

SECOND CHANCE RESCUE CENTER AUDIT

INTERNAL AUDIT REPORT 09-05

INTRODUCTION

The City of Sioux Falls City Council authorized this audit in the 2009 Annual Audit Program. This is the first internal audit of the Second Chance Rescue Center (SC).

BACKGROUND

SC is located at 26707 466th Avenue, Sioux Falls, South Dakota, 57106. SC furnishes and maintains a facility that is staffed by qualified personnel to humanely house, shelter, care and dispose of dogs, cats and other animals. SC impounds and houses lost, stray and homeless animals under the direction of the Animal Control Division of the City of Sioux Falls Police Department (the City). The Animal Control Officers deliver the animals to the SC facility. All animals within the city limits of Sioux Falls that are processed through SC because of cruelty, neglect or abuse are also the responsibility of the City.

SC collects animal license fees, rabies deposits, impounding and boarding fees as set forth under the City's authority. All fees that SC collects, pursuant to the management agreement between the City and SC, revert to the City.

In August of 2006, the City entered into a three-year agreement with SC that extends through December 31, 2009. The Animal Control Division of the Police Department is authorized under Chapters Seven and Twenty-Three of the Revised Ordinances of the City of Sioux Falls to enforce the provisions of these chapters as pertaining to the care, welfare and licensing of animals and fowl. The Police Department's Community Services Division Lieutenant and the Animal Control Sergeant provide the supervision for the Animal Control operation. The Animal Control Officers perform enforcement pertaining to public safety and animal welfare. The officers respond to a variety of citizen requests for services such as leash law enforcement, regulation of barking and vicious dogs, animal licensing, rabies control and bite quarantines. With the assistance of SC, Animal Control also handles cruelty and neglect calls throughout the sixty-five square miles of the city.

OBJECTIVES

The objectives of this audit were to determine:

1. If the SC is being correctly and accurately compensated.
2. If all revenue due to the City has been accurately calculated, reported and paid.
3. If the required insurance coverage has been obtained.
4. If the SC staff, programs and licenses are in place to accomplish the requirements of the agreement.
5. If the required fiscal reports are being compiled and provided to the City in a timely manner.
6. If the overall terms of the agreement with the City are being met.

SCOPE AND METHODOLOGY

The audit covered the SC functions, transactions and activities, as related to the audit objectives. Our audit included a review and examination of 2007 and 2008 practices and procedures, activities, reports and deposits. We identified the obligations and performance requirements of SC, as specified in the agreement. We verified compliance through examination and analysis of available documents, along with interviews of key management, administrative and operational personnel at both the City and at SC.

RESULTS

Audit Objective One

SC has been correctly and accurately compensated for the years 2007 and 2008, as prescribed in Section Eight of the agreement.

Audit Objective Two

According to the data submitted by SC, the revenue due to the City has been accurately calculated, reported and paid. One qualifier is that the City does not independently record the number and/or types of animals that it delivers to SC. By not having verifiable numbers, the SC generated figures are the only available statistics.

Please see recommendation one on page four of this report.

Of the four major fees that are levied to animal owners and subsequently deposited into the City treasury, only two of the fees are actually specified as to dollar amounts in the revised ordinances.

Please see recommendation two on page four of this report.

Section Seven, Sixty-Two of the Revised Ordinances states, "Places of business designated by the board of health to make available animal licenses to owners as a convenience may charge up to \$5.00 for each new or renewal license in order to defray the costs of providing the licensing service and the recordkeeping expense associated therewith." Except for SC, the places of business that are providing the licenses are actually retaining either a portion of the license fee or the entire license fee. For example, the neutered male dog license fee is set by ordinance at \$10.00. \$5.00 is being retained by the business and \$5.00 is sent to the City. A neutered male cat license fee is set by ordinance at \$5.00. The entire \$5.00 is retained by the business and no money is forwarded to the City. The questionable area in the ordinance is whether the businesses should be retaining all or part of the license fees or should be charging additional fees, beyond the appropriate license fee, for their services.

Please see recommendation three on page four of this report.

Audit Objective Three

SC has secured the necessary policies and terms of insurance as outlined in the agreement.

Audit Objective Four

A certified Veterinary Technician is a member of the SC staff. SC also has a current South Dakota Department of Health Controlled Substance Certificate. SC has the necessary staff, programs and licenses in place to satisfy the terms of the agreement.

Audit Objective Five

Section Two of the agreement states that SC will keep accurate records and will submit semi-annual reports summarizing its activities to the City's Police Department, Community Services Division. While not receiving semi-annual reports, Animal Control does periodically request data from SC that is included in the Sioux Falls Animal Control Annual Report.

Please see recommendation four on page four of this report.

Audit Objective Six

The purpose of objective six is to determine if the overall terms of the agreement are being met.

