



Jerry E. Abramson
Mayor

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Office of Internal Audit

Audit Report

Office of Internal Audit

Metro Animal Services

Revenue and Operations Administration

August 2007



Metro Animal Services

Revenue and Operations
Administration

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Transmittal Letter

August 31, 2007

The Honorable Jerry E. Abramson
Mayor of Louisville Metro
Louisville Metro Hall
Louisville, KY 40202

Subject: Audit of Metro Animal Services Revenue and Operations Administration

Introduction

An audit of Metro Animal Services (MAS) was performed. The primary focus of the audit was the operational and fiscal administration of MAS activity. This included how MAS processes, records, and monitors the activity. Compliance with laws, policy, and other regulatory guidelines were included in this review.

The examination was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

As a part of the review, the internal control structure was evaluated. The objective of internal control is to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

- Achievement of business objectives and goals
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of assets

There are inherent limitations in any system of internal control. Errors may result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personnel factors. Some controls may be circumvented by collusion. Similarly, management may circumvent control procedures by administrative oversight.

Scope

The operating procedures for MAS activity were reviewed through interviews with key personnel. The focus of the review was the administration of service and revenue activity. Tests of sample data were performed for transactions from the period July 1, 2006 through March 31, 2007. Activity reviewed included animal intake and disposition records, the animal management computer system records, revenue receipts, bank activity and Metro financial system postings. This included reviewing compliance with Louisville Metro ordinance and applicable portions of Kentucky Revised Statutes.

The review included assessing whether activity was processed, recorded, and monitored accurately and appropriately. The details of the scope and methodology of the review will be addressed in the Observations and Recommendations section of this report. The examination would not identify all issues because it was based on selective review of procedures and data.

Opinion

It is our opinion that the administration of MAS revenue administration and operations activity is weak. The internal control rating is on page 5 of this report. This rating quantifies the opinion regarding the internal controls, and identifies areas requiring corrective action. Opportunities to strengthen the administration of MAS revenue activity and the information system were noted. Examples include the following.

- **MAS Fees for Services.** Issues with MAS fees were noted. Louisville Metro ordinance chapter 91 addresses requirements of pet owners and Metro Animal Services responsibilities. The ordinance includes fee amounts for the registration, license and management of animals. Additionally, MAS determines other types of fees that are not specifically defined in the ordinance (e.g., adoptions). The following issues were noted.
 - *Adoption Fee Presentation.* The manner in which adoption fees are presented leave the perception that associated charges for services do not comply with Metro ordinance. These cases are not actually infractions of the required fee amounts, but are due to the presentation of the detailed charges.
 - *Discretionary Deviations From Standard Fees.* MAS staff discretion might be used to determine the amounts charged for services. While standard fees exist for routine animal transactions, circumstances may lead to deviations from standard fees. In some cases, the determination is not documented. These types of actions could result in non-compliance with Metro ordinance, inconsistent fee assessments and the perception of favoritism.
 - *Fees for Low Income Pet Owners.* Deviations may be made from standard fees for low income pet owners. These fees are sliding scale based on income and will provide surgical services for eligible pet owners. While MAS staff are expected to verify individual requests for the reduced fees, records are not retained to document eligibility (e.g., income verification).
- **Animal Management Computer System.** The computer system security features do not provide adequate control. The computer system is used to manage and track requests for service, animal intake, animal care disposition and revenue activity. Some user access rights do not provide the proper segregation of duties. These issues

increase the risks that information could be manipulated and that funds could be diverted without detection.

- **Fiscal Administration.** Issues were noted regarding the administration of fiscal activity. MAS is not following-up for animal licenses that may be unpaid. This does not provide proper follow-up for non-complying pet owners and likely results in lost revenue. In addition, there is not a complete reconciliation of fiscal activity posted to the Louisville Metro financial system. This weakens the reliability of the financial statements and their usefulness as management tools.
- **Policies and Procedures.** There are no documented departmental Standard Operating Procedures for the overall administration of MAS operations, as well as, the use of the animal management computer system. This can lead to inconsistencies and inefficiencies with activity processing. Issues were also noted with the use and retention of activity records. This included records that did not contain complete and accurate information.

Corrective Action Plan

Representatives from Metro Animal Services have reviewed the results and are committed to addressing the issues noted. Metro Animal Services corrective action plans are included in this report in the Observations and Recommendations section. In addition, the MAS Director's response is included as a separate section of the report. We will continue to work with Metro Animal Services to ensure the actions taken are effective to address the issues noted.

