



CITY OF SAN ANTONIO

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November 17, 2014

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SUBJECT: Audit Report of Animal Care Services Department - Non-Profit Rescue Group Contract Compliance

Mayor and Council Members:

We are pleased to send you the final report of the Animal Care Services Department - Non-Profit Rescue Group Contract Compliance. This audit began in August 2014 and concluded with an exit meeting with department management in October 2014. Management's verbatim response is included in Appendix B of the report. The Animal Care Services Department management and staff should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully Submitted,

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
City of San Antonio

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CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of Animal Care Services Department
Non-Profit Rescue Groups Contract Compliance

Project No. AU14-002

November 17, 2014

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual audit plan approved by City Council, we conducted an audit of the Animal Care Services Department's (ACS) non-profit rescue group contract compliance. The audit objectives, conclusions, and recommendations follow:

Are the City and non-profit animal rescue groups compliant with terms of ACS contracts and does ACS have adequate monitoring controls?

Yes, the City and non-profit animal rescue groups are compliant with terms of ACS contracts and ACS has adequate monitoring controls.

Animal Care Services has developed and implemented adequate controls to effectively manage, monitor, and comply with non-profit rescue group contracts. Additionally, through these contract relationships, ACS effectively works to protect animals and provide humane and safe shelter.

We determined that ACS is compliant with non-profit rescue group contracts. Therefore, we make no formal recommendations.

ACS management's verbatim responses are included in **Appendix B**.

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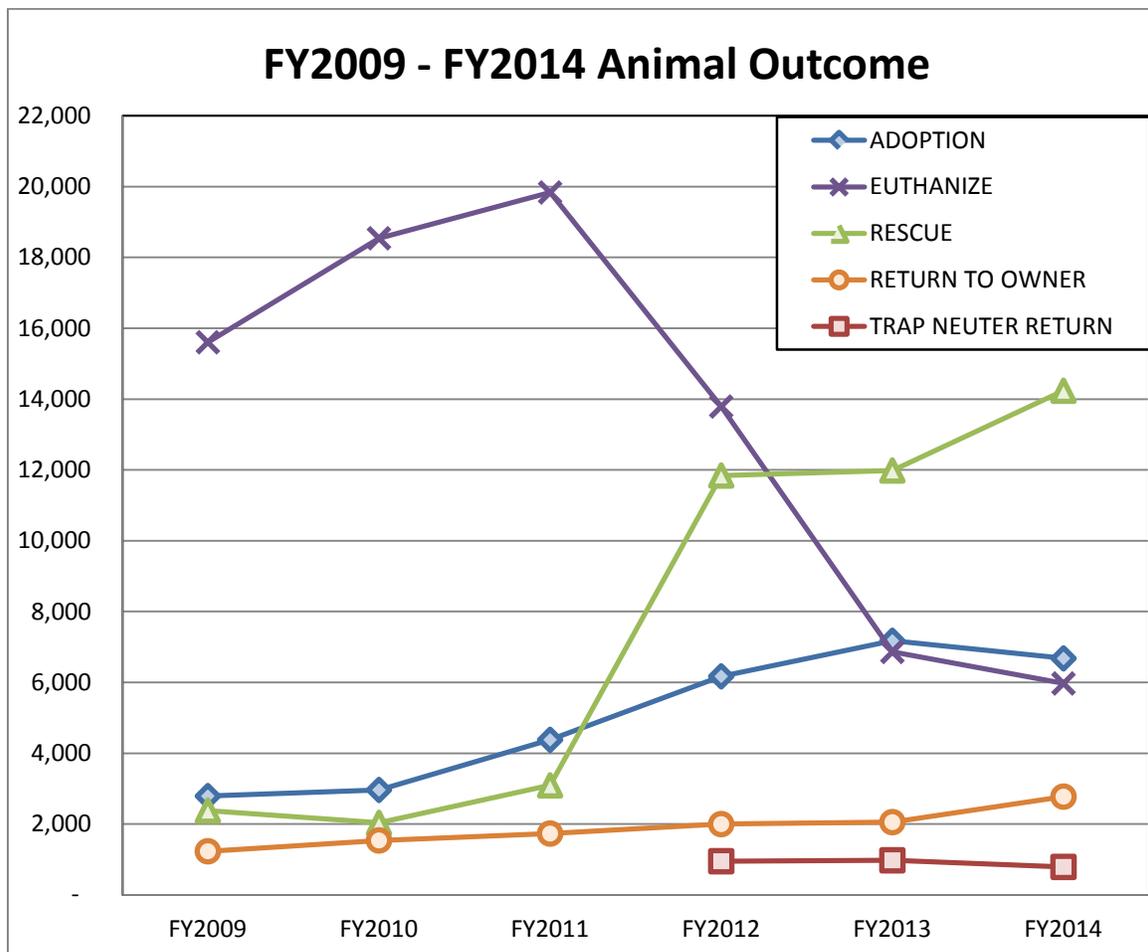
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Background

The Animal Care Services department (ACS) is tasked with ensuring that every animal within the City receives responsible care. On average, ACS takes in over 30,000 animals each fiscal year. To protect animals and people, ACS provides shelters, medical care, and vaccines for all incoming animals.

