

Ethics Tipline Incident #120074221
Metro Animal Services Donation Fraud Allegation
Review

MRP
9/29/14

Review Program

Background

The Office of Internal Audit (OIA) was requested to assume the role of case manager / investigator. The request was made by the Public Integrity Unit (PIA) who felt the OIA was better qualified to handle the case.

The Office of Internal Audit will investigate a fraud allegation received through Louisville Metro's Ethics Tipline. The incident alleged that Metro Animal Services (MAS) management made the decision to use funds donated specifically for an injured animal (Sadie) for other purposes.

Fraud Allegation

Incident# 120074221 (***Background Exhibit A***) alleges that in February of 2013 an injured dog by the name of Sadie was in the custody of MAS. Sadie's injury required that she have surgery. The caller alleges external agencies raised funds for Sadie to have surgery and that Margaret Brosko and Donald Robinson made the decision to use the funds raised on Sadie's behalf, for purposes unrelated to Sadie and/or Sadie's medical treatment. As a result of these allegations, the Office of Internal Audit determined that it would be beneficial to review all donations and related documentation to determine the amount of funds designated for the benefit of Sadie. The Office of Internal Audit will also review financial records of MAS and the SPOT Foundation to determine if funds designated for Sadie's benefit were used for other purposes.

Methodology

SPOT Fund Inc Disbursement Examination (w/p Ethics Tipline 120074221-1-3a)

The purpose of this exam is to ensure all funds received by MAS and earmarked for the SPOT Fund per the Chameleon System, during the review period, were distributed to the SPOT Foundation in quarterly payments. This exam will also verify that the funds were deposited into the SPOT Bank account.

1. Obtain the Supplier Payment History Report from LeAP for The Spot Fund Inc. Using the Supplier Payment History Report, note the payment date, check number, and amount for all distributions to The Spot Fund, Inc that occurred during the review period (January 1, 2013 through April 30, 2014).

Note 1: The LeAP Supplier Payment History Report is used to display all payments issued to a selected vendor within the Louisville Metro financial system. This report displays the pay date and check number as well. Using **LeAP online Reports-Run-Single Request-Name-Supplier Payment History**, enter "Supplier Name" The Spot Fund, Inc. "Department" 430.

2. Obtain the Donor Revenue Report for the SPOT Fund from the Chameleon System for each quarter during the review period. Using the Donor Revenue Report, note the amount of donations received for the quarter into the SPOT Fund.

Note 2: The Donor Revenue Report is used to display donations and related information based on the type of donation. This report displays the donation amount, date, and receipt number. Using the Chameleon System, select the Donor Revenue from the Reports option. Select beginning and ending dates. Select Donation Type: "Donation Spot".

3. Determine if all donations designated for the SPOT Fund per the Chameleon System during the period were distributed to the SPOT Fund Inc, by comparing the donation distribution amount noted in Step 1 to the donation received amount noted in step 2. Note the results. Explain any differences.
4. Obtain the SPOT Fund, Inc. Bank Statements for each month during the review period. Note the amount of the MAS quarterly payments that cleared the bank and date that the payment cleared.
5. Using the information documented at Step 4, determine if the quarterly distributions were deposited into the SPOT Bank Account, by agreeing the Leap distribution to the bank statement. Note the results.

Note 2a: SPOT bank statements must be requested from the SPOT Board or a representative of the Board.

MAS Donation Designation Examination (w/p Ethics Tipline 120074221-1-3b (1-3))

The purpose of this exam is to review all available documentation related to each donation recorded into Chameleon during the review period to determine compliance with Louisville Metro Donation Policy and Procedures. The purpose is also to determine the designated or intended use of funds. Note: Online Donations are included in this exam.

6. Obtain a customized Chameleon Report that contains the Donation Fund Type, Receipt Number, Receipt Date, Reference Notes, Receipt Notes, Donor Name, Donation Amount, Transaction Amount and Payment Type for each Building Fund, Spot Fund and Animal Care Fund donation recorded in the Chameleon System during the review period (exclude non-monetary gifts).