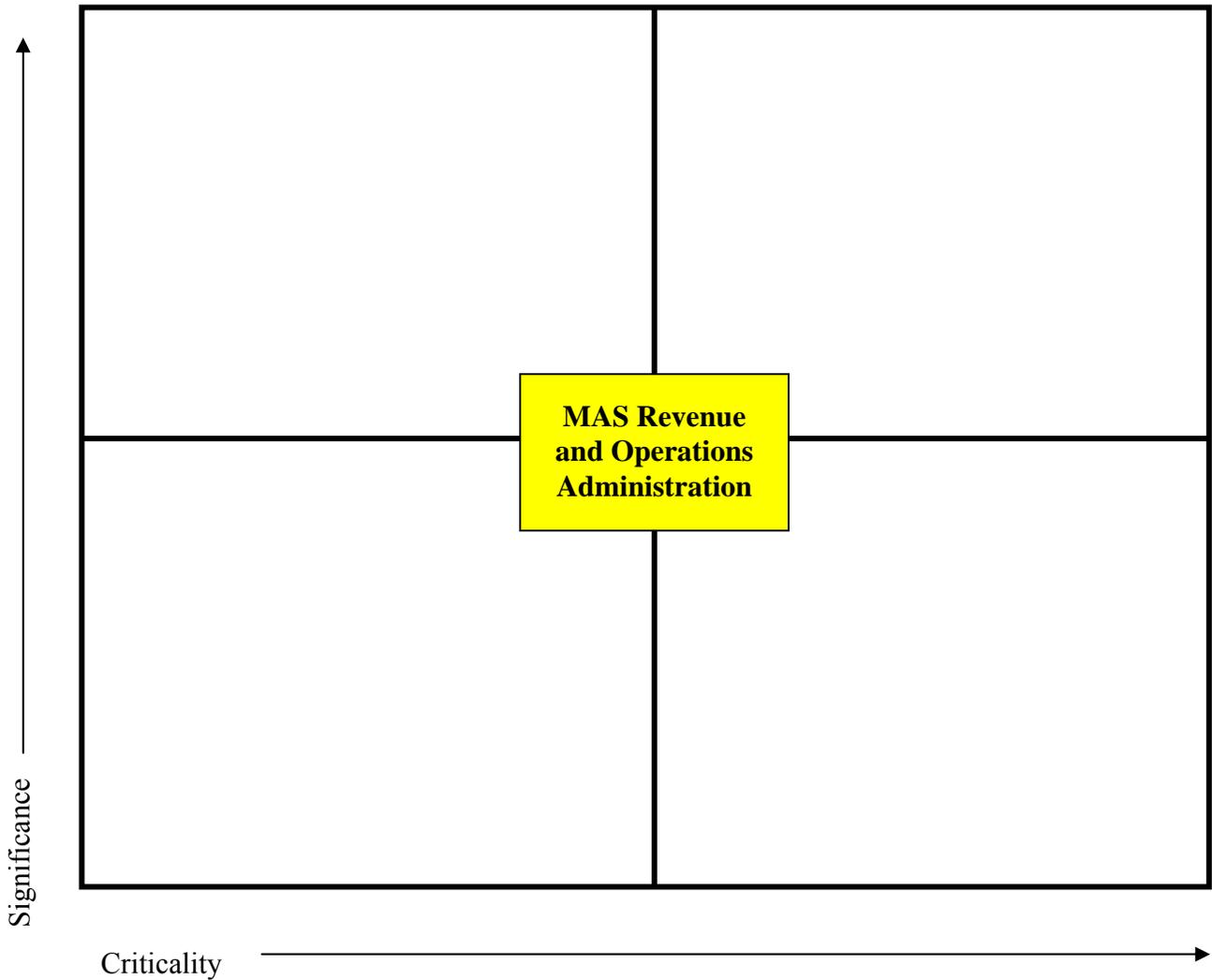
Sincerely,



Michael S. Norman, CIA, CFE, CGAP
Chief Audit Executive

cc: Louisville Metro Council Audit Committee
Louisville Metro Council Members
Deputy Mayors
Director of Public Protection
Director of Metro Animal Services
Louisville Metro External Auditors

Internal Control Rating



<u>Legend</u>			
<u>Criteria Issues</u>	<u>Satisfactory</u>	<u>Weak</u>	<u>Inadequate</u>
	Not likely to impact operations.	Impact on operations likely contained.	Impact on operations likely widespread or compounding.
<i>Controls</i>	Effective.	Opportunity exists to improve effectiveness.	Do not exist or are not reliable.
<i>Policy Compliance</i>	Non-compliance issues are minor.	Non-compliance issues may be systemic.	Non-compliance issues are pervasive, significant, or have severe consequences.
<i>Image</i>	No, or low, level of risk.	Potential for damage.	Severe risk of damage.
<i>Corrective Action</i>	May be necessary.	Prompt.	Immediate.

Background

The Louisville Metro Animal Services (MAS) division is dedicated to protecting the health and safety of humans and animals in the community. MAS is responsible for the enforcement of Louisville Metro Ordinance section 91, referred to as the Animal Care and Control Ordinance. This includes monitoring ownership responsibilities, individual and business licensing requirements, investigations regarding the possible mistreatment of animals and promoting responsible pet care through education.

MAS implemented a new animal management computer system in March 2005. This system is used to manage and track requests for service, animal intake, animal care, animal disposition and revenue administration. Activity and revenue reports using system data were developed by MAS.

The fiscal year 2007 operating budget for MAS was \$2,268,400, including agency receipts of \$722,800.

This was a scheduled audit.

Summary of Audit Results

I. Current Audit Results

See Observations and Recommendations section of this report.

II. Prior Audit Issues

The Office of Internal Audit performed a review of Metro Animal Services license fee revenue and issued a report in December 2004. MAS has made several changes since the last audit, but recognizes a risk still exists associated with the reconciliation of license tags. Mitigating this risk may not be possible at a reasonable cost. At this time, MAS is accepting the risk associated with this issue and no further actions are planned. There will be no further reporting on this issue by Internal Audit.

III. Statement of Auditing Standards

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

IV. Statement of Internal Control

An understanding of the internal control structure was obtained in order to support the final opinion.

V. Statement of Irregularities, Illegal Acts, and Other Noncompliance

The examination did not disclose any instances of irregularities, any indications of illegal acts, and nothing was detected during the examination that would indicate evidence of such. Any significant instances of noncompliance with laws and regulations are reported in the Observations and Recommendations section of this report.

