CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR

ANIMAL CARE SERVICES DEPARTMENT
AUDIT OF RESCUE GROUP CONTRACTS
PROJECT NO. AU23-001
FEBRUARY 15, 2024

KEVIN W. BARTHOLD, CPA, CIA, CISA
CITY AUDITOR

Table of Contents

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Animal Care Services (ACS) Department, specifically rescue group contracts. The audit objectives, conclusions, and recommendations follow:

Determine if ACS and rescue groups are in compliance with contract terms.

ACS actively works with rescue partners to provide placement for animals in need. Animal medical history is also provided by ACS to rescue partners upon animal transfer. In addition, compensation paid to rescue partners is appropriately approved and amounts are accurate.

However, the audit team identified areas in which controls could be improved over contract monitoring and system/building access. ACS lacks controls to ensure key contractual requirements are met by both ACS and the rescue groups. Key requirements include:
- Receipt of required documents from rescue partners,
- Adequate insurance coverage,
- Completion of rescue partner facility inspections, and
- Performance of animal sterilizations.

Furthermore, access to both the High Value Pet Partner (HVPP) building at the ACS campus and the Chameleon system was excessive.

We provided recommendations to management to strengthen controls and resolve identified issues. ACS management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 11.

Background

Animal Care Services' (ACS) mission is to encourage responsible pet ownership by promoting and protecting residents and pets of San Antonio through education, enforcement, and community partnership. One of ACS' community partnerships is the Rescue Program which contracts with rescue partners to provide care and shelter for animals pulled from ACS while actively seeking adopters. The program consists of two partner types:

- **Low Volume Rescue Partners**: Partners that pull a low volume of animals from ACS. These contracts are awarded through a Request for Application (RFA) process for which they apply every year.
- **High Volume Pet Partner (HVPP)**: A single partner that pulls a high volume of animals from ACS. The HVPP is currently San Antonio Pets Alive and the contract is approved by City Council for one year and eligible for three one-year renewals. The HVPP facility is also located at ACS' Highway 151 location at the HVPP building.

Low Volume Rescue Partners were compensated as follows during FY 2023 based on the number, age, weight, and type of animals pulled from ACS:
- $75.00 per:
  - dog that is under 40lbs and over 8 weeks or
  - cat over 8 weeks
- $100.00 per cat or dog that is under 7 weeks of age
- $125.00 per dog that is over 40lbs and over 8 weeks
Their compensation will increase to a flat rate of $200 per animal pulled from ACS for FY 2024.

For FY 2023, the HVPP was compensated $75 per animal rescued, despite age, weight, or type of animal. The HVPP's compensation will remain the same for FY 2024.

To receive compensation from ACS, the rescue partners must review an outcome report provided by ACS monthly and confirm its accuracy. Once in agreement, the rescue partner is required to send an invoice to ACS in order to receive payment. Chameleon, a kennel management system, is used to pull these monthly outcome reports. In addition, ACS uses Chameleon to track all animals that come into ACS' custody, along with their medical history and relevant notes. See Table 1 on page 4 for a list of rescue partners along with contract amounts, compensation paid, and number of animals rescued for FY 2023.

Table 1: FY 2023 Rescue Partners and Compensation

Partner Type	Partner Name	Contract Amount	Amount Paid	Remaining Balance	Number of Animals Rescued
High Volume Pet Partner	San Antonio Pets Alive (SAPA)	$300,000	$270,450	$29,550	3,644
Low Volume Rescue Partners	SNIPSA	$35,000	$29,825	$5,175	364
	San Antonio Humane Society	$32,000	$17,525	$14,475	210
	God's Dogs Rescue, Inc.	$27,500	$20,250	$7,250	211
	They Have the Right to Live Rescue	$15,000	$14,500	$500	129
	Texas Chihuahua Rescue, Inc.	$7,500	$500	$7,000	20
	Footbridge Foundation	$5,000	$2,425	$2,575	22
	Vermont English Bulldog Rescue	$5,000	$4,650	$350	84
	Totals	**$427,000**	**$360,125**	**$66,875**	**4,684**

Source: FY 2023 Rescue Partner Contracts, Chameleon, and SAP

During FY 2022, a total of 5,203 animals were pulled from ACS by paid rescue partners.

