**AU14-008**
**Police Department**
**Animal Care Services**

**Office of the City Auditor**
**Arlena Sones, CPA, CIA, CGAP**
**City Auditor**

**September 10, 2014**

# Executive Summary

At the request of the Corpus Christi Police Department (CCPD) and with the approval of the Audit Committee, we conducted an audit of the CCPD Animal Care Services (ACS), specifically its adoption and volunteer processes. Because ACS did not have contracts with its volunteer groups that allow us to audit them, this audit focuses only on the responsibility of the ACS division of the CCPD.

The objectives for this audit project are:
- Determine if animal adoptions fees are appropriately charged and posted into PeopleSoft, and determine if adoption files are adequately supported.
- Determine if ACS is compliant with policy related to volunteers.
- Determine if ACS paid for supplies for non-City use.

The scope for this audit was for the period of March 1, 2013 to March 15, 2014.

We would like to note that each ACS employee and volunteer we interviewed exhibited a deep concern for the animals in their care.

Conclusion:
- Animal adoption fees are not appropriately charged, and they are not posted accurately and timely into PeopleSoft, plus there are no documented procedures to dictate record keeping of adoptions.
- ACS is not in compliance with City policy related to shelter volunteers, and the Animal Control Advisory Committee membership is not in compliance with State or City requirements.
- We found no instances of ACS paying for clinic supplies which were not for City use.

In addition to the audit objectives, we report on the work environment at ACS which is less than favorable. While this was outside the scope of the audit, we feel it deserves management's attention. Other issues were brought to light which were not audited; however, we reported these issues to management.

Appendix A contains financial and performance measure information.  It shows a downward trend in department revenue and the number of animals sheltered, with expenditures, staffing levels, and animal adoptions trending upwards.

Management of the CCPD agrees with all but one issue presented in this report. See the response following each issue and Appendix B.

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# Background

At the request of the Corpus Christi Police Department (CCPD), and with the approval of the Audit Committee, we conducted an audit of Animal Care Services (ACS), which has been managed by the CCPD since March 2012. ACS is comprised of four functions: sheltering and adoptions, veterinary care, enforcement and field investigations, and vector control.

Specifically, CCPD requested that we audit the animal adoption and volunteer processes since ACS was having issues with one of its volunteer groups. This audit focuses solely on ACS records and responsibilities and not on the records and responsibilities of any volunteer organization. Because there were no contracts between ACS and its volunteer organizations (i.e. no right-to-audit clause), we cannot address deficiencies that may or may not have existed with ACS volunteer organizations.

The most active volunteer organization at ACS is People Assisting Animal Control (PAAC). PAAC employees and volunteers stepped in during a time of staffing shortages to assist ACS with animal adoptions. Additionally, PAAC assisted ACS during the Rachael Ray ASCPA Challenge last summer. Last fall, when ACS discontinued providing the low cost spay neuter (vaccination) clinic services to the public, PAAC again stepped in to assist.

Around January 2014, ACS took back the control of animal adoptions, and the public portion of the clinic operation was completely outsourced to PAAC.

While the contribution of volunteer time and effort was a help to ACS in the beginning, the roles morphed over time as PAAC took ownership of many ACS duties. There were unclear lines of authority, and the relationship between ACS and PAAC became strained and unproductive. The climate became one of back-biting and threats, in person, through email, and on social media. To compound matters, two PAAC members also sit on the Animal Control Advisory Committee. The jurisdiction and actions of the committee are advisory only and do not include operations management.

We would like to note that the job performed by staff of ACS is difficult. No one will ever thank an employee for euthanizing an animal, no matter how humanely it is performed. Among the staff and volunteers we interviewed, each exhibited an amazing love of and concern for the animals in their care.

ACS's overall mission is to administer animal regulations and promote responsible pet ownership. ACS follows the guidelines for Standards of Care in Animal Shelters. These guidelines are set by the Association of Shelter Veterinarians.

Financial and performance data for ACS can be seen in Appendix A of this report. It shows a downward trend in department revenue and the number of animals sheltered, while expenditure and staffing levels increase. The number of animal adopted also continues to

increase. We did not audit the data in Appendix A, but relied on information provided in the City's Consolidated Annual Financial Reports (CAFR), the FY 2014 Adopted Budget, and the FY 2015 Proposed Budget.

## Statutory Authority and Municipal Guidelines

In conducting our audit, we relied on the following authoritative guidelines to serve as criteria for the audit:

- Texas Health and Safety Code
- City Ordinance Chapter 6 Animal Care and Control
- Council policy on Boards, Commissions, and Committee Procedures
- City policy HR 37.0 Volunteer Program
- City policy F3.0 Depositing, Disbursing, and Check Cashing Procedure
- Animal Care Services standard operating procedures
- Volunteers in Police Service procedures
- City Secretary policy and procedures

## Audit Objective, Scope and Methodology

The objectives of this audit project are:
- Determine if animal adoption fees are appropriately charged and posted into PeopleSoft, and determine if adoption files are adequately supported.
- Determine if ACS is compliant with policy related to volunteers.
- Determine if ACS paid for supplies for non-City use.

The audit scope for testwork purposes was March 1, 2013 through March 15, 2014. We conducted this audit from April 2014 to May 2014.

Our methodology included inquiry, observation, data analysis, and tests of adoption records and purchase transactions to complete the objectives of this audit. We reviewed Texas statutes, City ordinances, and policies and procedures related to animal care. We conducted interviews with staff and management of the CCPD and ACS. Additionally, we made inquiries with the Human Resources Department, City Secretary's Office, City Attorney's Office, and Financial Services Department.

We attended meetings between ACS and animal welfare groups. We also observed activity on social media sites of ACS and PAAC.

Audit steps were developed to evaluate and test compliance with established policies and procedures and to test related internal controls. We used random sampling to select 30 animal adoption events for testwork. We reviewed adoption fees and charges, and traced adoption revenue into the PeopleSoft system. Adoption files were tested for completeness based on current ACS methodology.

Because of the blurred lines of authority and the transfer of clinic services from ACS to PAAC, vendor invoices were reviewed to determine if the City paid for supplies/medicines that were the obligation of PAAC.