VI. Views of Responsible Officials / Action Plan

A draft report was issued to MAS on July 13, 2007. An exit conference was held at the Office of Internal Audit administrative office on July 26, 2007. Attending were Dr. Gilles Meloche, Wayne Zelinsky, Ann Camp and Kim Marburger representing MAS; Ingram Quick and Mark Doran representing the Office of Internal Audit. Final audit results were discussed.

The views of MAS officials were received on August 8, 2007. An additional meeting was held at the Metro Animal Services administrative office on August 16, 2007. Attending were Dr. Gilles Meloche, Wayne Zelinsky and Jackie Gulbe representing MAS; Mike Norman and Mark Doran representing the Office of Internal Audit. The audit results and MAS' corrective action plan were discussed.

Additional drafts of action plans were subsequently received and discussed, with the final responses received on August 30, 2007. MAS' corrective action plans are in the Observations and Recommendations section of the report. The plans indicate a commitment to addressing the issues noted. In addition, the MAS Director's response is included as a separate section of the report.

LMCO §30.36(B) requires Louisville Metro Agencies to respond to draft audit reports in a timely manner. It specifically states that

*“The response must be forwarded to the Office of Internal Audit within 15 days of the exit conference, or **no longer than** 30 days of receipt of the draft report.”*

The MAS response was provided within this required timeframe.

Observations and Recommendations

Scope

The general policies and procedures for the revenue and operational activity of Metro Animal Services were reviewed. The focus of the review was the administration of service and revenue activity. This included how revenue activity is processed, recorded, and monitored. In addition, the monitoring of activity related to animal intake, boarding, care, and final disposition was reviewed. This also included compliance with Louisville Metro ordinance and applicable sections of Kentucky Revised Statutes. Applicable personnel were interviewed in order to gain a thorough understanding of the processes.

A sample of revenue and animal intake activity was judgmentally selected from the population of transactions recorded on the animal management computer system for the period July 1, 2006 through March 31, 2007. The review consisted of examining the sample of animal services computer records, along with supporting documentation (e.g., surrender forms, impound cards, deposits, and cashier closing reports.) In addition, a sample of receipts were reviewed for appropriateness and accuracy. This included verifying that fees charged agreed to the applicable fee schedules.

The information was reviewed to ensure that activity was processed accurately and appropriately and complied with applicable guidelines. The review would not reveal all issues because it was based on selective review of data. The following issues were noted.

Observations

There were several issues noted with the administration of revenue and operational activity. As a result, the internal control structure is weakened and its effectiveness impaired. The observations are as follows.

- #1 MAS Fees for Services
- #2 Animal Management Computer System
- #3 Fiscal Administration
- #4 Policies and Procedures
- #5 Animal Management Records

Details of these begin on the following page.

#1 - MAS Fees for Services

Louisville Metro ordinance chapter 91 addresses requirements of pet owners and Metro Animal Services responsibilities. The ordinance includes fee amounts for the registration, license and management of animals. Additionally, MAS determines other types of fees that are not specifically defined in the ordinance (e.g., adoptions). The following issues were noted regarding MAS fees.

- **Adoption Fee Presentation.** The manner in which adoption fees are presented leave the perception that associated charges for services do not comply with Metro ordinance. These cases are not actually infractions of the required fee amounts. Louisville Metro Ordinance authorizes adoption fees to be determined by MAS. MAS uses an internal fee schedule for dogs and cats and a uniform amount is charged for each. The individual charges (e.g., microchip) are adjusted as necessary based on the spay / neuter status of the animal in order to sum to the standard total adoption fee. This results in the appearance that the individual fees do not comply with the ordinance.
 - The Louisville Metro ordinance fee schedule requires \$25 for microchips and \$20 for FVRCP. Based on the review of Metro Animal Services' fees for adoptions, \$15 was charged for microchips. In one case, there was no charge for administering FVRCP.

- **Discretionary Deviations From Standard Fees.** While standard fees exist for routine animal transactions, MAS staff explained that discretion might be used in some instances. There are no documented guidelines for these types of cases. In addition to potential non-compliance with Metro ordinance, this could result in the appearance of preferential treatment. The following are examples.
 - Animals surrendered to MAS are sometimes available for adoption, depending on the animal's physical condition and the type of animal. The adoption fees are set at \$85 for cats and \$135 for dogs but the prices can be adjusted based on the animal's conditions (e.g., age of animal, animal's tenure at MAS). There are no specific guidelines followed when adjustments are made to the adoption fees. All adoptions and fees associated must be approved by the Animal Care Manager. The Community Education Coordinator has the ability to adjust adoption fees for offsite adoptions without the appropriate approval.
 - Pet Owners that come to MAS to reclaim their stray or lost animal must pay fees that are associated with the impoundment and care for the animal. If the pet owner is unable to pay the standard fees, MAS sometimes reduces the charges in order to return the animal to the owner. The Director of MAS must approve any such adjustments.

- **Fees for Low Income Pet Owners.** MAS staff explained that deviations may be made from standard fees for low income pet owners. These fees are sliding scale based on income and will provide surgical services for eligible pet owners. While MAS staff are expected to verify individual requests for the reduced fees, records are not retained to document eligibility (e.g., income verification).

