



Jerry E. Abramson
Mayor
Louisville Metro Council

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Office of Internal Audit

Metro Animal Services

Animal Adoption Agency

Report

Office of Internal Audit

Metro Animal Services

Animal Adoption Agency

September 2009



Metro Animal Services

Animal Adoption Agency

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OFFICE OF INTERNAL AUDIT
LOUISVILLE, KENTUCKY

JERRY E. ABRAMSON
MAYOR

MICHAEL S. NORMAN, CIA, CFE, CGAP
CHIEF AUDIT EXECUTIVE

DAVID W. TANDY
PRESIDENT METRO COUNCIL

Transmittal Letter

September 1, 2009

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

The Honorable Kelly Downard
Chairman of Government Accountability and Oversight Committee
City Hall
Louisville, KY 40202

Subject: Investigation of Metro Animal Services - Animal Adoption Agency

Introduction

As requested, an investigation of Metro Animal Services' animal adoption activity through the Animal Adoption Agency, Incorporated was performed. This included a review of the relationship / agreement between Metro Animal Services and the Animal Adoption Agency, Inc. (AAA). The primary focus of the investigation was adoption activity associated with the AAA agreement.

The review 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.

Background

Metro Animal Services (MAS) entered into a trial agreement with the Animal Adoption Agency near the end of calendar year 2008 (approximately November). The agreement was to create a partnership between the two entities on a trial basis for a period of three months. The agreement allowed for MAS to provide fully vetted cats, dogs,

kittens and puppies to AAA to offer for adoption. Many stipulations were noted within the agreement to include suggested adoption fees and MAS' portions, medical care for animals, forms to be used, submittal of adoption documents, payment to MAS, and expense responsibilities. The agreement was signed by the MAS Director and AAA owner.

Scope

An understanding of the arrangement between MAS and AAA was obtained through interviews of key personnel and examination of supporting documentation. This included obtaining an understanding of the policies and procedures for processing, recording, monitoring, reconciling, and reporting of activity. Specific areas included in the investigation were as follows.

- Policies and procedures for AAA activity, including financial transactions.
- Agreement between MAS and AAA, focusing on the legality of the arrangement.
- Testing of inventory and revenue activity.
- Response to open records request of April 6, 2009.
- Commercial Driver's License (CDL) compliance for the SPOT mobile clinic.

Reviews of activity were from inception of the agreement through the field work date (approximately November 2008 through May 2009).

Results

While an audit opinion is not expressed, several issues were noted that indicate the internal control structure is inadequate. Examples include the following.

- **Trial Agreement.** The trial agreement between Metro Animal Services and the Animal Adoption Agency is not a valid contract. Only Metro Government can contract; this agreement was signed in the name of MAS.
- **Inventory Verification.** Inventory verification was very cumbersome, and it was necessary to have the involvement of AAA personnel in identifying the animals. Though MAS assigns unique identification numbers to animals, AAA uses names to track animals. The animals are not tagged or kept in separate cages within the various rooms at AAA.
 - There were several discrepancies with the AAA inventory. In some cases, animals could not be physically verified and information for the animals could not be located.
 - Several non-MAS animals were at the AAA facility.
- **Revenue Data.** There are issues with the MAS inventory system that undermine the reliability of the animal adoption data. As a result, outcome / adoption reports may produce different results depending on when they are prepared.

- **Revenue Verification.** If MAS had adopted the animals at its normal fees (\$135 dogs, \$85 cats) instead of the AAA fees, MAS would have received \$4,829.50 more. It is important to note that there is no assurance that the animals would have been adopted without the assistance of AAA. Therefore, the total MAS fees need to be considered in terms of \$0 as an outcome.
- **Revenue Documentation.** There were several cases where adoption support documentation was inadequate (missing, incomplete, or did not agree with other support documents). This impairs the integrity of the activity data and weakens accountability.
- **Commercial Driver's License.** MAS employees operated the SPOT vehicle without the appropriate Class A Commercial Driver's License. This created a tremendous risk exposure for MAS and Louisville Metro Government.
- **Open Records Request.** There were no compliance issues noted. It appears the open records request dated April 6, 2009 for AAA records was properly addressed.

Details of the issues noted can be found in the Results section of this report. The implementation of the recommendations in this report will help improve the internal control structure and effectiveness of the administration of AAA adoption activity.

Corrective Action Plan

A draft report was issued to Metro Animal Services on July 23, 2009. An exit conference was scheduled for August 4, 2009. Due to the August 4, 2009 flash flood that severely impacted MAS, the exit conference was postponed until August 14, 2009. Attending were Dr. Gilles Meloche, Captain Wayne Zelinsky, and Belinda Catman representing MAS; Mary Ann Wheatley and Michael Norman representing Internal Audit. The results were discussed.

The views of MAS officials were received on August 31, 2009 and are included as corrective action plans in the Results section of the report. The plans indicate a commitment to addressing the issues noted.

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.**”*

Due to the impact of the August 4, 2009 flash flood, MAS was provided an extra week to respond to this report. MAS' response was provided within this timeframe.

We will continue to work with MAS to ensure the actions taken are effective to address the issues noted. Please contact me if we can be of further assistance or if you have any questions.

Sincerely,



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

cc: Louisville Metro Council Government Accountability and Oversight Committee
Deputy Mayor
Director of Metro Animal Services
Louisville Metro External Auditors

Metro Animal Services' Response

Metro Animal Services provided a general response to help clarify the department's mission, goals, objectives, and operations. This response begins on the following page. In addition, MAS provided detailed corrective action plans, which are located with each specific result. The general response and detailed corrective action plans should be considered as MAS' response.



3705 Manslick Road
Louisville, Kentucky 40215
Phone: (502) 361-1318
Fax: (502) 363-9742

Email: animals@louisvilleky.gov
Web site: <http://www.louisvilleky.gov/AnimalServices>



Subject: Investigation of Metro Animal Services - Animal Adoption Agency

Introduction

Metro Animal Services (MAS) wants to thank the office of the Internal Audit for the hard work accomplished and the perseverance and commitment shown during this investigation. Also, we are very thankful for the chance provided to answer, clarify and address the different issues, results and recommendations included in the report. A special thank you must be given to the Animal Adoption Agency (AAA) for their collaboration with the office of the Internal Audit and MAS.

Based on the nature and scope of the questions asked during the investigation, MAS realized that its mission, goals, objectives, operations and organization may not be clearly understood by those outside of the organization. Therefore, I am attaching the MAS Strategic & Operational Plan Summary since the report addresses having this plan in place and I provide the necessary information on the nature of the animal services business that clarify each MAS action brought to light in this report.

Is the partnership between MAS and AAA coherent with the plan? The mission states to adopt as many adoptable animals as responsibly possible. The first strategic goal of MAS is to reduce pet overpopulation and thereby decrease euthanasia of adoptable animals. The first objective is to promote, develop, implement and control programs, projects and events that will help us meet this goal. One of the vehicles to reach this objective is to increase our offsite adoptions and satellites as well as work with other agencies to have our animals at their locations to be adopted. The partnership is an attempt to reach this goal.

Does MAS have other partnership with other organizations? MAS works with several animal welfare groups and humane organizations to reach the same goal of adopting more animals. However, AAA is the most important organization, considering in the last two years they have taken the largest number of animals from MAS to be adopted and has shown the ability to attract a clientele which for varying reasons, does not consider MAS a source for adopting animals. MAS is currently working on a new satellite partnership and reviewing the one with a current partnership to continue the saving of adoptable animals.

Why did MAS enter into a trial agreement with AAA? Six months before the trial agreement, AAA was getting most of its animals from MAS as a licensed animal welfare group, but was accepting animals from the public and other sources, and they were at a point of closing because of the overwhelming numbers. Because of the important work AAA was doing, MAS was trying to help by providing suggestions and also issuing notice to guide its actions to avoid the closing of AAA forcing MAS to euthanize adoptable animals. One supervisor suggested that we look at the possibility of having only MAS animals at AAA and use them as a satellite. After several discussions, it was decided that it was very important to preserve the partnership with AAA, but that we

should put the guidelines in writing and proceed on a trial basis, allowing for adjustments and improvements, while not locking MAS into a contract where it would be unable to do so. We met with AAA and established the guidelines of the partnership and agreed on a trial for a minimum of three months. Both parties had in mind the objective of saving more adoptable animals as the core of the partnership.

What did MAS gain by changing the partnership with AAA to a satellite instead of the previous partnership? The closure of AAA would have been detrimental to MAS by increasing the number of animals euthanized instead of being adopted. The location and the demographic of AAA clientele, which is very different than the one from MAS, allow MAS to significantly increase the number of adopted animals. MAS was able to considerably reduce the expense linked to adoption: human resources for cleaning cages, exercising, grooming and manipulation of the animals, customer services and adoption processing; building space and maintenance; and publicity. MAS maintains a similar revenue per animal; during six months of adoptions the total average receipt for AAA was approximately \$100 and \$107 for MAS. However, MAS receipts contain other services such as licensing other animals and donations (average of \$5 per receipt) not available at the AAA satellite. Therefore, we can consider the revenue to be similar. Thereby, the bottom line for every animal adopted MAS has fewer expenses, identical revenue, the animal was not euthanized and became a family member of a happy family and all the stress and cost related to euthanasia was eliminated. Both partners knew that several adjustments would be needed during the trial.

What MAS lost by changing the partnership with AAA as a satellite instead of the previous partnership? Other than the food and cleaning products that would be used anyway if the animals were housed at MAS, the transportation of animals to AAA's location is a new expense. However, MAS saw a great opportunity to analyze and plan the transport function that will be required for the new adoption facility planned to open by the end of this year. The similarity of the transport requirements and documentation have provided a perfect testing to be able to implement and control the future transport to the new adoption center. Also, the transport is standard with the other satellites such as PetSmart and Barkstown.

