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# Tip report follow-up

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## Animal Services should use donation funds for their intended purposes.

### Executive Summary

Last June, the Auditor’s Office issued a Good Government Hotline Tip Report about Multnomah County Animal Services’ use of its restricted-use donation accounts. In that report, we found that Animal Services didn’t adequately manage or oversee the restricted-use donation accounts, resulting in the inefficient use of county resources.

We recently reviewed Fiscal Year 2024 (FY2024) activity of the Animal Services restricted-use donation accounts. We examined expenditures for Dolly’s Fund, the Spay/Neuter Fund, and the Adoption Outreach Fund.

We found that while Animal Services significantly increased spending from the restricted-use donation accounts in FY2024, the increased spending was primarily the result of shifting existing expenses – which in years past had been paid for with General Fund money – to the donation accounts. Donations received for a restricted account should only be used for the restricted purposes.

The purpose of the donation accounts is to expand, enhance, and supplement services for animals and community members through innovative pilot programs, not replace General Fund support. Animal Services should use the donation accounts for their intended purposes.

## Background

### Restricted-use accounts

The Animal Services donation accounts are restricted-use accounts. According to Governmental Accounting Standards Board (GASB) standards, these funds must be spent only for the restricted purpose for which the account was established.

### County policy on the Animal Services restricted-use donation accounts

In 2015, the board adopted Resolution No. 2015-024. The resolution included the following statement (**emphasis** added):

A growing number of citizens, public and private corporations and foundations are making generous private financial contributions to the Multnomah County Animal Services Division. The donated funds received are designated by the donors to assist the Division in its mission to provide **expanded** care and medical treatment for shelter animals, **enhance** adoption outreach programs, improve the shelter facility, and to **supplement** funding for medical and spay/neuter services for pet owners in financial need.

The resolution provided direction on how these accounts should be used, including that “funds received in the Restricted Accounts shall be expended by the Division in the expressed manner designated by the donor.” A description of each restricted-use fund’s purpose is provided in the resolution:

1. Dolly's Fund for veterinary medical expenses.
2. Adoption Outreach Fund to increase pet adoptions.
3. Shelter Dreams Fund to collect funds for capital improvements to the existing shelter and/or funds for a new shelter.
4. Spay/Neuter Fund to supplement spay/neuter surgeries for pet owners in financial need.

The resolution also set out a specific strategy for the donation accounts “to fund innovative, life-saving pilot programs.”

## 2023 Hotline tip report

In June 2023, the Auditor’s Office issued a Good Government Hotline Tip Report about Multnomah County Animal Services’ use of its restricted-use donation accounts. In that report, we reviewed whether Animal Services was using these accounts to provide services to animals in its care and in the community.

We found that Animal Services did not have clear policies and procedures in place for managing expenditures from the restricted-use accounts. We also found that Animal Services did not have clear plans for how to use donations and board allocations. As a result, donations from thousands of individuals and annual board allocations intended for the benefit of animals in the community and in Animal Services’ care were left unused year over year.

## Tip report follow-up

We recently reviewed FY2024 activity of the Animal Services restricted-use donation accounts to determine whether Animal Services had changed its practices over the past year to ensure that donations were used to bolster services for shelter animals and animals in the community. In our review, we examined FY2024 expenditures from July 1, 2023 through May 1, 2024 for the three donation accounts we previously analyzed. As with our previous report, we did not review spending for the Shelter Dreams restricted-use account.

## Spay/Neuter Fund

The 2015 Board of County Commissioners resolution states that the purpose of the Spay/Neuter Fund is “to supplement spay/neuter surgeries for pet owners in financial need.” Animal Services’ website reads that the “fund supports surgeries for low-income families.”

In last year’s report, we noted that there were very few expenditures from the Spay/Neuter Fund. In FY2024, spending from this account increased dramatically, to \$311,115.