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ MAS should ensure that all fees charged comply with applicable ordinance requirements. The adoption fee schedule could be edited with the fees required by ordinance being charged at the authorized rates. Fees that are established at the discretion of MAS (e.g., actual adoption fee, medical charges) could be adjusted in order to arrive at the standard total cost. This would result in the same total cost determined by MAS, while presenting individual line item charges in a manner that comply with the ordinance. Legal counsel should be consulted as necessary to ensure compliance with regulations.
- ✓ A written internal policies and procedures manual should be developed to guide MAS personnel in the administration of animal activity. This manual should include sufficient detail concerning the guidelines to follow when determining fees. The manual should include copies of forms used and reference to the applicable requirements. The internal policy and procedures manual should be distributed to all applicable personnel. In addition, key personnel should be trained to help ensure consistent adherence to the requirements. The internal policy and procedures should reflect the most current information and be updated periodically.
- ✓ Any cases where MAS staff discretion is used or there is a deviation from the standard should be documented. The documentation should include the reason and basis for the determination.
- ✓ Administrative review should include the routine monitoring of transactions to ensure they are being managed as intended. This could include spot checks of specific cases. Supervisory oversight could help ensure activity is processed in accordance with guidelines and requirements, along with detecting potential errors.

Metro Animal Services' Corrective Action Plan

- **Adoption Fees/Discretionary Deviations from Standard Fees.** MAS will document the type of proof of income provided, the date verified, and by whom on all future paperwork. MAS will also develop a comprehensive fee schedule for use by employees (including both fees set by the ordinance and internally established fees) along with guidelines to follow when making discretionary fee adjustments (including development of any necessary forms or documentation). Assistance will be requested from the Jefferson County Attorney's Office in reviewing the fee structure and process to ensure that all transactions are in compliance with the animal ordinance.
- **Standard Operating Procedure.** Within existing staff limitations, MAS will initiate a comprehensive review of SOPS and incorporate its existing policies (along with new policies and guidelines to be developed on fee determination) into an SOP manual. MAS will also institute a process for conducting supervisory spot checks of transactions within existing resources to ensure compliance with internal policy/procedure no later than October 2007.

#2 - Animal Management Computer System

MAS implemented a new animal management computer system in March 2005. The animal management computer system organizes functions into various modules (e.g., dispatch, kennel management). While the modules are independent, information can be linked through key information fields (e.g., Activity Number, Animal Number). The computer system is used to manage and track requests for service, animal intake, animal care, animal disposition and revenue administration. While the system operates using software purchased from a commercial provider, activity and revenue reports using system data were developed by MAS. The following issues were noted regarding the animal management computer system.

- **Computer System Access Rights.** The computer system security features do not provide for adequate controls. MAS staff with routine system access have the ability to change information in the system without oversight. The following types of issues could result in either intentional or unintentional editing of transactions without detection.
 - The MAS Director has unlimited system administrator access. This access would allow for the individual to process activity and to perform changes in records without independent oversight.
 - Cashiers have the ability to change the amount due calculated by the computer system. One case was noted in which the cashier incorrectly input an item code used to describe the nature of the charge and calculate the amount due. Instead of voiding the transaction in the computer system, the fee amount was adjusted in order to correct the total amount charged. This did not result in an accurate description of the services being recorded in the computer system. Additionally, the ability to alter system-generated charges could allow for the manipulation of revenue received.
 - Clerks have the ability to run the Cash Box Closing report at any given time during the day. At the end of each day, the individuals serving as cashiers close out their drawer and generate the activity report. This procedure allows the cashier to be aware of the cash system revenue receipt balance. This could result in an individual making unauthorized adjustments to ensure actual cash on hand agrees with the register report. This weakens the report's usefulness as an internal control / reconciliation tool and increases the risk that funds could be diverted without detection.
- **Computer System Cashier Report.** The Account Code Summary report generated using the animal management system does not provide information in a useful manner. The report does not differentiate between cash, check and credit card receipts, which makes it difficult to reconcile daily deposits. MAS staff manually note cash and credit information for each account coding on the report. This process is inefficient and limits the usefulness of the system as a reporting tool.
- **Comprehensive Fee Schedule.** Some fees charged at Animal Services are determined by Louisville Metro ordinance, while others are established by Animal Services. While standard charges are programmed in the animal management computer system, there is not any type of comprehensive listing of the fees. This does not provide for clear presentation of potential fees to the public and limits the

ability for MAS staff to ensure charges calculated by the computer system agree with intended fees. The following are examples related to the issue.

- The inventory box in the animal management system contains a list of item codes that represent different services animals can receive and items pet owners can purchase. The item codes are preset with prices that are input and updated by the Director of MAS. Although there is a fee schedule in the Animal Ordinance, the fee schedule could not be verified to the item codes due to MAS not having a data dictionary (translation) for the coding.

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ MAS staff should consider consulting with the Metro Information Technology department to discuss the possibility of computer software support. A more appropriate computer control structure for the animal management computer system would help to mitigate risks. Limiting MAS access to routine processing and report generation would reduce potential exposures, along with reducing unnecessary scrutiny for the MAS staff member who administers the system.
- ✓ Cashiers should not have the ability to manipulate amounts due based on fees programmed into the animal management computer system. Any deviations from standard fees should require approval by an authorized manager, along with documentation as to the reason of the amount charged.
- ✓ To the extent possible, the same individuals should not have the ability to receive payments and prepare activity reports. In cases where complete segregation is not feasible (e.g., staff size constraints), appropriate compensating controls should be practiced (e.g., supervisory review, monitoring).
- ✓ A cashier should not be able to prepare computer / cash system reports for activity they process. This ability should be limited to an individual independent of the revenue receipts (e.g., manager). Activity reports should record the cash system information compared to the actual revenue receipts. Any discrepancies should be reflected on the activity report.
- ✓ The feasibility of the computer system providing an enhanced closing report should be considered. The report should include sufficient detail for each account coding. For each account coding, the report should note whether the receipts are from cash, check, or credit card transactions. This report will make the process of reconciling the daily deposits more efficient and effective.
- ✓ MAS should establish a comprehensive fee schedule. The comprehensive fee schedule should include the fees for all services rendered and items sold to the public. The source of the fee should also be referenced (e.g., Metro ordinance). The internal comprehensive fee schedule should be distributed to all applicable personnel. The internal fee schedule should comply with requirements established in the applicable Metro ordinance.