What MAS risked by changing the partnership with AAA as a satellite instead of the previous partnership? The risk is based on the fact that every animal coming to MAS is a liability until it is returned to its owner or becomes the property of MAS and the animal is adopted to a new home. Despite the fact that on a sentimental and humane standpoint every animal should have an inestimable value, on a corporate financial standpoint every animal owned by MAS is a recurrent sunk cost and may become an asset if and only if the animal is adopted or transferred to another animal welfare group for a monetary value. Hence, the risk was that AAA will not be able to adopt MAS animals. If this were the case, the animals could be returned to MAS and continue their status as a liability until the animal becomes an asset for MAS (is adopted), or an alternative decision is made regarding its status (foster, transfer to another animal welfare group or satellite, euthanasia). The average number of animals adopted by AAA is close to 50 per month. MAS has no asset involved (other than the animals if they are adopted) and was not disbursing any form of money payment to AAA.

What happens if AAA ceases to disburse the money due to MAS? As with any other group that has a partnership with MAS the supply of animals will be interrupted temporarily or permanently. Similarly, as with any group that does business with Louisville Metro, and the matter may be turned over to the County Attorney's office for review and collection.

Why a trial agreement was signed if no signed agreements are established with other animal welfare groups? MAS has a Transfer Policy in place that governs the transactions with all the animal welfare groups including AAA. The new venue of AAA as a satellite for MAS was beyond the Transfer Policy due to the sheer numbers of animals adopted. Therefore, two avenues seemed plausible at that time: create new policies and procedures for satellites or enter into a contract with AAA. Both avenues needed further research and development prior to implementation, therefore a trial agreement seemed the perfect tool, since no monetary disbursement to AAA was involved, to find which one would be a better fit for MAS and its future satellites or simply to find if MAS should have satellites or not. The trial agreement would allow time to analyze, plan and gain the experience on what should be included in the policy or the contract. The biggest advantages of a contract would have been to be able to run the satellite in the same manner as MAS by acquiring the necessary equipment and being in a position to obtain the necessary staffing for the operation. On the other side the process to develop, obtain, approve and maintain a contract is fastidious, and would lock MAS into an untested and unproven venture, with no means of severing the relationship should it prove to be unsuccessful. The policy is certainly less fastidious and can be modified at any time, but the involvement of MAS is more limited and the result diminished.

How is the data from a satellite such as AAA kept at MAS? MAS possesses an animal shelter database “Chameleon” that is very sophisticated requiring some experience to properly understand the software, but the benefits are substantial allowing MAS to link all the activities of MAS to each animal and owner. Since all the animals located at a satellite are the property of MAS until adopted, all the animals at AAA are entered in Chameleon under a specific kennel number (AAA) just like the animals located at MAS, which also have unique kennel identifiers. Therefore, when an animal is adopted it becomes the property of the new owner and we can search, just like an animal adopted or claimed by its owner at MAS, all activities linked to the animals and owners including the receipt of the adoption to the owner, but not to the satellite. Although an animal becomes the property of the owner when claimed, adopted or transferred, under the Chameleon system the animal will be shown under the possession of MAS until a receipt is generated and MAS possesses all the necessary paperwork; the animal will show in the animal inventory until it has physically left the premise and a receipt has been generated. This concept ensures that the payments from owners, animal welfare groups and satellites have been received. However, the status of the animal will be modified to reflect its new adopted status which also removes the animal from the available list and web sites such as PetHarbor and Petfinder for adoption. MAS has also created a new animal inventory list that is showing only the animals that are present at the satellites.

How payments from a satellite is applied to MAS Chameleon system? Payments are applied to each specific animal’s owner to ensure the same accuracy in the Chameleon system than the adoptions at MAS facility. MAS had to conceive a computer report that was able to extract all adoptions specific to one kennel. This report just gives an overview of what happened in the past and does not reflect the present as mentioned above.

How does MAS control the inventory of the satellites and ensure all payments are received? MAS has specific inventory reports to verify the animal inventory at MAS, its satellites and in foster homes. The animal inventories are governed by the Inventory Policy under the responsibility of the Animal Care Manager. As mentioned above any animal stays in the inventory until a specific payment is received for this animal. Thereby, it allows MAS to ensure that every payment is received. The inventory is done by code scanner at MAS and with microchip scanners at satellite and foster homes. Any

discrepancy is investigated by the Animal Care Manager or designee. Animals with an adopted status that have left the premise of a satellite, but have not received a payment will appear on the inventory and a notice will be given to the satellite to send the payment if it should have been received.

What are the fees to adopt an animal at MAS or one of its satellites? Since the adoption fee is not under the animal ordinance MAS practices a marketing strategy that will favor more animals to be adopted and would help MAS to generate revenue that will cover as much as possible the care, vaccines, microchips, surgeries and other treatments given to the animal. MAS is conscious that it is impossible to recover all the costs associated with any animal through adoption and tries to focus primarily to favor adoption by adjusting fees and providing promotion fees. MAS tries to indicate in its receipt all the care, vaccines, microchips, surgeries and other treatments given to the animal to show to each adopter the effort provided by MAS to adopt better animals. Therefore, currently MAS adoption receipts reflect microchips, vaccinations, s/n surgeries, license and other treatments that a particular animal receives, but MAS does not charge the adopter the fees under the ordinance that are charged to an animal claimed by its owner since all these care were given to the animal during MAS ownership. Charging all the fees prescribed in the ordinance to an adopter would preclude most adoptions; this is the major reason why the adoption fees were removed from the ordinance. Only the animal license issued to the owner at the time of the adoption should be charged as a separate item. However, an adopter who requires a service for another animal in her/his possession will be charged as required under the ordinance.

Who is AAA? AAA is a non-profit organization that possesses a Louisville Metro Animal Welfare Group Permit. AAA has been working with MAS as an animal welfare group for more than two years.

Louisville Metro Government

METRO ANIMAL SERVICES STRATEGIC & OPERATIONAL PLAN SUMMARY

VISION

Metro Animal Services will become a national model animal welfare agency by setting new benchmarks in animal sheltering and offering a broad range of impeccable services for animals and pet owners which greatly expand the services currently available to our community. Serving as the Animal Care Authority for Louisville Metro and becoming the leader in creating a responsible pet owning community.

MISSION

Metro Animal Services is dedicated to protecting the health and safety of all humans and animals 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. Provide professional care and medical attention to all animals impounded or received by our department. Create innovative and proactive programs that eliminate the common factors of cruelty, pet overpopulation and address the need of spay/neuter services for financially challenged individuals. Adopt as many adoptable animals as responsibly possible or promote their return to their family. Ensure healthy departmental management and generate revenues to be financially self-sufficient.

STRATEGIC GOALS & OBJECTIVES

🐾 Reduce pet overpopulation and thereby decrease euthanasia of adoptable animals

1. Promote, develop, implement and control programs, projects and events that will help us meet this goal
 - A- Reach 200 adoptions per month with a goal of reaching 300 adoptions after the opening of the new Adoption Center. The adoptions rate should account for 20% or more of the animals leaving MAS.
 - B – Design and implement an adoption promotion each month to attract more and new adopters.
 - C - Increase our offsite adoptions and satellites. Work with other agencies to have our animals at their locations to be adopted. Take SPOT to at least 50 offsite events for adoptions each year
 - D – Increase the number of Return to Owner to 150 or more of animal outcome each month. Promote PetHarbor as a resource for owners looking for lost animals. Promote MAS as a destination for finding lost animals through media.
 - E - Increase the rate of animals placed with animal welfare groups to 10% per month. Create an all-inclusive list of permitted and approved animal welfare groups who can take animals that MAS cannot place either due to behavior, illness/injury, age or time and space issues. Draft by May 2009.
 - F – Decrease our euthanasia rate to less than 60 % of the total animal outcome for 2009.
2. Provide a more accessible, efficient and attractive environment to the public and the animals
 - A – Build a new Adoption Center (Phase 1) by the end of 2009.
3. Improve and augment our spay/neuter programs to reach pet's owners who are responsible for overpopulation
 - A - Launch humane education seminars favoring responsible pet ownership.

Measure: a monthly report will be run from Chameleon.

Provide a better environment for all impounded animals

1. Provide a healthy environment for the animals during their stay by improving the kennels, cages or display based on budget.

2. Enhance the health quality of the animals by increasing preventive medicine and medical attention.

Measure: a monthly report will be run from Chameleon.

3. Build a new shelter for all impounded animals within five years.

OPERATIONAL GOALS & OBJECTIVES

#1 Implement a cleaning and disinfecting protocol. *Leader: Animal Care Manager*

Finalize the protocol by March 2009.

Train staff and volunteers on the new protocol by April 2009

Measure: production of the Protocol and training signing sheets

#2 Improve Public Protection

A - Stimulate and allow more field investigations. *Leader: Animal Control Supervisor*

Conduct investigations on all animal bites,

Conduct investigations for nuisance and at-risk animals,

Conduct investigations on unlicensed breeders.

Measure: A spreadsheet will be kept tracking the number of investigations completed.

B - Monitor and ensure proper follow-up for all incomplete investigations

Create sequences to activities using Chameleon to ensure follow up.

Measure: the number of sequences created and effective results in Chameleon

C – Canvass neighborhoods with high animal control activities to increase ordinance compliance.

Lieutenants will create canvassing activities

Measure: the number of canvassing activities created in Chameleon

#3 Establish a strong community outreach program. *Leader: Assistant Director for Community Relations*

A - Develop a public education program for all ages and levels of comprehension.

Develop a curriculum that meets the guidelines for JCPS core curriculum in phases: Pre-K, Elementary, High School, College, University and MAS “Pet School” as well as all different community groups and organizations,

Create a cohesive series of educational material for MAS,

Recruit volunteer educators to assist in the program,

Increase the number of school pet related clubs and their involvement as volunteers at MAS by June of 2009,

Develop a “Pet School” similar in concept to “Traffic School” for people we have cited by May 2009,

Develop a tracking form to monitor the number of individuals and classrooms we reach with our education programs by December 2009.

