CITY OF CORPUS CHRISTI

City Auditor's Office

March 22, 2016

Honorable Mayor and Council Members:

SUBJECT: AU15-F02 Corpus Christi Police Department, Animal Care Services Follow-up Audit Report

We have completed the audit report of the Corpus Christi Police Department, Animal Care Services Follow-up Audit. The audit report will be presented and discussed in the next scheduled Council Audit Committee Meeting. The Corpus Christi Police Department and Animal Care Services should be commended for its cooperation and assistance during this audit.

The City Auditor's Office is available to discuss this report with you individually at your convenience.

Respectfully submitted,

Arlena Sones, CPA, CIA, CGAP
City Auditor

Distribution:

Ron Olson, City Manager
Mike Markle, Police Chief, Corpus Christi Police Department
Miles Risley, City Attorney
Rebecca Huerta, City Secretary
Kim Womack, Director, Communications, Media, E-Government

AU15-F02
Corpus Christi Police Department
Animal Care Services Follow-up Audit

City Auditor's Office
Arlena Sones, CPA, CIA, CGAP
City Auditor

March 22, 2016

Executive Summary

As part of our Annual Audit Plan, we conducted a follow-up of the Corpus Christi Police Department (CCPD), Animal Care Services (ACS) audit report dated September 10, 2014. The original audit contained 9 issues of which 8 were accepted to by CCPD management. Management's response indicated that all recommendations or action plans would be implemented by October 14, 2014.

Audit Objective

This follow-up audit will provide a determination of management's implementation of the recommendations and corrective action plans detailed in the original report.

Audit Conclusions

CCPD has fully or partially implemented seven of nine recommendations from the prior audit. ACS management will continue to improve on:

- Reconciling Chameleon daily financial transactions and Infor financial system records.
- Safeguarding the Chameleon system administrator log-in and ensuring appropriate user access levels for its staff.

We commend the management of CCPD for its efforts in improving the work environment at ACS.

The prior recommendations made to management and the status at the end of fieldwork can be seen in Appendix A. Management response can be seen in its entirety in Appendix B.

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Introduction

Background

The City Auditor's Office issued a report on the audit of Corpus Christi Police Department (CCPD), Animal Care Services (ACS) dated September 10, 2014. The objectives of that audit were:

- Determine if animal adoption fees are appropriately charged and posted into PeopleSoft, and determine if adoption files are adequately supported.
- Determine if ACS is complaint with policy related to volunteers.
- Determine if ACS paid for supplies for non-City use.

This follow-up audit will provide a determination of management's implementation of the recommendations and corrective action plans detailed in the original report.

ACS is a division within the CCPD operating under the management of a Police Captain assigned as Program Manager. ACS is comprised of five divisions: Customers Service, Veterinary Clinic, Kennel and Adoptions, Vector Control, and Field Services. Per ACS, it is staffed by 30 City employees and 5 temporary agency workers.

ACS revenue and expenditures for the five-year period of FY2011-FY2015 are displayed in the table below.

	Revenue	Expenditures
FY2011	$ 270,994	$ 1,939,925
FY2012	278,766	1,960,497
FY2013	202,866	2,038,634
FY2014	248,611	2,706,353
FY2015*	180,347	2,582,021
Source: FY2013 & FY2014 CAFR		
*Unaudited YTD totals from Infor financial system		

Audit Objective, Scope and Methodology

The objective of this follow-up audit is to determine the status of the recommendations detailed in the audit report dated September 10, 2014. Management agreed to correct all issues by October 14, 2014. Our audit scope was October 1, 2014 through August 31, 2015. We initiated this audit in September 2015 and concluded it in December 2015.

This audit was limited to testing the status of prior audit recommendations. We relied on computer-processed data in ACS's Chameleon system and the City's financial system of record, Infor to perform this audit. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct

testing included testwork of fees charged, daily revenue totals, and animal inventory. We do not believe our lack of testing system controls affected the outcomes of this report.

To accomplish this audit we reviewed State statutes and the updated City ordinances, conducted interviews with management and staff at CCPD, ACS, Finance, MIS, and eGovernment Services. We obtained updated policy and procedures, contracts, animal adoption records, and rescue group files from ACS.