Metro Animal Services' Corrective Action Plan

- On August 6, 2007, MAS implemented the Internal Audit recommendation of having a staff member who does not have journal entry or delete power to review all financial reports. The Assistant Director for Operation has assumed this responsibility. MAS will continue to require supervisory approval for any deviation from customary fees on a case-by-case basis and as stated in the previous section, will develop a process to document the reason and basis for any fee deviation along with who approved the fee adjustment.
- Additionally, MAS will enlist the assistance of Metro IT in reviewing the Internal Audit recommendations and determining the possibility of future software modifications to assist in the mitigation of risk.

#3 - Fiscal Administration

The MAS business office is responsible for the administration of the division's fiscal activity. This includes managing revenue receipts and collections. The following issues were noted regarding the administration of fiscal activity.

- **Unpaid License Fees.** MAS is not pursuing follow-up attempts for animal licenses that may be unpaid. According to MAS staff, five to six thousand letters a month are mailed to pet owners requesting their pet's license be renewed. MAS' standard practice would be to send a second notice, including late fees, if payment is not made by the end of the subsequent month.

MAS staff have postponed sending second notices because the animal management system has not been updated with all renewals. Therefore, the system can not be used to definitively determine which licenses are overdue. This does not provide proper follow-up for non-complying pet owners and likely results in lost revenue.

- **Financial Statement Reconciliation.** There is no documented reconciliation to ensure MAS funds have posted to the correct accounts on the Metro financial system. While the procedures used to administer revenue deposits does include reconciliation with the bank account, there is not any type of verification of the postings to the revenue accounts established for MAS activities. The MAS business office processes journal vouchers to distribute funds deposited in the MAS bank account. However, the distribution of activity into financial accounts descriptive of the transactions is not reviewed. Incomplete oversight of financial statements could result in inadequate reporting of information. This weakens the reliability of the financial statements and their usefulness as management tools.
- **Adoption Cashier Station.** The cashier funds in the adoption office are not managed in a manner to provide proper accountability. Funds from adoptions at MAS are placed in a cash register and multiple cashiers are assigned to work from a single cash drawer. This weakens accountability since it is not possible to attribute any discrepancies to a single individual.
- **Safeguarding of Bank Deposits.** Bank deposits may not be adequately secured and custody is not properly documented. Deposits are delivered to the bank by Animal Control Officers (ACO). There is no documented change of custody from the MAS business office to the ACO. MAS did implement the procedure of placing funds in a locked bag with restricted access during the Internal Audit review, but the documented change of custody was not addressed.

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ Efforts should be made by MAS to ensure that the animal management computer system records are updated in a timely manner. This will help ensure that the animal management computer system is recording complete and accurate information. This

will improve the usefulness of the system for monitoring and reporting purposes. Ultimately, the ability to follow-up on unpaid fees would result in compliance with Metro ordinance and increased revenues.

- ✓ A major component of any reporting system is proper reconciliation and monitoring. It is imperative that administrative staff reviews the information on a regular basis. This includes reviewing individual transactions for appropriateness, completeness and adherence to requirements, along with monitoring of activity reports. Ultimately, transactions should be reconciled to applicable source documentation (i.e., surrender forms, impoundment records, adoption agreements, Metro financial system reports and bank statements) to ensure the accurate and timely reflection of activity. In order to promote proper segregation of duties, an administrator independent of the actual processing of activity should perform this function.
- ✓ The detailed monthly financial reports should be compared to some type of source documentation (e.g., journal voucher). This helps ensure the transactions were processed as intended and posted to the proper financial centers. This also helps strengthen the reliability of the financial statements.
- ✓ To help strengthen accountability, management should restrict access to cash drawers as much as possible. Access to a drawer should be limited to the responsible cashier to provide adequate accountability. Ideally, the cash register reporting system would provide activity reports for each individual.
- ✓ Management should develop a process that clearly establishes accountability when money exchanges hands from one staff member to another. There should be documented signatures that provide acknowledgment from both parties involved in the exchange of custody.
- ✓ MAS management should consider the feasibility of using armored car services. The Metro Finance department should be consulted for assistance.

Metro Animal Services' Corrective Action Plan

- **Unpaid License Fees.** In the spring of 2007, MAS employed two temporary workers to enter licensure and rabies vaccination data to help reduce the backlog. It is recognized that additional staff resources will be necessary to ensure timely data entry and to restart the issuance of second notices. These resource needs will be considered in conjunction with review of the final consulting report from Management Partners.
- **Financial Statement Reconciliation.** MAS is in full agreement with the recommendation for supervisory oversight along with proper reconciliation and monitoring. Following recent staff instruction on how to monitor account postings, this activity will be incorporated into the monitoring routine. On August 6, 2007, MAS implemented the recommendation to have a staff member who does not have journal entry or delete power to review all financial reports. The Assistant Director for Operation has assumed this responsibility.
- **Adoption Cashier Station.** MAS recognizes the risk inherent in using a single cash drawer for funds (primarily check and credit card receipts) from adoptions, however, existing facility constraints limit the available options. Although this issue will be

fully addressed in the new facility, MAS will consult with Metro Finance for assistance in mitigating this risk in the interim.