We reviewed the background checks and liability waivers of ACS volunteers. Lastly, we reviewed the membership of the Animal Control Advisory Committee for compliance with statutory and City requirements.

We relied on information from the PeopleSoft financial system of record and kennel inventory information from the Chameleon system; however, we did not audit either system's general or application controls other than user access.

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 this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.


## Other Matters
**Committee Membership**
As we report in Issue C residency is a requirement of all board and committee members (unless they are members by virtue of employment); however, there is no procedure to verify applicant residency. City Executive Management may need to consider changes to City policy requiring board or committee applicants to provide proof of residency (i.e. water bill) to the City Secretary.


**Outsourcing City Services**
There is no policy for outsourcing City services. City Executive Management may need to consider developing and implementing procedures for discontinuation (or outsourcing) of non-mandated City services which include consultation with the Financial Services Department, Office of Strategic Management and Budget, and the City Attorney's Office.

## Conclusion

The appropriate fees per City ordinance are not charged by ACS (or previously by PAAC), and revenue is not deposited or posted accurately and timely. Additionally, ACS has no written documentation to dictate what records should be stored in adoption files, and files were found in disarray.

ACS is not compliant with City policy related to volunteers and the membership of the Animal Control Advisory Committee is not in compliance with Texas statutory or City requirements.

ACS did not pay for supplies for non-City use.

In addition to the audit objectives, we report on the working environment at ACS which was found to be less than favorable. This and other issues were discussed with management.

## Staff Acknowledgement

Kimberly Houston, Senior Auditor
Jacey Reeves, Auditor
Sarah Arroyo, Management Assistant

# Audit Results and Recommendations

## A. Animal Adoptions

As stated above, ACS allowed PAAC to assist with adoptions; however, PAAC eventually took over the adoption process. During this time, PAAC began selling pet-related items such as leashes and cat boxes. Per the City Attorney's Office, this violates City Charter, Article IX, Section 1 because City Council did not grant a lease, license, or use privilege to the building or property.

Also, PAAC would submit the adoption fees in the aggregate to ACS. ACS was not tracking the number of animals adopted and could not verify that the payment submitted by PAAC was accurate.

## Recommendation:

CCPD management should:
1. Maintain an accurate inventory of the animals in its care. ACS should not have to depend on a volunteer group to determine the fees due to the City.
2. Have a fully executed contract (with a right to audit clause) in place prior to allowing volunteer groups onsite.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | Complete |
| Action Plan:<br>1. ACS Management reclaimed the entire adoption process in February of 2014, eliminating the confusion of working with a separate group with its own record keeping procedures and standards. ACS Management takes full responsibility from this point forward for maintaining an accurate kennel inventory and charging and collecting accurate fees.<br>2. ACS Management will not enter into future arrangements with any group without first consulting with City Purchasing, Finance Department and City Legal, and then only with a fully executed contract. | | |

## B. Outsourcing Clinic Services

Prior to FY 2013, the ACS veterinarian provided clinic services to the public; however, ACS stopped providing these services during FY 2013. PAAC volunteers stepped in to continue this service on behalf of ACS. Clinic supplies (i.e. syringes and rabies vaccine) were ordered in bulk by ACS, and PAAC would use the supplies as needed and reimburse ACS based on the services provided (i.e. the number of rabies vaccinations given).

Around January 2014, the public portion of clinic services was completely outsourced to PAAC, and it began ordering its own supplies to be delivered to the ACS facility on Holly

Road. Needless to say, confusion ensued over which orders belonged to ACS and which orders belonged to PAAC. Again, there was no contract between the City and PAAC and City Council did not grant a lease, license, or use privilege to the building or property.

ACS did not maintain records of the exact dates of these changes. Also, it did not inventory its supplies, and did not reconcile the payments for clinic services received from PAAC to the supplies expended. Given this, we reviewed vendor invoices related to clinic purchases to determine if ACS paid for supplies for PAAC use. Considering the timeline of events prior to ACS allowing PAAC to take ownership of the clinic services, we found no instances where ACS paid for PAAC supplies.

ACS took corrective measures in February 2014 by initiating the use of purchase orders with its vendors. Further, a contract with PAAC was signed in April 2014 for the use of City facilities at no charge while PAAC builds its own facility. The contract ended in July 2014.

It should be noted that the Code is silent as to whether the clinic function of ACS is mandatory. Also there is no City policy for outsourcing a City function as noted in the section "Other Matters."

**Recommendation**:
CCPD management should:
1. Consider using the Chameleon system to track its inventory of clinic supplies and medications.
2. Have a fully executed contract (with a right to audit clause) in place prior to outsourcing City service.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | Complete |

*Action Plan:*
  1. *Management will continue to explore the possibility of utilizing the Chameleon system for tracking of inventory within the CCAS Clinic and CCAS in general. Unfortunately, ACS has yet to identify any person within the City with the skill level to implement and provide training on such changes; training from Chameleon Vendor has thus far proven to be inadequate and cost prohibitive.*
  2. *Management drafted and implemented a contract with PAAC to manage the low-cost vaccination clinic in April 2014. PAAC later opted out of the contract. Although there are no current plans to restart the clinic, ACS Management will not enter into any such agreement without first consulting with the Purchasing Department for qualified organizations and with City Legal to review and approve said contract.*

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**C. Shelter Volunteers**

ACS is not in compliance with City policy related to screening its volunteers, tracking the number of hours worked by the volunteers, or restricting volunteer access to sensitive customer information.

We faced a scope limitation in testwork because ACS does not archive its volunteer log-in sheets; therefore, we could not test volunteer activity that occurred during the time scope of the audit. Instead, we tested all volunteers who signed the current volunteer log for the period of April 14, 2014 through May 3, 2014. ACS did not enforce the requirement for PAAC members to sign in on the volunteer log. Additionally, one PAAC employee had been given access to the Chameleon system. City policy restricts volunteers from working in functions that contain sensitive customer information.

A criminal background check had not been conducted for 9 of 10 volunteers (one volunteer is a City employee, and the background check was part of his employment package). None of the volunteers had signed a liability release waiver. ACS did not track time for any of its volunteers.

