GARLAND

INTERNAL AUDIT

Animal Services Microchip Program

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Report 201905

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Contents

Executive Summary

Animal Services (AS) is responsible for responding to citizen calls for service involving animals and providing care for impounded animals at the Garland Animal Shelter. Implanting a microchip identification device (microchip) into dogs and cats* is among one of the many services that AS performs. A microchip is a tiny computer chip (about the size of a grain of rice) that is housed inside of a glass capsule and inserted just under the animal's skin. AS microchips animals if requested by the animal owner, when animals are adopted from AS, and for impounded animals when returned to the owner.

Testing related to the following areas did not result in any recommendations:

- Animals were retained according to minimum animal hold time requirements.
- AS personnel were knowledgeable of the various AS processes.

However, Internal Audit (IA) identified the following areas for improvement during this audit.

- AS did not have a formal process in place to inventory, track, and secure microchips.
- The shelter management system (System) access for personnel transferring from AS and requested access changes are not made on a timely basis.
- There were minimal instances where the correct microchip fee was not charged, animal information was not complete or accurate in the System, and animals were not microchipped before leaving AS.

IA would like to express our appreciation to the management and staff of AS for their time, assistance and cooperation during the course of the audit.

*Note – For the purposes of this report, dogs and cats will be referred to as "animals".

Authorization

This audit was conducted under the authority of Article IV, Section 8 of the Garland City Charter and in accordance with the Annual Audit Plan approved by the Garland City Council.

Objectives

The objectives of this audit were to:

A. Determine that adequate controls are in place to manage microchips.
B. Verify incoming and outgoing animal activities related to microchipping are adequately documented in the System.
C. Validate the adequacy of access rights in the System.

D. Validate if AS is in accordance with the City of Garland (COG) *Code of Ordinances* related to adoption minimum hold times, microchip requirements, and microchipping fees.

Scope and Methodology

IA conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that IA plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. IA believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

The scope of this audit covered the AS microchipping process from August 01, 2017 to March 31, 2019. The scope did not include other activities that AS performs.

To adequately address the audit objectives and to describe the scope of the work on internal controls, IA performed the following:

- Observed microchips are in a properly secured location that has keycard access and is monitored by a security camera. (Obj. A)
- Reviewed and validated the microchip inventory listing was accurate and all microchips were in the assigned areas. (Obj. A)
- Interviewed AS personnel to determine if they were knowledgeable of the following:
  - Microchip storage process (Obj. A)
  - Minimum animal hold time requirement (Obj. D)
  - Microchip requirements for adopted animals (Obj. D)
  - Microchip documentation and scan requirements (Obj. B)
  - Process for returning an animal to the owner for the first time (Obj. B)
- Compared the AS enter and exit dates of animals and validated if the animals were retained according to minimum animal hold time requirements. (Obj. D)
- Observed that animal kennels had a card with the correct available for adoption date. (Obj. D)
- Interviewed AS management to identify that they review the following:
  - List of adopted animals report (Obj. D)
  - Report of animals brought into AS (Obj. B)
  - System access and access rights listing (Obj. C)
- Verified that adopted animals had a microchip number in the System. (Obj. D)
- Evaluated if AS personnel are documenting notes about microchips in the System. (Obj. B)
- Reviewed the report of animals brought into AS and identified trends or potential issues related to AS. (Obj. B)
- Reviewed the System data for incoming animals and validated Field Officer scan and documentation compliance. (Obj. B)

- Compared the System access listing to a listing of COG personnel to validate there are no non-AS personnel that have access to the System. (Obj. C)
- Compared the System access rights listing to the listing of AS personnel to validate AS personnel have adequate System access rights based on their job title. (Obj. C)
- Obtained AS management emails and validated AS is advising COG IT of any System access changes needed. (Obj. C)
- Compared the AS promotional event listing to the microchipping charges listed in the System and validated AS is charging microchipping fees in accordance with the COG *Code of Ordinances.* (Obj. D)

To assess the reliability of the various System reports, IA compared these reports to the data fields in the System and interviewed AS management. As a result of our testing, IA determined that the data provided and available was sufficiently reliable for the purposes of this report.

Background

AS is responsible for responding to citizen calls for service involving animals and providing care for impounded animals at the Garland Animal Shelter. Implanting a microchip identification devices (microchip) into animals is among one of the many services that AS performs.

A microchip is a tiny computer chip (about the size of a grain of rice) that is housed inside of a glass capsule and inserted just under the animal's skin. See picture below. A number is implanted electronically on the chip, and it corresponds with the chip manufacturer's database that holds the animal's important contact information. When a lost pet is returned to or picked up by AS, a special scanner can read the number on the chip.