- **Safeguarding of Bank Deposits.** At the present, MAS has a field service supervisor designate an ACO courier for bank delivery. The officer logs the courier's exit time with the dispatcher from the shelter as well as the arrival time at the bank and exit time from the bank. This activity is also documented on the officer's Daily Log. Since the current operating budget does not include funding for the use of an armored car service (approximately \$10,000/year for service three days/week), this will be considered for the future and raised for consideration during the next budget process.

#4 - Policies and Procedures

MAS staff administer animal management and revenue activity using standard forms. Ultimately, all transactions are recorded using the animal management computer system. The following issues were noted regarding policies and procedures used to administer MAS activity.

- **Operating Policies and Procedures.** There are no documented Standard Operating Procedures for the overall administration of MAS operations, to include the use of the animal management computer system. In addition, there are no documented desktop policies and procedures for MAS revenue activity. The dispatch activity was the only area in which some documented procedures do exist. This increases the risk of non-compliance with intended policies and procedures. This can lead to inconsistencies and inefficiencies with activity processing.
- **Animal Record Retention Policy.** According to MAS staff, there is no standard procedure for retaining hard copies of animal medical care records. Medical records for animals released / adopted are often retained with the payment receipt in the business office. Sometimes, animal care records are maintained in the kennel file with the surrender form, impound card, adoption documentation, etc. Some medical records may be presented to the owner / adopter. The lack of a consistent file management system prevents the ability to provide adequate oversight. For example, the inability to locate supporting files makes it impossible to definitively determine whether complete, accurate animal care activity is recorded on the MAS computer system.

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ MAS should develop a written internal policies and procedures manual. This manual should include sufficient detail for each job duty performed, copies of forms used, policies followed in the management of animals, item codings and prices that are listed in the animal management computer system along with a complete description for each item coding. This internal policy and procedures manual should be distributed to all applicable personnel and should reflect the most current information, fees, item codes and their translations. The manual should be updated periodically to help ensure current fees are included and adherence to applicable guidelines. In addition, training of key personnel will help ensure consistent adherence to the requirements.
- ✓ The MAS policies and procedures manual should apply to all receipt / impoundment of animals, boarding care, medical treatment, release, adoptions and euthanizations. Ultimately, the manual should promote compliance with all applicable Louisville Metro ordinances, along with policies and procedures. Additionally, any State requirements should also be incorporated into the documented information.
- ✓ A formal, reconciliation process for animal management and fiscal activity should be documented in the policies and procedures. The computer activity records should be compared to some type of source documentation (e.g., revenue reports, database

system records, surrender forms, impoundment records, adoption agreements). Discrepancies should be properly noted and researched. This helps ensure the transactions were processed as intended and properly recorded. This also helps to verify the accuracy of and strengthen the reliability of the activity reports.

- ✓ Routine supervisory review should be required in the documented policies and procedures. These reviews should be performed to assess the completeness of files and the accuracy of the activity, including adherence to applicable guidelines. These reviews should be documented and signed by the reviewer.
- ✓ MAS should develop a file management policy. This includes the proper use of forms, along with the retention of records. Metro Archives should be consulted as necessary.

Metro Animal Services' Corrective Action Plan

- As previously noted, MAS will continue to conduct a comprehensive review of its SOP, create necessary new policies, and compile an internal manual. MAS concurs that a comprehensive file management and record retention policy is needed to ensure that shelter records are maintained in a timely manner; include accurate and complete information; adhere to a consistent format; and are retained as required by guidelines and procedures. Metro Archives will be consulted regarding the record retention policy and supervisory oversight will be incorporated into the process to ensure compliance.

#5 - Animal Management Records

MAS staff administer animal management and revenue activity using standard forms. Ultimately, all transactions are recorded using the animal management computer software system. The following issues were noted regarding the records used to administer MAS activity.

- **Incomplete Record Information.** Several issues were noted related to incomplete file information. Incomplete record information weakens accountability and could result in distorted reports. Ultimately, this limits the usefulness of information for management and monitoring of activity. The following problems were noted.
 - Complete information was not available for activity using the animal services computer system. The MAS staff's focus is to ensure that revenues are reported timely, but license and vaccination activity is not complete. MAS is not timely in entering licenses issued by Veterinarians and rabies vaccinations. Priority has been focused on ensuring that licenses issued directly from MAS are recorded first. This is based on the fact that transactions performed by a Veterinarian office already have a license, even though it is not recorded on the computer system. Clients applying through MAS are awaiting the license tag.
 - A case was noted in which the MAS animal management system receipt recorded the sale of a microchip, but the microchip number was not recorded in the system. This does not provide for adequate accountability for the chip, does not provide adequate verification of compliance with applicable Louisville Metro ordinance, nor would the chip be useful to locate the owner if the animal were lost / found. MAS staff explained that the internal procedures for the sale of microchips had been changed since this transaction occurred in order to address the issue.
 - Several instances were noted in which documentation was not retained in the animal file.
 - A couple of instances were noted in which a surrender form was not available in the animal transaction file.
 - Another instance was noted in which the services were provided by the Stop Pet Overpopulation Today (SPOT) mobile unit. MAS staff explained that records for the SPOT services are held at MAS, but had not been organized and placed in individual animal files. MAS staff have been assigned the duty of organizing / placing the forms in the applicable files, but had not yet completed the task. Also, based on the impoundment date compared to the Impoundment Card input date, the transaction was not recorded in the MAS animal management system for approximately three months. This could be indicative of delays in recording these types of transactions.
 - In another instance, the adoption agreement was not present in one of the files examined. The agreements document that the individual adopting the animal agrees to the guidelines required by MAS.
 - While forms were present in some files examined, the information was not complete. This does not provide for sufficient information in order to verify the MAS computer records. Failure to complete documents as designed could also result in lack of review and non-compliance with guidelines and intended procedures.