Per City Policy HR 34.0 Volunteer Program, volunteers must pass a background check prior to placement and must complete appropriate liability release forms. Additionally, departments are required to track the number of volunteers and their hours worked to ensure they do not volunteer more than 20 hours per week.

Had ACS enforced this policy, there would not have been the issue of blurred lines of authority between ACS and PAAC.

**Recommendation:**
CCPD management should:
1. Ensure all ACS volunteers have passed a background check and signed a liability release waiver prior to beginning volunteer work.
2. Require all volunteers to sign in/out on a volunteer log which should be used to track volunteer hours so as not to exceed the maximum allowed by City Policy.
3. Maintain volunteer logs in compliance with Texas records retention schedule.
4. Restrict volunteer access to sensitive customer information.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | Sept 1, 2014 |

*Action Plan:*
  1. *Since ACS is now a division of the Police Department, ACS Management is actively working with CCPD Volunteers in Police Service (VIPS) Coordinator Tom Brown to verify that all ACS volunteers have passed a background check. Volunteers will be expected to comply with the requirements of VIPS, to include background checks, ID badges, identifying apparel, etc.*

> 2. *Sign-in logs are currently in place at ACS front office and all volunteers are required to log their hours through a web-based software application.*
> 3. *Logs will be maintained in compliance with records retention requirements.*
> 4. *Access to the Chameleon Database for the one volunteer that previously had access has been deleted.*

## D. Animal Control Advisory Committee

The membership structure of the Animal <u>Control</u> Advisory Committee is not in compliance with City requirements. Further, it does not meet the state requirements for an Animal <u>Shelter</u> Advisory Committee per the City Attorney's Office.

City ordinance requires ex-officio (non-voting) positions of the Animal <u>Control</u> Advisory Committee to be filled by the City Manager (or designee), the Health Director (or designee) and an Animal Control Supervisor; however, these positions are not filled.

There is no City policy requiring ACS or the City Secretary's Office to ensure compliance with statutory or City requirements for committee membership; however, as the staff liaison, ACS should be fully aware of the requirements and it should assist the committee chairman as needed.

Further, all members of the committee are to be residents of the City (unless they are members by virtue of employment); however, we could not verify the residency of two members. Please note that there is no policy for the City Secretary, or department staff liaisons, to verify applicant residency. Members are expected to self-certify their residency and to voluntarily step down if they become ineligible to sit on a board or committee.

**Recommendation:**
CCPD management should:
1. Work with the City Attorney's Office to determine if the need for two Advisory Committees exists, or if the current committee can be realigned to meet State guidelines.
2. Notify the Animal Control Advisory Committee of the two issues reported in this section.

| Agree/Disagree | Responsible Party, Title | Completion Date |
| --- | --- | --- |
| Agree | John Houston, Commander | October 14, 2014 |
| *Action Plan:* | | |

> 1. *Management, with assistance from City Legal, has drafted a proposed City Ordinance change that combines Animal Shelter Committee with the Animal Control Advisory Committee and meets state guidelines. The proposed Ordinance change was submitted to the Animal Control Advisory Committee on August 21, 2014 for action, but was tabled. The item is on the agenda for a special ACAC meeting on September 4. If approved by the ACAC, the Ordinance will be sent to City Council for action.*

> 2. The Animal Control Advisory Committee was informed by city staff of the residency requirements for committee members at the August meeting, but took no direct action. This matter was referred to the City Secretary, as it applies to all Boards and Committees.

***City Auditor's Evaluation of Management Response[1]:*** *We appreciate management's swift action in presenting these issues to the Animal Control Advisory Committee; however, the purview of this committee is advisory only. Advisory committee approval is not required prior to seeking City Council's approval of ordinance revisions.*

## E. Animal Adoption and Clinic Fees

ACS is not in compliance with City ordinances related to the fees charged to the public for adoption/shelter services, and it has not updated and filed the required clinic fee listing with the City Secretary's Office. Further, the fees on the ACS website and in its Chameleon system do not agree with authorized fees or with each other. Finally, adoption fees are often revised or waived by ACS management without the appropriate authorization and without notification to its own cashiering staff.

We tested the receipts of 30 randomly selected animal adoptions which occurred between March 1, 2013 and March 15, 2014. Receipted adoption charges varied from $0 to $66; however, management could not tell us what the approved charges were at each point in time. Because of this scope limitation we are unable to provide assurance that the correct fees were charges.

Animal Care is governed by City ordinance Chapter 6 Animal Care and Control. Per Section 6.103(h), adoption charges are comprised of four fees/charges. See Exhibit 1.

**Exhibit 1**

| | Fees and Charges | Amount | Approval |
|---|---|---|---|
| Adoption Charges | Boarding Charge | $6.00 per day of impoundment | Health Director |
| | Rabies Vaccination Charge | $8.00 | City Council/City Manager |
| | City Registration Fee | $4.00 to $35.00 | City Ordinance |
| | Adoption Fee | Varies | ACS |

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[1] Government Auditing Standards: 7.37 When the audited entity's comments are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, or when planned corrective actions do not adequately address the auditors' recommendations, the auditors should evaluate the validity of the audited entity's comments. If the auditors disagree with the comments, they should explain in the report their reasons for disagreement. Conversely, the auditors should modify their report as necessary if they find the comments valid and supported with sufficient, appropriate evidence.

ACS does not have formal policies and procedures for reviewing, approving, posting, or monitoring fees. When fees are not clearly defined, authorized, documented, or communicated, staff and customers do not know what the appropriate fees are. Incorrect fee tables in the Chameleon system results in errors and inefficiencies as the cashiers must manually key the item code and fee for each transaction.

Further, the Animal Care and Control ordinance is outdated (it still says that the ACS is a division of the Department of Public Health) and overly complicated with the approval/authorization of fees split between the ACS Manager, Health Director, City Manager and the City Council. Additionally, some fees are set by ordinance, and some are required to be reviewed annually and filed with the City Secretary. Further, ACS is moving away from the concept of cost recovery related to animal adoptions to focus on increasing the number of adoptions. CCPD has been working on revisions to the ordinance, but has not yet presented its revisions to City Council.