Measure: The number of requests for visits and the number of individuals and classrooms/organizations actually visited.

B - Attend neighborhood meetings and educate the public on ways they can assist us to resolve animal issues.

To increase awareness and education of the public by having an officer that commonly works an area to attend a neighborhood meeting in each district with the education department.

Measure: number of and meetings/presentations attended.

#4 Collect 10% of balance due accounts by the end of the fiscal year. *Leader: Business Manager*

Send reminder letters and make phone calls to collect funds due.

Send uncollectable accounts to the Jefferson County Attorney's Office for legal action.

Measure: a report will be run from Chameleon to show the present balance, a spreadsheet will then be kept to track the collection of funds due.

#5 Manage a veterinary preventive program. *Leader: Animal Care Manager*

Implement a Preventive Medicine Protocol decreasing diseases and deaths and providing better adopted animals. Train all staff and volunteers by April 2009,

Review our current vaccination policy and determine the cost/benefit of expanding the number and type of animals we vaccinate by March 2009.

Measure: a report will be run from Chameleon monitoring preventive and medical treatments and death.

#6 Develop an organized program of trained volunteers who will serve as ambassadors by May of 2009. *Leader: Assistant Director for Community Relations*

Schedule convenient orientation meetings and recruit new volunteers,

Provide training, guidance and role descriptions to new volunteers with incentives to grow in their role as a volunteer,

Recruit volunteers for specialized projects and programs that will peak our volunteers' interest and foster commitment.

Measure: track with Chameleon volunteer hours and accomplishments to log 3,000 volunteer hours by the end of this fiscal year.

#7 Increase pet licensing. *Leader: Business Manager*

A - Increase the number of online license to 1,000 by the end of the fiscal year.

B - Increase the number of Veterinary Clinics or other offices that sell license tags by 5% by the end of the fiscal year,

Prepare training manual for Veterinary Offices to simplify the licensing procedures,

Contact new Veterinary Offices as well as Veterinary Offices that have sold license tags in the past and negotiate with them to start participating again

C - Improve the accuracy of licensing data by merging duplicates. Merge 1,000 duplicate by the end of the fiscal year.

D - Decrease the amount of data input by staff by increasing the number of fields that we can enter abbreviations by 25 % by the end of the fiscal year.

E - Enter all rabies certificates received to send license applications by the end of the fiscal year.

Measure: a report will be run from Chameleon

#8 Create an annual event calendar/promotion and to continue to maximize our involvement in events. *Leader: Assistant Director for Community Relations*

Establish a "buy-in" program for events, programs and business who request S.P.O.T. in order to cover the costs of our appearances and to ensure successful events by March 2009,

Establish annual promotions/events that the community knows and recognizes that generate annual revenue,

Identify grant giving resources for 2009 by December 2008 and to begin applying according to application deadlines,

Develop articles for neighborhood newsletters and small publications that can be used as needed.

Measure: a tracking system that will tally the results of all meetings & events MAS attended, the number of adoptions, requests for S.P.O.T., donations and media coverage. Calculation of the revenue from promotions, events and grants to reach \$250,000 in revenue for the fiscal year

9 Create an updated SOP and train each new employee section by section. *Leader: Assistant Director for Operations*

An SOP will be in place by April 2009.

Incorporate SOP training weekly in division staff meetings.

Measure: A spreadsheet will be kept tracking the number staff that completes SOP training.

#10 Develop, Implement and Control adequate staff training. *Leader: Assistant Director for Operations*

A - Provide internal training on the animal ordinance to all staff.

Complete training to all staff on the animal ordinance by May 2009.

Provide ordinance training to new Animal Control staff within 120 days of their start date.

B - Certify all animal care/control employees for euthanasia by injection.

Complete certification of euthanasia by injection to 70% animal control officers by March 2009.

Provide euthanasia by injection training to new animal care staff within 120 days of their start date.

C - Certify all animal control officers in N.A.C.A. I & II & III. *Leader: Animal Control Supervisor*

Certify all animal control officers by June 2010 in NACA I & II & III.

D - Develop and implement an internal training for all new employees and a continuing education for all staff on customer service and any new policy and protocol.

Measure: A sign sheet and spreadsheet will be kept tracking the number staff that completes the training.

#11 Create and implement a Citizen's academy. *Leader: Assistant Director for Operations*

Conceptualize and organize the academy plan by March 2009

Schedule the first academy by the end of the fiscal year

Measure: submission of the project plan and update to the management team each month.

Results

Several issues were noted with the administration of Animal Adoption Agency (AAA) adoption activity. As a result, the internal controls for administering the adoption activity are inadequate. The observations are as follows.

- #1 Revenue and Inventory Management
- #2 Commercial Driver's License
- #3 Open Records Request

Details of these begin on the following page.

#1 – Revenue and Inventory Management

Scope

Interviews were conducted with key personnel in order to obtain an understanding of the policies and procedures for Animal Adoption Agency adoption activity. This focused on Metro Animal Services current policies and procedures associated with revenue from AAA adoption activity. This included how activity is processed, recorded, monitored, reconciled, and reported. The following reviews were performed.

Inventory. On May 21, 2009 the Office of Internal Audit performed a physical verification of the animal inventory at AAA. The purpose was to determine if MAS animals were physically present, and that MAS records were accurate and reliable. A kennel list of animals at AAA, provided by MAS, was used to account for the animals.

Revenue. The AAA adoption revenue activity was reviewed by examining supporting documentation and records associated with the adoptions. This covered adoptions from the inception of the agreement through the field work date (approximately November 2008 through May 2009). The adoption activity was identified using an Outcome by Kennel report provided by MAS.

- Documentation reviewed included MAS receipts, adoption agreements, AAA receipts, daily closing reports and daily deposits. Fees were verified to Louisville Metro Ordinances and MAS schedules to ensure proper amounts were collected. Financial activity was verified to Metro’s financial system to ensure it was posted accurately.
- Bank statements and financial statements provided by AAA were also reviewed. The purpose was to obtain assurance as to the completeness of adoption data. In addition, confirmation letters were sent to 10% of the adopters identified in the review. The purpose was to obtain assurance as to the accuracy of the adoption data.

Results

Several issues were noted with the revenue and inventory management of AAA adoption activity. As a result, the internal controls for administering the adoption activity are inadequate. The observations, which begin on the following page, are as follows.

- #1A) General Administration
- #1B) Inventory Verification
- #1C) Revenue Data Limitation
- #1D) Revenue Verification
- #1E) Revenue Documentation
- #1F) Potential Conflict of Interest

#1A) General Administration

Several issues were noted with the general administration of the AAA adoption activity. Examples of the issues include the following.

- **Trial Agreement.** Metro Animal Services entered into a Trial Agreement with the Animal Adoption Agency, Inc. around November 2008. The agreement created a partnership between the two entities on a trial basis for a period of three months. It allowed MAS to provide fully vetted cats, dogs, kittens and puppies to AAA to offer for adoption. Many stipulations were noted within the agreement, to include AAA's payment to MAS for their portion of the adoption fees. Some issues were noted regarding the validity of the trial agreement.
 - According to the Jefferson County Attorney's Office, the trial agreement is not a valid contract (i.e., it is not an agreement which legally binds Metro). The agreement was signed in the name of MAS. However, a department cannot enter a contract on its own; only Metro Government can contract.
 - According to the Risk Management division of Metro Finance, the agreement was not reviewed by their office. This resulted in the omission of insurance coverage requirements, which would have normally been included since the agreement involves Metro assets (animals) at the AAA location. The lack of insurance coverage creates a risk exposure for MAS and Metro Government.

- **Policies and Procedures.** MAS does not have documented policies and procedures to guide personnel in the administration of animal adoptions. This can create inconsistencies and inefficiencies with activity processing, and increases the risk of noncompliance with intended procedures. *MAS is currently working to update their Standard Operating Procedures to ensure it addresses all pertinent processing areas.*

- **Submittal of Adoption Documents / Payment.** Periodically, AAA will submit a payment and support documentation (adoption agreements, summary spreadsheet) to the MAS Business Office for adoptions processed through their location. However, the payment and support documents may not always be submitted in a timely manner (i.e., at least weekly). Delays in submitting the adoption documentation to MAS results in both inventory system updates and revenue recognition being delayed.

- **Site Visit Documentation.** Though MAS performs periodic site visits of AAA to ensure the inventory is controllable and health conditions are appropriate, the site visits are not documented. There are no records to indicate that visits were actually performed or the results found. Without this documentation, there is no assurance that AAA is appropriately caring for and managing MAS assets.

- **Compliance with Trial Agreement.** Due to the flexibility in determining adoption rates, the MAS Business Manager can not completely verify the appropriateness of fees charged by AAA. Therefore, the Business Manager reviews the fee portions paid to MAS to verify they appear appropriate based on the full amount of the adoption fee charged.

Recommendations

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

- ✓ Metro Animal Services should evaluate the adoption activity that has occurred through the Animal Adoption Agency to determine if it is beneficial to continue the service through the satellite location. If satellite operations will continue, then a formal agreement should be entered into with AAA immediately. All appropriate Metro departments (County Attorney's Office, Risk Management) should be involved in the creation of the agreement to ensure it is legal and properly addresses all pertinent topics. The agreement should be signed by the proper authorities and distributed to all involved parties.
- ✓ If it is determined that it is no longer beneficial for MAS to continue to offer services through AAA, then an appropriate exit strategy should be developed and documented. Ideally, the MAS animals should be gradually phased out from the AAA site. Adoptions should continue until a reasonable number of animals remain and can be returned to MAS.
- ✓ MAS should continue with their efforts in updating their Standard Operating Procedures. The procedures should address adoption activities, and include sufficient details regarding system updates, job duties to be performed, and copies of forms used. It should be distributed to all applicable personnel and may be used as a training manual for new staff. In addition, key personnel should be trained to help ensure consistent adherence to the requirements. The procedures should reflect the most current information and be updated periodically.
- ✓ MAS should monitor the submission of AAA adoption forms and payments to ensure the documents are being submitted timely. At a minimum, adoption documentation should be submitted on a weekly basis. This will help ensure MAS personnel have the appropriate documents they need to post system updates and record revenues in a timely manner.
- ✓ MAS personnel should document the site visits made to AAA. Documentation should include when site visits were conducted, by who, and the results of the visits. Any issues that require follow-up action by AAA or MAS should also be properly noted. This documentation will help provide assurance that AAA is managing and caring for MAS animals appropriately.
- ✓ MAS should closely monitor the adoption fee payments made to them by AAA. The payment amount should correspond to the payment terms noted in the agreement. Under no circumstances should MAS receive a reduced or zero payment unless prior authorization was given and documented by MAS.