<b>Spay/Neuter Account</b>	<b>FY2023</b>	<b>FY2024*</b>
Beginning balance	\$288,134	\$311,223
Board Allocations	+25,000	+25,000
Donations	+4,278	+3,746
Interest earnings	+6,861	
Expenses	-13,050	-311,115
<b>Ending balance</b>	<b><u>\$311,223</u></b>	<b><u>\$28,854</u></b>

Source: Workday

\*Through May 1, 2024

Animal Services used about \$34,000 of the Spay/Neuter Fund to support Oregon Humane Society’s Spay and Save program, which provides spay/neuter surgeries based on financial need.

Based on what Animal Services told us and our analysis, most of the spending from the Spay/Neuter Fund in FY2024 was for the spaying and neutering of unaltered animals adopted from Animal Services. Consideration of financial need was not a factor in the spaying or neutering of these animals, according to Animal Services.

Last year we wrote that “adopting clear policies and procedures around spending donation accounts could help direct spending of this fund, and allow more low-income families in the community the benefit of spay and neuter surgeries for their animals.” Animal Services did adopt new policies and procedures around spending donations. But these procedures state that the Spay/Neuter Fund can be used to pay for spay/neuter vouchers for pets who are adopted from the shelter unaltered. This aspect of the policies and procedures is at odds with the resolution. The Board’s resolution states that donations to the Spay/Neuter Fund are to be used to *supplement* spay/neuter surgeries for *pet owners in financial need* (*emphasis added*). Additionally, the Animal Services website states that the Spay/Neuter Fund is used to support surgeries for low-income families.

The origin of Resolution 2015-024 was a desire to steward the influx of donations to Animal Services in a way that would “provide expanded care and medical treatment for shelter animals, enhance adoption outreach programs, improve the shelter facility, and supplement funding for medical and spay/neuter surgeries for pet owners in financial need.” The

donations are intended to bolster available animal services, not replace ongoing General Fund support.

Animal Services should preserve the restricted-use donation funds for their intended purpose.

**Adoption Outreach Fund**

The purpose of the Adoption Outreach Fund as stated in the 2015 resolution is “to increase pet adoptions.” Animal Services’ website reads that the fund “helps us promote and increase adoptions of shelter animals. Donations support special outreach events, adoption advertising, and grooming expenses. Donations to this fund also improve facilities for animals we care for at the shelter.”

After spending less than \$11,000 from the Adoption Outreach Fund in FY2023, Animal Services spent over \$195,000 in FY2024. The personnel costs of the Program Communication Coordinator (over \$137,000) were the primary expense. Animal Services spent about \$43,000 from this account towards advertising and about \$14,000 toward other various costs.

<b>Adoption Outreach Fund</b>	<b>FY2023</b>	<b>FY2024*</b>
Beginning balance	\$885,753	\$1,041,353
Donations	+145,344	+60,982
Interest earnings and other income	+21,147	
Expenses	-10,890	-195,563
<b>Ending balance</b>	<b><u>\$1,041,354</u></b>	<b><u>\$906,772</u></b>

Source: Workday

\*Through May 1, 2024

Animal Services told us that they assigned the Program Communication Coordinator’s salary to the Adoption Outreach Fund beginning in FY2024. This position had previously been paid for by General Fund dollars. While we acknowledge that the Program Communication Coordinator’s job may have an effect to highlight adoptable animals, this way of spending money is solely an accounting change; it does not indicate an active effort to enhance adoption outreach efforts.

Animal Services should preserve the restricted-use donation funds for their intended purpose.

### Dolly’s Fund

Dolly’s Fund, as described in Resolution 2015-24, is to be used for “veterinary medical expenses.” Animal Services, on its website, further describes how donated funds will be used: “Donations made to this fund helps us provide medical care for animals in need of emergency surgeries and veterinary care before they can be placed into a new home.”