## Recommendation:
CCPD management should:
1. Ensure compliance with City ordinances related to the ACS fee structure until such time as the ordinance can be updated.
2. Conduct an annual review of the charges not regulated by ordinance.
3. File with the City Secretary's Office charges not regulate by ordinance.
4. Post all fees and charges at the ACS cashier desk.
5. Update the ACS website and Chameleon system as needed.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | Oct 14, 2014 |

*Action Plan:*
1. *Management, with assistance of City Legal, has drafted a proposed City Ordinance Change that cleans up the confusing fee structure under the City Animal Control Ordinance. The proposed ordinance change was submitted to the Animal Control Advisory Committee on August 21, 2014 for action, but was tabled. Item is on the agenda for a special ACAC meeting on September 4. If approved by the ACAC, the ordinance will be sent to City Council for action.*
2. *ACS will conduct an annual review of charges for services.*
3. *The current charges are on file with the City Secretary's Office.*
4. *All fees will be available at the ACS front counter/cashier's desk.*
5. *Management will work with Communications to review and update the ACS website as needed. Regarding Chameleon updates, ACS has yet to identify any person within the City with the skill level to implement and provide training on this system; training from Chameleon Vendor has thus far proven to be inadequate and cost prohibitive. ACS hopes to replace the system in a future budget year if funding is available.*

**F. Adoption Record Keeping**

ACS has no documented policies or procedures for managing or documenting animal adoptions (testing criteria was the current methodology as explained by ACS). Further, the ACS filing system is inconsistent, and files are incomplete and difficult to locate.

Nine of 30 adoption files reviewed (30%) were incomplete. Missing documentation was noted in 5 of 23 adoptions (21%) performed by PAAC and in 4 of 7 adoptions (57%) performed by ACS.

We also noted that ACS stores the customer driver's license number and other confidential information in adoption records and in the Chameleon information system. Chapter 826 of the Texas Health and Safety Code prohibits storing driver's license numbers in animal registration and rabies vaccination records.

**Recommendation:**

CCPD management should:

1. Develop and implement policies and procedures for record keeping.
2. Cease collecting and storing driver's license numbers in animal registrations and rabies vaccination records.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | Danni Alcantara/Kennel Master<br>John Houston, Commander | August 22, 2014 |
| Action Plan: | | |

Action Plan:
1. *Management has drafted and implemented a Standard Operating Procedure (SOP) outlining what information is required in Adoption Files.*
2. *Management has also drafted an SOP prohibiting storage of DL or SS numbers in any ACS records, files, documents, etc.*

**G. Daily Deposits and Revenue Reports**

ACS is not accurately or timely balancing its daily revenue reports or making daily deposits to the bank.

For the 14-month period of March 2013-April 2014, we compared the aggregated monthly adoption fee revenue from Chameleon to the monthly totals in PeopleSoft. Seven of the 14 months had discrepancies which were generally caused by clerical errors. Errors occurred when manually typing the revenue amounts into the excel worksheet used to interface with the PeopleSoft system. The errors remained undetected because management does not have procedures for monitoring financial reporting to ensure accurate posting of revenue. Financial management reports (revenue and expenses) are located in the City's shared drive (known as the Z:drive).

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Additionally, daily receipts were not deposited for up to 8 business days, and there were delays (up to 16 business days) in providing the daily balancing sheets to Financial Services. The City Auditor's Office has conducted four cash counts at ACS between the period of November 2012 and June 2014, and each reported untimely deposits. ACS stopped accepting cash and thought they had obtained a waiver from the Financial Services Department regarding the daily deposit requirement; however, that was not the case.

City Policy F-3.0 Depositing, Dispersing, and Check Cashing Policy and Procedures states it is the department's responsibility to accurately account for all payments; deposits must be made daily; and deposit slips must balance to cash receipt reports. Exceptions to daily depositing must be approved in writing by the Director of Financial Services.

When daily balancing is not performed and posting to the financial system is not verified, there is an increased risk that errors and irregularities will occur and will remain undetected.

**Recommendation:**
CCPD management should:
1. Reconcile financial transactions each day as required by City Policy F-3.0.
2. Obtain a written waiver from the Financial Services Director to exempt ACS from the requirement for daily deposits.
3. Monitor financial management reports on a monthly basis to ensure agreement with department records.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | Barbara Sandoval/Front Office Mgr. | Complete |
| *Action Plan:* | | |

*Action Plan:*
1. *ACS Cashiers reconcile transactions daily.*
2. *ACS has requested a written waiver from daily deposits from Finance Department, but was told waiver is not needed since ACS discontinued accepting US currency as of February 2014.*
3. *ACS will monitor financial management reports on a monthly basis to ensure agreement with department records.*

## H. Information System Access

ACS is not compliant with the City's MIS policies. During the audit, ACS staff made changes to the Chameleon information system without obtaining approval from the MIS change review board. Further, management and supervisors (9 employees) share the system administrator user identity (ID) and password. Lastly, system access has not been terminated for six former City employees.

Parties inside and outside of ACS were not informed of or allowed to provide input on the impending modifications to Chameleon, and they did not receive guidance on how to proceed after changes were implemented.

The MIS Change Management policy states, "This policy applies to all changes to Information Systems. It does not apply to changes that affect only an individual." The change management process mitigates the risk involved in changing an information system. The process includes adequate planning, authorization for proposed changes, testing prior to implementation, and validation of success/failure of test. Failure to follow a formal review process can result in system breakdown or other unintended consequences due to unforeseen technical problems.

The system administrator user ID allows wide-ranging access to the system, and its use should be restricted to MIS and department personnel with the expertise to use it appropriately. User ID and passwords are required to identify and authenticate an employee and to ensure accountability. System users and their activity should be uniquely identifiable. When passwords are shared, accountability is compromised.

