

**Internal Audit of the
Program Records Management
As of April 03, 2015
At The
Texas Animal Health Commission**

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Austin, Texas

We have conducted an internal audit (audit) of the Program Records Management at the Texas Animal Health Commission (TAHC) as of April 03, 2015. The results of our audit disclosed that the TAHC has adequate systems and effective processes in place to test livestock for diseases and monitor the movement of livestock. However, we noted some opportunities for improving the program records management processes in place. The report that accompanies this letter summarizes our comments and recommendations.

We appreciate the courtesy and cooperation the management of the commission showed during the course of the engagement.

Monday N. Rufus, P.C.

April 03, 2015
Austin, Texas

TABLE OF CONTENTS

Executive Summary.....	4
Internal Audit Results.....	5
Detailed Issues, Recommendations and Management’s Response.....	6
Appendices	
1. Objective, Scope, and Methodology.....	8
2. Background Information.....	10
3. Report Distribution.....	11

Executive Summary

The Texas Animal Health Commission's (Commission) enabling statutes are in Chapters 161 through 168 of the Texas Agriculture Code, Vernon's Annotated Texas Statutes. The Commission is vested with the responsibility of protecting all livestock, domestic animals, and domestic fowl from diseases stated in the statute, and is authorized to regulate the entry of livestock, domestic animals, and domestic fowl into the state; and control the movement of livestock. The Commission is funded by a combination of state general revenue funds and federal funds from the United States Department of Agriculture (USDA). The Commission's staff of 161 full-time-equivalent (FTEs) is comprised of field inspectors, veterinarians, epidemiologists, laboratory personnel, and administrative staff. The Commission works closely with local, state, federal, livestock producers, industry partners, and the public, on animal health issues. The Commission is also supported by the veterinary community and the USDA to assure proper tracing of the movement of exposed and infected animals to determine the origin of infection and minimize the transmission of disease.

Program Records staff which consist of eleven (11) FTEs receives, inputs into databases and maintains records necessary to document specific state and federal disease eradication program activities; processes documents affecting herd or flock status and documents related to quarantines or releases; performs data entry ; and provides interstate entry permits on premovement authorization for entry of animals into the state, such as the E-permit which states the conditions under which movement of the animals may be made, providing any appropriate restrictions and testing requirements after arrival ; and certificate of veterinary support. Program records include, but are not limited to:

- developing and maintaining data and records systems required for disease program standards;
- performing data entry so that data may be analyzed to monitor the accuracy and efficiency of the agency's disease management and eradication activities;
- managing records for the Fowl Registration program, Fowl Surveillance Program, Waste Food Feeder Registration, and Feral Swine Holding program;
- supporting records management functions for various Herd Status programs that include the Accredited Bovine Tuberculosis Free Herd, Bovine Brucellosis Certified Free Herd, Validated Swine Brucellosis Free Herd, Qualified Pseudorabies Negative Swine Herd programs, CWD Herd Status Plans for Cervidae and Trichomoniasis Free Herd status for cattle;
- monitoring and compliance for quality and completeness of data on interstate health certificates;
- issuing and monitoring Texas entry permit programs for domestic and exotic animals and fowl entering Texas from other states; and
- entering data such as animal identifications, owner information, health certificates, and test results from slaughter charts into the USDA database.

The Commission has established processes used for the surveillance of livestock and for the prevention, eradication, and control of livestock diseases. There are processes to test livestock for diseases, monitor the movement of livestock, and take action on diseased

livestock. The Commission has implemented control systems to ensure the reliability and integrity of information; compliance with policies, procedures, applicable laws and regulations; and the efficiency and effectiveness of its operations to the extent possible with available resources.

Internal Audit Results

Our review on the Commission's program records management considered the reliability and integrity of information, compliance with policies and procedures, and the efficiency and effectiveness of operations. The program records management process is a coordinated effort involving agency staff and non-agency individuals such as the United States Department of Agriculture (USDA), other states, and private businesses which are not under the management and control of the agency.