Audit Scope and Methodology

The audit scope was ACS rescue group contracts for FY 2023 and included contract monitoring efforts, animal availability, sterilization & vaccination requirements, invoicing, insurance coverage, and access controls.

To gain an understanding of department operations, we interviewed ACS personnel and conducted walkthroughs over contract monitoring, invoicing, and access controls (for Chameleon & the HVPP building). The rescue partner contracts were our primary criteria for this audit.

We assessed internal controls relevant to the audit objective. This included a review of department policies and procedures, Chameleon system reports, City codes and ordinances, Administrative Directives, and the Procurement Policy & Procedures Manual. In addition, as part of our testing procedures we examined the following areas:

- Determined if rescue partners meet requirements defined in the FY 2023 RFA.
- Assessed whether ACS is adequately monitoring the safety of animals after they leave ACS custody.
- Determined if rescue groups meet required insurance coverage.
- Confirmed whether ACS is providing rescue partners with documentation over animals' vaccination and sterilization status and if rescue partners are subsequently providing required vaccinations and sterilizations.
- Reviewed rescue partners' compensation for allowability and accuracy.
- Confirmed appropriate personnel have badge access to the HVPP building.
- Determined if individuals with access to Chameleon are appropriate.

We relied on computer-processed data in the Chameleon system to confirm animals outcomed by ACS to rescue partners, medical information, and obtain user access listings. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and 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, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results and Recommendations

ACS is actively working with rescue partners to provide placement for animals in need. We confirmed animals eligible for rescue were viewable by rescue partners. We reviewed a sample of 25 available animals in ACS' custody and verified all 25 animals were available on the ACS website for the rescue partners' viewing and pulling. Additionally, ACS provides periodic email updates directly to rescue partners regarding animals that are available. We reviewed recent emails between ACS and rescue partners and confirmed partners are being notified of available animals.

Additionally, ACS personnel are providing vaccination/sterilization history to rescue partners. We performed two in-person observations at ACS' campus over transfers to rescue partners and confirmed medical history was provided. In addition, we confirmed the medical documentation provided matched the medical information stored in Chameleon.

Furthermore, rescue partner invoices were appropriately approved, and amounts paid were allowable and accurate. We confirmed a sample of 20 invoices were appropriately approved by ACS and the amounts matched the outcome report obtained from Chameleon.

However, the audit team identified areas in which controls could be improved.

A. Contract Monitoring

ACS lacks controls to ensure key contractual requirements are met. Examples include:
- Receipt of required RFA documents & monthly status reports from rescue partners,
- Evidence of adequate insurance coverage,
- Completion of inspections over rescue partner kennels and facilities, and
- Documentation of performance of animal sterilizations by rescue partners.

In addition, ACS lacks a central repository to ensure appropriate retention of rescue partner support documentation.

Per the Procurement Policy & Procedures Manual, managing departments should develop a Contract Administration Plan (CAP) as a tool for administration and monitoring purposes. Furthermore, CAPs should highlight key provisions of the contract, the monitoring tasks to be performed, and the frequency of actions to be taken. At this time, ACS only has a CAP in place for the high volume pet partner, SAPA.

The following paragraphs provide specific contract monitoring issues identified.

A.1 Required Documentation

Per the FY 2023 RFA, low volume rescue partners were required to provide supporting documentation to ACS. Examples include an operating budget, proof the executive director/president resided in Bexar County or surrounding area, a recommendation letter from a local veterinarian, protocols for transportation and foster orientation, and a foster contract. These documents were required prior to contract execution.

However, rescue partners did not meet these requirements as defined in the RFA prior to contract execution. We requested supporting documentation and determined for all low volume rescue partners, one or more documents were either missing or inadequate. Without appropriate documentation as required by the RFA, ACS risks contracting with unqualified organizations.

A.2 Insurance Coverage

Rescue groups did not meet and/or maintain required insurance coverage for all of FY 2023. We reviewed certificates of insurance for each of the 8 rescue partners. For all rescue partners, one or more of the following issues applied:
• Insurance coverage was lacking for all or part of FY 2023,
• Insurance coverage types were missing,
• City of San Antonio was not listed as additional insured, and/or
• Insurance companies that were not licensed to do business in the state of Texas were used.