Emergency veterinary care provided by DoveLewis Emergency Veterinary Hospital was the source of the vast majority of spending (\$145,816) from Dolly’s Fund. However, Animal Services also used Dolly’s Fund to pay for spay/neuter adoption vouchers.

<b>Dolly’s Fund</b>	<b>FY2023</b>	<b>FY2024*</b>
Beginning balance	\$600,932	\$690,987
Donations	+193,429	+102,084
Interest earnings and other income	+14,516	
Expenses	-117,890	-188,296
<b>Ending balance</b>	<b><u>\$690,987</u></b>	<b><u>\$604,775</u></b>

Source: Workday

\*Through May 1, 2024

As stated previously, donation accounts are intended to expand, improve, enhance, and supplement services. Animal Services should preserve the restricted-use donation funds for their intended purpose.

### Conclusion

We found that while Animal Services significantly increased spending from the restricted-use donation accounts in FY2024, the increased spending was primarily the result of shifting already existing expenses from the General Fund to the donation accounts. The purpose of the donation accounts is to expand, enhance, and supplement services for animals and community members through innovative pilot programs, not replace General Fund support.

Animal Services management told us they shifted these expenses based on budget constraints, lack of capacity, and accelerating veterinary expenses. Management also told us

they recently hired a second veterinarian, which should help with the shelter's ability to complete more spay and neuter surgeries in-house.

## Recommendations

1. Animal Services should preserve donation funds for their intended purpose, in particular by developing innovative, pilot programs as described in Resolution 2015-024.

## About Hotline Investigations

A hotline investigation is not an audit. We follow our detailed procedures in the investigation of hotline tips, which include a preliminary review of the tip and an investigation when our preliminary review indicates it is necessary.

We follow all of the requirements of *Oregon Revised Statute 297.765, Policies and Procedures for Local Government Waste Hotlines*. Our compliance with ORS 297.765 requires us to determine in writing whether activities are occurring that constitute waste, inefficiency, or abuse. The statute allows us to include other pertinent information in our determination. When we determine that waste, inefficiency, or abuse has occurred, we deliver our findings to the Board of County Commissioners.

# Department of Community Services

## Animal Services



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**TO:** Multnomah County Auditor's Office

**FROM:** Serena Cruz, Multnomah County Chief Operating Officer

**DATE:** August 8, 2024

**Cc:** Margi Bradway, Department of Community Services Director  
Erin Grahek, Multnomah County Animal Services Director  
Britta Schinske, Department of Community Services Finance Director

**SUBJECT:** Response to Multnomah County Auditor follow-up report on the management of Multnomah County Animal Services' restricted-use donation accounts

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The purpose of this memo is to formally respond to Multnomah County Auditor's follow-up to its June 2023 Hotline Tip report regarding Multnomah County Animal Services' (MCAS) management of restricted-use donation accounts. The auditor's office reviewed Fiscal Year 2024 (FY 2024) activity of the following Animal Services restricted-use donation accounts - Dolly's Fund, the Spay/Neuter Fund, and the Adoption Outreach Fund.

*Oregon Revised Statute 297.765, Policies and Procedures for Local Government Waste Hotlines*, requires the auditor's office to determine in writing whether activities are occurring that constitute waste, inefficiency, or abuse. In the June 2023 Hotline Tip report, the auditor's office did not claim to find fraud, waste, or abuse of government position; rather, staff states that MCAS made "inefficient use of resources." We believe that assertion is incorrect. We acknowledge that Animal Services significantly increased spending from the restricted-use donation accounts in FY 2024. However, we disagree with the overall finding that the increased spending was primarily a result of shifting already existing expenses from the General Fund to the donation accounts, rather than to "expand, enhance and supplement services for animals and community members through innovative pilot programs." Animal Services' use of restricted funds is consistent with Board Resolution 2015-024 and with its own internal policies. In July 2023, Animal Services created the MCAS Donation Policies and Procedures which clearly directs MCAS and DCS Finance staff on the proper use of these funds. That same operational policy informed expenditure of funds in FY 2024.