MAS' Corrective Action Plan

- **Trial Agreement.** MAS agrees that the trial agreement was not a contract. It was drafted to provide some guidelines to the partnership during the trial. This trial was implemented to determine if a contract should be implemented or policy for satellites should be put in place.

MAS had no assets at AAA that were in need of insurance. MAS should investigate if all animals housed in satellites as well as fostered through MAS are in need of any form of insurance.

- **Policies and Procedures.** The Standard Operating Procedures (SOP) is in place since June 24, 2009 and went into effect on July 27, 2009.
- **Submittal of Adoption Documents / Payment.** This is probably the most important issue that MAS encounters with most of the animal welfare groups when animals are transferred or adopted from a satellite. The animal welfare groups, including AAA, are mostly oriented to save animals and do not possess a strong accounting setup. Although that is inconvenient for MAS to wait for payments, it is better financially to have the animal leaving the premise which stops the expenses related to the care of the animals that can sweep away the revenue generated by the transfer or adoption. MAS has never had any animal welfare group that did not honor their payments to MAS. However, MAS understands the importance of having payments in a timely manner. MAS has created a second inventory list that is showing only the animals on the premise and can be compared to the other inventory list that shows all the animal that have not left the premise or have not been paid. These two lists would help with the animals' inventory and the payment follow-up. MAS is also requiring a separate payment for each animal transferred or adopted through a satellite instead of a weekly lump sum payment. This process will avoid the chance of mixing data entry between animals.
- **Site Visit Documentation.** AAA is licensed with Metro Animal Services as an Animal Welfare Group, which is governed by 91.023, Other Required Licenses and Permits section B(6). 91.023 (C) outlines the acceptance of initial and periodic inspections assumed by the applying agency. It states: *(C) The application for or the grant of a license set forth under subsections (A) and (B), above, except for dogs licensed under subsections (B)(14), (B)(15), and (B)(16), is deemed to permit periodic inspections of the public areas of any such licensed entity during such entity's business hours for the purpose of verifying compliance with the terms and conditions of this chapter. This section, and all other provisions in this chapter authorizing such inspections, shall be reasonably construed and applied by MAS personnel.*

MAS conducts an initial inspection on all Animal Welfare Group applicants to determine eligibility based on the requirements outlined in the ordinance. The results of such inspections are documented on the MAS Inspection Report. Additional inspections are not scheduled, however MAS will conduct follow up inspections if complaints are received regarding that agency. Per 91.023(C), an Animal Welfare Group must allow such inspections during regular business hours. Non-compliance with a request for additional inspections may result in the revocation of the Animal Welfare Group permit.

AAA was inspected on June 27, 2008 by Lt. Ann Camp, and was subsequently issued Animal Welfare Group Permit #P09-001701. A complaint was received by MAS on July 29, 2008 regarding an animal adopted from AAA which the owner claimed was sick. MAS conducted a follow up inspection as part of the investigation, and the responding officer felt that AAA should reduce the number of animals in their inventory. A Civil Violation Notice was issued instructing AAA to reduce the number of animals on hand to a more manageable level, however no specific number was indicated.

When the idea of a partnership between MAS and AAA was proposed in November 2008, MAS conducted a “walk through” of AAA facilities to first and foremost inspect for proper conditions, and secondly to provide suggestions as to the most effective use of their space allocation to provide for better customer service and animal care management. Once the partnership began, MAS animal control officers provided the transport of animals from MAS to AAA. Upon arrival at AAA, MAS officers were able to view the conditions of the facilities as the animals were transferred. At that time, if there were issues that needed to be addressed, or if there were conditions where the ACO felt were unacceptable, the ACO would have taken action immediately. In addition, MAS staff members (Animal Control Supervisors, Animal Adoption Coordinators, Assistant Directors, Director) were on location at AAA multiple times throughout each week for various reasons, including inventory, transporting supplies (food, medicines, etc), picking up paperwork and business updates, and had full access to the facility. Again, if problems were noted, immediate action would have been taken. MAS was comfortable with the frequency of contact and opportunities to view the animals. In addition, as part of the trial agreement, MAS agreed to provide veterinary care for any animals requiring such attention, and AAA consistently kept MAS advised of such needs.

- **Compliance with Trial agreements.** MAS and AAA agreed in March 2009 on a payment summary form to submit with each payment giving the details of the adoption submitted. This form must include all adoption paperwork for each animal included in the payment summary form. Although the form really improved the process, MAS is now requiring a payment for each adoption with all justifications and authorizations when required. This process will be easier for MAS staff to identify correct payments for each animal adopted. This process will also simplify the review of the paperwork for the Business Manager.

Additional Comments

MAS has no doubt that the partnership is beneficial because more animals have been adopted and less euthanized. The partnership has also provided an increase in revenue. MAS perceives the partnership with AAA mostly as a substantial monthly donation to MAS since AAA was never able to recover all the cost of being a satellite and the benefactor supporting AAA has to disburse personal money to maintain operations. AAA entered in this partnership not to make money, but to help MAS in its mission of saving adoptable animals. The goal was that AAA would be able to break-even on disbursed expenses. Sadly, all the media attention and the audit requirements have put a considerable pressure on AAA and MAS by decreasing the number of adoptions at AAA; the numerous open records and other requests have tarnished the partnership and required extra duties that have swept away the benefits of the partnership.

AAA and MAS has decided to not fortify this partnership with a contract. AAA will gradually return to its role of animal welfare group. It is the hope of MAS that AAA will continue to obtain its animals from MAS. MAS still believes in having satellites even if the opening of the new adoption center decreases the need. The trial has shown that a contract will be too difficult to administer for an animal welfare group; therefore, MAS will develop a satellite policy that will be applicable for any animal welfare group if another opportunity arises. It is the hope of MAS after the policy drafted and put in place, to meet with AAA to discuss the policy and its applicability towards a new partnership.

MAS possesses, effective July 27, 2009, an updated Standard Operating Procedures (SOP) addressing MAS operations in each division. MAS will continue to improve its SOP to better reflect any operation change. MAS will put in place the necessary training of current staff and is now part of the required training for each new employee.

MAS had only one adoption coordinator for a period of time this past spring causing a delay in collecting documents and payments and keying the data. Planning for the new adoption center MAS will be able to add three employees to its organization that will facilitate the coordination with all the satellites. MAS will continue working very closely with all the different partners to facilitate and expedite the process of documents and payments as well as increasing the number of animal adoptions. MAS has put in place a unique payment form for each animal that will include all the necessary documentation with the reasons for price modifications and the necessary authorizations obtained. The processing of each animal independently will avoid any paperwork being mixed and will reflect the reasons for any variation in price when required. MAS will also develop a Satellite Policy to address all the information and discoveries obtained during the trial. The trial agreement, obtained with AAA, has given MAS the tools needed to build a policy and has shown that a policy is more adequate than a contract for an animal welfare group.

Because of the frequency of MAS staff and ACOs being on site, sometimes multiple times per day, it would be time prohibitive to conduct and document a full inspection each time. In addition, MAS wanted to stay consistent with the requirements in place with all other Animal Welfare Groups. While the ordinance addresses requirements for initial inspections, it does not mandate subsequent visits, and does not mandate the documentation of such visits. However, MAS understands that the arrangement with AAA differs from other Animal Welfare Groups. Under the Inventory policy, each animal must be visually inspected during the animal inventory. Therefore, MAS will also apply this policy for the satellites that will provide the necessary information.

MAS has created a field in its Chameleon system to enter the adoption fee. Every animal that is transferred to a satellite will have the fee noted in Chameleon and if the fee is changed by MAS it will be changed in Chameleon. Therefore, by submitting one payment per animal and all the necessary paperwork the fee can be verified by the Adoption Coordinator and questioned if necessary. The payment should reflect the agreed upon percentage of the adoption fee as stated on the Chameleon Kennel Screen in the created Adoption Fee Field. Any deviation of the fee should be documented and possess the necessary authorizations. Sometimes it is necessary to waive all fees to save an animal. When MAS zeroed a payment it is because the treatment for the animal, even with MAS veterinarians, was simply more than the adoption fee, and the animal would be euthanized. If the satellite wants to treat the animal instead of being euthanized the outcome is beneficial for all parties. MAS does not have to euthanize the animal and disburse the expenses of euthanasia, the animal has a fair chance to be adopted and the satellite provides a significant donation to the animal cause. However, this situation is certainly a financial burden to the satellite and MAS should approve all situations when an animal adoption fee is reduced or zeroed, and the adequate documentation of such treatments and expenses should be provided.

#1B) Inventory Verification

A physical inventory verification of animals at AAA was conducted by the Office of Internal Audit (OIA) on May 21, 2009. Several issues were noted.

