

May 21, 1998

Internal Audit Report 98-10
Animal Control
Health and Human Services

Introduction. The Municipality of Anchorage (Municipality) currently provides animal control services through a \$1,330,551 contract with Allvest, Inc., (Contractor). The Contractor has operated the Animal Control Center since July 1, 1997, and is responsible for providing personnel, supplies, and vehicles to perform the animal control services set forth in the contract. Health and Human Services administers the contract. The audit was requested by the Administration.

Scope. The objectives of this audit were to determine the accuracy of monthly reporting, review adoption procedures, determine compliance with response times required by the contract, determine whether positions required by the contract were filled, and evaluate cash management procedures. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of February and March 1998.

Overall Evaluation. The first eight months of operation of the Animal Control Center by the new contractor had not resulted in complete implementation of the contract. The Contract Administrator provided a six-month grace period from assessing penalties for noncompliance with the contract. At the end of the grace period, several tasks still had not been completed, such as finalizing and implementing policies and procedures, and fully staffing all positions. Our audit disclosed incomplete and inaccurate reporting, incomplete adoption procedures, undocumented response times, and unsatisfactory cash control procedures.

FINDINGS AND RECOMMENDATIONS

1. Policies and Procedures.

- a. **Finding.** Policies and procedures had not been finalized and were not being used by the Animal Control staff eight months into the contract. The current contract states that the Contractor's policies and procedures for Animal Control (field, shelter, and customer service staff) had been developed. Further, the contract states that the policies in place would be reviewed and other policies would be created as needed prior to contract inception.

The absence of formal policies and procedures impacts the employees' ability to provide information and service to the public and contributed to the problems identified by the audit. Written policies and procedures are an important aspect of any operation especially when the contractor's employees are new to operating the Animal Control Facility.

- b. **Recommendation.** The Contract Administrator should require the Contractor to finalize and implement written policies and procedures for the operation of the Animal Control facility.
- c. **Management Comments.** Management stated, "DHHS concurs that policies and procedures (P&P's) were not finalized and not in use by the Animal Control staff at the time of the audit.

"Action taken: In addition to discussions at weekly performance meetings, the contractor was sent a memo from the Contract Administrator on February 10, 1998 requesting finalization of all policies and procedures by March 1, 1998. Subsequent formal letters of non-compliance were issued to the contractor March 10, 1998 and

April 1, 1998 regarding incomplete P&P's. Currently, the P&P's for Enforcement, Kennel, and Customer Service Staff are comprehensive and available to Allvest staff. Meetings are held by the contractor on a weekly basis to discuss various P&P's with staff.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Monthly Reporting.**

- a. **Finding.** Monthly reporting had not been accomplished completely, accurately nor timely. The contract states that, in accordance with the format required by the Chief Animal Control Officer, the contractor shall provide monthly reports of the numbers and characteristics for 15 items listed in the contract by the 15th day after the end of the month.

Reports prepared during the period of July through December 1997 did not always include all of the required categories. Categories missing included criminal citations issued, rabies certificates collected, work hours performed, classified animals handled by level, volunteer hours worked, and staff training completed.

Our review of reports for October through December 1997 revealed that the reports were not always accurate. We found inaccurate statistics for animal bites, requests for service, classified animals by level, animal dispositions, patrol miles driven, notices of violation, and live animals received.

Finally, none of the reports were submitted by the 15th day after the end of the month.

b. **Recommendation.** The Contract Administrator should require the Contractor to report all information specified in the contract. However, if some of the information required by the contract is not necessary then the contract requirements should be revised. In addition, the Contract Administrator should emphasize to the Contractor the importance of reporting accuracy.

c. **Management Comments.** Management stated, "DHHS concurs with findings that reports were untimely, incomplete, and inaccurate.

