
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Audit of Animal Care Services

Drug Inventory Management

Project No. AU20-002

October 29, 2020

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 (ACS), specifically the drug inventory management process. The audit objective, conclusions, and recommendation follow:

Determine if the drug inventory for Animal Care Services is managed in accordance with policies and State and Federal regulations.

The drug inventory for ACS is managed in accordance with policies and State and Federal regulations. ACS had adequate controls over the ordering, receiving and distribution of the drug inventory. Additionally, ACS ensures that Petshotz Inc., the contractor who provided veterinary services, is in compliance with key contract terms.

However, we identified one area that needs improvement. User access controls should be strengthened to ensure only ACS employees have access to the Chameleon system.

ACS Management agreed with the audit finding and has developed a positive action plan to address it. Management's verbatim response is in Appendix B on page 6.

Table of Contents

| | |
|---|---|
| Executive Summary | i |
| Background | 1 |
| Audit Scope and Methodology | 2 |
| Audit Results and Recommendations..... | 4 |
| A. User Access | 4 |
| Appendix A – Staff Acknowledgement..... | 6 |
| Appendix B – Management Responses | 7 |

Background

Animal Care Services' (ACS) mission is to encourage responsible pet ownership by promoting and protecting the health, safety and welfare of the residents and animals of Bexar County through education, enforcement and community partnership. ACS accomplishes their mission by following four priorities:

1. Enhanced enforcement of existing laws and codes;
2. Controlling the stray animal population;
3. Increasing their live release rate; and
4. Engaging and educating the community.

ACS' FY 2019 actual expenditures was \$15.8 million, of which \$732,016 was for chemicals and drugs inventory. The FY 2020 adopted budget was \$16 million, of which \$730,145 is for chemical and drugs inventory.

ACS maintains an inventory of drugs used for spay/neuter surgeries, vaccinations, and euthanasia. ACS currently has three Schedule II and seven Schedule III and IV drugs on hand. Schedule II drugs are regulated by the Drug Enforcement Agency and the Texas Department of Public Safety. Regulations require ACS to maintain logbooks for each controlled substance at each location in which they are stored or administered to animals. ACS personnel use a primary log to record amounts of controlled substances received from vendors and stored in the Clinic's main drug inventory safe, with exception of the Euthanasia drug that is stored in the Euthanasia by Injection (EBI) Center safe.

Any substances dispensed to other locations from the main safe are logged out of the primary logbook and into a secondary logbook kept at the receiving location. Dosages administered to individual animals are recorded in the logbook at the location in which the animal was treated. In addition to the logbook, ACS uses the Chameleon systems to track and maintain drugs inventory that is used for surgery on the animals.

Audit Scope and Methodology

The audit scope was from October 2018 to April 2020. The scope included all policies and State and Federal regulations that oversee drug inventory ordered, received and distributed at ACS. It also included the Chameleon system used to track drug inventory used during surgery at ACS.

We interviewed ACS operations personnel and obtained an understanding of the controls in place over the ordering, receiving and distribution of drug inventory. In addition, we interviewed ACS fiscal staff and obtained an understanding of the billing process related to the contract with Petshotz Inc.

Significant internal control components and principles related to this audit include control activities and monitoring. Control activities included physical inventory controls, authorizations and supervisory approvals, segregation of duties and inventory reconciliations. In addition, monitoring internal control components included the monitoring of security cameras over the drugs inventory. We reviewed each control activity and monitoring control component during our tests of procedures.

As part of our testing procedures, we reviewed the drug inventory ordering process that included a review of the controls in place to order, approve and receive the drugs inventory. Specifically, we confirmed orders were properly approved and stored in a secure location when received. In addition, we reviewed the accuracy of the on-hand drugs inventory and the sufficiency of physical safeguards used to properly secure the inventory. Finally, we reviewed the controls in place over the distribution of the drug inventory to confirm amount taken from the safe was the amount used during surgery.