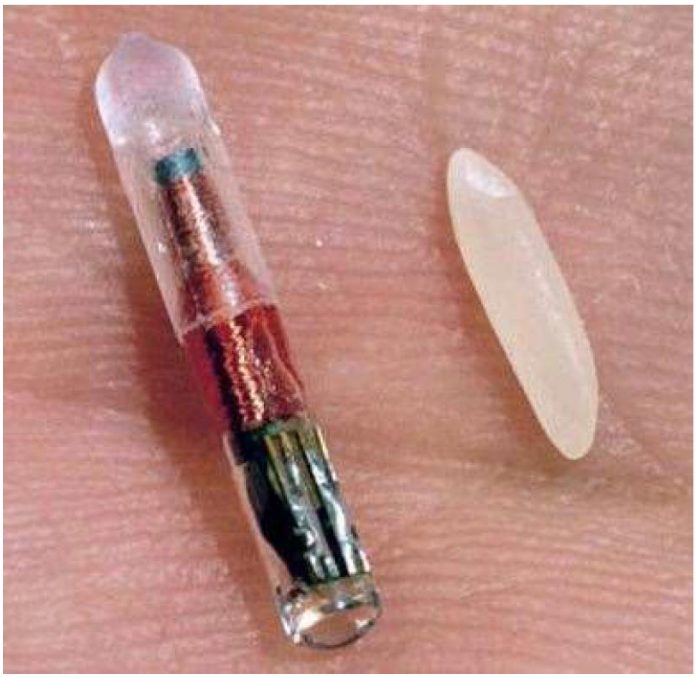
Although AS administered microchips in the past, in March 2017 AS started the current microchip program to increase the use of microchip to identify animals. AS microchips animals in various scenarios - at the request of the owner, when an animal is adopted from AS, or when an animal is impounded by AS and then released to the owner. The fee is $20 plus the cost of the microchip, which is currently $5, or there may be reduced fees during promotional events. AS purchases approximately 200 microchips each month. AS microchipped approximately 1,750 animals in FY17, 2,450 in FY18, and 1,575 in FY19 as of March 2019.[1]

Any impounded animal with no microchip or tag may be released for adoption after seventy-two hours unless the animal is under quarantine. Any impounded animal with a microchip or tag may be released for adoption on or after the sixth day unless the animal is under quarantine. However, an owner may authorize the adoption of an animal sooner than the minimum hold time by signing a waiver that surrenders the animal to AS. The COG *Code of Ordinances Chapter 22* contains various regulations regarding microchipping.

[1] Microchip figures are based on AS Monthly Stat Reports and may include a small number of animals that were microchipped prior to arriving at AS.

AS uses the HomeAgain brand microchip, which is one of about twenty microchipping and pet recovery services. AS uses the System to manage various shelter activities, including microchips. The System contains information about animals, such as microchip number, notes about the animal, and owner information. COG IT supports the System and AS sends in requests to COG IT to add, change, or delete AS personnel's access to the System.

Picture of a microchip on the left and a grain of rice on the right.



Opportunities for Improvement

During the audit, IA identified certain areas for improvement. The audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

#1 Original Microchip Storage and Tracking Processes (Obj. A)	
CONDITION (The way it is)	While performing an observation of the AS facilities on March 6, 2019, IA identified there was no formal process in place to track and secure microchips. The majority of the microchips were stored behind the customer service counter in a cabinet without a locking mechanism to secure the microchips. In addition, there was no manual or electric process to track the inventory of microchips. AS management immediately made changes to their microchip storage process after the IA observation.
CRITERIA (The way it should be)	*Standards for Internal Control in the Federal Government Policy Principle 16.03* states "Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use." *Standards for Internal Control in the Federal Government Policy Principle 16.01* states "Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results."
CAUSE (Difference between condition & criteria)	The employee responsible for purchasing and managing the microchips recently retired from COG and management was in the process of evaluating inventory control options.
EFFECT (So what?)	Microchips could be stolen, lost, or misused.
RECOMMENDATION	AS management should develop and implement a: • Process to store microchips securely • Microchip inventory processes • Tracking and monitoring processes
MANAGEMENT RESPONSE	Concur

ACTION PLAN	AS management has implemented a process to store microchips securely, conduct microchip inventories weekly, and track and monitor microchip process monthly.
IMPLEMENTATION DATE	This recommendation has been implemented.

#2 System Access (Obj. C)	
CONDITION (The way it is)	AS management submits to COG IT any changes to the System access for AS Personnel. COG IT then processes these changes. The submission of System access changes and the processing of these changes should be performed timely. IA obtained and reviewed a list of personnel with access to the System. There were three personnel (of 43 users) with access to the System that previously worked in AS and had moved to other COG departments. The oldest of these moves dates back to January 15, 2017. Also, AS management submitted a System access change request to COG IT on April 23, 2019 and as of June 11, 2019 the change request still was not completed.
CRITERIA (The way it should be)	*Standards for Internal Control in the Federal Government Policy Principle 11.11* states "Management designs control activities for security management of the entity's information system for appropriate access by internal and external sources to protect the entity's information system. Objectives for security management include confidentiality, integrity, and availability. " *Standards for Internal Control in the Federal Government Policy Principle 11.14* states "…. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity. Management also designs control activities for access rights when different information technology elements are connected to each other." *Information Technology Security Policy Directive#2, Electronic Systems Use* states "The City's Security Officers will implement appropriate access management processes to ensure that access to the City of Garland's technology resources are appropriately managed, documented and reviewed."
CAUSE (Difference between condition & criteria)	There are no formal policies to address system access changes when an employee transfers to another department. Not properly monitoring the requested system access changes to ensure they are completed timely.

