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Animal Care & Control

July 2017

*Internal Audit Report Authorized by the
Maricopa County Board of Supervisors*

Report Highlights	Page
Maricopa County Animal Care & Control (MCACC) licensing customers report high satisfaction.	1
MCACC will review follow-up procedures for incomplete dog license applications.	2
MCACC will monitor compliance with rabies vaccination reporting requirements.	4
MCACC will strengthen controls over cash handling and fee waivers.	5
MCACC will strengthen animal inventory management controls.	6

Objectives

To determine that:

- Adequate controls are in place to promote compliance with dog licensing requirements.
- Controls are sufficient to ensure that cash receipts are accurately recorded and properly safeguarded.
- Animal inventory management controls are sufficient to ensure that shelter animals are properly accounted for.

Scope

The audit scope encompassed dog licensing, cash receipts, and animal inventory management practices.

The audit period was primarily fiscal year (FY) 2016, although the audit period varied for some tests performed. In order to achieve our objectives, we reviewed relevant state laws, County regulations, industry recommended practices, and MCACC internal policies and procedures.

We also conducted a physical inventory of animals at the West Shelter and a license tag inventory at all MCACC locations, reviewed cash handling processes at the East and West Business Offices, conducted interviews with staff and management, and examined relevant records, reports, and processes.

Standards

This audit was approved by the Board of Supervisors and was conducted in conformance with International Standards for the Professional Practice of Internal Auditing. The specific areas reviewed were selected through a formal risk-assessment process.

Auditors

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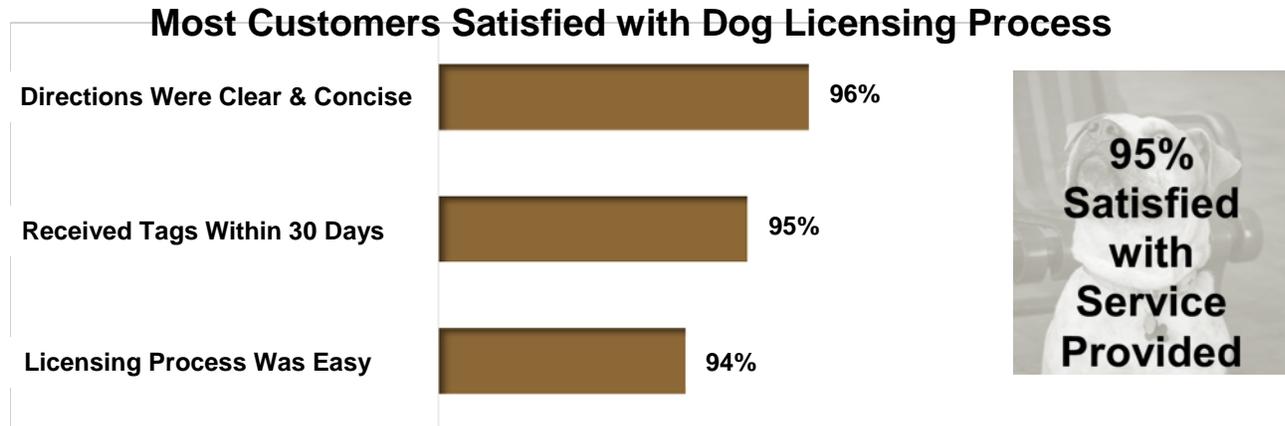
This report is intended primarily for the information and use of the County Board of Supervisors, County leadership, and other County stakeholders. However, this report is a public record and its distribution is not limited.

We have reviewed this information with MCACC management. The Action Plan was approved by Mary Martin, Director, on June 19, 2017. If you have any questions about this report, please contact Carla Harris, Audit Manager, at 602-506-6092.

Audit Results

Issue #1: Customer Satisfaction Survey – Dog Licensing

Observation: In order to assess customer satisfaction, we sent surveys to 19,519 randomly selected dog owners who licensed their dogs in FY2016. We received 2,903 responses, for a 15% response rate. Over half (55%) of the respondents used MCACC’s website to license their dogs, while 37% submitted the application by mail, and 8% applied in person or by phone. A summary of survey results appears below.