Some animal E-Permits entered into the Permit Tracker system database do not have both the actual permit *Verification Date/Number of Heads* when the inspectors verified the movement of animals and information in the *Disposition/Comment* sections of the E-permit form. The verification date, actual number of animals moved, or changes in status of the animal(s) authorized to be moved, is crucial in the monitoring and reporting accuracy of animal movement in the state.

Summary of Management's Response

The Commission will create and implement policies and procedures for the region offices inspectors to follow regarding the required information needed on the E-permits and inputted into the Permit Tracker System database.

Detailed Issues, Recommendations, and Management's Response

The primary objectives of the internal audit were:

1. Reliability and Integrity of Information
2. Compliance with Policies, Procedures, Laws, and Regulations
3. Efficiency and Effectiveness of Operating Procedures
4. Safeguarding of Assets

Internal Audit Objective 1: Reliability and Integrity of Information

Controls are in place to ensure that reports generated from the data received and entered into various databases is communicated to appropriate animal health care personnel and professionals.

Procedures are in place to retrieve information data stored in the databases.

Procedures are in place for updating and keeping current the Contracts with Markets which is a source of data generated for the agency's databases.

The Commission has implemented Data Accuracy Monitoring (DAM) quality control activities which involve testing the entry of data into a data collection system for accuracy. Every supervisor of a person who enters data into a data collection system performs the DAM testing quality control activities on a schedule determined by previous testing results.

Finding 1: Management Should Complete Policies and Procedures For Inclusion of E-Permits Required Animal Movement Verification Dates

Criteria:

Rule §51.1, Chapter 51.1 of the Texas Administrative Code describes the E-permit as a premovement authorization for entry of animals into the state by the commission. The E-permit states the conditions under which movement may be made, and will provide any appropriate restrictions and test requirements after arrival. The permit is valid for 15 days. The commission Regional Offices inspectors are required to verify the movement of the animals listed on an E-permit within 30 days.

Condition:

One hundred fifty-four (154) of the total 2,324 E-permits processed for the period from 09/01/2013 through 12/31/2014 did not have any information in the E-permits *Verification Date / No. of Heads* or *Disposition /Comments* sections of the E-permit form. By the E-permit sections being left blank, it is not known when the animals listed on the E-permits were moved, whether the same number of animals were moved, or whether the movement of animals was changed or canceled.

Cause: The Commission has not completed policies and procedures for the state region offices to follow in completing and ensuring that all required information is included in the E-permits.

Effect:

The Permit Tracker System (PTS) is used to collect information on the number of animal movement records processed, including all interstate entry permits issued and verified by Commission personnel. The accuracy on the actual number of animals moved, date of arrival, and animals verified are unknown if the E-permits are not completed when inputted into the Program Tracker System database.

Recommendation:

Management should complete the policies and procedures for the region offices inspectors to follow regarding the required information needed on the E-permits and inputted into the Permit Tracker System database.

Management's Response:

The Commission will create and implement policies and procedures for the region offices inspectors to follow regarding the required information needed on the E-permits and inputted into the Permit Tracker System database.

Internal Audit Objective 2: Compliance with Policies, Procedures, Laws, and Regulations

Commission has policies in place to provide assurance that agency staff is proficient in the performance of their duties regarding data input into the database systems.

Internal Audit Objective 3: Efficiency and Effectiveness of Operating Procedures

The Commission is currently transitioning from the Accredited Veterinarian Database System to the Authorized Personnel System (APS). The Authorized Personnel System is used to keep records for veterinarians authorized to conduct animal testing in the state. The APS also uses the Texas State Board of Veterinary Medical Examiners (TVBME) and United States Department of Agriculture (USDA) Veterinary Services Process System to update the veterinarians accreditation information. The commission can now obtain veterinarian information much quicker electronically than through previously requested paper documentation.

Internal Audit Objective 4: Safeguarding of Assets

The Commission has policies and procedures in place to safeguard the seven automated systems used to collect data related to performance reporting.

Appendix 1

Objective and Scope

Objective

The primary objectives of the internal audit were to determine the following:

- *Reliability and Integrity of Information*
- *Compliance with Policies, Procedures, Plans, Laws, and Regulations*
- *Efficiency and Effectiveness of Operating Procedures*
- *Safeguarding of Assets*

Scope

The audit scope of the audit included reviewing the effectiveness of the control systems to ensure the reliability and integrity of program records management information, compliance with policies and procedures, and required documentation to ensure compliance with requirements of the statutory Texas Agriculture Code and Texas Administrative Code rules.