**Recommendation:**
CCPD management should:
1. Comply with MIS change management procedures.
2. Change the password of the system administrator user ID log-in immediately. The system administrator log-in should be restricted to designated personnel who have an adequate level of expertise with the system.
3. Assign appropriate user access levels to staff as needed and periodically review user access to remove any unauthorized users or terminated employees.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | Complete |

*Action Plan:*
1. *ACS will inform MIS of any intended changes to Chameleon Database prior to implementation.*
2. *ACS has restricted system administrator user ID and log-in to the ACS Field Supervisor.*
3. *All former employees have had their access to the system deleted.*

## I. Work Environment

Multiple employees claim that management has fostered an unfavorable and difficult work environment within ACS. They report instances of intimidation, insulting and demeaning behavior, favoritism, and threats of retaliation on the part of management. In our opinion, the work environment at ACS "interfere(s) with the delivery of municipal services and bring(s) discredit to the City of Corpus Christi."

The Human Resource (HR) Manual states that employees (and management) are "responsible for conducting themselves in a professional and ethical manner and for treating coworkers and members of the public with respect and dignity at all times." Additionally, "supervisors have an obligation to promote a harassment and retaliation free workplace environment."

During the time of the audit, other issues came to light. We were witness to unprofessional conduct when addressing members of the public. Additionally, ACS management hired first-degree relatives from temporary staffing agencies against the advice of HR and the City Attorney's Office.

Failure to maintain a professional and ethical culture results in an increased risk of exposure to legal liability, loss of valuable staff, and compromising the efficiency of operations and customer service.

**Recommendation:**
CCPD management should:
1. Require management and supervisory staff at ACS to conduct themselves in a professional and ethical manner.
2. Hold mandatory training sessions for all ACS staff, supervisors, and managers to review the City HR policy and the Code of Ethics.
3. Ensure that ACS supervisors and managers receive further training through mandatory attendance at City training events for supervisory and leadership skills.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Disagree | John Houston, Commander | Complete |
| *Action Plan:* | | |

*Action Plan:*

1. *Management disagrees that the work environment at ACS "interferes with the delivery of municipal services." This opinion is not supported by factual evidence, nor does the audit cite any continuing pattern of documented city policy violations by ACS management and supervisory staff. Management agrees that two temporary employees were related to the ACS manager and supervisor. They should not have been hired. Those temporary employees were released. The Shelter Manager has left City employment for an opportunity in Fort Worth.*
2. *ACS Management holds regular mandatory training sessions on both City Policy and ACS policies and procedures. ACS Supervisors have already attended city sponsored training opportunities and will continue to do so.*
3. *Once a new permanent ACS Manager is on board, Management is committed to providing professional development and continuing education opportunities appropriate to the position.*

*Management recognizes that there is a high stress working environment at ACS due to a combination of factors: "Compassion Fatigue"; staff and budget shortages; turnover in*

> *management; major changes in daily business operations, policies and procedures; and an increased emphasis on personal performance and accountability. During the time the audit was being conducted, ACS was suffering from a nearly 50% staff shortage due to injuries, terminations, and resignations.*
>
> *Management is proud to point to the tremendous increase in adoptions, live release, and numerous other improvements at ACS during the past two years, despite these obstacles. These accomplishments are due to the dedicated and hardworking staff at ACS.*

***City Auditor's Evaluation of Management Response:*** *The City Auditor's Office strongly supports the details presented in this section which brings to light serious management and administrative concerns. Management's response does not indicate this issue will be given appropriate attention, thereby fostering the unfavorable and difficult work environment. We strongly encourage City and ACS management to implement corrective measures to resolve this matter.*

*Auditors are required to obtain sufficient and appropriate evidence to support conclusions and findings.[2] Our conclusion was based on auditor observation, staff interviews, and emails received during the audit. Initially, we scheduled interviews with 8 supervisor/staff members based on the Program Manager's recommendation; however, additional ACS staff requested meetings with auditors. In total, we interviewed 15 of 29 ACS employees during the audit. Nine of 15 employees interviewed (60%) expressed concern regarding management and the work environment at ACS. Of the 29 budgeted positons, 1 employee had resigned and 1 employee was out due to injuries. Since the end of audit fieldwork, four ACS employees have filed complaints with Human Resources.*
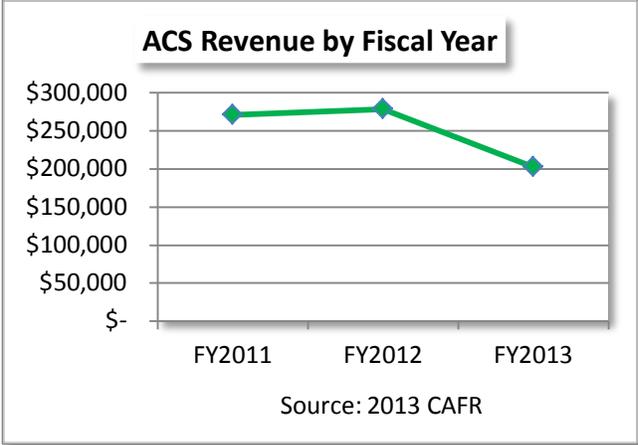
*While this matter falls outside the original scope of the audit, audit standards require us to communicate this to management.[3]*

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[2]GAGAS 6.03 In performance audits that comply with GAGAS, auditors obtain reasonable assurance that evidence is sufficient and appropriate to support the auditors' findings and conclusions in relation to the audit objectives. Thus, the sufficiency and appropriateness of evidence needed and tests of evidence will vary based on the audit objectives, findings, and conclusions. Objectives for performance audits range from narrow to broad and involve varying types and quality of evidence. In some engagements, sufficient, appropriate evidence is available, but in others, information may have limitations. Professional judgment assists auditors in determining the audit scope and methodology needed to address the audit objectives, and in evaluating whether sufficient, appropriate evidence has been obtained to address the audit objectives.

[3]GAGAS 7.22 When auditors detect instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that are not significant within the context of the audit objectives but warrant the attention of those charged with governance, they should communicate those findings in writing to audited entity officials. When auditors detect any instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that do not warrant the attention of those charged with governance, the auditors' determination of whether and how to communicate such instances to audited entity officials is a matter of professional judgment.
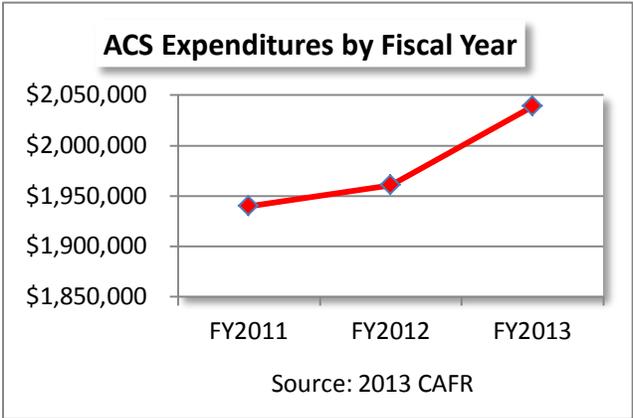
# Appendix A – Financial Data and Performance Measures

**Exhibit A**



### ACS Revenue by Fiscal Year

Source: 2013 CAFR

ACS department-wide revenue is trending downward.