- The inventory verification is qualified in that there is not absolute assurance that the animals on the list were the ones actually seen by OIA.
 - The Satellite Inventory list provided by MAS lists animals by animal identification number since this is how MAS tracks animals. However, AAA uses names to track animals.
 - The animals are not tagged or kept in separate cages within the various rooms at AAA (512 N. English Station Road). The MAS list contains a partial description of the animals, but many descriptions (e.g., Black Domestic SH) are similar. Therefore, it was necessary to have the involvement of AAA personnel in identifying the animals.
 - Several non-MAS animals were at the facility.
 - Table 1 contains a listing of animals physically counted during the site visit.

| Table 1 – Inventory Results | | | |
|---------------------------------------|------------------|------------------|-------------------|
| Description | Dogs | Cats | Total |
| Bathroom | 0 | 1 | 1 |
| Cat Room #1 | 0 | 18 | 18 |
| Cat Room #2 | 0 | 18 | 18 |
| Dog Room #1 | 5 | 0 | 5 |
| Front Office | 4 | 4 | 8 |
| Garage #1 | 1 | 10 | 11 |
| Garage #2 | 12 | 0 | 12 |
| Kitchen | 1 | 25 | 26 |
| Porch | 3 | 0 | 3 |
| Yard | <u>3</u> | <u>0</u> | <u>3</u> |
| Total | <u>29</u> | <u>76</u> | <u>105</u> |
| MAS Inventory Verified | 18 | 31 | 49 |
| MAS Percent of Total Inventory | 62% | 41% | 47% |

- Several animals noted on the Satellite Inventory list were not physically verified. In some cases, paperwork was provided by MAS and AAA to account for animals which had been adopted but paperwork / system updates were still being processed. However, there were several cases where discrepancies still existed.

- There were thirty-nine cases where the animal was not physically verified and information for the animal could not be located. The animal identification numbers were provided to MAS for further investigation.
- There was one case where the animal was not physically verified. According to AAA, the animal was deceased and the body was still at the veterinary hospital. MAS's Animal Adoption Supervisor confirmed that MAS was notified of this, and the body was expected to be returned to MAS. At that time, the system would be updated.
- There were four cases where animals *were* physically verified but were not on the AAA Satellite Inventory list. In all cases, the animals had a different location in the MAS system (two had a location of PetSmart and two had a location of Foster).

It should be noted that MAS has researched all the inventory discrepancies noted. Some discrepancies required updates to system records (e.g., kennel location or animal status). A few discrepancies could not be explained. MAS acknowledges the importance of accurate inventory records and is in the process of conducting a full inventory of MAS and AAA animals. The system will be updated to reflect accurate information once the inventory is complete.

Recommendations

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

- ✓ Accurate and reliable data are essential to an efficient and effective operating environment. MAS should continue with their inventory verification efforts to ensure system records are reflecting complete and accurate information. Documentation should be maintained to track an exact point in time when the inventory verification was conducted. Discrepancies should be researched and any corrections or system updates that are needed should be processed immediately to ensure actual inventory and system records agree.
- ✓ MAS should routinely conduct inventory verifications. Policies and procedures should address how often verifications should be conducted, by whom, documentation requirements, follow-up or corrective actions when discrepancies are found, and results reporting.

MAS' Corrective Action Plan

When MAS conducts a satellite inventory all animals are scanned to find the appropriate microchip number and match to animal ID on the inventory list. All animals sent to a satellite must be microchipped because that becomes the primary ID. MAS is now requiring that a satellite always put the MAS animal's Chameleon generated ID number and the name while at MAS in parenthesis on all paperwork next to the name given by the satellite. It is too difficult to do an inventory without having a microchip scanner since often two animals can have a very similar appearance. When MAS started having animals at AAA as a satellite, AAA had several cats on the premise that MAS agreed that can be kept.

MAS anticipated the potential problems regarding the availability of Chameleon, our shelter management software, at a satellite location. If the program were available on site, inventory updates could be made instantly, providing real-time information. During the trial, the inventory was updated after the transfers took place, and there was at times a breakdown of communication regarding the location of some animals (some were transferred from AAA to Petsmart, however this transfer was not always communicated to MAS so that Chameleon/inventory could be updated). MAS understood the weakness of this system; however the plan was to have access to Chameleon installed at the satellite once a contract was signed after the trial period. This would ensure a more accurate tracking of inventory.

MAS has created a new inventory list that is showing only the animals that are physically present and can be compare to the other inventory list that is showing all animals that have not left the premise, that have been adopted or transferred and the paperwork and/or payment have not been processed or received. The second inventory list allows MAS to ensure that all payments have been received and no animals are outcome without the proper paperwork. The new adoption center will facilitate the process of all paperwork by providing the necessary offices to enter all data without being interrupted.

Most of the discrepancies were caused because the adoption paperwork was not processed in a timelier manner. With the two inventory lists, it is now much easier to take an inventory with the new list. Also some adopted animals did not have the right amount on the receipts and some did not possess a receipt even though the payment and the sum was correct. MAS is reviewing all receipts to ensure that all animals will have the right receipt. The issuance of one payment per animal will resolve this problem. MAS possesses an Inventory Policy that was not completely applied to our satellites, due to equipment, software and personnel limitations. Having only one adoption coordinator this past spring has made the regular inventory very difficult. MAS is now in a position to do regular inventory that will simplify such task. By having a regular inventory all the adjustment needed are done or investigated in a timely manner.

Additional Comments

MAS will continue to monitor the satellite inventory and process the inventory on a regular basis and at least once a week. The inventory should be done by microchip scanner and all animals sent to satellites have to be microchipped to ensure proper inventory. Any discrepancy should be noted and addressed by two days after the inventory. Any discrepancy that cannot be resolved should be communicated to the Assistant Director for Operations to be handled.

MAS agrees that the Inventory Policy should be extended to better include the satellites and ensure routine inventory at a minimum of once a week. Also MAS should develop a policy for satellites that will address all the information and discoveries obtained during the trial.

#1C) Revenue Data Limitations

As previously noted, there are issues with the MAS inventory system (Chameleon) that undermine the reliability of the animal adoption data. Due to these issues, the Office of Internal Audit was unable to obtain reasonable assurance that all AAA adoption activity was identified and included in the review. The review of revenue was based on the AAA adoption activity identified via the Outcome by Kennel reports provided by MAS personnel.

- **Outcome Dates.** The outcome date (adoption date) is a key parameter for the Outcome by Kennel report. It is entered in the Chameleon system during the data entry of adoption activity. It is not controlled by the current date so that outcome dates can be from prior months. As a result, the Outcome by Kennel report may produce different results depending on when it is prepared.
 - Entering adoption information into the system in a timely manner is a major issue. There is not a data entry timeliness standard (e.g., within 5 business days of month close) established for the AAA adoptions. Delays may result in inconsistencies in reports, and may create the perception that data is being manipulated.
 - For this review, the Outcome by Kennel report was produced on May 31, 2009. A batch of receipts dated June 4, 2009 was provided. These were receipts processed after the Outcome by Kennel report used in the review was prepared, therefore they were not reviewed. However, these fifteen receipts, totaling \$1,142.50, had outcome dates prior to June. Therefore, if the Outcome by Kennel report was prepared again using the same parameters, these receipts would be included.
- **AAA Financial Information.** The bank statements for the Animal Adoption Agency were reviewed. The purpose was to obtain additional assurance that all AAA adoption activity was identified for the review.
 - The bank statements noted approximately \$44,270 in deposits during the review period (November 2008 through May 2009). Using the assumption that one-half of the revenue goes to MAS, the fees should be \$22,135.
 - The Outcome by Kennel report identified approximately \$23,400 in receipts keyed by MAS. This is \$1,265 more than the estimate using the bank statements.
 - According to AAA, all funding for its operations does not flow through the bank account reviewed. According to financial information provided by AAA, the entity does not operate at break-even and is dependent on other funding sources to meet its financial obligations.
 - For the period November 2008 through April 2009, AAA had \$44,168 in income with \$82,563 in expenses. The \$38,395 loss was financed through other sources. It is important to note that the Office of Internal Audit did not audit or review this financial information, and its inclusion should not be interpreted as attestation of its accuracy. It is noted to illustrate the need for outside funding sources which are not reflected in the bank statements reviewed. This lessens the usefulness of the bank statements as a source to verify completeness of activity.

- **Adoption Confirmation of Data.** In order to obtain assurance as to the accuracy of the adoption information, confirmation letters were sent to a sample of adopters identified during the review. Letters were sent to approximately 10% of the adopters identified asking for verification of adoption information (e.g., animal type, amount paid, date, location adopted). The confirmations did not identify any inaccurate adoption information. This provides some assurance as to the accuracy of the data.

Recommendations

Metro Animal Services should take appropriate corrective action to address the issues noted. Specific recommendations include the following.

- ✓ A timeliness standard for paperwork should be established. Requiring all paperwork to be turned in so that all data entry is completed within five business days of month end would allow for timely monthly reporting of adoption activity.
- ✓ MAS should take appropriate action to ensure all fees are properly remitted and animals accounted for. This may include periodic financial reports of AAA activity. These reports should be verified to obtain assurance that the information is accurate and in agreement with MAS data.
- ✓ The feasibility of implementing a date control in Chameleon should be explored. Ideally, outcome dates after month-end cutoff would be controlled so that data is consistent for reporting purposes.

MAS' Corrective Action Plan

The Chameleon system used by MAS is used by most of the animal shelters that are doing animal control and/or licensing programs. The big advantage of the database is that it includes and links all activities that are processed by an agency like MAS to the animal owners and/or to the animal. Thereby, any animal outcome is linked to the owner and all related licensing and activities allowing MAS to find quickly any license, citation, field activity, memo, impoundment, receipt, treatment and outcome. Although that Chameleon possesses basic reports, when any specific report is needed MAS must create a report using Crystal Report software. All adoptions through MAS or a satellite is linked to the adopter and not to the agency that process the adoption. MAS had to create a report that would provide the information needed by the auditor. The report created was extracting all transactions that had for kennel number "AAA" when the animal was outcome. With the new inventory list that was created after this audit, the review of revenue by a satellite should be more effective since the "outcome by kennel" report can be compare to the two inventory lists to find which transactions have been processed.