- **Accuracy of Records.** Several cases were noted in which the records retained in the animal file did not agree with the information recorded on the animal management computer system. These types of occurrences weaken the reliability of information in these records and lessen their usefulness for management and analysis of activity. The following issues were noted.
 - In some cases, the MAS computer system receipt included standard charges for services, along with services at no charge when applicable. Some of the Medical Chart information was included on the receipt, while some was not. MAS staff explained that information from the medical chart that had not been recorded on the computer system was likely due to inconsistent data entry practices. Kennel management staff has been attempting to address these types of issues as changes to processing practices have been implemented.
 - In one case, it could not be determined if all animal care record details were recorded on the animal management computer system. The MAS computer system receipt included standard adoption services / charges. The record also included identification information including license and microchip information. While there was no medical chart included in the file, other services were noted in sections of the receipt report that appeared to be medical.

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ MAS management should assess the circumstances that result in delayed recording of information in the animal management computer system. Considering available resources, the processing procedures may need to be evaluated and goals established for data entry in an effort to improve timeliness. Without timely input, the system is not useful as a management tool.
- ✓ A formal, documented reconciliation process should be practiced. The computer activity records should be compared to some type of source documentation (e.g., revenue reports, database system records, surrender forms, impoundment records, adoptions agreements). Discrepancies should be properly noted and researched. This helps ensure the transactions were processed as intended and properly recorded. This also helps to verify the accuracy of and strengthen the reliability of the activity reports.
- ✓ Administrative review should include the routine monitoring of animal records to ensure they are being used as intended. This could include spot checks of specific cases. This would help ensure that records are maintained in an accurate and complete manner.
- ✓ Increased supervisory oversight could help ensure activity is processed in accordance with guidelines and requirements, along with detecting potential errors.
- ✓ MAS should review the forms used to manage animal activity. The format of these records should be updated as necessary to help ensure the information is presented in a manner to promote efficient and effective management of transactions.

Metro Animal Services' Corrective Action Plan

- In light of the pending organizational analysis by Management Partners, Inc., MAS plans to share the audit report with the consultants to enlist their assistance in incorporating the audit findings and recommendations into the action plan and timeline to be included in the final report.

Metro Animal Services Director's Response

In addition to the corrective action plan in the Observation and Recommendations section of the report, the Metro Animal Services Director provided the following response.

In response to the July 2007 Revenue and Operations Administration Review, Metro Animal Services (MAS) recognizes the importance of the issues identified in the audit report and will continue to focus attention on improving the overall operational and fiscal administration of agency activity to address the identified deficiencies. As the local government agency responsible for animal care and services, MAS is charged with ensuring effective fiscal management and operational efficiency, while also fulfilling its humane mission to protect and serve the animals of this community. The first and foremost concern of the facility is the safety of the public and animals along with the care and well being of over 15,000 animals in need of immediate care and services. The Metro Animal Services vision, mission, goals and objectives are provided as part of this response.

It should be noted that MAS has been in the midst of significant transition as a result of new leadership, internal operational changes, passage of the Metro Animal Ordinance (Chapter 91), and ongoing efforts by the administration to address agency needs that had previously remained unmet. As MAS continues to evolve, there remain a number of administrative and operational areas that need to be addressed and MAS is continually striving to strengthen the internal systems and processes that support these activities. In order to gain a better understanding of overall agency needs, Management Partners, Inc., a national consulting firm that specializes in helping local government leaders improve the way their organizations serve the public, was enlisted through an RFP process in April 2007 to conduct a comprehensive and objective organizational assessment of Metro Animal Services. It is anticipated that the findings from this study will guide future efforts to address staffing, operations, and other resource needs and to guide corrective action in regard to the audit report.

Although additional staff positions have been added for critical field operations in the recent past, the overall agency workload has continued to increase which has placed additional strain on existing resources. As a result of the increased capacity for handling more animals in the field and through enhanced community outreach, internal processing demands have continued to rise and have outpaced the capabilities of the existing infrastructure. It should be noted, however, despite the increased workload and demand for services, agency personnel have risen to the challenge and continued to demonstrate their professionalism, commitment and dedication to the care of animals in this community.