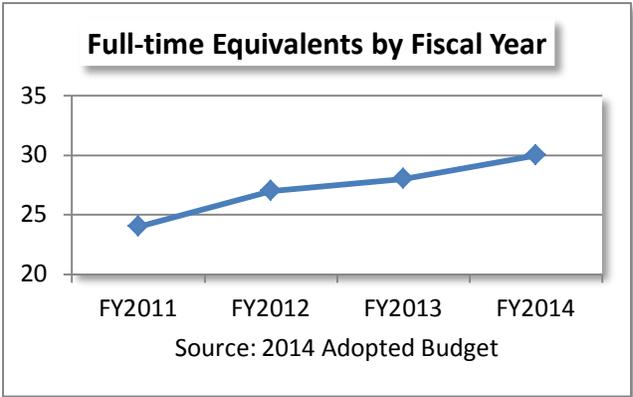Revenue totaled $270,994, $278,766, and $202,866 for FY 2011, FY 2012, and FY 2013, respectively.

**Exhibit B**



### ACS Expenditures by Fiscal Year

Source: 2013 CAFR

ACS department-wide expenditure is trending upward.

Expenditures were $1.94, $1.96, and $2.04 million for FY 2011, FY 2012, and FY 2013, respectively.

**Exhibit C**



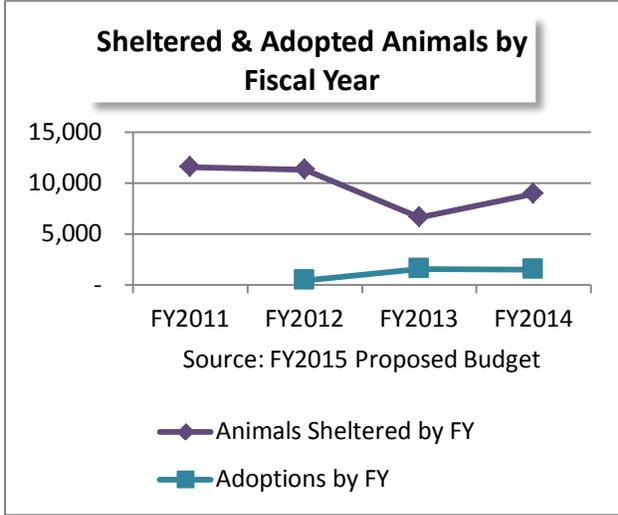### Full-time Equivalents by Fiscal Year

Source: 2014 Adopted Budget

Full time equivalents are trending upwards.

Full time equivalents (staff levels) were 24, 27, 28, and 30 for FY 2011, FY 2012, FY 2013, and FY 2014, respectively.

As of May 7, 2014, ACS was staffed by 24 FTEs, 11 temporary agency employees, and a contracted veterinarian.

**Exhibit D**

### Sheltered & Adopted Animals by Fiscal Year



Source: FY2015 Proposed Budget

◆ Animals Sheltered by FY

■ Adoptions by FY

The number of sheltered animals dropped in FY 2013, but increased in FY 2014.

Per the FY 2015 Proposed Budget, 11,576, 11,341, 6,621 and 8,929 animals were sheltered in FY 2011, FY 2012, FY 2013, and FY 2014, respectively.

The number of animals adopted increased in FY 2013 and stabilized in FY 2014.

Per the FY 2015 Proposed Budget, Animals adopted were 445, 1,591, and 1,520 in FY 2012, FY 2013, and FY 2014, respectively.

We did not audit this information, but present it to assist the reader.
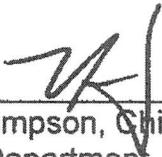
August 27, 2014

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

Re: AU14-008 Police Department, Animal Care Services Division

We have carefully reviewed the issues presented in the audit report referenced above, and our plans to correct the issues are described in the following pages.

We are committed to correcting the issues in the audit report by implementing the action plans in a timely fashion.
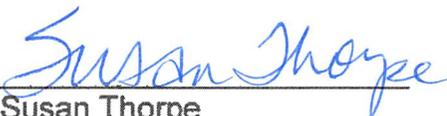
Sincerely,


_____          _8/ 27/14_____
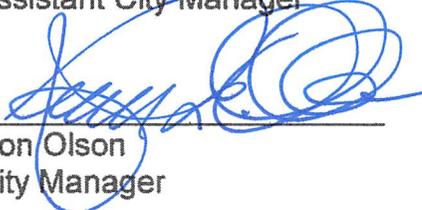Floyd Simpson, Chief             Date
Police Department


_____          _8/27/14_____
Susan Thorpe                     Date
Assistant City Manager


_____          _2 Sep 2014_____
Ron Olson                        Date
City Manager


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AU14-008 Police Department, Animal Care Services Division
Management Response

### *Introduction*

*In February of 2012, the Police Department inherited the supervision of Animal Care Services (ACS), a department identified by the City Manager as "in crisis". The Police Department took immediate steps to improve the management and supervision at ACS, including replacing the Program Manager and Shelter Veterinarian. ACS Management sought to mend its relationship with local rescue groups and shift its focus toward live release and adoptions. Over the course of the past two years, adoptions increased tremendously and the relationship with local rescue groups improved. In 2013 ACS received national recognition after placing fifth in the U.S. in the ASPCA Rachael Ray $100,000 Challenge. ACS's success in the Challenge was certainly due in part to the assistance of People Assisting Animal Control (PAAC), but the majority of the work was performed by ACS employees, many of whom also volunteered their time supporting the various adoption events.*

*ACS Management requested that the City Auditor conduct this audit specifically to examine "the previous methods of collecting payment for dogs and cats adopted by private citizens through the volunteer organization known as People Assisting Animal Control (PAAC). Specific concerns are a lack of accounting and the possibility of overcharges to citizens under the umbrella of Animal Care Services"....and "the process of ordering veterinary supplies from vendors using City of Corpus Christi Animal Care Services accounts."*

*Management recognizes that several of the other concerns contained within are valid; however, Management was aware of and in the process of correcting these issues prior to the beginning of the audit.*

### A. Animal Adoptions

ACS allowed PAAC to assist with adoptions; however, PAAC eventually took over the adoption process. During this time, PAAC began selling pet-related items such as leashes and cat boxes. Per the City Attorney's Office, this violates City Charter, Article IX, Section 1 because City Council did not grant a lease, license, or use privilege to the building or property.

