

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

SOUTHERN TIER ZOOLOGICAL SOCIETY

MARCH 2006

Alex J. McLaughlin, Comptroller

March 15, 2006

Barbara J. Fiala, County Executive:

The Department of Audit and Control has audited the Southern Tier Zoological Society's internal control structure to determine if the zoo is a safe place for the County to invest funds with a reasonable expectation that we will get what we're paying for.

The audit was conducted in accordance with generally accepted auditing standards. Such standards require that the Department of Audit and Control plan and perform the audit to adequately assess the accuracy of the financial records and adequacy of the internal controls, and that we examine, on a test basis, sufficient, competent and relevant evidence to afford a reasonable basis for our conclusions.

Based on the results of our examination, except for the instances noted herein, it is our opinion that the Southern Tier Zoological Society is a reasonably safe place for the County to invest funds with a reasonable expectation that we will get what we're paying for.

Sincerely,

Alex J. McLaughlin
Comptroller

cc: Daniel A Schofield, Chairman of the Legislature
Members of the Legislature
Louis P. Augostini, Clerk of the Legislature
Mike Janis, Executive Director, Ross Park Zoo

Background:

For 2006, Broome County appropriated \$366,250 to be paid to the Southern Tier Zoological Society.

The objective of our audit was to ascertain the extent to which the Zoo is a safe place for the County to invest funds with a reasonable expectation that Broome County will get what the County has paid for.

The scope of our audit was to assess the Southern Tier Zoological Society's "tone at the top" with regard to internal controls and other governance issues. We also assessed management's goals and objectives to ensure they are compatible with the contract's specified deliverables and documented and tested the Zoo's system of internal controls.

In preparation for our review we examined the Southern Tier Zoological Society's Financial Statements and Management letter. We also provided the Zoo with a risk assessment questionnaire and visited the Zoo for the purpose of inquiring about various responses to the questionnaire and observing specific documents and financial records.

Both the Executive Director and the Business Manager are new employees. Accordingly, some needed improvements to the risk management framework are still in the planning stage.

SOUTHERN TIER ZOOLOGICAL SOCIETY, INC.

Based on a review of the 2003 and 2004 Financial Statements, the most recent Management Letter, a completed risk assessment questionnaire, inquiry and observation we noted the following areas where we believe improvements should be made to the Zoo's risk management framework:

- Zoo management does have measurable goals and objectives; however, Zoo management should commit these goals and objectives to writing. Additionally, Zoo management needs to develop a method to effectively communicate these goals to employees.
- The Zoo does not currently have written policies and procedures related to financial management functions. Specifically, the Zoo needs to develop written procedures in the areas of payroll, cash receipts, procurement, revenue management and payables.
- Zoo management needs to formally incorporate some specific internal controls to compensate for an inherent lack of segregation of duties that is the result of the Zoo's limited number of personnel involved in financial transactions. As recommended in the Management Letter, we also recommend that the daily cash report and bank reconciliations be reviewed and signed by a supervisor. Bank reconciliations we observed were unsigned.
- Cash is stored in a fire proof security box. We recommend that the Zoo store cash in a more secure manner, preferably a safe.
- The Zoo does not have a solution in place to guard against the potential loss of deposited funds in excess of the FDIC insured limit of \$100,000.