Conclusion #1A: Most (96%) survey respondents felt that the licensing instructions were clear and concise.	
Recommendation	MCACC Action Plan
None	N/A
Conclusion #1B: Most (95%) survey respondents were satisfied with the level of service provided when licensing their dog.	
Recommendation	MCACC Action Plan
None	N/A
Conclusion #1C: Most (95%) survey respondents received their tags within 30 days.	
Recommendation	MCACC Action Plan
None	N/A
Conclusion #1D: Most (94%) respondents felt that the licensing process was easy.	
Recommendation	MCACC Action Plan
None	N/A

Issue #2: Dog Licensing Operations

Background: Per state law, all dogs three months of age and older are required to have a license if housed in the County for 30 consecutive days of each calendar year. Before a license may be issued, the owner or veterinarian must present a rabies vaccination certificate signed by a veterinarian. Additionally, a duplicate of each certificate is required to be transmitted to the County enforcement agent within two weeks of the date the dog was vaccinated.¹

Observation: During FY2016, MCACC received 432,816 applications for dog licenses; 416,186 licenses were issued/renewed based on Chameleon Case Management System reports. Required documentation was submitted with the vast majority (87%) of applications. Follow-up was required for 57,828 (13%) applications due to missing or incomplete documentation (e.g., no proof of rabies vaccination or sterilization).

We reviewed the effectiveness of MCACC's follow-up procedures for incomplete applications, as well as documentation for 100 dogs licensed in FY2016. A summary of our findings appears below.

Incomplete Dog License Applications

There are no policies and procedures that address follow-up activities for incomplete applications. MCACC reports that only one follow-up notice was sent to each customer in FY2016 in an effort to reduce mailing expenses. Responses to that notice allowed MCACC to issue licenses for 41,198 (71%) of the incomplete applications. However, no additional follow-up was performed and 16,630 licenses were not issued/renewed. Lost renewal revenue is estimated to be as much as \$287,257 annually.

Detailed Testing

We also reviewed documentation for 100 licensed dogs to determine that (a) proof of rabies and other required supporting documentation was on file, (b) notices for the issuance of new and renewed licenses were sent timely, and (c) Chameleon records were properly completed. In addition, we reviewed license tag inventory controls. A summary of our findings appears below:

- All licenses had evidence of rabies vaccinations.
- All 90 licenses with fee reductions/exemptions (e.g., senior citizens, search/rescue dogs, service dogs) had proper support.
- Required notices were sent within MCACC's informally established timeframes (i.e., within 30 calendar days of rabies vaccination date).
- Adequate controls are in place over the license tag inventory.

¹ Arizona Revised Statutes (A.R.S.) §§ 11-1008(A) and 11-1010(A)

- Over half (51%) of the Chameleon records were missing required information (e.g., veterinary premise ID, vaccine manufacturer, vaccine serial/lot number).
- Chameleon allows gaps in system-generated sequential numbers, and audit logs/exception reports are not generated.
- MCACC does not maintain written Chameleon policies and procedures for evaluating and authorizing Chameleon upgrades (e.g., evaluating whether personnel training and/or modifications to data security may be necessary if upgrades are implemented).

Conclusion #2A: In FY2016, MCACC received 57,828 incomplete licensing applications. In an effort to reduce costs, only one follow-up notice per customer was mailed and 16,630 licenses were not issued. Lost renewal revenue is estimated to be up to \$287,257 annually.	
Recommendation	MCACC Action Plan
2A-1 MCACC should review follow-up activities for incomplete applications, and develop formal policies and procedures that are cost-effective and consistent with MCACC's mission.	Concur—will implement review and develop policies & procedures Target Date: 12/31/2017
Conclusion #2B: Required supporting documentation was on file for all dogs sampled.	
Recommendation	MCACC Action Plan
None	N/A
Conclusion #2C: Required licensing notices were sent out within informally established timeframes.	
Recommendation	MCACC Action Plan
2C-1 MCACC should update the Licensing Manual to include timeframes for sending out notices to dog owners.	Concur—in progress Target Date: 9/30/2017
Conclusion #2D: MCACC's license tag inventory was adequately accounted for.	
Recommendation	MCACC Action Plan
None	N/A