EFFECT (So what?)	The possibility exists that personnel no longer requiring access to the System may make unintentional or intentional changes that have operational or reputational impacts to AS.
RECOMMENDATION	AS management should implement a process for monitoring System Access to ensure users who leave AS have their System access removed timely. COG IT management should: • Develop a process for monitoring to ensure System access change requests are completed timely. • Work with Human Resources to develop documented policies that detail the requirements and process for how to handle removing system access for transferring employees.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	AS • AS has a checklist of items that all terminated and transferring employees must return. A box has been added to this checklist to verify that the employee has their system access removed. • AS employees will follow up with COG IT to ensure system access has been removed for all terminated and transferring employees. COG IT • COG IT management has established an automated notification process to COG IT management for access change requests that have not been completed within the established service level. • It is the responsibility of department management to notify COG IT, Human Resources, and Facilities (badge access) promptly when an employee transfers to another department within the organization. Nonetheless, IT will work with Human Resources to establish a workflow process to notify COG IT when employees change departments within the organization in the event that department management neglects to do so. Any resulting access changes will have a service level of eight business hours.

	Note: Access to the Animal Services database was disabled on May 24 although the ticket remained open after that time.
IMPLEMENTATION DATE	AS – This recommendation has been implemented. COG IT – HR workflow will be discussed and implemented by September 1, 2019.

#3 Microchip Fees and System Accuracy (Obj. D)	
CONDITION (The way it is)	During the audit, IA performed testing to validate if microchipping fees are being charged correctly, and that the System is documented to reflect any microchipping activities. Testing resulted in the following: • The microchip fee for six (of 93 animals) was charged incorrectly. See Exhibit A, #1 for sampling methodology. • The System did not have a microchip number for four (of 185 animals) that left AS. See note on Exhibit A for sampling methodology. • Seventeen (of 185 animals) had inaccurate microchip number or information in the System. See note on Exhibit A for sampling methodology.
CRITERIA (The way it should be)	*Article I Section 22.04 (B)(1)* of the COG *Code of Ordinances* states "At the request of an owner, Animal Services shall implant an animal with a microchip identification device. The fee for this service shall be twenty dollars plus the cost of the microchip." *Article I Section 22.04 (B)(2)* of the COG *Code of Ordinances* states "The Director of Health may reduce fees associated with adoption, microchip implants, and vaccination in conjunction with a promotional event involving Animal Services." *Article I Section 22.06 (D)(1) and (E)* of the COG *Code of Ordinances* states "The prospective adopter shall pay a fee for adoption of dogs and cats in the amount of one hundred dollars plus the cost of the microchip identification device. The animal to be adopted will be sterilized, vaccinated for rabies, and implanted with a microchip identification device at the time of adoption. If the animal has previously been sterilized or is medically unable to be sterilized, the adoption fee will be reduced to fifty-five dollars plus the cost of the microchip identification device." *Standards for Internal Control in the Federal Government Policy Section 10.3* states "Management designs control activities so that all transactions are completely and accurately recorded."
CAUSE	The System does not have preventive controls that would stop inaccurate information from being entered.

(Difference between condition & criteria)	AS Officers must enter information into the System manually. This may lead to inaccurate information being entered into the System and there are no formal AS management review policies to look for this inaccurate information.
EFFECT (So what?)	AS could potentially be losing revenue, information in the System could potentially be unusable due to inaccuracy, and animals may not receive a microchip before being released from AS.
RECOMMENDATION	AS management should: • Emphasize the importance of ensuring information is being entered into the System accurately. • Periodically review the System for accuracy.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	AS management conducts monthly reviews that include counting and verifying microchips. AS management will also start reviewing microchip and payment information for accuracy.
IMPLEMENTATION DATE	This recommendation has been implemented.

Exhibit A – Sampling Methodology

1. List of Adopted Animals

IA obtained the 'List of Adopted Animals' report from the System for August 01, 2017 through March 31, 2019. This report contains all animals that were adopted through AS for the specified timeframe. The total population was 3,036 animals. IA used a sampling tool with 95% Confidence Level / 10 Confidence Interval criteria that calculated 93 animals are sufficient to perform testing. IA separated the report into equal time periods and took a random sample that was distributed evenly across those time periods. The results can be projected to the entire population.

2. Animal Outcome

IA obtained the 'Animal Outcome' report from the System for August 01, 2017 through March 31, 2019. This report contains all animals that left AS for the specified timeframe. IA removed animals that were not eligible to receive microchips as it would not be possible to perform testing for these animals. The total population available for testing was 4,692 animals. IA used a sampling tool with 95% Confidence Level / 10 Confidence Interval criteria that calculated 94 animals are sufficient to perform testing. IA separated the report into equal time periods and took a random sample that was distributed evenly across those time periods. The results can be projected to the entire population.

Note - For most of the testing both the 'List of Adopted Animals' report and 'Animal Outcome' report were tested separately. However, in some tests the two reports were combined into one testing population of 185* animals.

*Note -Two animals were included in both samples, thus not counted twice.