As referenced above, MAS has experienced a number of dramatic changes over the past two years in an effort to enhance the quality of care and reduce the number of animals required to be euthanized. Specific items of impact include the following:

- ☞ Implementation of the new Metro Animal Ordinance (Chapter 91)
- ☞ Development/creation of new forms and protocols to ensure accountability
- ☞ Renovation and reorganization of the facility to be more functional and customer friendly, and to create new programs (i.e., free roaming cat room and medical/surgical suite)
- ☞ Addition of office and storage space (trailer park)

- ☞ Expanded volunteer program
- ☞ Establishment of an animal preventive medicine program
- ☞ Creation of a medical/surgical care program
- ☞ Initiation of a low-income, low-cost spay/neuter program
- ☞ Institution of community outreach, educational programs, and related projects
- ☞ Addition of an adoption program
- ☞ Addition of a mobile clinic (S.P.O.T) and institution of programs and events to promote adoption, licensing, and low-cost surgery
- ☞ Increased intake and field activities
- ☞ Addition of new fully equipped transport units for the Animal Control fleet
- ☞ New staff responsibility for conducting investigations under the ordinance
- ☞ Increased licensing
- ☞ Initiation of second notice mailings for delinquent licenses
- ☞ Data entry of rabies vaccination information
- ☞ Euthanasia training and certification
- ☞ Field Service training to become NACA certified
- ☞ Continuing staff education (Disaster Training, Chemical Immobilization, Animal Behavior Training, etc)
- ☞ Implementation of animal sheltering software and networking of departments
- ☞ Increased sophistication of in-house database and reports to better serve agency needs and requests
- ☞ Equipment improvements
- ☞ Creation of a non-profit organization, SPOT Fund Inc., to serve as a fundraising entity



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VISION

Metro Animal Services endeavors of being a benchmark in animal sheltering with a multitude of impeccable animal services including all human features that exceed the customer services apprehended by our community.

MISSION

Metro Animal Services is dedicated to protecting the health and safety of all humans and animals as they relate to each other in our community. With the utmost courtesy and professionalism we: investigate all suspected situations of animal cruelty and/or neglect, enforce all aspects of the ordinance that governs animal behavior, ownership and responsibilities and maintain accurate license information on all individual animals and businesses. Educate the community regarding responsible pet care through programs and services that teach pet owners how and why it is important to be part of the responsible pet owning community. Bestow professional care and medical attention to all animals impounded or received by our department. Create innovative and proactive programs that will eliminate the largest cause of cruelty, pet overpopulation and fulfill the need of spay/neuter services for financially challenged individuals. Adopt as many adoptable animals as responsibly possible or favor their return to their family. Ensure healthy departmental management and generate revenues to be financially self-sufficient. Being the Animal Care authority and becoming the leader in creating a responsible pet owning community.

GOALS & OBJECTIVES

☞ Decrease euthanasia of adoptable animals

- ☞ Increase external adoptions via partnership, satellites and SPOT events*
- ☞ Strengthen the quality of our services for future adopters*
- ☞ Provide follow-up and post adoption behavior's training support*
- ☞ Continue to provide a more accessible and attractive environment to the public who are viewing adoptable animals*
- ☞ Reinforce the behavior assessment program for every animal put for adoption*
- ☞ Promote our foster program for MAS animals*
- ☞ Promote MAS as the first place to look for a new companion or to retrieve your lost animal*
- ☞ Afford the maximum chance for every adoptable animal to be adopted*
- ☞ Continue to expand SPOT's (our mobile unit) off-site adoptions.*
- ☞ Develop stronger programs and partnerships for off-site adoptions*

☞ Reduce pet overpopulation

- ☞ Continue to improve our spay/neuter programs to reach the pets' owners who are responsible for overpopulation
- ☞ Assist with SPOT, our mobile clinic, off-site spay/neuter programs and related education
- ☞ Educate and apply our animal ordinance on irresponsible breeding
- ☞ Launch humane education seminars favoring responsible pet ownership

☞ Provide a better environment for all impounded animals

- ☞ Put in place a cleaning and disinfecting protocol
- ☞ Manage a veterinary prevention program
- ☞ Expand our volunteer program to provide special attention (walks, training, blankets, toys, play time, etc.) to impounded animals

☞ Establish a strong community outreach program

- ☞ Expand our educational school program adapted to each grade level
- ☞ Participate in a larger number of community events
- ☞ Create a public awareness campaign and materials to educate the community on pet related topics
- ☞ Develop web-based information group
- ☞ Promote our volunteer program throughout the community
- ☞ Create a business plan for SPOT maximizing adoption, licensing, spay/neuter program and promotional events
- ☞ Establish a strong customer service standard
- ☞ Develop relationships with neighborhood groups, associations and organizations

☞ Improve neighborhood protection against animal nuisance and cruelty and aggressive dogs

- ☞ Educate and apply our animal ordinance relating to irresponsible owners and breeders
- ☞ Create an investigation team on animal cruelty, neglect and various forms of abuse, i.e. dog fighting
- ☞ Stimulate and allow more field investigations
- ☞ Intensify animal control officer training
- ☞ Work with LMPD and address problem areas within each district and promote education and enforcement
- ☞ Attend more neighborhood meetings and educate the public on ways they can assist us to resolve animal issues
- ☞ Monitor follow-up investigation and canvassing to increase ordinance compliance
- ☞ Institute classes for cited animal owners to modify animal behavior and educate owners on responsibilities

☞ Increase pet licensing

- ☞ Create and control an efficient online licensing program

- ☞ Send license application for each rabies vaccination entered in our database that are not matched with a current license

☞ **Staff Training**

- ☞ Provide internal training on the animal ordinance to all staff
- ☞ Create and updated SOP and to train each new employee section by section
- ☞ Certify all animal care/control employees for euthanasia by injection
- ☞ For all staff to be up-to-date on all of the necessary OSHA training
- ☞ Increase the amount of training our officers receive from the police force
- ☞ Increase our number of CDL drivers for SPOT

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