Conclusion #2E: The Chameleon application does not prevent gaps in the sequential numbering of transaction receipts and other key fields, and audit logs/exception reports are not generated.	
Recommendation	MCACC Action Plan
2E-1 MCACC should work with the vendor to prevent gaps in system-generated sequential numbering, and determine if audit logs and exception reports can be generated in Chameleon.	Concur—will implement work with vendor Target Date: 12/31/2017
Conclusion #2F: MCACC does not maintain written Chameleon policies and procedures for evaluating and authorizing Chameleon upgrades.	
Recommendation	MCACC Action Plan
2F-1 MCACC should develop written policies and procedures for evaluating and authorizing Chameleon upgrades.	Concur—will implement Target Date: 9/30/2017

Issue #3: Rabies Vaccine Reporting Requirements

Observation: There is no effective system in place to monitor or enforce compliance with the requirement that a duplicate of each rabies vaccination certificate issued be transmitted to the County. According to MCACC, County Ordinance P-13 requires veterinarians to submit duplicates of each rabies certificate issued by the tenth day of the month following the month when the dog was vaccinated (versus two weeks per state law) in order to streamline reporting processes.

For at least the past eight years, an outside vendor has been contracted by MCACC to compile and record the rabies vaccination certificate data submitted by veterinarians. Expenditures for this service totaled \$140,327 in FY2016 and \$109,428 for FY2017 (through April 30, 2017). However, data provided by the vendor is not validated for accuracy, completeness, and compatibility with Chameleon. MCACC purges incomplete records (e.g., missing owner name and/or missing dog name) without review. As a result, vaccination records in Chameleon are inaccurate, incomplete, and unreliable. Additionally, there is no system in place to assess compliance with reporting requirements.

Conclusion #3A: MCACC does not have an effective system in place to monitor or enforce the provisions of A.R.S. §11-1010 and County Ordinance P-13, which require that a duplicate of each rabies vaccination certificate issued be transmitted to the County enforcement agent.	
Recommendations	MCACC Action Plan
3A-1 MCACC should develop written policies and procedures for monitoring and enforcing compliance with rabies vaccine reporting requirements.	Concur— will implement Target Date: 6/30/2018
3A-2 MCACC should ensure that all relevant rabies certificate information is entered in Chameleon.	Concur— will implement Target Date: 6/30/2018

Issue #4: Cash Receipts

Observation: In FY2016, MCACC recorded cash receipts totaling \$2,176,808, including \$653,469 (30%) in cash/currency and \$90,955 (4%) in checks. The remainder was paid via credit card.

We observed cash handling operations at the East Business Office, West Business Office, and Finance Office to assess controls and compliance with established policies and procedures.

We found that controls are not in place to properly safeguard cash receipts. Weaknesses were identified in most areas of the cash receipting cycle, including recording, safeguarding, depositing, and reconciling revenues. In addition, MCACC’s cash handling policy is incomplete and does not reflect current business practices in some areas (e.g., authorizations/verifications of daily reconciliations, deposits). Also, there is no system in place to ensure that waived fees are properly authorized, documented, and monitored, as discussed below. These weaknesses greatly increase the risk of fraud, waste, and abuse.

Fee Waivers

MCACC policy authorizes all employees to waive fees without supervisory approval, but there are no formal documentation requirements. Additionally, there is no reliable system in place to track the number and amount of fees waived, monitor fee waivers by employee, or analyze and manage the impact of fee waivers on the department.

In FY2016, MCACC waived at least \$280,048 in fees. Of this, \$177,874 (64%) was for adoption-related fees and microchips. However, there is no system in place to identify fees waived at department-sponsored events (e.g., free adoption days) versus fees waived at the cashiers' discretion.

We sampled 50 receipts issued in FY2016, and found that:

- 33 of 50 (66%) sampled receipts did not include a reason for waived fees totaling \$1,777.
- 7 of 50 (14%) sampled receipts were incomplete (\$248 in waived fees were not entered into the system; therefore, the waived fees were not listed on the receipts).