### **INTERPRETATION OF BOARD RESOLUTION 2015-024**

The Board Resolution regarding MCAS Donation Funds was intentionally designed with broad language to meet the developing needs of pets within the county, while still remaining true to the intention of the donor. The resolution acknowledges the potential for changing best practices, technological advancements, and evolving community needs. Therefore, the resolution's language provides the necessary flexibility to implement innovative solutions, such as pilot programs that address emerging challenges in animal care and welfare. Contrary to the



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assertion that there was a "shift in expenses," the utilization of donation funds was directed towards expanding, enhancing, and supplementing services that would otherwise have been unavailable. For example, the Spay/Neuter Fund was used in FY 2024 to pilot a new program to provide vouchers to people adopting pets, which allows them the flexibility to get their pet spayed/neutered at one of several veterinary clinics.

### **RESPONSE TO RESTRICTED-USE ACCOUNT FUNDS**

- 1. Spay/Neuter Fund** - While the report suggests that the Spay/Neuter Fund should exclusively serve low-income pet owners, the expanded use of these funds for spaying and neutering adopted shelter animals is a preventative measure that addresses a broader public health concern. Ensuring that all animals leaving the shelter are altered prevents future unwanted litters, reduces the burden on the shelter system, and aligns with the overall mission to provide expanded care and medical treatment<sup>(1)</sup>. The benefits of reducing the length-of-stay (LOS) in the shelter and the effects of overcrowding on animals is well documented in peer reviewed literature<sup>(2,3,4,5,6,7)</sup>.

The funds were allocated to provide spay/neuter vouchers to reduce shelter stays and prevent overcrowding, as well as allowing for continued intake into the shelter, an essential charge, as Multnomah County's only municipal shelter. This program makes vouchers available for all adopters who need financial support, which especially helps low-income families in need. The cost of these surgeries continues to rise as the cost of animal care rises. The average cost of these procedures ranges between \$545-\$1,082 for dogs and \$467-\$742 for cats. The voucher program represents a significant cost savings for adopters and a crucial step in managing shelter capacity. Based on these estimates, it should be noted that assuming this cost for a newly adopted pet has a financial impact on all adopting families, especially those who are low-income.

- 2. Adoption Outreach Fund** - The assignment of the Program Communication Coordinator's salary to the Adoption Outreach Fund aligns with the fund's purpose of increasing pet adoptions. This position is critical in managing outreach efforts, promoting adoptable animals, and coordinating adoption events. The enhanced communication and marketing efforts directly support the goal of increasing adoptions, consistent with the donor's intent and the resolution's objectives. Without donation funds, this position would have been eliminated in FY 2023 due to the budget constraint. The utilization of donation funds allows us to continue with this vital position.

- 3. Dolly's Fund** - To ensure timely medical care for shelter animals, MCAS partnered with community veterinary services when its in-house capacity was insufficient. This collaboration ensured that animals received necessary care promptly, thus facilitating quicker adoptions and reducing shelter congestion. We believe this use of funds is in alignment with the purpose of Dolly's Fund.

### **RESPONSE TO CONCLUSION**

MCAS remains committed to using donation funds in a manner that supports and enhances animal welfare, consistent with donor intent and the guiding principles of Board Resolution 2015-024. In July 2023, MCAS adopted an internal operational policy that outlines how donation funds should be used. We believe the implementation of that policy, and the application of these funds to innovative and necessary programs reflects our dedication to serving the community and the animals under our care.

### **RESPONSE TO RECOMMENDATIONS**

We agree that Multnomah County Animal Shelter does and should continue to preserve and use donation funds in accordance with each fund's intended purpose.