Methodology

Our procedures included collecting information and documentation; performing selected tests and other procedures; analyzing and evaluating the results of the tests; reviewing operating policies and procedures, laws and regulations; conducting interviews with the appropriate staff of the TAHC; testing for compliance with policies, procedures and laws, and review of other pertinent reports and documentation.

Information collected and reviewed included the following:

- The TAHC's automated program records systems
- Program records policies and procedures manuals
- The Texas Agriculture Code, Chapters 161 through 168
- Texas Administrative Code, Title 4, Part 2 - Texas Animal Health Commission
- Texas Animal Health Commission Strategic Plan 2015-2019
- Texas State Auditor's Office reports

- Texas Animal Health Commission website (Program Records)

Procedures and tests conducted included the following:

- Interviewed TAHC management and staff to obtain an understanding of the agency's program records management permit processing functions activities, and controls in place.
- Gained an understanding of the TAHC's control structure relating to processing of permits for movement of animals in the state of Texas.
- Gained an understanding on authorized individuals accredited to conduct the programs' testing of animals.
- Tested program records controls in place to ensure compliance with statutory and Commission rules requirements.
- Tested program records of individuals accredited to conduct animal testing in the state.

Criteria Used included the following:

- Texas Agriculture Code, Chapter 161 through Chapter 168
- Texas Administrative Code (TAHC Rules)
- TAHC Program Records Section Permits Policies and Procedures
- Commission's Website

Other Information:

Our audit was conducted in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. 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. Our audit also conforms with the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing*.

Appendix 2

Background Information

In 1893, the agency was initiated to fight the Texas Cattle Fever epidemic, which had created a nationwide problem. Since then, the Texas Animal Health Commission (Commission) and the United States Department of Agriculture (USDA) have worked cooperatively with livestock producers on animal health issues. The list of animal health and disease programs that TAHC is tasked to administer continues to expand. TAHC works to prevent, control, and eradicate disease in Texas livestock, exotic livestock, domestic fowl, and exotic fowl.

The Commission's enabling statutes are in Chapters 161 through 168 of the Texas Agriculture Code, Vernon's Annotated Texas Statutes. The Commission is vested with the responsibility of protecting all livestock, domestic animals, and domestic fowl from diseases stated in the statute, or recognized as maladies by the veterinary profession. The Commission is authorized to act to eradicate or control any disease or agency of transmission for any disease that affects livestock, exotic livestock, domestic animals, domestic fowl, exotic fowl, or canines, regardless of whether or not the disease is communicable. In order to carry out these duties and responsibilities, the Commission is authorized to control the sale and distribution of all veterinary biologics, except rabies vaccine; regulate the entry of livestock, domestic animals, and domestic fowl into the state; and control the movement of livestock.

To carry out its mission, the Commission is supported by the veterinary community, competent laboratory system and epidemiology activities which oversee the diagnosis of diseases, and assures appropriate tracing of the movement of exposed and infected animals to determine the origin of infection and minimize the transmission of disease.

The Commission is composed of thirteen members who are appointed by the Governor, with the advice and consent of the Senate, who represent all segments of the livestock industry and the public, and oversee and guide the agency's activities. The Governor designates the Chair.

The Commissioners appoint an Executive Director who supervises the Commission's activities. The Commission's operating budget is prepared and approved by the Commissioners on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature. The Commission is divided into three divisions. The two operating divisions are the Animal Health Programs Division and Administrative Division, all of which report directly to the Executive Director. The Executive Division is headed by the Executive Director.

The Commission is funded by a combination of state general revenue funds and federal funds from the U.S. Department of Agriculture (USDA). For the 2015 – 2019 biennium, the TAHC has an authorized workforce of 161 full-time equivalent employees (FTEs). The Commission's staff is comprised of field inspectors, veterinarians, epidemiologists, laboratory personnel, and administrative staff.

Appendix 4

Report Distribution

As required by Govt't Code Section 2102.0091 copies of this report should be filed with the following:

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