Also, PAAC would submit the adoption fees in the aggregate to ACS. ACS was not tracking the number of animals adopted and could not verify that the payment submitted by PAAC was accurate.

**Recommendation:**

CCPD management should:

1.  Maintain an accurate inventory of the animals in its care. ACS should not have to depend on a volunteer group to determine the fees due to the City.
2.  Have a fully executed contract (with a right to audit clause) in place prior to allowing volunteer groups onsite.

| Agree/Disagree | Responsible Party, Title | Completion Date |
| --- | --- | --- |
| Agree | John Houston, Commander | Complete |

*Action Plan:*

1.  *ACS Management reclaimed the entire adoption process in February of 2014, eliminating the confusion of working with a separate group with its own record keeping procedures and standards. ACS Management takes full responsibility from this point forward for maintaining an accurate kennel inventory and charging and collecting accurate fees.*
2.  *ACS Management will not enter into future arrangements with any group without first consulting with City Purchasing, Finance Department and City Legal, and then only with a fully executed contract.*

### B. Outsourcing Clinic Services

Clinic supplies (i.e. syringes and rabies vaccine) were ordered in bulk by ACS, and PAAC would use the supplies as needed and reimburse ACS based on the services provided (i.e. the number of rabies vaccinations given). Also, ACS did inventory its supplies, and did not reconcile the payments for clinic services received from PAAC to the supplies expended.

Around January 2014, the public portion of clinic services was completely outsourced to PAAC. Again, there was no contract between the City and PAAC, and City Council did not grant a lease, license, or use privilege to the building or property.

**Recommendation:**

CCPD management should

1.  Consider using the Chameleon system to track its inventory of clinic supplies and medications.
2.  Have a fully executed contract (with a right to audit clause) in place prior to outsourcing City service.

3

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | Complete |

*Action Plan:*
1. *Management will continue to explore the possibility of utilizing the Chameleon system for tracking of inventory within the CCAS Clinic and CCAS in general. Unfortunately, ACS has yet to identify any person within the City with the skill level to implement and provide training on such changes; training from Chameleon Vendor has thus far proven to be inadequate and cost prohibitive.*
2. *Management drafted and implemented a contract with PAAC to manage the low-cost vaccination clinic in April 2014. PAAC later opted out of the contract. Although there are no current plans to restart the clinic, ACS Management will not enter into any such agreement without first consulting with the Purchasing Department for qualified organizations and with City Legal to review and approve said contract.*

## C. Shelter Volunteers

ACS is not in compliance with City policy related to screening its volunteers, tracking the number of hours worked by the volunteers, or restricting volunteer access to sensitive customer information.

**Recommendation:**
CCPD management should:
1. Ensure all ACS volunteers have passed a background check and signed a liability release waiver prior to beginning volunteer work.
2. Require all volunteers to sign in/out on a volunteer log which should be used to track volunteer hours so as not to exceed the maximum allowed by City Policy.
3. Maintain volunteer logs in compliance with Texas records retention schedule.
4. Restrict volunteer access to sensitive customer information.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | Sept 1, 2014 |

*Action Plan:*
1. *Since ACS is now a division of the Police Department, ACS Management is actively working with CCPD Volunteers in Police Service (VIPS) Coordinator Tom Brown to verify that all ACS volunteers have passed a background check. Volunteers will be expected to comply with the requirements of VIPS, to include background checks, ID badges, identifying apparel, etc.*
2. *Sign-in logs are currently in place at ACS front office and all volunteers are required to log their hours through a web-based software application.*
3. *Logs will be maintained in compliance with records retention*

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> *requirements.*
> 4. *Access to the Chameleon Database for the one volunteer that previously had access has been deleted.*

## D. Animal Control Advisory Committee

The membership structure of the Animal <u>Control</u> Advisory Committee is not in compliance with City requirements. Further, it does not meet the state requirements for an Animal <u>Shelter</u> Advisory Committee per the City Attorney's Office.
Further, all members of the committee are to be residents of the City (unless they are members by virtue of employment); however, we could not verify the residency of two members.

**Recommendation:**
CCPD management should:
1. Work with the City Attorney's Office to determine if the need for two Advisory Committees exists, or if the current committee can be realigned to meet State guidelines.
2. Notify the Animal Control Advisory Committee of the two issues reported in this section.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | October 14, 2014 |

*Action Plan:*
   1. *Management, with assistance from City Legal, has drafted a proposed City Ordinance change that combines Animal Shelter Committee with the Animal Control Advisory Committee and meets state guidelines. The proposed Ordinance change was submitted to the Animal Control Advisory Committee on August 21, 2014 for action, but was tabled. The item is on the agenda for a special ACAC meeting on September 4. If approved by the ACAC, the Ordinance will be sent to City Council for action.*
   2. *The Animal Control Advisory Committee was informed by city staff of the residency requirements for committee members at the August meeting, but took no direct action. This matter was referred to the City Secretary, as it applies to all Boards and Committees.*

## E. Animal Adoption and Shelter Service Fees
ACS is not in compliance with City ordinances related to the fees charged to the public for adoption/shelter services, and it has not updated and filed the required fee listing with the City Secretary's Office. Further, the fees on the ACS website and in its Chameleon system do not agree with authorized fees or with each other. Finally, adoption fees are often revised or waived by ACS management

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without the appropriate authorization and without notification to its own cashiering staff.