Conclusion #4A: Controls over cash receipts and fee waivers should be strengthened.	
Recommendations	MCACC Action Plan
4A-1 MCACC should update and enforce its cash handling policy.	Concur—in progress Target Date: 9/30/2017
4A-2 MCACC should provide formal cash handling training to all cashiers.	Concur – will implement Target Date: 9/30/2017
4A-3 MCACC should develop and enforce strong written policies and procedures for fee waivers.	Concur – will implement Target Date: 10/31/2017
4A-4 MCACC should establish a reliable tracking system to monitor fee waivers, and assess their impact on department operations.	Concur – will implement Target Date: 10/31/2017

Issue #5: Animal Inventory Management

Observation: In FY2016, 36,167 animals were brought into MCACC shelters. Of these, 18,683 (52%) were brought in by MCACC's animal control officers and 17,484 (48%) were brought in by the public, based on Chameleon reports.

In order to assess the controls in place to ensure that shelter animals are properly located and accounted for, we conducted a physical inventory of animals at the West Shelter and reviewed existing animal inventory management practices. A summary of our findings appears below.

Physical Inventory of Animals

We performed a physical inventory of all 355 animals at the West Shelter on 2/2/17, and assessed the accuracy of the Chameleon Daily Inventory Report. We found that:

- All animals were accounted for.
- For 332 of 355 (94%) animals, locations reflected in Chameleon were correct. However, the location/animal status had not been updated for 23 animals, including 14 adopted/transferred out of the shelter, generally within the last 24 hours. For 9 animals temporarily relocated within the shelter, kennel placards did not display the animal's temporary location (e.g., clinic, play yard).
- For 287 of 309 (93%) kennels, the correct number of kennel cards was displayed. For the remaining 22, kennel cards were not accurately added/removed as animals were housed/removed within the kennels.

We also selected a judgmental sample of 62 of 355 (17%) animals to verify that the correct animal number was recorded on the kennel card and the animal collar, and that collars were intact. We found that:

- For 94% of the animals reviewed, correct animal numbers were recorded on the kennel card and the animal collar. Four animals were either not wearing collars or the animal number on the collar was unreadable.
- For 97% of the animals reviewed, the kennel cards displayed were accurate. One kennel card was inaccurate and one was missing.

We noted that MCACC uses a manual, time and staff intensive process for reserving kennels for animal intake even though automated tools are available. MCACC should consider incorporating the use of the Chameleon Visual Kennel module into current intake procedures. This module maps the location and status of each kennel in the shelter and provides an up-to-date visual dashboard of the shelter population.

Additionally, MCACC reports that they are in the process of implementing a new bar coding system (QuickKennel Chameleon module) that will automate and improve animal inventory processes, including intake, dispositions, and treatment. A successful deployment of QuickKennel will require: (1) formal animal inventory procedures, (2) accurate placement of kennel cards, and (3) prompt and accurate input of outcome data in Chameleon.

MCACC could enhance the implementation of these new technologies (Chameleon Visual Kennel and QuickKennel) through enhanced management reporting, and by developing written policies and procedures for requesting, approving, and cataloging Chameleon management reports.

While MCACC has implemented many best practices recommended by professional animal shelter organizations, there are no written policies and procedures to ensure their consistent and timely application. Improvement is needed to ensure that the location, transfer, and outcome records within Chameleon are accurate.

Conclusion #5A: Inventory management controls over shelter animals should be strengthened to ensure accurate location, transfer, and outcome records within Chameleon.	
Recommendations	MCACC Action Plan
5A-1 MCACC should establish written animal inventory policies and procedures that include requirements for (a) maintaining a current listing of all kennels and locations, (b) proper placement of kennel cards, and (c) accurate location, transfer, and outcome records within Chameleon.	Concur – in progress Target Date: 9/30/2017
5A-2 MCACC should develop training over animal recordkeeping and animal inventory, including Chameleon input and reporting.	Concur – will implement Target Date: 12/31/2017
Conclusion #5B: MCACC uses a manual process for reserving kennels for animal intake.	
Recommendation	MCACC Action Plan
5B-1 MCACC should consider incorporating the use of the Chameleon Visual Kennel module into current intake procedures.	Concur – in progress Target Date: 9/30/2017
Conclusion #5C: There are no written procedures for requesting, approving, and cataloging Chameleon management reports.	
Recommendation	MCACC Action Plan
5C-1 MCACC should establish written policies and procedures for requesting, approving, and cataloging Chameleon management reports.	Concur – in progress Target Date: 9/30/2017