Per each of the rescue partners' contracts, they are required to provide insurance coverage for the duration of FY 2023 with the appropriate amounts and types of insurance. The City risks potential liability due to rescue partners' lack of appropriate insurance coverage.

A.3 Rescued Animals Monitoring

ACS is not adequately monitoring the safety, outcome, and sterilization status of animals after they leave ACS' custody. While the ACS Advisory Board performs quarterly inspections over SAPA's facility at the HVPP building, currently ACS is not performing periodic inspections over the low volume rescue partner facilities (for rescues located either within Bexar County boundaries or out of state). Additionally, ACS is not requesting monthly status reports from rescue partners (other than SAPA) to monitor the outcome of animals pulled from ACS.

We also reviewed a sample of 17 animals that left ACS' custody and were unable to obtain proof of sterilization from rescue partners for 3 of the animals. Additionally, we determined ACS staff are not verifying that rescue partners attempting to pull animals from ACS do not have a large number of overdue unsterilized animals prior to releasing additional animals into their care.

OFFICE OF THE CITY AUDITOR

Per rescue partner contracts, ACS is authorized to inspect all rescue partner kennels and facilities. As a best practice, ACS should perform inspections periodically for all rescue partners to ensure the safety and well-being of animals pulled from ACS. In addition, all partners are required to provide a monthly status report so ACS can monitor the outcome of the animals. Lastly, rescue partners must ensure each animal is sterilized prior to the animal leaving their care and sterilization documentation should be maintained.

Without appropriate monitoring, the health and safety of these animals may be at risk once they leave ACS' custody. In addition, without follow-up, ACS risks animals being adopted out to the public prior to necessary sterilization.

Recommendations

ACS Director ensure:
- Key contractual requirements are monitored for compliance through the use of a CAP. Key requirements include but are not limited to required RFA documents, insurance, inspections, monthly status reports, and sterilizations,
- Periodic inspections (at least annually) are performed for all rescue partners, and
- Any issues identified be followed up on with the rescue partners.

B. Building and System Access

Access to the HVPP building and Chameleon system is excessive.

Per Administrative Directive 7.8d Access Control, access controls should be periodically reviewed, and access should be limited based on the principle of least privilege. Currently, ACS lacks procedures to ensure access is revoked upon separation and a periodic review for both building and system access is performed.

The following paragraphs provide specific building and system access issues identified.

B.1 HVPP Building Access

Physical access to the HVPP building at ACS is not appropriate. We reviewed the badge listing for the 401 individuals with access to the building and confirmed that 91 individuals had inappropriate access:

- 5 individuals were inactive or withdrawn from the City and
- 86 individuals had inappropriate access to one or more entries at the HVPP building.

As of October 2023, ACS management began evaluating user need for these individuals.

B.2 Chameleon Access

System access to Chameleon is not appropriate. We reviewed the active user access listing for all 264 Chameleon users and determined:

- 50 users were either inactive/withdrawn from the City, employed by other City departments, or had user ID's that were no longer in use and require removal,
- 24 general user accounts require further review.

In summary, 74 of 264 (28%) user accounts require further review for possible removal. Additionally, 6 of 11 users with deletion privileges reviewed were determined to be inappropriate and require modification.

ACS began reviewing user access during FY 2023; however, the process requires improvement.

Recommendations

ACS Director, in collaboration with ITSD:

- Delimit/modify building and system access as necessary,
- Establish a periodic review (at least annually) over access, and
- Develop an off-boarding process to delimit access upon employee separation/transfer.

Appendix A – Staff Acknowledgement

Abigail Estevez, CPA, CIA, CISA, Audit Manager
Loretta Faxlanger, Auditor in Charge
Rudy Carrasco, Auditor

Appendix B – Management Response

December 4, 2023

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

RE: Management's Corrective Action Plan for Audit of Animal Care Services Rescue Group Contracts

The Animal Care Services department has reviewed the audit report and has developed the Corrective Action Plan below corresponding to the report recommendation.