### **REFERENCES**

1. Stone, K. (2019, May 1). [Why Spay/Neuter is Important](#). *Humane Society International*.
2. University of California at Davis. (2015, June 24). [Calculating Shelter Capacity](#). *Koret Shelter Medicine Program*.
3. Dinnage, J.D., J.M. Scarlett, and J.R. Richards (2009). Descriptive epidemiology of feline upper respiratory tract disease in an animal shelter. *J Feline Med Surg*.
4. Edinboro, C.H., M.P. Ward, and L.T. Glickman (2014). A placebo-controlled trial of two intranasal vaccines to prevent tracheobronchitis (kennel cough) in dogs entering a humane shelter. *Preventive Veterinary Medicine*, 62(2), p. 89-99.
5. Edwards, D.S., et al.(2008). Risk factors for time to diagnosis of feline upper respiratory tract disease in UK animal adoption shelters. *Prev Vet Med*, 87(3-4), p. 327-39.
6. Holt, D.E., M.R. Mover, and D.C. Brown (2010). Serologic prevalence of antibodies against canine influenza virus (H3N8) in dogs in a metropolitan animal shelter. *J Am Vet Med Assoc*, 237(1), p. 71-3.
7. Patronek, G.J. and E. Sperry (2001). Quality of life in long term care and confinement. *Consultations in Feline Internal Medicine*, p. 621-633.



**Multnomah County  
Auditor's Office**

Dani Bernstein  
Raymond De Silva  
Nicole Dewees  
Michelle Greene  
Mandi Hood  
Annamarie McNiel  
Rosalie Roberts  
Marc Rose  
Sura Sumareh  
Cheryl Taylor  
Mical Yohannes  
Caroline Zavitkovski

Date: August 20, 2024

To: Jessica Vega Pederson, Multnomah County Chair  
Serena Cruz, Multnomah County Chief Operating Officer

From: Jennifer McGuirk, Multnomah County Auditor *JM*

RE: COO's response to my office's follow-up hotline report and Chair's response to my office's evaluation of the status of audit recommendations, both regarding Animal Services

Dear Chair Vega Pederson and COO Cruz,

This memorandum resolves an area in the COO's recent response letter that could raise questions about my office's role, and corrects an inaccuracy in the Chair's recent response letter. There are also two areas where I think that the Board of County Commissioners needs to set policy. I am noting those here and have CCed the Commissioners.

**1. COO's response letter to my office's report titled [Hotline tip report follow up: Animal Services should use donation funds for their intended purposes](#)**

*The response letter included:*

*Oregon Revised Statute 297.765, Policies and Procedures for Local Government Waste Hotlines, requires the auditor's office to determine in writing whether activities are occurring that constitute waste, inefficiency, or abuse. In the June 2023 Hotline Tip report, the auditor's office did not claim*

**Multnomah County Auditor**

501 SE Hawthorne Blvd., Room 601 Portland, OR 97214  
multco.us/auditor

**Performance Audits**  
mult.auditor@multco.us  
503-988-3320

**County Ombudsperson**  
ombudsperson@multco.us  
503-988-1234

**Good Government Hotline**  
mult.auditor@multco.us  
888-289-6839

*to find fraud, waste, or abuse of government position; rather, staff states that MCAS made "inefficient use of resources." We believe that assertion is incorrect.*

**My response:**

Based on strong evidence, we found inefficiency in June 2023 and reported on this accurately to the Board and to the public. This year we published a follow-up report, as is my office's standard practice to let the public know the status of recommendations we have issued to the county government.

As in all of our hotline work, my office carried out our duties appropriately for the case resulting in our June 2023 report and the follow-up report we issued this month. We conducted a high-quality investigation focused on the facts. We then engaged in a rigorous internal quality assurance process to ensure that our statements were backed by sufficient, appropriate evidence. Our determinations are not mere assertions.