Note 3: Customized Chameleon Reports must be requested from the Metro Animal Services, Information Technology Liaison. As of 9/3/14 that person is Betsy Helm.

7. Using the customized Chameleon Report, note the Donation Fund Type, Receipt Number, Receipt Date, Donor Name, Donation Amount, Transaction Amount and Payment Type for each for each Building Fund, Spot Fund and Animal Care Fund donation recorded in the Chameleon System during the review period.
8. Determine if the donations were accepted in compliance with policies and procedures by performing the following: obtain the file of documentation for each donation from MAS. Per the Office of Management and Budget Donation Policy and Procedure, MAS should maintain a file for each donation received. Verify that MAS has maintained the following documentation for each donation. Note the results.

8a. Donation Data Sheet

8b. Donor Letter (Letter from Donor)

8c. Acknowledgement Letter

8d. Distribution Plan

8e. Council Resolution (only required for donations greater than \$5,000)

9. Obtain alternative documentation regarding the designated use of donated funds. Using documentation collected at Step 8 and/ or any alternative documentation, note the documented designated use of donated funds. As the designated use may vary wildly, choose one of the following three categories to describe the designated use: a) Specifically for Sadie b) General Animal Care c) No Designated Use Specified per check or Chameleon. If alternative documentation is used to determine the designation, note the documentation used.

Note 4: Alternative Documentation may consist of the following:

<u>Document</u>	<u>Source</u>
Emails, Notes, etc.	MAS
Check Copy (Memo Line)	Office of Management and Budget
Reference Notes	Chameleon System Report (Step 4)
Receipt Notes	Chameleon System Report (Step 4)

Note 5: Check copies for funds donated by way of a check can be viewed by obtaining the “JV Packet” related to the deposit in which the check was included. On a periodic basis (at least weekly) MAS deposits (including donations) are deposited in the bank and corresponding journal entries are made to record the receipt. Documentation regarding the journal entries is included in the “JV Packet” including check copies. Locate the check copy based on the receipt date, transaction amount, and donor name. If the designated use is noted on the check it is likely to be on the memo line. It should be noted that a JV Packet may include transactions occurring over a period of 1-5 days. For instance the JV Packet for January 5, 2013 may include donations received on January 2nd, 3rd, and 4th.

10. Using the designation noted at Step 7, determine if there were any funds designated for Sadie. Note the results.

11. Using the Online Donation Account Journal Detail Report, note the Description, Date, Amount and Payment Type for each for each online donation recorded in the account per LeAP during the review period. (w/p Ethics Tipline 120074221-1-3b(4))

Note 6: Parameters for the Journal Detail Report (JDR) are Account 1101-430-4811-48011-446101 for Jan-13 through Jun-14. The JDR is run by using **LeAP online Reports-Run-Single Request-Name-Journal Detail Report**.

12. Obtain the Online Donation Notice Emails for each donation from the Office of Management and Budget’s Cash Management Function. Note the donor name for each donation.

13. Determine if the donations were accepted in compliance with policies and procedures by performing the following: obtain the file of documentation for each donation from MAS. Per the Office of Management and Budget Donation Policy and Procedure, MAS should maintain a file for each donation received. Verify that MAS has maintained the following documentation for each donation. Note the results.

13a. Donation Data Sheet

13b. Donor Letter (Letter from Donor)

13c. Acknowledgement Letter

13d. Distribution Plan

13e. Council Resolution (only required for donations greater than \$5,000)

14. Obtain alternative documentation regarding the designated use of donated funds. Using documentation collected at Step 13 and/ or any alternative documentation, note the documented designated use of donated funds. As the designated use may vary wildly, choose one of the following three categories to describe the designated use: a) Specifically for Sadie b) General Animal Care c) No Designated Use Specified per check or Chameleon. If alternative documentation is used to determine the designation, note the documentation used.

Note 7: Alternative Documentation may consist of the following:

<u>Document</u>	<u>Source</u>
Emails, Notes, etc.	MAS
Online Donation Notice Email	Office of Management and Budget

15. Using the designation noted at Step 14, determine if there were any funds designated for Sadie. Note the results.