge and based on an agreement that prohibited him from disclosing the existence of the agreement. The terms of the agreement appear to benefit ACS and the Roanoke Valley SPCA exclusively, with no mention of a fiduciary duty or a duty of loyalty to the Regional Center.

6. The Regional Center paid approximately $2,500 in severance to a subsequent Director of Shelter Operations who resigned in 2012, without the Advisory Board's approval or knowledge until after

the payments had been made.

Recommendations:

We recommend at a minimum that the Advisory Board have a formal relationship with the Regional Center Director of Shelter Operations in terms of hiring, performance evaluation, and termination.

The Advisory Board should formally establish its goals for animal disposition and the standard of care to be provided to animals.

Finally, we recommend that the Roanoke Valley SPCA not have any voting members on the Advisory Board on the following basis:

- The Roanoke Valley SPCA serves in the capacity of a contractor for the Advisory Board, operating and managing the Regional Center. Serving as both contractor and as part of the governing body creates a potential conflict of interest.

- Advisory Board members representing the participating localities must weigh Regional Center funding decisions against competing local government priorities. These competing priorities are beyond the scope of the Roanoke Valley SPCA's mission.

The Roanoke Valley SPCA is an important partner with the participating localities and should continue to have a strong voice in deliberations regarding funding and policy at the Regional Center for Animal Control and Protection.

OBJECTIVE 11: DISTRIBUTION OF EXCESS FUNDS

Background: The Roanoke Valley Regional Pound Facility Services Agreement provides for three reserve funds intended to ensure the Regional Center remains fiscally sound.

1. Operating Reserve Fund equal to 90 days net expenses, excluding debt service and reserve payments.

2. Maintenance Reserve Fund equal to 15% of the original capital costs of the facility.

3. Debt Service Reserve Fund to pay the loan for construction of the facility.

Once these reserves are fully funded, any excess funds remaining at the end of each fiscal year are to be split between the participating localities and the Roanoke Valley SPCA. Section 7.7 (2) of the agreement states that "…1/2 of the Excess Funds shall be refunded to all of the Participating Localities…1/2 of the Excess Funds shall be paid to the RVSPCA to be used for RVSPCA programs that serve to reduce the number of Stray Animals and Owner Release Animals."

Based on the accounting records for ACS, it appears the participating localities and the Roanoke Valley SPCA have allowed ACS to retain excess funds every year except one since the Regional Center opened in 2004. The table below shows the excess funds retained by ACS each year as net income:

Date	Net Income (loss)	Net Assets Balance
6/30/05	$21,575	$21,575
6/30/06	No entry	21,575
6/30/07	55,503	77,078
6/30/08	(38,413)	38,665
6/30/09	29,868	68,533
6/30/10	21,600	90,133
6/30/11	15,930	**$106,063**

The Advisory Board minutes do not document the original decision, however; the minutes in March 2010 note that this was the Board's past practice. The excess funds were to be retained for future operating needs of the Regional Center.

In essence, the Roanoke Valley SPCA has forgone approximately $53,000 in funds that it could have received under the terms of the original agreement. This is an admirable display of the Roanoke Valley SPCA's commitment to the Regional Center and the welfare of the animals the Center serves.

We looked at the source of excess funds in 2009 and 2011. In both years, the excess funds were generated entirely from savings in salaries and benefits that accrued when positions remained vacant for extended periods of time. Open positions reduce the overall staff time available to care for animals. We did not evaluate kennel operations other than the use of kennel staff to assist with maintenance and janitorial tasks. Certainly, the level of kennel care should be carefully balanced with efforts to achieve operational savings.

ACKNOWLEDGEMENTS

We want to thank the employees from both Animal Care Services and the Roanoke Valley SPCA for their cooperation and assistance during the audit. We also appreciate the cooperation we received from management and employees of the vendors we interviewed.

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RESPONSE – ROANOKE VALLEY SPCA

December 30, 2012

Summary Statement

The Roanoke Valley SPCA is very pleased with the results of the review. From the beginning, five months ago, we took these matters very seriously and have cooperated in every way possible. We even had a respected forensic accountant do our own internal review and shared his work with the City Auditor.