"Action taken: Reports have been timely in 1998. Reports have contained the information required by contract since January 1998 with the exception of rabies certificates collected. Rabies certificates collected was added to the report in April, 1998. Inaccuracies in reporting continued to be a problem in the first two months of 1998. The March and April report have not yet been audited by the Contract Administrator. We anticipate that problem areas will be solved by the controls and reports provided in the new animal control software program. The program, Chameleon, was installed in mid-February."

d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **Adoption Procedures.**

a. **Finding.** Adoption procedures were not posted in the lobby area for potential adopter's to understand the requirements of the adoption process. In addition, procedures were not in place to determine whether potential adopters had previously violated any provisions of Anchorage Municipal Code (AMC), Title 17.

During the audit, we observed individuals interested in adopting an animal enter the Animal Control Center and not find any adoption procedures or requirements. This required the individuals to go to the customer service counter to inquire about the process, in some cases standing in line.

In addition, Animal Control Center staff did not ascertain whether individuals wanting to adopt an animal were eligible per AMC Title 17. AMC 17.25.060 states that an individual who has violated AMC Title 17 provisions within the previous 12 months or has had two violations within the previous 36 months is not eligible to adopt.

- b. **Recommendation.** The Contract Administrator should request that the Contractor post adoption procedures in the facility. In addition, procedures should be implemented for determining whether potential adopters are eligible to adopt an animal per AMC Title 17.

- c. **Management Comments.** Management stated, “DHHS concurs that adoption procedures were not posted in the lobby area and individuals attempting to adopt pets were not screened for previous violations of Title 17.

“Action taken: The new software allows staff to review historical information on prior Title 17 offenses. The Customer Service Supervisor should review that information prior to authorizing an adoption. As of May 1998, the historical information was not reviewed before adoptions were completed. DHHS has requested that the contractor develop and implement a more detailed P&P on adoptions. It must include minimum requirements to adopt and the process for adopter selection.

“A brochure on adoptions was developed and is available in the lobby area. The adoption brochure is clearly posted on a large easel in the atrium. It includes a map of the facility, adoption fees, and an explanation of the adoption process.

“The pre-adoption form, completed by all potential adopters, informs them that an individual who has violated Title 17 within the previous 12 months or has had two violations within the previous 36 months is not eligible to adopt. This form is also posted in the atrium.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

4. **Response Times.**

- a. **Finding.** Response times for service requests could not always be determined. The current contract states that response time means the period of time between receipt of a service request by the Contractor and when an Animal Control Officer is dispatched and begins travel to the location of the service request.

Our review of service requests for January 1998 revealed that the time an Animal Control Officer was dispatched and began travel was not always documented on the incident report logs. We also found instances where the time the Animal Control Officer was dispatched and began travel was prior to the time the service request was received.

In addition, response times used for Priority 9 service requests (animals creating a noise disturbance) were not based on response times as defined by the contract. Our review of service requests for January 1998 revealed that Priority 9 service requests

were generally responded to by sending a letter to the animal owner instead of being dispatched and traveling to the location of the service request.

- b. **Recommendation.** The Contract Administrator should require the Contractor to document the time an Animal Control Officer is dispatched and begins travel to the service location. This information should then be used in assessing the Contractor's performance to Part I, Section 12 of the contract.
- c. **Management Comments.** Management stated, "DHHS concurs that response times could not always be determined due to inaccurate or incomplete logs.

"Action Taken: The contract administrator's February 1998 audit of response times discovered continued inaccuracies and incomplete records on dispatch logs kept by hand. The new computer system allows the contractor to record accurate response times by computer rather than by hand. Dispatchers are trained on the system to ensure consistency. A monthly report is generated as documentation.

"A policy for recording response times to priority 9 calls (noise disturbance) has been developed. In many cases, the problem is resolved by sending a letter rather than dispatching an Animal Control Officer on a priority 9 call. However, response times should only include those in which an officer was dispatched as is required by contract. The number of letters sent for priority 9 calls will be accounted for, but not included in response times. DHHS conveyed this to the contractor on April 27, 1998. Priority 9 response times will reflect the new policy on the May report."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

5. **Staffing.**

- a. **Finding.** Positions required by the contract were not always filled. The current contract states that the Contractor shall fund and fill with qualified personnel 21.5 full-time equivalent positions to include 7 full-time equivalent Animal Control Officer positions. The contract also states that for each actual work hour provided less than the required minimum, 43,680 hours calculated on a 12-month period, the Municipality will make deductions at a rate of \$10 per hour from the next monthly payment.