ACS's goal is to reduce the City's number of animals euthanized by providing live release options for each animal in its care. Live release options include adoption, transfer to rescue group, return to owner, and trap neuter return.¹ In fiscal year 2012, ACS initiated an incentive program with some of the City's non-profit animal rescue groups (a.k.a. Contracted Rescue Groups or CRG) to partially compensate them for their efforts. These efforts have led to a significant increase in the rescue and adoption rates, and a significant reduction in the euthanized animal rate in the last three years as shown in the chart below.



¹ 'Trap Neuter Return' is a program that traps feral cats, neuters them and releases them back into the wild.

ACS compensates CRGs at the rate of \$50 for each animal rescued after a baseline quota has been met. Ownership of animals is permanently transferred to the CRGs who are then required to provide food, shelter, needed medical care, and humane treatment. Since 2012, the City's relationship with these CRGs has resulted in the rescue of over 30,000 animals, or approximately 79% of all rescued animals in the City.

Fiscal Year	Total Animals Rescued by CRGs
2012	9,707
2013	10,615
2014	9,868
Total	31,932

The City has two programs whereby CRGs can be compensated for rescuing animals; the Rescue Partner Incentive Program (RPIP), and the High Volume Pet Partner (HVPP) Program. In fiscal year 2014, the City had nine RPIP and two HVPP contracts with a total value of \$370,000 with the potential to rescue over 10,000 animals. These contracts are reviewed and administered by an ACS contract coordinator whose primary job is to perform initiation, monitoring, and compliance activities for all ACS contracts.

Audit Scope and Methodology

The audit scope was all ACS contracts for paid non-profit animal rescue groups in effect during the period October 2012 to September 2014.

To establish our test criteria, we examined the contract wording, ACS internal and external policies and procedures, City Code, and City Administrative Directives. When testing information technology general controls, we used the Government Accountability Office's (GAO) Federal Information System Controls Audit Manual (FISCAM). The GAO's FISCAM presents a methodology for performing information system control audits in accordance with government auditing standards.

We interviewed department management and staff to gain an understanding of the non-profit animal rescue group contract process including contract creation, approval, validity, invoicing, reporting, non-compliance, and obligations. Additionally, we tested general IT controls over the Chameleon application used to record, manage, and monitor animals under ACS care.

We relied on reports and stored data from the Chameleon and SAP applications to validate contractual payments, animal care, and user access. Our direct testing of the Chameleon application included reviewing security access and change management controls. We do not believe that the absence of further detailed testing of application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a

reasonable basis for our audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives.

Audit Results and Recommendations

A. Audit Results

To validate that ACS is compliant with non-profit rescue group contracts, we examined and tested the following areas:

- Contract creation, approval, and validity
- Contract invoicing
- ACS managing CRGs to ensure contract compliance
- City and CRG contractual obligations

For each area, we determined that ACS had adequate controls and/or processes to comply with stated contractual obligations. Specifically, ACS has proactively developed contract management and monitoring processes and controls to facilitate ACS/CRG compliance with animal rescue contract terms and obligations. Additionally, ACS created and filled a contract coordinator position that manages, monitors, and facilitates these contracts. Under this position, invoices are reviewed and compared to animal rescue logs ensuring that CRGs are correctly compensated. ACS also works closely with CRGs to ensure that rescued animals receive humane care.

Recommendations

We determined that ACS is compliant with non-profit rescue group contracts. Therefore, we make no formal recommendations.

Appendix A - Staff Acknowledgement

Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager
Matthew Howard, CISA, Auditor in Charge
Gabe Trevino, CISA, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO
SAN ANTONIO TEXAS 78283-3966

October 21, 2014

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for AU14-002 Animal Care Services Contracts

The Animal Care Services Department has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

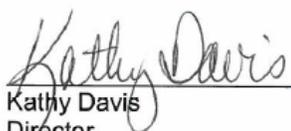
The Animal Care Services Department:

Fully Agrees (provide detailed comments)

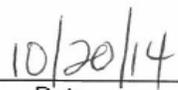
We would like to commend our Administration staff, specifically Ryan Evans, ACS Contract Coordinator, for ensuring that appropriate policies and procedures are established, implemented, and monitored in order for ACS to remain in compliance with the terms of the Rescue Contracts. We also thank the City Auditor's Office for the guidance and input received during the audit.

Does Not Agree (provide detailed comments)

Sincerely,



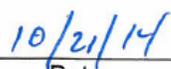
Kathy Davis
Director
The Animal Care Services Department



Date



Erik Walsh
Deputy City Manager
City Manager's Office



Date