**Recommendation:**
CCPD management should:
1. Ensure compliance with City ordinances related to the ACS fee structure until such time as the ordinance can be updated.
2. Conduct an annual review of the charges not regulated by ordinance.
3. File with the City Secretary's Office charges not regulated by ordinance.
4. Post all fees and charges at the ACS cashier desk.
5. Update the ACS website and Chameleon system as needed.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | Oct 14, 2014 |

*Action Plan:*
1. *Management, with assistance of City Legal, has drafted a proposed City Ordinance Change that cleans up the confusing fee structure under the City Animal Control Ordinance. The proposed ordinance change was submitted to the Animal Control Advisory Committee on August 21, 2014 for action, but was tabled. Item is on the agenda for a special ACAC meeting on September 4. If approved by the ACAC, the ordinance will be sent to City Council for action.*
2. *ACS will conduct an annual review of charges for services.*
3. *The current charges are on file with the City Secretary's Office.*
4. *All fees will be available at the ACS front counter/cashier's desk.*
3. *Management will work with Communications to review and update the ACS website as needed. Regarding Chameleon updates, ACS has yet to identify any person within the City with the skill level to implement and provide training on this system; training from Chameleon Vendor has thus far proven to be inadequate and cost prohibitive. ACS hopes to replace the system in a future budget year if funding is available.*

**F. Adoption Record Keeping**
ACS has no documented policies or procedures for managing or documenting animal adoptions. Further, the ACS filing system is inconsistent, and files are incomplete and difficult to locate.
ACS stores the customer driver's license number and other confidential information in adoption records and in the Chameleon information system.

**Recommendation:**
CCPD management should:
1. Develop and implement policies and procedures for record keeping.
2. Cease collecting and storing driver's license numbers in animal registrations and rabies vaccination records.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|

| Agree | Danni Alcantara/Kennel Master John Houston, Commander | August 22, 2014 |
|---|---|---|
| *Action Plan:* | | |
| *1. Management has drafted and implemented a Standard Operating Procedure (SOP) outlining what information is required in Adoption Files.* <br> *2. Management has also drafted an SOP prohibiting storage of DL or SS numbers in any ACS records, files, documents, etc.* | | |

### G. Daily Deposits and Revenue Reports

ACS is not accurately or timely balancing its daily revenue reports or making daily deposits to the bank.

ACS does not have procedures for monitoring financial reporting to ensure accurate posting of revenue.

### Recommendation:

CCPD management should:

1. Reconcile financial transactions each day as required by City Policy F-3.0.
2. Obtain a written waiver from the Financial Services Director to exempt ACS from the requirement for daily deposits.
3. Monitor financial management reports on a monthly basis to ensure agreement with department records.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | Barbara Sandoval/Front Office Mgr. | Complete |
| *Action Plan:* | | |
| *1. ACS Cashiers reconcile transactions daily.* <br> *2. ACS has requested a written waiver from daily deposits from Finance Department, but was told waiver is not needed since ACS discontinued accepting US currency as of February 2014.* <br> *3. ACS will monitor financial management reports on a monthly basis to ensure agreement with department records.* | | |

### H. Information System Access

ACS staff made changes to the Chameleon information system without obtaining approval from the MIS change review board. Further, management and supervisors (9 employees) share the system administrator user identity (ID) and password. Lastly, system access has not been terminated for six former City employees.

### Recommendation:

CCPD management should:

1. Comply with MIS change management procedures.
2. Change the password of the system administrator user ID log-in immediately. The system administrator log-in should be restricted to designated personnel who have an adequate level of expertise with the system.

3. Assign appropriate user access levels to staff as needed and periodically review user access to remove any unauthorized users or terminated employees.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Agree | John Houston, Commander | Complete |
| Action Plan: | | |

Action Plan:
1. ACS will inform MIS of any intended changes to Chameleon Database prior to implementation.
2. ACS has restricted system administrator user ID and log-in to the ACS Field Supervisor.
3. All former employees have had their access to the system deleted.

## I. Work Environment

Multiple employees claim that management has fostered an unfavorable and difficult work environment within ACS. They report instances of intimidation, insulting and demeaning behavior, favoritism, and threats of retaliation on the part of management. In our opinion, the work environment at ACS "interfere(s) with the delivery of municipal services and bring(s) discredit to the City of Corpus Christi."

## Recommendation:

CCPD management should:
1. Require management and supervisory staff at ACS to conduct themselves in a professional and ethical manner.
2. Hold mandatory training sessions for all ACS staff, supervisors, and managers to review the City HR policy and the Code of Ethics.
3. Ensure that ACS supervisors and managers receive further training through mandatory attendance at City training events for supervisory and leadership skills.

| Agree/Disagree | Responsible Party, Title | Completion Date |
|---|---|---|
| Disagree | John Houston, Commander | Complete |
| Action Plan: | | |

Action Plan:
1. Management disagrees that the work environment at ACS "interferes with the delivery of municipal services." This opinion is not supported by factual evidence, nor does the audit cite any continuing pattern of documented city policy violations by ACS management and supervisory staff. Management agrees that two temporary employees were related to the ACS manager and supervisor. They should not have been hired. Those temporary employees were released. The Shelter Manager has left City employment for an opportunity in Fort Worth.
2. ACS Management holds regular mandatory training sessions on both City Policy and ACS policies and procedures. ACS Supervisors have already attended city sponsored training opportunities and will

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*continue to do so.*

3. *Once a new permanent ACS Manager is on board, Management is committed to providing professional development and continuing education opportunities appropriate to the position.*

*Management recognizes that there is a high stress working environment at ACS due to a combination of factors: "Compassion Fatigue"; staff and budget shortages; turnover in management; major changes in daily business operations, policies and procedures; and an increased emphasis on personal performance and accountability. During the time the audit was being conducted, ACS was suffering from a nearly 50% staff shortage due to injuries, terminations, and resignations.*

*Management is proud to point to the tremendous increase in adoptions, live release, and numerous other improvements at ACS during the past two years, despite these obstacles. These accomplishments are due to the dedicated and hardworking staff at ACS.*