It is especially gratifying that this Audit:

(1) Finds no evidence of misappropriation of funds.
(2) Documents that over the seven years of our management of the municipal facility there has been a total surplus of revenues over expenses of $106,000 and that the SPCA share of that, as prescribed by the original agreement, would have been $53,000, which we did not take.
(3) Acknowledges that the SPCA has provided unreimbursed personnel services by our Animal Behaviorist and our Volunteer Coordinator of considerable value.
(4) Acknowledges the extraordinary work done by the RVSPCA in regard to the animals of the Regional Center in arranging adoptions, foster care and providing veterinary services.

First Observation

We commend the City's auditor and his staff on the thorough and excellent job they performed with this assignment. The inexplicable and protracted delays in its completion have not been their fault.

Since the Roanoke Valley SPCA and the four municipalities announced an agreement on October 25, 2012 to turn over operations of the Regional Center to those municipalities there will soon be an entirely new operating model and the SPCA will no longer manage that facility.

While there are many beneficial considerations and recommendations in the report, including a number that can be implemented fairly quickly, events have now passed us by making the whole of the audit largely academic, if not irrelevant to future operations.

Second Observation

The SPCA used estimates of employee's time shared between the two organizations to avoid duplication of personnel. Such estimates are just that: estimates – informed guesses – used commonly in business and clearly within generally accepted accounting principles.

We acknowledge some processes and controls needed to be tightened and more closely monitored such as those mentioned in regard to petty cash and the use of credit cards. But any discrepancies flowed both ways and in all cases were de minimus.

Third Observation

Almost overlooked in all this is the fact that the Regional Center has operated in the black under our management for seven years. Page 15 of the Audit does acknowledge this.

The original agreement calls for one half of any operating surplus to be paid to the SPCA as an incentive for efficient operations.

Our former Executive Director offered to put our share of that surplus into a separate operating reserve if the municipalities would do the same with their half. Noting that this is an unusually favorable arrangement for the municipalities to have a nonprofit subsidizing their animal control operation, the Audit concludes that the SPCA has foregone $53,000 over the past six years and calls that "an admirable display of the Roanoke Valley SPCA's commitment to the Regional Center and the welfare of the animals the Center serves."

Additional Relevant Information

In early August when it became clear that the municipalities were planning an Audit of the RCACP operations, the Roanoke Valley SPCA engaged our own forensic accountant to review the operation with special attention to the allocation of funding for shared employees, the original concern.

Walter C. Jones, CPA/CFF, CFE operates Forensic & Investigative Services, LLC, litigation consulting to attorneys. Mr. Jones is highly regarded and in great demand by area attorneys. He filed his report with us on August 22 with the following conclusion:

> "There are no allegations or even an inference of misappropriation. There is no indication of improper accounting or failure to account."
>
> "The method of reimbursements for cross-sharing of employees was based on good faith estimates. The use of estimates and assumptions, including the allocation of functional expenses, is in conformity with generally accepted accounting principles. The SPCA was actually paying for more help than they were receiving. This conclusion is contrary to the claim that the SPCA was using kennel personnel to assist SPCA and SPCA was not paying appropriate amounts."

Conclusion

The Audit correctly highlights processes and procedures that need to be tightened and monitored more closely. We believe similar discoveries could be found in almost any mature enterprise put under similar scrutiny. We are pleased that nothing of any magnitude was discovered as a detriment to the RCACP.

We are genuinely puzzled that this municipal audit has taken five months to complete. The delay has caused confusion and concern among our donors and supporters and caused us significant financial hardship, not to mention the significant toll this has taken on our dedicated and hardworking employees.

It is time to move forward. We are grateful to have this behind us and look forward to being able to focus our sole attention on our principal mission of adoptions, foster care, education and spay/neuter as the governments begin to operate the Regional Center themselves.

Barbara Dalhouse, President
Roanoke Valley SPCA