SC complies with the following terms in the agreement:

- The agreement requires SC to furnish and maintain a minimum of forty-five dog kennels and forty-five cat kennels. SC currently has forty-eight dog kennels and forty-five cat kennels.
- SC maintains office hours as posted on the main entrance to the shelter.
- SC meets all applicable building codes in Minnehaha County.
- SC has a signed agreement confirming the services of a Certified Public Accountant for the life of the contract.
- SC has a letter from their financial institution indicating their commitment to provide financial backing necessary to bring the facility up to standards.
- SC had Pet Point software in place by December 1, 2006.
- The SC facility is completely finished with a heated and air conditioned office for use by Animal Control Officers.
- SC has a minimum of one staff person that is certified to perform euthanasia.
- SC had a conditional use permit in place to accommodate City needs by September 30, 2006.
- The agreement requires periodic inspections of the facilities by the Health Officer or an appointed representative. Animal Control administration performs the unscheduled inspections.
- The City has twenty-four hour access for impounding purposes.
- SC complies with the terms outlined in Exhibit A of the agreement.

The following terms of the agreement warrant recommended actions:

- The agreement states that SC shall provide a separate impoundment area for animals that are alleged to have bitten a person or another animal. While a separate area is provided for dogs, there is not a separate impoundment area for cats. Please see recommendation five on page five of this report.
- The agreement calls for a maximum of twenty-four hours to respond and investigate any suspicion of neglected or abused animals. Please see recommendation six on page five of this report

The agreement states that the City shall have the option to assume the building lease through 2009 if SC is unable to continue their operation. SC's current building lease does not have this option. Because of the SC's positive business position and the short time remaining on the agreement, Animal Control considers this a mute point.

RECOMMENDATIONS

1. We recommend that Animal Control record the number and types of animals that it delivers to SC. This will provide verifiable data to compare with SC records.

Police management response: *Animal Control will be developing an animal impound tracking system, which will provide statistics for cross referencing number reported by Second Chance Rescue. Target date for completion: July 31, 2009.*

2. The animal impoundment fees are outlined in the City of Sioux Falls Revised Ordinances Section Seven, Forty-Five. The animal license fee schedule is detailed in Section Seven, Sixty-Two. We recommend that the revised ordinances be amended to include the daily boarding costs and the rabies deposits.

Police management response: *Sioux Falls Animal Control will work with the City Attorney's office to revise those sections of city ordinance that deal with rabies deposit and boarding fee schedules. Our goal will be to reflect both of these costs in the ordinances of Sioux Falls. Target date for completion: July 31, 2009.*

3. Section Two, Fifty-Two of the Revised Ordinances states, "All money belonging to the city derived from taxation, licenses, fines, forfeitures, the operation of waterworks or other public utility owned or operated by the city, or from any other source, shall be paid in the city treasury, and the city council shall designate by ordinance to what fund or funds such money shall be applied as provided by law." We recommend that the Revised Ordinance Seven, Sixty-Two be amended to clarify that the licensing agencies, other than SC, charge an additional fee for their services, beyond the license fees.

Police management response: *Animal Control will work with the City Attorney's office to revise city ordinance 2-52 to clarify how the vendors of city animal licenses will be compensated. Target completion date: July 31, 2009.*

4. We recommend that SC report the following information, on a monthly basis, to the Animal Control administration:
 - Total intake of animals, categorized by dogs, cats, others. The report should also list numbers of strays, seized, deceased and bite quarantined animals.
 - Total number of animals turned over to SC ownership, categorized by dogs, cats, others.
 - Total number of "return to owner" animals, categorized by dogs, cats, others.
 - Total number of euthanized and deceased animals, categorized by dogs, cats, others.

Police management response: *Animal Control will work with Second Chance Rescue to develop a system of reporting strays, seized, deceased and biter animals on a monthly basis. These reports will be provided to Sioux Falls Animal Control supervisors monthly. Target completion date: June 15, 2009.*

5. A separate impoundment area is provided for dogs that are alleged to have bitten a person or other animal, but there is not a separate area for cats. We recommend that a separate impoundment area for cats that are alleged to have bitten a person or another animal should be completed and operational by July 1, 2009.

Police management response: *Sioux Falls Animal Control will follow up on the progress made reference developing a separate biter cat kenneling area. Target date for project is July 31, 2009.*

6. We recommend that there be a maximum of twelve hours for sworn, certified officers to respond and investigate any suspicion of neglected or abused animals, rather than the current twenty-four hour maximum time limit.

Police management response: *Item 6 that refers to Second Chance's response time to cruelty and neglect calls will be addressed in the 2010 contract and will be changed to a 12-hour maximum response time.*

Second Chance Rescue response: *We are fine with the results of the audit and we are very satisfied with the contract in place. We are working on a separate area for biter cats and that will be completed by the end date.*

CONCLUSION

We greatly appreciate the cooperation and assistance of the Second Chance Rescue Center management and staff, along with the Animal Control Division of the City of Sioux Falls Police Department management and staff that have participated throughout the course of this audit.