		Recommendation			
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
A	**Contract Monitoring** ACS Director ensure: • Key contractual requirements are monitored for compliance through the use of a CAP. Key requirements include but are not limited to required RFA documents, insurance, inspections, monthly status reports, and sterilizations, • Periodic inspections (at least annually) are performed for all rescue partners, and • Any issues identified be followed up on with the rescue partners.	6	Accept	Nichellie James, Contracts Coordinator Jessica Travis, Animal Care Operations Manager	5/1/2024

		Recommendation			
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	Action plan: Prior to the audit Animal Care Services (ACS) recognized the need for improvement in overall contract management. Recognizing issues prior to the audit, ACS adjusted the rescue organization solicitation process and contract development. Additionally, ACS was temporarily authorized and then approved for a permanent full-time Contract Coordinator. These two changes will have a significant impact on contractual compliance and monitoring going forward. In October 2023, ACS, with the Office of Risk Management updated the FY 2024 RFA requirements, which no longer require rescue groups to have insurance, as they are taking ownership of ACS animals. In December 2023, the Contract Coordinator created a CAP and reviewed all RFA documentation to ensure ongoing compliance. This includes: verifying 501(c)(3) status, confirming a veterinarian recommendation letter is on file, ensuring a local representative is in the City of San Antonio, and validating each rescue has an outlined plan to provide humane transport, house, and care for placement. The Live Release Manager or designee will conduct annual inspections for all organizations according to the CAP section 3.1.3 by March 2024 and on an annual basis. The Contract Coordinator will be responsible for ensuring all inspections are complete. ACS staff has created an SOP for reviewing and validating monthly invoices. Moving forward, the Live Release Manager will continue to validate monthly reports to monitor items included in the CAP and the RFA. The Contract Coordinator will verify that invoices and monthly reports are completed through annual internal reviews.				
B	**Building and System Access** ACS Director, in collaboration with ITSD: • Delimit/modify building and system access as necessary, • Establish a periodic review (at least annually) over access, and • Develop an off-boarding process to delimit access upon employee separation/transfer.	8	Accept	Bethany Colonnese, Chief Operations Officer	5/1/2024

#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	Recommendation				

Action plan:
ACS has submitted and updated Building 1 access by October 31, 2023. ACS will undertake an annual review of all ACS employees, SAPA! or building 1 tenants building and property access. ACS will request BESD and ITSD both review their staff's building access.

System account management in Chameleon is controlled by ITSD. ACS cannot delimit or disable user access. ACS submitted lists of accounts to be reviewed on February 23, 2023, without any known changes made.

The 24 accounts requiring review are considered system accounts that ACS has requested ITSD to review but no action take by ITSD. ACS cannot update or provide a review of those accounts, as this is solely ITSD's responsibility. ACS requested updates from ITSD in October 2023 as to who has the administrative privileges to update system access. ACS was able to get a response and coordinate with ITSD in January 2024.

The Data Analytics Manager or their designee will implement an annual review of account access to Chameleon and forward to ITSD for any updates to system access. ACS has requested the most recent account update on December 15, 2023, and anticipates updates from users by February 29, 2024. The Assistant to the Director will verify if changes have been made by ITSD on March 8, 2024.

ACS has reviewed the delimitation/disable process with HR and ITSD and found no issues with the process. When an employee separates from CoSA, HR separates the employee in SAP, which is forwarded to ITSD for systems removal. Per ITSD, Chameleon is always removed when an employee separates. ACS will ensure ITSD is following their own processes through an annual account access review.

ACS has established a process to remove access for internal transfers to a new department. Weekly the HR Business Partner will create a Help Desk ticket with all users that are no longer with ACS, but still employed at CoSA. This process is effective January 1, 2024. Any issues with ITSD, not completing the removal will be identified during the annual review.

ACS has coordinated and met with ITSD on these processes.

We are committed to addressing the recommendation in the audit report and the plan of action presented above.

Sincerely,

1/29/2024
Date

Shannon Sims
Director
Animal Care Services

David McCary
Assistant City Manager
City Manager's Office

2-1-2024
Date