- **Outcome Dates.** The outcome date can reflect that the animal has left the premise and all required paperwork and payment have been processed. When one of these two conditions has not been completed, the animal is not outcomed. The reasons are that if the animal is not picked-up by its owner even if all paperwork and payment is completed, MAS can lose track of the animal or if the animal leaves, but some paperwork or payment are not completed MAS can lose such payment. MAS agrees that all paperwork and payments should be picked-up at a minimum of once a week and keyed no later than two business days after reception.

- Because of the nature of the animal business and the outcome date in Chameleon MAS always waits at least a week of the ending day of the report before issuing a final report.

- **Adoption Confirmation of Data.** MAS is pleased with the findings.

Additional Comments

MAS agrees that all paperwork and payments from satellites and transfers to animal welfare groups should be picked-up or asked to be turned-in before the fifth day of each month and be processed by two business days by MAS. All payments should be turned in to MAS at least once a week

MAS should collect all paperwork issued during the previous month and match it to the inventory lists to ensure accuracy. Any discrepancy should be submitted to the Assistant Director for Operations.

MAS believes that the outcome date provides more advantages than disadvantages and by collecting all paperwork and comparing to both inventory lists that we diminish the risk of inconsistent reports.

#1D) Revenue Verification

Table 2 summarizes the AAA adoption activity during the period November 2008 through May 31, 2009 (as of June 1, 2009). This was the activity reviewed by the Office of Internal Audit.

| Table 2 – AAA Activity Summary | |
|-----------------------------------|-------------|
| Number of adoption transactions | 236 |
| Number missing adoption paperwork | 6 (2.5%) |
| Amount received by MAS | \$23,400.50 |
| Amount deposited by MAS | \$23,275.50 |

- **Fee Analysis.** If MAS had adopted the animals at its average fee (\$135 dogs, \$85 cats) instead of the AAA fee, MAS would have received \$4,829.50 more.
 - Of the 236 adoption transactions reviewed, 212 were not at MAS' normal fee.
 - It is important to note that there is no assurance that the animals would have been adopted without the assistance of AAA. Therefore, the total MAS fees need to be considered in terms of \$0 as an outcome.

- **Adoption Fees.** According to the Metro Animal Ordinance (Chapter 91), adoption fees are determined by MAS. Services, such as Microchips, Rabies, and Licenses, may be included for adopted animals. When these services are provided, the practice has been to list them on the receipt and allocate the adoption fee to these services first, with the remaining allocated to surgery and adoption. This has been done even though the fees as stated in the Metro Animal Ordinance do not apply to adoptions. The discretion in allocating the fees among the services has resulted in inconsistency and can lead to situations in which the fees may vary from animal to animal. This may result in perceptions of improper activity.
 - There were several cases in which MAS received \$0 in adoption fees though the animals were adopted through AAA. The cases involved animals that AAA had sent to non-MAS veterinarians. AAA paid the veterinarians' bills and reduced the amount of the fee payable to MAS to offset the expenses. There were various veterinarian bills to document the expenses. However, there was no documentation indicating that MAS agreed to this.

- **Fee Schedule.** MAS Adoption personnel provided a fee schedule that is used in adoption activity. This is used to assist in recording adoption fees. However, according to MAS Administrative personnel, this fee schedule was not officially established and has not been officially implemented. It does not appear that there is an established fee schedule for adoption activity. This can result in inconsistency in recording activity, which can lead to misperceptions since fees may vary from animal to animal.
 - A system issue may also contribute to inconsistency in the recording of adoption fees. According to MAS personnel, some fees (e.g., treatments) automatically

appear when adoption information is keyed in the Chameleon system. The data entry clerks are supposed to change the information to reflect the adoption fees, but do not always do so.

Recommendations

Metro Animal Services should take appropriate corrective action to address the issues noted. Specific recommendations include the following.

- ✓ The revenue sharing arrangement between MAS and AAA should be reviewed to determine if the amounts are properly allocated. As previously noted, this determination needs to consider the outcome of no adoption and zero revenue for the animals.
- ✓ The methodology for entering adoption activity fees should be formalized through written policies and procedures. This will ensure consistency in the data and reduce the need for discretionary actions by the clerks.
- ✓ All data entry clerks should be trained on the methodology. Periodic reviews should be performed to ensure the data is being entered correctly. All personnel should be accountable for adhering to the methodology.
- ✓ The ability of AAA to obtain outside veterinarian services should be determined. There may be situations in which it is necessary for AAA to obtain services. These situations should be documented and authorized by MAS personnel. If authorization is not provided, then AAA should understand that they are financially responsible for the expenses and MAS should still receive its normal fee.

MAS' Corrective Action Plan

MAS has retrieved all adoption paperwork from AAA and is processing the paperwork for each individual adoption to reflect the exact amount for each adoption even if the total on the tracking sheet was correct.

- **Fee Analysis.** As mentioned in the introduction when the adoption revenue collected at MAS is compared to the adoption revenue collected from AAA (MAS portion) for the same time duration no significant revenue difference was found. However, if the animals were not sent to AAA, to be adopted, it is predictable that the total adoption revenue would have been less, more animals would have been euthanized and more expenses generated.
- **Adoption Fees.** MAS practices a marketing strategy to favor the adoption of animals that are less popular, but have the potential of making an excellent family member. MAS is working on a receipt that will show only the adoption fee, but will clarify all the services, treatments, vaccines, tests, surgeries and all other interventions procured by MAS that significantly increased the value of the animal adopted. The adoption receipt should provide more information and decrease the perception of improper pricing.
 - o MAS will prepare a form that should provide all the justifications and authorizations, even if given verbally, required when an adoption fee is

reduced or zeroed. As mentioned previously, it is sometime beneficial for MAS and/or the animal to have a fee reduced.

- **Fee Schedule.** MAS does not possess a schedule fee for adoptions. MAS would like, in the near future, to establish some guidelines that would help the adoption coordinators to determine a price. MAS is in the process of hiring an Adoption Supervisor. This addition will help to better utilize the marketing strategy and provide the necessary guidelines. All adoption fees should be determined before the animal is eligible for adoption and entered properly in the Chameleon system to avoid any misperception.
 - o The creation of an adoption receipt should resolve the system issue encountered, since all treatments are set up to appear on the receipt to ensure that all treatment fees are collected when an animal is claimed. This process is unnecessary for an adoption.

Additional Comments

MAS is now requiring a unique payment for each adoption. Such payment should reflect any price agreement. When a payment is different then the agreement a justification form with proper documentation and authorization should be attached.

The unique payment should avoid any discretionary actions from a clerk.

The addition of an Adoption Supervisor should ensure proper training for all adoption coordinators and supervision over data entries. The supervisor will also be responsible for ensuring all policies and procedures are followed and necessary disciplinary actions are taken.

MAS agrees that a satellite should obtain and document any veterinary services obtained outside of MAS services and when not authorized the satellite should be responsible for such expenses.

#1E) Revenue Documentation

There were several issues noted regarding adequate support documentation. The lack of support documentation impairs the integrity of the activity data and weakens accountability. Examples are as follows.

- **Chameleon Information / MAS Receipt.** The support documentation for each adoption transaction should include a Metro Animal Services receipt, a Metro Animal Services Adoption Agreement, and a receipt from AAA. The support documentation was verified to the Chameleon system information. The purpose was to verify the accuracy of the Chameleon system information. Examples of the issues noted include the following.
 - The original support documentation could not be located for 6 of the 236 adoption transactions reviewed. The receipt could be re-printed from the Chameleon system. However, this does not provide sufficient documentation of the adoption transaction.
 - There were several cases in which information from the Chameleon system did not agree to the support documentation. This included cases in which the information was missing from either the system or the support documentation. Discrepancies were noted with animal descriptions, adopter's address, outcome dates (adoption dates), and person and animal IDs.
 - Other issues were noted that impair the reliability of the information. This included delays in entering adoption transactions, and cases where the adopter address was noted as the AAA address.
- **MAS Adoption Agreement.** For each adoption transaction, the adopter is supposed to complete a Metro Animal Services Adoption Agreement. This details the rights and obligations of the adopter. The following issues were noted with the MAS Adoption Agreements.
 - There were some cases noted in which the MAS Adoption Agreement was not with the support documentation. Though other documents (e.g., AAA Adoption Application, MAS Adoption Survey form, PetSmart Adoption Release form) were present, they do not contain the same language as the MAS Adoption Agreement in regards to rights and obligations. They also do not detail the animal adopted (e.g., animal number, date).
 - The MAS Adoption Agreement was verified to the MAS receipt, which documents information in the Chameleon system. The purpose was to verify the information agreed and was entered accurately. There were several issues noted where information was missing (e.g., animal description, date, adopter's name, adopter's signature) or did not agree (e.g., animal ID).
- **AAA Receipt.** Upon adoption, AAA provides a receipt to the adopter. These appear to be standard, pre-numbered office supply store receipts. Generally, there is space for the adopter name, date, amount, type of payment, and AAA representative's signature. The following issues were noted.
 - According to AAA personnel, the fee split is not recorded on the receipt given to the adopter. Rather, it is recorded after the fact. In some cases, another receipt is prepared with "duplicate" noted on it. This is to indicate that the adopter received

the same receipt information on another receipt. This practice could lead to the perception that receipts are altered after the transaction has been completed.