Per the staffing reports for October through December 1997, two of the seven Animal Control Officer positions were not filled for all three months. We also noted that the total hours worked during November did not meet the required hours by 53.5 hours.

- b. **Recommendation.** The Contract Administrator should ensure that the Contractor fills all required positions with qualified personnel and that all required hours are worked.
- c. **Management Comments.** Management stated, "DHHS concurs that positions required by the contract were not always filled.

"Action Taken: The contractor has assured DHHS that the number of Enforcement Officer and Legal Aid Officer positions required will be met and exceeded beginning in the summer months. The peak season for animal control is summertime.

"The Contract Administrator will make invoice deductions at the rate of \$10 per hour should the contractor fail to meet the required contract minimum of 43,680 hours worked annually."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

6. **Cash Control Procedures.**

- a. **Finding.** Cash control procedures were not adequate. The contract states that the contractor will establish formal procedures and safeguards for the collection and accounting of all money and that the procedures will meet Municipal requirements. However, formal procedures had not been implemented.

Cash collected was not deposited on a daily basis. Although paperwork was prepared for each day's cash collections, several days' worth of deposits were held and deposited in the bank on the same day. Bank deposits were made on four days in January and six days in February 1998. The first deposit for March 1998 was on March 4.

Cash was not adequately secured prior to being deposited. Cash was stored in several unsecured areas, such as an unlocked floor safe, an unlocked desk drawer, and a locked desk drawer.

The \$100 change fund was not adequately secured after business hours. Municipal Policy and Procedure 24-1 requires that the change fund be secured in a locked bank bag and stored inside a combination/locked safe overnight.

The cash register was not being used properly. Transactions were not always keyed into the register, operating keys were left on the counter by the cash register, more than one cashier was assigned to the same cash register drawer, and the cash register was not totaled out at the end of the day and reconciled to the cash collected.

Payments received by mail were not processed when received. We found approximately 700 pieces of mail containing checks or cash received between January 12 and February 19, 1998, that were stored in open boxes on the floor.

Inconsistencies were found in cash receipt documentation. Our review of 10 days of cash receipt documentation revealed six days where the breakout of cash, check, and credit card receipts documented on the Cashier Daily Summary Report did not agree to the breakout from the computer system.

Receipt numbers were not sequential on the Cashier Daily Summary Report from one day to the next. Our review of receipt numbers documented on Cashier Daily Summary Reports for February 1 through February 23, 1998, revealed that the beginning receipt number for one day was not always the next sequential number after the last receipt number of the previous day. We found this to be the case in receipt documentation created from the old and new computer systems.

Some employees performing cashier functions had not attended Cash Management Training Sessions.

- b. **Recommendation.** The Contract Administrator should ensure that the Contractor establish and implement cash control procedures. The contract requires the Contractor to comply with Municipal Policy and Procedure 24-1. This should be a starting point for implementing controls.

- c. **Management Comments.** Management stated, "DHHS concurs that cash control procedures were not adequate. Formal procedures on cash collection were not developed, cash collected was sporadically deposited and at times left unsecured, and some employees had not attended cash management training.

“Action Taken: The contractor was issued formal notice of non-compliance on March 10, 1998 regarding cash management. The contractor was notified to fulfill contract obligations to establish formal procedures and safeguards for the collection, separation by type, reconciliation and deposit of all fee monies. Cash control procedures have been developed by the contractor. A review of the procedures conducted by Cash Management determined that they conformed with Municipal P&P 24-1.

“Since March, deposits have been made Monday through Friday and weekend receipts are deposited on the following Monday. All monies, including the \$100 change fund, are secured in the safe. The new computer system receipts are reconciled to the cash register funds each day.

“A separate cash drawer will be provided for each cashier. DHHS is in the process of researching and acquiring software that will link cash drawers to each of three computer terminals. Problems regarding cashier accountability will be alleviated once the system is in place.

“The Contract Administrator is tracking training to make sure all staff handling Municipal monies receives cash management training.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on April 17, 1998.

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