



The Commonwealth of Massachusetts
Office of the Inspector General

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Board of Health Commissioners
Abington Board of Health
500 Gliniewicz Way
Abington, MA 02351

Subject: Review of Allegations Concerning Missing Board of Health Cash Receipts

Dear Commissioners:

On February 6, 2006, the Office of the Inspector General received allegations that certain Board of Health (BOH) related cash receipts for the town of Abington were misappropriated. Specifically, the allegations concerned cash receipts for both the annual rabies clinics and the ongoing propane tank recycling fees. The complainant estimated that over a five year period more than \$10,000 of cash received through operations at the BOH was not properly turned over to the Abington town treasury.

In December 2005 the accounting department for the town published the results of its internal controls review into the handling of cash receipts by the BOH. According to the town accountant, this review was limited in both scope and timeframe due to resource constraints and a determination that the complaint which prompted the control review, did not warrant a more detailed level of analysis and review. The town review focused on a random sampling of FY05 and year-to-date FY06 (through October 31, 2005) transactions.

Based on the town's internal investigation, it was determined that \$830 dollars was collected at the April, 2005 rabies clinic. None of this cash had been turned over to the town. Half of the fee (\$415) was purportedly given in checks/cash to the veterinarian and the remaining currency was placed in a cash box in the BOH offices. At the time of the internal review it was reported that \$446.65 was in this cash box. Although the cash box was not authorized by the town, we were told that it was used by BOH personnel in order to make change for small cash transactions such as those involved when a citizen needs to pay for copies of documents. It was not clear through the internal review why the \$415 of rabies clinic receipts would be placed in this unauthorized petty cash box as opposed to being turned over immediately to the town. Even though, the town's internal

investigation found that the FY05 rabies clinic receipts were not deposited with the town, additional testing was not performed to determine the status of similar rabies clinic receipts from prior years. In addition, the town's limited internal investigation did not highlight any issues with cash receipts for propane tank recycling fees.

Upon receipt of the allegations, staff from this Office reviewed the town's published report and supporting documentation of the internal analysis and control review. Staff from this Office had discussions with various town employees in order to better understand the underlying cash handling procedures and relevant issues/concerns. This Office also obtained copies of the payment schedules (cash turn over) from the BOH to the town treasurer for FY04 through March of FY2006. Copies of logs maintained at the BOH offices for CRT disposal fees and propane tank recycling fees were also obtained for this same time period.

Our investigation revealed that for at least the past five years, the standard practice followed by the health agent was to distribute half of the receipts from the annual rabies clinic to the attending veterinarian. The remaining half of the receipts was kept by the health agent in an unauthorized "petty cash" fund. This fund was used for such things as making change for document copies and for reimbursing employees/commissioners for office related expenses. The fund was also inappropriately used by the department for such things as purchases of coffee, donuts, and small gifts. In December, after the town's internal investigation, the petty cash fund was discontinued and the cash balance in the petty cash fund was transferred to the town treasurer.

The FY06 annual rabies clinic was conducted on Saturday, April 29, 2006. The health agent indicated to this Office that \$850 was collected at this clinic. The health agent also stated that the long standing practice of evenly splitting the fees received between the veterinarian and the BOH was changed for this event. The entire amount collected at the FY06 rabies clinic was given to the veterinarian. This new practice was implemented unilaterally by the health agent. This Office finds this action without BOH commissioner review and approval to be troubling. This action appears to be rash and without a sound policy basis.

As mentioned above, the town's internal review had no findings relative to cash receipts for propane tank recycling fees. This is in stark contrast to our investigation which revealed significant differences between the actual numbers of propane tanks recycled by the BOH versus the associated cash fees turned over to the town by the BOH for these recycling activities. In addition, our investigation highlighted inaccuracies in the propane tank recycling fee collection process documented in the town's internal review.

The town's report indicated the following: *"At the Groveland Street Compost Site the personnel assigned to the site would collect cash and checks for CRT's and Propane bottle recycling. A record of the individual, their address and the quantity and payment amount/type (cash or check) was recorded in a log. The BOH office would*

then identify on the log the Turnover date for each receipt. As previously noted and for similar reasons a full reconciliation was not conducted.” This Office reviewed these logs in order to reconcile propane tank recycling fees received at the compost site to eventual cash turn-over to the town. A review of these logs revealed very limited reported propane tank recycling fees and these limited receipts were predominantly associated with checks and not currency.

This Office reviewed with the health agent our concern regarding the lack of documented propane tank recycling activity reflected in the log sheets. The health agent provided the following clarification to the overall process. Personnel at the Groveland Street Recycle Center did not maintain the logs for CRT/propane tank receipts; rather the BOH office maintains a CRT log. Citizens go to the BOH offices and pay a \$10 fee for a CRT permit. With this permit the citizen can then go to the Groveland Street Recycle Center and dispose of his/her CRT. The BOH office typically would not collect the \$3 recycling fee for the propane tanks. Citizens would bring propane tanks to the recycle center and would pay the fee there. Recycle center personnel would collect the monies but not record or log them. The monies would be kept in an envelope and would periodically be brought to the BOH offices for eventual turn over to the town treasury.

In order to validate the periodic turn over of propane tank recycling fees, this Office reviewed approximately two and half years of turn over sheets from the BOH to the town treasurer and related these transfers to tanks actually recycled. For fiscal years 2004 and 2005 we found through invoices paid by the BOH to a tank recycling company that at least 788 propane tanks were recycled by the town. For this same period we only found \$66 (all in checks) transferred to the town treasury from the BOH for what was documented as propane tank recycling fees. This \$66 transfer related to only 22 propane tanks. Based on the documentation available we were not able to confirm that propane tank recycling fees were properly handled and turned over to the town for deposit. Due to the lack of adequate controls over these cash receipts it is difficult to determine what actually happened to these funds.

In addition to the recommendations reflected in the town’s report, this Office suggests that the following actions be taken by the BOH commissioners in order to strengthen the overall controls:

1. The BOH commissioners need to assume a leadership role in establishing and maintaining an appropriate control conscious environment. The BOH commissioners, with help from other town bodies as needed, should develop written policies and procedures for BOH operations.
2. The BOH commissioners should ensure that appropriate authorization policies for transactions are established and maintained. They also should ensure that appropriate practices, procedure reports and other mechanisms are developed to monitor BOH activities and safeguard assets.
3. The BOH commissioners need to establish the appropriate rabies clinic practices to be followed including the fee split ratio with the veterinarian. Payments to the veterinarian should be documented and properly reported.

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4. We also recommend that in addition to establishing a log at the recycle center that a separate general ledger account be used for propane tank recycling fees as this will improve controls and facilitate the reconciliation process.
5. Finally, the BOH commissioners should consider scheduling a seminar (for the commissioners, BOH employees and other town officials/employees as deemed appropriate) through the state ethics commission which will help reinforce appropriate ethical behaviors.

If you have any questions or concerns, or if we can be of other assistance, please do not hesitate to call me.

Sincerely,



Gregory W. Sullivan
Inspector General

Cc Phillip Warren Jr. – Town Manager