*The response letter also included:*

*Animal Services' use of restricted funds is consistent with Board Resolution 2015-024.*

**My response:**

My office's report demonstrated that the restricted-use accounts are to be used to supplement and expand Animal Services work, not to pay for expenses that had been covered by the general fund, such as a staff salary or the spaying and neutering of animals in the shelter's care. We used evidence including Board Resolution 2015-024, the testimony given when it was adopted, and Animal Services' website descriptions for the funds, as well as reviewing governmental accounting standards and the accounting itself.

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**Multnomah County Auditor**

501 SE Hawthorne Blvd., Room 601 Portland, OR 97214  
[multco.us/auditor](http://multco.us/auditor)

**Performance Audits**

[mult.auditor@multco.us](mailto:mult.auditor@multco.us)  
503-988-3320

**County Ombudsperson**

[ombudsperson@multco.us](mailto:ombudsperson@multco.us)  
503-988-1234

**Good Government Hotline**

[mult.auditor@multco.us](mailto:mult.auditor@multco.us)  
888-289-6839

Ultimately, the Board should clarify the policy for how the funds are to be used and ensure this is clear to current and potential donors. I ask the Board to take up the question as to whether this Board Resolution has been operationalized appropriately.

## **2. Chair's response letter to my office's report titled [Recommendation status evaluation - Animal Services: Several recommendations implemented, some still in process](#)**

*The response letter included the following with regard to Recommendation 9 Establish contingency housing to ensure that the shelter can accept all animals brought to it by County residents and Field Services' Animal Control Officers:*

- In terms of the quotes taken from the website, the Auditor refers to a 2022 news blog post about temporary changes that were made to limit intake regarding pandemic staffing issues. The blog post referred to by the Auditor is out of date and does not match current practice. We appreciate that you pointed it out and as a result we removed it so as not to create confusion.*
- To clarify, the county code does not require MCAS to take healthy stray cats into care.*

### **My response:**

Your response does not reference the correct source of the quotes from the Animal Services' website. The quotes we included related to this recommendation were from the current *Found a pet?* webpage on the Animal Services' website, not a 2022 blog. Additionally, Animal Services' *Rehoming* webpage also currently states the following:

Voluntary owner surrendered pets are not currently accepted at this time.

One of the quotes we included stated that Animal Services only accepts sick or injured cats, and does not admit healthy adult cats. We also noted in our report that members of the public reported that Animal Services would not take stray cats, some of whom appeared unwell. The

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#### **Multnomah County Auditor**

501 SE Hawthorne Blvd., Room 601 Portland, OR 97214  
multco.us/auditor

#### **Performance Audits**

mult.auditor@multco.us  
503-988-3320

#### **County Ombudsperson**

ombudsperson@multco.us  
503-988-1234

#### **Good Government Hotline**

mult.auditor@multco.us  
888-289-6839

evidence demonstrated to us that Animal Services is not always taking in sick cats, which is concerning, as Animal Services is the county's only public animal shelter.

In our 2016 audit and 2018 follow-up, Animal Services characterized itself as being an open door shelter that was obligated to take in all county animals brought to the shelter, per county code. A reason for recommendation 9 was that Animal Services was not taking in all animals that county residents needed to surrender due to circumstances that unfortunately meant keeping the animal with their person was not possible.

Animal Services' decision to limit intakes appears to mark a shift in county management's approach as the county's only public shelter. This may also be a reason for the different interpretation of county code than during my office's audits. I encourage the Board to clarify the county code with respect to Animal Services' obligations and the county policy it wants Animal Services to follow.

CC:

Sharon Meieran, Commissioner, District 1

Jesse Beason, Commissioner, District 2

Julia Brim-Edwards, Commissioner, District 3

Lori Stegmann, Commissioner, District 4

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501 SE Hawthorne Blvd., Room 601 Portland, OR 97214  
[multco.us/auditor](http://multco.us/auditor)

**Performance Audits**

[mult.auditor@multco.us](mailto:mult.auditor@multco.us)  
503-988-3320

**County Ombudsperson**

[ombudsperson@multco.us](mailto:ombudsperson@multco.us)  
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888-289-6839