We conducted tests to determine if management is accurately maintaining the inventory of dogs and cats in its care. While system generated reports need improvement, we found all animals properly accounted for. We reviewed ACS' newly implemented SOPs and randomly selected 30 of 4056 animal files to determine if record keeping was in compliance and if management had discontinued the practice of obtaining driver's licenses of its customers.

We reviewed ACS fees on file with the City Secretary's Office, posted onsite at ACS' cashier desk, in the Chameleon system, and on the City's website to determine if fee schedules were accurate and included all authorized fees. We randomly selected 30 of 4056 animal to test the accuracy of ACS fees charged for animal adoptions and other transactions. Since at least one year's time has not elapsed since the initial animal care fee schedule was implemented (March 2015), we could not test if management conducted an annual review of fees.

We tested depositing frequency to determine compliance with the policy exception granted by Financial Services. We tested all eleven months in the audit scope to determine if total monthly revenue per the Infor system agreed to revenue reported in the Chameleon system and to determine if ACS management is adequately monitoring the department's financial records. We randomly selected five of 45 weeks (a total of 30 days) and reviewed the reconciliation of daily financial transactions to determine if they were completed accurately and timely as required by City Finance Policy.

We reviewed management's consideration of using the Chameleon system for managing clinic inventory. Although spreadsheets are being utilized, a better system of tracking inventory is preferable.

We tested management oversight of shelter volunteers to determine if they were compliant with City HR and Volunteers in Police Service (VIPS) policies. We randomly selected ten of 64 volunteers to determine if background checks had been conducted and release of liability forms completed. Volunteer logs were reviewed to verify if volunteers were signing in/out and for compliance with record's control schedules. We did not review monitoring of volunteer work hours because CCPD volunteers are exempted from HR's policy which limits volunteer time to 20-hours per week.

We reviewed all (four) contracts for outsourced clinic services to determine if fully executed contracts were in place prior to receiving services, and we reviewed contracts for rescue groups related to animal transfers.

We reviewed updated City Ordinance on the animal control advisory committee composition to determine compliance with the Texas Health and Safety Code, and we reviewed committee minutes to determine if ACS management communicated the prior audit issues to its committee members.

We discussed Chameleon system changes with MIS and ACS staff to determine if MIS change management procedures were being followed and if the system administrator log-in password was changed and if access to system administrator log-in was restricted to appropriate personnel. We tested Chameleon user access lists to determine if management periodically reviewed user access and removed unauthorized individuals. Although management no longer permits volunteers access to sensitive customer information, we did test the access of all volunteers to the system.

We interviewed ACS management and judgmentally selected six of 30 ACS staff members to determine if management required staff to conduct themselves in a professional and ethical manner. We reviewed CCPD and HR training records to determine if ACS staff, supervisors and managers reviewed City HR policies and City Code of Ethics. We also reviewed supervisor training records to determine if they obtained supervisory and leadership skills training.

Mid-audit we discussed preliminary status of the follow-up audit with ACS management. As a result, ACS took proactive steps to correct these issues before the conclusion of the audit: signage in the front lobby now displays all fees charged, SOPs were updated to specify what records should be included in animal adoption records, and the Chameleon system fees were updated.

Management and Auditor Responsibility
City management is responsible for establishing and maintaining a system of internal controls to ensure assets are safeguarded, financial (and non-financial) activity is accurately reported and reliable, and management and employees are in compliance with laws, regulations, and agreements with other entities.

This audit report provides independent, objective analysis, recommendations, and information concerning the activities reviewed. The report is a tool to help management discern and implement specific improvements. The report is not an appraisal or rating of management.

We conducted the follow-up audit in accordance with the Institute of Internal Auditors' (IIA) Professional Practices Framework (Practice Advisory 2500 A1-1) and other

procedures that we considered necessary. IIA standards require that we establish a follow-up process to monitor and ensure that management has effectively implemented actions or that senior management has accepted the risk of not taking actions.