We reviewed the contract between Petshotz Inc. and the City of San Antonio to determine if sufficient controls were in place to ensure compliance with key terms. Specifically, we reviewed invoices billed to the City by Petshotz Inc. to determine if the billing was accurate. We reviewed their Insurance Certificate to determine if insurance thresholds obtained by Petshotz Inc. were in compliance with the contract. Finally, we reviewed staff licensing to verify staff was appropriately certified as required in the contract.

We reviewed Chameleon system user roles to verify access was appropriate and proper segregation of duties were in place.

We relied on computer-processed data in the SAP and Chameleon systems to validate invoices and confirm drugs inventory was accurately distributed for surgeries. 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 in these systems 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

The Animal Care Services Department (ACS) had adequate controls over the ordering, receiving and distribution of the drug inventory. We reviewed a sample of 25 drug inventory orders and determined they were properly ordered and secured when received. We conducted a physical inventory of all the drug inventory stored in the main safe and EBI Center and determined the quantity on hand was accurate. In addition, we reviewed the safeguarding controls in place over the drug inventory and determined ACS had sufficient controls such as locked cabinets, combination safes inside locked closets and video monitoring at each location. Finally, we reviewed a sample of 25 surgeries and determined proper amounts of drug inventory were documented and taken from the safe for use during the surgeries.

We reviewed the contract between Petshotz Inc. and the City of San Antonio and determined sufficient controls were in place to ensure compliance with key terms. Specifically, invoices billed to the City by Petshotz Inc. were accurate. Their Insurance Certificate thresholds were in compliance with the contract. Finally, staff was appropriately certified as required by the contract.

A. User Access

Controls should be strengthened to ensure only ACS employees have access to the Chameleon system. We reviewed 26 users within the Clinic and EBI Center with access to Chameleon and determined that three of them are no longer employed by the City of San Antonio but were still active in the system.

Administrative Directive (AD) 7-4A requires the revocation of access authorizations upon the voluntary or involuntary termination of any department employee. City ADs also require periodic screening for inactive accounts.

Upon separation of the three users no longer working for the City, Information Technology Services Department (ITSD) was notified to remove their access to the City's network as well as the Chameleon system. Access to the City's network was removed however, Chameleon access was not. Additionally, ACS has not performed user access reviews to ensure former employees are deactivated from the Chameleon system.

A lack of detective controls for user access increases the risk of unauthorized users, inappropriate access and/or unauthorized modification of data.

Recommendation

ACS should work with ITSD to conduct periodic reviews of employee access to the Chameleon system and remove users no longer employed by ACS.

Appendix A – Staff Acknowledgement

Gabriel Treviño, CISA, Audit Manager
Danny Zuniga, CPA, CIA, Auditor in Charge
Javier Castillo, IT Auditor

Appendix B – Management Responses



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

September 30, 2020

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

RE: Management's Corrective Action Plan for Audit of Animal Care Services (ACS) Drug Inventory Management

Animal Care Services Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendation.

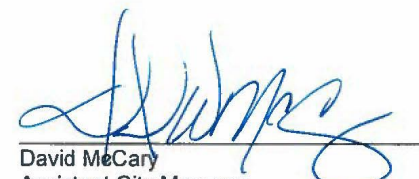
| Recommendation | | | | | |
|--|---|-------------------|-----------------|--|-----------------|
| # | Description | Audit Report Page | Accept, Decline | Responsible Person's Name/Title | Completion Date |
| 1 | User Access ACS should work with ITSD to ensure periodic reviews of employee access to the Chameleon system and remove users no longer employed by ACS. | 4 | Accept | Chase Fosse/ ACS Assistant to the Director | 10/16/2020 |
| Action plan: After learning of the Audit's Recommendation, ACS obtain a list of all active Chameleon accounts and ensured access rights were removed for all non-ACS employees. In addition to already existing processes where ITSD reviews access rights for all City Employees to all City systems; the ACS Administrative Team will begin to perform an independent review every 6 months in order to ensure previous authorization removal requests were completed. | | | | | |

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

Sincerely,


Heber Lefgren
Director
Animal Care Services Department

Date 10/16/2020


David McCary
Assistant City Manager
City Manager's Office

Date 10/23/2020