- The AAA receipts were not always complete. There were several cases noted in which the receipt was missing one or more pieces of information, such as signature of AAA representative, type of payment (cash, check), animal ID, and date.
 - There were several cases in which the AAA receipts did not agree to the information in the Chameleon system, and / or the other support documentation. This included dates, adopter names, and animal IDs not agreeing.
 - There were several cases in which the AAA receipt was not part of the supporting documentation. Without the AAA receipt, there was no way to verify the adoption fee collected for the animal. Some of these may have been adoptions at PetSmart.
 - Verifying the appropriate split of fees for adoptions at PetSmart is difficult. Some AAA adoptions actually occur at PetSmart. According to MAS, if MAS personnel are present at PetSmart (usually weekends) during the adoption, then the full adoption fee goes to MAS. If MAS personnel are not present, then the fee is split with AAA. There were several cases in which there was not enough documentation to determine if MAS personnel were present for the adoption, so the payment split information could not be verified with reasonable assurance.
 - The support documentation for adoptions occurring at PetSmart varied. Some adoptions included an AAA receipt, others included a PetSmart Adoption Release Form, and others included only MAS forms. There were cases noted where the PetSmart forms did not agree to the other support documentation.
- **Cash Box Closing Report / Daily Deposit.** A Daily Cash Box Closing report is prepared for each MAS clerk that receives adoption fees. This report is used to balance the daily activity and prepare the daily deposits. The following issues were noted with the Daily Cash Box Closing reports.
 - The processing of refunds may have resulted in situations in which daily receipt activity did not balance. There were several instances noted in which adopters returned animals and they were entitled to a refund. In the beginning, AAA would process the full amount of the refund and reduce a later payment to MAS for the MAS portion of the refund. This was not documented properly. A procedural change has been made so that the MAS portion of refunds is processed by MAS. This allows for better control of the activity and proper accountability for adoption activity.
 - The cashier's Daily Cash Box Closing reports were reviewed. The purpose was to verify that the fees from AAA adoption activity were received and deposited. There were cases where information (type of payment) on the report did not agree to the MAS receipt. There were also cases where notations (e.g., journal entry) were made on the report but there was no support documentation to explain what occurred.
 - The total cash and checks recorded on the Daily Cash Box Closing reports were verified to the daily deposits. Issues were noted and included daily activity totals (cash, checks) not agreeing to the total deposit amount, and insufficient documentation to support the resolution of shortages.

Recommendations

Metro Animal Services should take appropriate corrective action to address the issues noted. Specific recommendations include the following.

- ✓ Policies and procedures should ensure adequate support documentation is provided for all AAA transactions. This includes ensuring all required forms and receipts are completed accurately and fully.
- ✓ A system needs to be implemented to ensure all adoption paperwork is entered into the Chameleon system in a timely manner. This includes ensuring the paperwork is properly filed as required.
- ✓ PetSmart adoption activity should include additional documentation that details whether MAS personnel were on site during the adoption.
- ✓ MAS has implemented procedures for over / short payments from AAA. The procedures should be monitored and changes made as necessary. This will help ensure an adequate audit trail exists so that proper amounts are collected.
- ✓ Daily deposit activity should include thorough documentation for exceptions.

MAS' Corrective Action Plan

The Chameleon system was implemented four years ago and is constantly modified and improved to better fit MAS needs and national animal services needs. The Chameleon system conjugated with forms, protocols, policies and procedures were implemented at MAS to help paperwork documentation, a constant problem, in an animal shelter environment. Although more documentation can be found on the database, all paperwork requiring signatures are still being produced and kept as support documentation. In the last four years, MAS has taken a giant step to procure sufficient and better documentation. Despite the fact that all documentation is relatively adequate in theory, the shelter environment makes it extremely difficult to process all paperwork perfectly and in a timely manner; the practice cannot meet the theory at this point. It is well known that animal flow and paperwork flow should not cross. Moreover in the same pathway of the paperwork flow, you must add customers, visitors, volunteers and staff that has no direct link with paperwork, this tremendously increases the risk of misplacing, loosing or destroying paperwork. The animal care/adoption building has one door where all animals with their owners or benefactors being surrendered to MAS enter as well as all staff, volunteers, visitors and customers, including all animals that are adopted, claimed by their owners or picked-up after a surgery. This is the same area that the documentation is produced and kept until filed in the business office. The truth is MAS staff is doing an incredible job maintaining adequate documentation in this environment. Comparing MAS to another department that does not possess the same paperwork flow is comparing oranges to apples. It would certainly be interesting to have MAS paperwork adequacy and flow compared to a similar animal services department with the same constraints. MAS has reorganized the building set-up to decrease the risk itinerant to the crossing flow of animals and paperwork; however the effort has not been able to keep up with the increase of animals coming to MAS. MAS has simply outgrown the building capacity and adequacy. Notwithstanding the previous, MAS will continue its efforts to provide sufficient and adequate documentation. The future Adoption Center will be a tremendous help to maintain adequate documentation since the paperwork flow will not cross the animal flow.

- **Chameleon Information/MAS Receipt.** Each adoption paperwork from a satellite should have a signed MAS adoption agreement, a MAS application and addendum when required and/or the satellite approved application, the microchip registration, the satellite receipt and exemption form when the adoption fee differs from the agreed upon payment.
 - o The adoption paperwork is filed with the Business Office paperwork on a weekly basis, more often if possible. The Business Office then files all paperwork and documentation at the end of the month, including the adoption paperwork. MAS will strive to file the adoption paperwork on a daily basis as time permits. This should help in the reduction of paperwork being misplaced.
 - o As with any new process, education and reminders for MAS and satellite employees are needed to ensure paperwork is filled out completely and accurately and until it becomes a routine.

- **MAS Adoption Agreement.** MAS has worked with AAA and other satellites to ensure the proper adoption agreement is being used and included with all adoption paperwork. The completion of a satellite policy will help ensure the process is adequate and all documentation is complete when received at MAS. MAS always investigates any serious discrepancy and takes the appropriate actions and/or corrections. Again with the present paperwork flow such issues are expected, but are addressed and corrected when significant.

- **AAA Receipt.** To avoid the perception that receipts are being altered, AAA is using the tracking sheet to record the split between AAA and MAS. Discussions have taken place to express the importance of each receipt being filled out completely and accurately. This includes the dates, adopters name and correct address. Although MAS has no control of the receipts generated by a satellite, the satellite policy should include some standards that will minimize any perception of wrong doing.
 - o MAS agrees that the mix of AAA and PetSmart adoptions is cumbersome for MAS. MAS is in the process of separating the two adoptions to ensure that all paperwork is coming directly from one satellite.

- **Cash Box Closing Report/Daily Deposit.** The Daily Cash Box report is used for all revenues generated each day at MAS. This a Crystal report that is produced every day and it is compared to all forms of payments to ensure appropriate money processing. The effectiveness of this process will disclose any error made that day. All errors will be verified and corrections when needed will be processed by the appropriate employee.
 - o In the beginning of the trail period adoption coordinators would process the adoption paperwork when received from AAA. If there was a refund deducted from the payment the refund paperwork would be sent for the Business Office to process. This would cause the adoption coordinators cash box closing report to be short funds. After the Business Office processed the refund that clerk would be over in funds to balance the shortage. When the problem was discovered procedural changes were made for refunds and verification of payments. A spreadsheet was put into place to track the adoptions payments. An additional tracking was submitted to track refunds. MAS changed procedures so all refunds were processed by MAS and not by AAA. AAA made payments to MAS for their portion of the refunds and did

not deduct the amount from their payment. This stopped the problem of adoptions being short in funds.

- At this same time the procedures for processing adoptions was changed. AAA would turn in all paperwork with the tracking spreadsheet to the Business Manager. The Business Manager would then verify that paperwork and payments were correct. If any discrepancies were found, AAA would be contacted and the problem corrected. Employees in both adoptions and the Business Office were reminded that all documentation should be included with the adoption paperwork and all discrepancies should have proper documentation and detailed explanations of the problem and resolution. This includes all deposit discrepancies.
- MAS has investigated the errors on the daily reports and linked it to the animal inventory list to be able to find the errors on the data entries. No monetary errors were found, but several data entries were found and MAS is in the process of correcting these errors.

Additional Comments

MAS has assigned a designated adoption coordinator to handle the AAA adoptions. This adoption coordinator will be able to concentrate on the paperwork and become familiar with all required documentation needed. They will also be responsible for working with AAA and other rescue groups to train and ensure all documentation is accurately and completely filled out.

This designated adoption coordinator will be responsible for ensuring all adoption paperwork is processed in a timely manner.

PetSmart should become a separate entity as a satellite by September 30, 2009.

All MAS personnel involved in reviewing and preparing the daily deposit have been reminded that any discrepancy in the daily deposit activity or daily cash reports must have supporting documentation and a detailed explanation of the problem and resolution attached to the deposit paperwork.

The creation of a single payment per adoption including any deviation documentation and authorization should decrease the risk of improper entries.

The satellite policy should include all the procedures required to ensure proper data entries and deposit.

#1F) Potential Conflict of Interest

During the review, it was noted that several MAS employees have been compensated by AAA for services provided to AAA. The compensation was for transporting animals and providing on-site adoption services at PetSmart. These services were supposedly provided on the employees' off time from MAS. There was not sufficient documentation indicating the dates and times this occurred in order to verify that it was during the MAS employees' off time. This practice could create a conflict of interest that violates Louisville Metro personnel policies.

Recommendations

Metro Animal Services should take appropriate corrective action to address the issue noted. Specific recommendations include the following.

- ✓ MAS employees should comply with Louisville Metro Personnel Policies related to secondary employment and conflicts of interest.
- ✓ MAS employees wishing to work for AAA as secondary employment should request approval following established protocols. It is recommended that Metro Human Resources be consulted for each individual so that the particular circumstances and job duties are considered.
- ✓ Secondary employment approval should be properly documented.

MAS' Corrective Action Plan

AAA requested MAS to allow a few MAS employees the opportunity to work a couple of hours a week at AAA. MAS allowed some qualified employees to work, but at the same time train AAA employees and help put in place the paperwork process for AAA. AAA agreed to pay the employees during that time. This employment was in addition to the employees' regular work week, and the employees were not being paid by MAS for time spent working at AAA.

Additional Comments

MAS agrees to better document secondary employment request.