Other Matters-Live Release Rate
Auditors noted that ACS was utilizing an in-house method to calculate its live release rate which resulted in an annual live release rate of 61% for dogs and cats for calendar year 2015. We presented information on one national standard known as the Asilomar Accords which was recently adopted by ACS. By utilizing the national standard, ACS' live release rate for dogs and cats increased to 79%.

Audit Conclusion
ACS implemented seven of nine recommendations (or management action plans as indicated in the initial audit). Improvements are still needed in the following areas:
- Reconciling daily financial transactions and monitoring financial reports to ensure the financial system agrees to department records
- Safeguarding the Chameleon system administrator log-in/password and assigning appropriate user access levels

Staff Acknowledgement
Kimberly Houston, Senior Auditor
Jacey Reeves, Auditor
Sarah Arroyo, Assistant Auditor
Leena Mallick, Audit Intern

Prior Recommendations and Status

A. Daily Deposits and Revenue Reports
Management agreed to reconcile financial transactions each day as required by City Policy F-3.0 and to monitor City financial reports on a monthly basis to ensure agreement with department records.

Status: Not Implemented
Amounts posted into the City's financial system (Infor) did not agree with ACS daily revenue reports for 18 of 30 days tested (60%) because online payments for pet licensing is not being recorded into the Chameleon point-of-sale system by ACS staff; however, it is posted in the Infor financial system by Financial Service staff.

During the course of the audit, management created financial SOPs and provided additional training for cashiers and office staff.

B. Information System Access
Management agreed to restrict the Chameleon system administrator log-in to the ACS Field Supervisor and to assign appropriate user access levels to staff.

Status: Not Implemented
Two unauthorized individuals utilized the administrator log-in in lieu of their own unique user ID.

C. Outsourcing Clinic Services
Management agreed to have fully executed contracts in place prior to outsourcing City services.

Status: Partially Implemented
One of four contracts for outsourced veterinarian care (25%) had not been fully executed prior to obtaining services. Additionally, ACS management created the invoices on behalf of the veterinarians (the vendor), then submitted and approved the invoices for payment.

D. Shelter Volunteers
Management agreed to require volunteers to undergo criminal background checks and complete liability release agreement prior to beginning volunteer work.

Status: Partially Implemented

ACS conducted background checks for each of the nine volunteers tested; however, the documentation provided was incomplete, and ACS did not use the City's approved liability release form.

E. Animal Adoption and Clinic Fees
Management agreed to comply with City ordinances related to the ACS fee structure until the ordinance could be updated and to update the Chameleon system as needed.

Status: Partially Implemented
Twelve of eighteen animal transaction fees (67%) were appropriately charged, and the fee structure in the Chameleon system was updated; however, the system does not include six of 46 current fees (13%). Additionally, management did not archive documentation of the "sales" price offered during adoption specials.

F. Work Environment
Even though CCPD management disagreed with this finding, it did take corrective action and staff generally agree the work environment has improved since the original audit. Responses to an employee survey (six employees) are presented in table below.

Table 1

	Yes	No	Polling Questions
			Table 1: Work Environment Questionnaire
1	50%	50%	Have you witnessed or experienced intimidating, insulting, or demeaning treatment?
2	50%	50%	Have you witnessed or experienced favoritism?
3	67%	33%	Do you feel that the personal relationships at ACS interferes with work in any way?
4	67%	33%	Do you feel management and supervisors conduct themselves in a professional and ethical manner?
5	67%	33%	Do you feel you are treated with respect by your co-workers, including temporary staff?
6	33%	67%	Have you witnessed any ACS staff, volunteer, temporary workers, or community service workers behaving unprofessionally towards the public?
7	100%	0%	Do you know where or who to report any suspected wrong doing?
8	67%	33%	Do you feel management is approachable if they you have a problem or have witnessed a problem?

Status: Implemented
We commend the management of CCPD for its efforts in improving the work environment at ACS.