Conclusion - Revenue and Inventory Management

The audit confirms that starting with a trial before a contract or the redaction of policies was needed to discover all the details and different procedures that should be included in satellite partnerships. MAS has adjusted, since the beginning of the trial agreement, several procedures to better serve the purpose of the partnership, facilitate the process and ensure compliance and financial requirements. MAS has obtained sufficient information to put in place a strong Satellite Policy. Unfortunately, it is now time for MAS to cease the partnership since AAA is no longer interested to continue because of the negative publicity which hurt her business and created a financial hardship. MAS will continue to transfer animals to AAA as any other animal welfare group under the transfer policy. MAS will remove gradually all animals not adopted from AAA to avoid any unnecessary euthanasia. MAS will also pressure AAA to obtain all paperwork and payments of all

adopted animals to conclude the satellite partnership. Again, MAS wants to bring to light how much AAA has done to save more adoptable animals and help MAS to reach its goals.

To achieve our mission, MAS has the option of following the industry standard and hoping for the best, or to “think outside the box” to find new and innovative strategies for improving adoption rates. As with any new initiative, there are risks involved, however MAS once again bounced the decisions made during the formulation and execution of this partnership off of our mission statement. This analysis indicated clearly that the potential in this partnership to find hundreds of new homes for animals that could have been euthanized was well worth the minimal risks involved and was in fact the very reason MAS is in existence.

AAA has so far achieved what no other rescue group in partnership with MAS has been able to do: Produce a high number of adoptions each month, and maintain those numbers over a prolonged period of time. One of MAS’ goals is to involve the community in addressing pet overpopulation. The partnership with AAA set the foundation for future partnerships with other organizations, working out the initial “bugs” which come with any new endeavor, while proving that such a partnership can be beneficial to MAS, any satellite and most importantly, the animals.

#2 – Commercial Driver’s License

Scope

A review of the MAS SPOT mobile clinic operations was performed. The purpose was to determine whether allegations of the vehicle being operated by MAS employees that did not have the required Commercial Driver’s License (CDL) could be substantiated. This allegedly continued after employees were notified that a CDL was required. The review consisted of discussions with MAS personnel and review of supporting documentation. This included the SPOT event schedule, payroll records, and fuel usage data. In addition, Human Resources provided information related to the status of CDL drivers at MAS. The period reviewed focused on March 30, 2009 through June 13, 2009. This covered the period from CDL requirement notification through the date of Internal Audit’s field work at MAS.

Results

MAS’ SPOT mobile clinic consists of a pickup truck and a 5th wheel trailer. The truck can be operated separately from the trailer. For purposes of this document, SPOT vehicle refers to the truck and trailer together. The results are as follows.

- **Non-Compliance with CDL Requirement.** Metro Animal Services employees operated the SPOT vehicle without the appropriate Class A Commercial Driver’s License. This was after notification that the CDL was required. The operation of the SPOT vehicle by non CDL employees created a tremendous risk exposure for MAS and for Louisville Metro Government. MAS has taken actions to address this so that employees operating the SPOT vehicle comply with the CDL requirement.

- **MAS Employees with Commercial Drivers Licenses.** According to Metro Human Resources, there is only one MAS employee with a CDL. An Animal Control Officer II had his CDL reinstated on May 15, 2009. A CDL is not required for an Animal Control Officer position.
 - The Public Education Coordinator and one Assistant Director are in the process of obtaining a CDL.
 - The Louisville Metro job descriptions for the Animal Adoption Coordinator and the Public Education Coordinator require a Commercial Driver’s License. MAS has three Animal Adoption Coordinators and one Public Education Coordinator. According to Human Resources, none of these employees have a Class A CDL.
 - The job descriptions allow a 6 month period after employment to obtain the license. Three of the employees have not complied with the requirements. The job entry date for the fourth employee indicates that there is still time to obtain the CDL within the 6 month period.

- **Timeline of Events.** The need for a CDL to operate the SPOT vehicle was discussed with MAS personnel. The discussions focused on the notification of the CDL requirement, and actions taken to ensure compliance with the requirements. Supporting documentation was reviewed in order to substantiate the explanation provided by MAS personnel. A summary of the information provided is as follows.

- MAS personnel indicated that the SPOT vehicle had been operated under the assumption that a CDL was not required. This was based on using actual weight of the truck and trailer instead of gross combined weight. This determination had been made in good faith, and was not intended to bypass CDL requirements.
 - On March 30, 2009, MAS personnel were informed that the operation of the SPOT vehicle required a Class A CDL. MAS contacted the Kentucky Department of Transportation after receiving notification from Human Resources / Metro Fleet Management that the CDL requirement was applicable. This interpretation was supported by the Kentucky Department of Transportation.
 - On April 1, 2009, the MAS employees who operate the SPOT vehicle were notified via email that a Class A CDL was required. Training date options were provided.
- **Operating Records.** The operating records of the SPOT vehicle were reviewed to determine if MAS employees operating the vehicle had their CDL. The review focused on the period after notification of the CDL requirement. This encompassed the period of March 30, 2009 through June 13, 2009.
 - There are no resources available to identify the actual operators of the SPOT vehicle.
 - MAS does not maintain records documenting the operator of the SPOT vehicle. A list of scheduled SPOT events is maintained. This notes the scheduled driver of the SPOT vehicle. However, it does not provide assurance that the person actually operated the vehicle.
 - A log of SPOT vehicle usage is not maintained, and a pre-operation check list is not required. A SPOT Adoption Event Check-List is used, but it does not document the driver of the vehicle.
 - The fuel records for the SPOT truck were obtained from Metro Fleet's Fleetwave system. The purpose was to attempt to identify the operator of the truck, and to obtain assurance that the schedule of SPOT vehicle events was complete.
 - The Fleetwave records do not record the actual operator of the truck at the time fuel was obtained.
 - Operation of the truck without the trailer does not require a CDL so identification of specific usage dates does not necessarily correspond to the SPOT vehicle.
 - The fuel records did not indicate a large amount of fuel obtained during the period of March 30 through June 13, 2009. According to fuel records, there were approximately 131 gallons obtained and 563 miles driven. This may provide some assurance of the completeness of the event schedule provided.
 - From March 30 through June 13, 2009, there were 15 events in which the SPOT vehicle was operated. The schedule was reviewed to determine if the operator possessed a CDL at the time of the event. The results are as follows.
 - For seven events, it appears the SPOT vehicle was operated by non CDL licensed drivers. This was after notification of the CDL requirement.
 - For one event, the driver could not be identified.

- For six events, a MAS employee operated the SPOT vehicle. According to MAS personnel, this employee had a CDL but it had lapsed. The CDL was not required for his position as an Animal Control Officer. The employee took the necessary steps to have the CDL reinstated. According to Human Resource's records, it was reinstated May 15, 2009 (prior to the six events).
- For one event, MAS arranged to have a Metro Parks employee operate the SPOT vehicle. MAS paid the overtime for the employee. This was confirmed by Metro Parks.

Recommendations

It appears Metro Animal Services has taken the necessary actions to address the CDL requirement. Efforts should continue to ensure applicable employees obtain their CDL before operating the SPOT vehicle.

- ✓ MAS efforts should continue to ensure all applicable employees obtain their CDL. Under no circumstances should the employees operate the SPOT vehicle without the required CDL.
- ✓ The requirement for specific job positions to possess a CDL should be enforced. This includes enforcing the six month period for new hires to obtain the CDL. Human Resources should be consulted for appropriate actions to take concerning employees that fail to comply with the CDL requirement.

MAS' Corrective Action Plan

- **MAS Employees with Commercial Drivers Licenses.** The Louisville Metro job descriptions for the Animal Adoption Coordinators, the Public Education Coordinator and the Volunteer Coordinator are required to obtain a Commercial Driver's License. MAS has four Animal Adoption Coordinators and one Public Education Coordinator and one Volunteer Coordinator. According to Human Resources, none of these employees have a Class A CDL. The Public Education Coordinator, one Adoption Coordinator and one Assistant Director are in the process of obtaining a CDL.

Since the actual requirement of a CDL was not noted until after the 6 month hire date had expired, in all fairness it is recommended that the employees have 6 months from the completion of the audit to obtain their CDL.

- **Timeline of Events.** On March 30, 2009, MAS Assistant Director for Operations was contacted by Human Resources, inquiring into the status of CDL licenses held by MAS employees. At that time, the question of whether a Class A CDL was required to operate the SPOT vehicle was discussed. Human Resources was advised by Fleet Services that it was indeed the case. The Assistant Director for Operations then contacted the Kentucky Department of Transportation to verify the information. This requirement was confirmed by KYDOT personnel. This information was relayed to the Assistant Director for Community Relations, who schedules SPOT appearances.
- **Operating Records.** A log book similar to the ACO trucks will be created and put into use.

For four and 1/2 events, it appears the SPOT vehicle was operated by non CDL licensed drivers because it was the impression of the Assistant Director of

Community Relations that there was still some discussion going on as whether the CDL requirement was a sure thing, that is the only reason anyone without a CDL drove SPOT. Once it was clear that we had to have a CDL driver, Metro Parks was contacted and a driver was hired and paid overtime.

For three events, MAS arranged to have a Metro Parks employee operate the SPOT vehicle. MAS paid the overtime for the employee. This was confirmed by Metro Parks.

Additional Comments

MAS will recommend to Human Resources that it should add CDL certifications to their Metroversity Course of studies so that all requirements are clearly defined and the steps to secure a CDL are followed in an orderly and timely manner.

All necessary corrections have been implemented

#3 – Open Records Request

Scope

A review of an open records request made on April 6, 2009 pertaining to Animal Adoption Agency records was performed. All documentation related to the request was obtained from Metro Finance personnel. The objective of the review was to determine whether the request was properly addressed and records were made available.

Results

Based on the documentation provided, it appears the open records request for Animal Adoption Agency records was properly addressed. There was a minor miscommunication between Metro departments (MAS and Metro Finance). This resulted in a delay in meeting some of the request but did not appear to be an intentional case of non-compliance.

Recommendations

✓ No recommendations needed at this time.

MAS' Corrective Action Plan

A department corrective action plan is not necessary.

Office of Internal Audit
Phone: 502.574.3291
www.louisvilleky.gov/InternalAudit/