Appendix A – Summary of Recommendations

Issue No.		Recommendation	Status
A. Animal Adoptions			
	1a	Is management maintaining an accurate inventory of the animals in its care?	*Implemented*
	1b	Is management depending on a volunteer group to determine amount of fees due to the City?[1]	*Chose not to test*
	2	Does management have a fully executed contract (with a right to audit clause) in place prior to allowing volunteer groups onsite?	*Chose not to test*
B. Outsourcing Clinic Services			
	1	Did management explore the possibility of using the Chameleon system to track its inventory of clinic supplies and medications?	*Implemented*
	2	Does management have a fully executed contract (with a right to audit clause) in place prior to outsourcing City services?	*Partially Implemented*
C. Shelter Volunteers			
	1	Does management ensure that all ACS volunteers have passed a background check and signed a liability release waiver prior to beginning volunteer work?	*Partially Implemented*
	2	Does management require all volunteers to sign in/out on a volunteer log that can be used to track volunteer hours?	*Implemented*
	3	Does management ensure that the number of hours worked by volunteers do not exceed the maximum allowed by City Policy?	*Chose not to test*
	4	Does management maintain volunteer logs in compliance with Texas records retention schedule?	*Implemented*
	5	Does management restrict volunteer access to sensitive customer information?	*Chose not to test*
D. Animal Control Advisory Committee			
	1	Has management determined if there is a need for two Advisory Committees or if the current committee can be realigned to meet State guidelines?	*Implemented*
	2	Did management notify the Animal Control Advisory Committee of the two issues reported?	*Implemented*
E. Animal Adoption and Clinic Fees			
	1	Did management ensure compliance with City ordinances related to the ACS fee structure until such time as the ordinance could be updated?	*Partially Implemented*
	2	Does management conduct an annual review of the charges not regulated by ordinance?	*Chose not to test*
	3	Does management file charges not regulated by ordinance with the City Secretary's Office?	*Implemented*
	4	Does management post all fees and charges at the ACS cashier desk?	*Implemented*

Issue No.	Recommendation	Status
E. Animal Adoption and Clinic Fees continued		
5	Does management update fees in the ACS website and Chameleon system as needed?	*Implemented*
F. Adoption Record Keeping		
1	Has management developed and implemented policies and procedures for record keeping?	*Partially Implemented*
2	Has management ceased collecting and storing driver's license numbers in animal registrations and rabies vaccination records?	*Partially Implemented*
G. Daily Deposits and Revenue Reports		
1	Does management reconcile financial transactions each day as required by City Policy F-3.0?	*Not Implemented*
2	Did management obtain a written waiver from the Financial Services Director to exempt ACS from the requirement for daily deposits?	*Implemented*
3	Does management monitor financial management reports on a monthly basis to ensure agreement with department records?	*Not Implemented*
H. Information System Access		
1	Does management comply with MIS change management procedures?	*Implemented*
2	Has management changed the password of the system administrator user ID log-in?	*Implemented*
3	Is the system administrator log-in restricted to designated personnel who have an adequate level of expertise with the system?	*Not Implemented*
4	Has management assigned appropriate user access levels to staff as needed?	*Not Implemented*
5	Does management periodically review user access to remove any unauthorized users or terminated employees?	*Implemented*
I. Work Environment		
1	Does management require management and supervisory staff at ACS to conduct themselves in a professional and ethical manner?	*Implemented*
2	Does management hold mandatory training sessions for all ACS staff, supervisors, and managers to review the City HR policy and the Code of Ethics?	*Implemented*
3	Does management ensure that ACS supervisors and managers receive further training through mandatory attendance at City training events for supervisory and leadership skills?	*Implemented*

Appendix B – Management Response

March 9, 2016

Arlena Sones, CPA, CIA, CGAP
City Auditor
Corpus Christi, Texas

Re: AU15-F02 Corpus Christi Police Department, Animal
Care Services Follow-up Report

The Corpus Christi Police Department has reviewed the
audit report and provided its comments below. As there are
no recommendations for management, no responses are
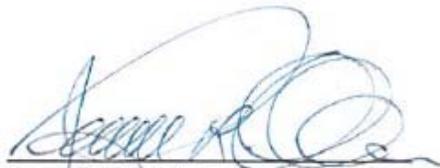required.

☑ Fully Agree

☐ Do Not Agree

Sincerely,

_____   3/9/16
Chief Mike Markle   Date
Corpus Christi Police Department

_____   15 March 2016
Ronald L. Olson   Date
City Manager