

# **CITY AUDITOR'S OFFICE**



## **AUDIT OF THE DEPARTMENT OF PUBLIC SAFETY ANIMAL CONTROL Pet Licenses, Permits, and Issued Civil Citations**

**Report PS007-1718-01**

**April 10, 2018**

**RADFORD K. SNELDING, CPA, CIA, CFE**

**CITY AUDITOR**

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**BACKGROUND**

Animal Control, a division of the Department of Public Safety is responsible for the enforcement of animal related activities pertaining to animal welfare, public health, and safety in the City of Las Vegas (city).

The city's Municipal Code (MC) requires pet owners to obtain licenses for their pets which are purchased through one of three entities:

- The city contracted vendor (Vendor) who oversees the web-based database used for the issuance of pet licenses. Payments can be made online or through the mail.
- The shelter which accepts pet license payments for pet adoptions and pets reclaimed by their owners.
- City Finance cashier windows accept pet license payments using Atlas, the city-wide payment receipting application.

City residents apply for various permits including dog fancier permit, cat fancier permit, professional animal handler permit, breeder, wild animal permit non-exhibit, and wild animal permit exhibiting. To obtain permits, applications are completed and submitted to Animal Control. Applicants are invoiced for the \$50 or \$25 inspection fee which must be paid before inspections are scheduled and permits issued. Annually the permits are renewed after payment of fees and passing inspections.

Non-compliance with MC provisions regarding animal welfare, public health, and safety result in the issuance of citations in areas such as no pet license, no pet tag, no rabies vaccination, or unattended pet.

For fiscal year ended June 30, 2017, Animal Control had the following revenue from these sources:

Licenses	\$288,410
Permits	\$ 7,450
Fines	\$ 50,006

Staffing of Animal Control consists of 2 Animal Control Supervisors and 13 Animal Control Officers. Administrative oversight is provided by a Public Safety Lieutenant.

**OBJECTIVE**

Our objective in completing this audit was to assess the adequacy of management controls over the financial and administrative functions of pet licenses, permits, and issued civil citations.

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## **SCOPE AND METHODOLOGY**

The scope of our work was limited to transactions and activity that occurred during fiscal year ended June 30, 2017 unless otherwise indicated. The scope of our work on internal controls was limited to the controls within the context of the audit objectives and the scope of the audit. The last fieldwork date of this audit was December 19, 2017.

Our audit methodology included:

- Research of MC provisions,
- Interviews of city employees,
- Observations of Animal Control processes, and
- Analysis and detail testing of available data.

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. 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.

The exception to full compliance is because the City Auditor's Office has not yet undergone an external peer review. However, this exception has no effect on the audit or the assurances provided.

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

Our audit found that improvements are needed in the financial and administrative management controls over pet licenses, permits, and issued civil citations as follows:

- ***Inadequate Oversight of Outstanding Receivables*** - Receivable systems are not used to monitor unpaid pet licenses, permits, civil citations, the extent of outstanding receivables, and collection efforts. (finding 1)
- ***Inconsistencies Found with Pet License Purchase Reporting*** - Inconsistencies exist between the monthly reports submitted to the city by the Vendor for pet licenses purchased at the city and at the shelter. (finding 2)
- ***Improvements Needed in the Permit Process*** - Improvements are needed in the permit process to ensure that permit holders are invoiced annually for their permits and inspections are completed. (finding 3)
- ***Inconsistencies in Civil Citation Penalty Process*** - A review of the civil citation penalty process found inconsistencies with the MC and the penalty adjustment assessments. (finding 4)
- ***Inadequate Oversight of Vendor Security Compliance*** - Animal Control entered into agreements with two entities to issue pet licenses. These entities accept debit and credit card payments on the behalf of the city. Efforts have not been made to ensure they are

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compliant with the Payment Card Industry Data Security Program (PCI) and system security requirements. (finding 5)

- ***Inadequate Oversight of Software Agreement*** - The city continues to invoice North Las Vegas, Henderson, and Clark County quarterly using the percentages and shared costs agreed to in the 2005 Cooperative Agreement for Sharing Animal Care and Control Software (Cooperative Agreement). (finding 6)
- ***Inadequate Fees Charged for Permits*** - The fees charged for permits do not cover the cost of completing the inspections. (finding 7)

Further information on these areas is contained in the sections below. While other issues were identified and discussed with management, they were not deemed appropriate for reporting purposes.

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## **1. Inadequate Oversight of Outstanding Receivables**

### **Criteria**

The collection of fees for the issuance of pet licenses, inspections for the issuance of permits, and penalties for non-compliance with ordinances enhances compliance with MC provisions relating to animal welfare, public health, and safety.

### **Condition**

Audit procedures included reviewing the process over the collection of pet license fees, permit fees, and penalties for non-compliance with MC. We found that receivable systems which show the extent of outstanding receivables or allow for collection efforts on these outstanding amounts are not used as shown below:

#### ***Pet Licenses:***

A Vendor oversees the web-based database used for the issuance and monitoring of pet licenses. Annually the Vendor mails pet owners renewal notices for expired pet licenses. If owners fail to renew, the Vendor assesses a five dollar fee and mails an additional notice. No additional attempts are made to collect unpaid pet license fees. Animal Control does not request or review outstanding receivable aging reports which show the current status of unpaid pet licenses. The Vendor provided a listing of expired pet licenses dated June 28, 2017. Individual pet license fees are \$25, \$15, \$10, \$5, or \$0 (for service animals). The total number of expired pet licenses was 18,400 for a total amount due of \$340,285.

The following must be considered when assessing the reliability of the expired pet license listing:

- It is unknown how many of these expired pet licenses belong to owners who either no longer have their pet or no longer have the requirement to obtain pet licenses since they moved outside of the city.
- To determine the reliability of the expired pet license listing, the property address for the first 1,000 pet license entries were queried in the Clark County Assessors real property records. For the 1,000 records queried, we found that 26 were not city addresses and 30 were not valid addresses. These 56 address differences were then queried in the Vendor's address query function. 25 of 56 queries found a different result than the Clark County Assessor real property records query.

#### ***Permits:***

Permit applicants complete an application and pay a \$50 or \$25 fee before inspections are scheduled. Finance staff invoices these services through Oracle and payments are processed at Finance's cashier windows. As of June 28, 2017, the Oracle aging report showed an outstanding balance of \$3,075. \$1,300 or 42.28 percent of the balance has been outstanding for over 361 days. Animal Control staff was not aware of the Oracle aging report or the need to review it.

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***Issued Civil Citations:***

Animal Control officers issue pet owners civil citations to address areas of non-compliance with pet ordinances. The individual citations range from \$150 to \$500 and may include more than one area of non-compliance. Animal Control does not have a receivable system which documents the status of outstanding civil citations or imposes additional fines for non-payment in accordance with the MC. Further, no efforts are made to collect outstanding civil citation amounts once the hearing decisions are imposed. An analysis of the cases scheduled to be heard before the Hearing Officer for fiscal year ended June 30, 2017 was completed. The review showed the following:

- Number of cases scheduled to be heard - 407
- Original citation amount - \$246,050
- Hearing Officer adjusted amount - \$187,170
- Total payments made - \$44,481
- Decisions for the defendant - \$6,050
- 161 of the cases were for individuals who failed to appear (FTA). The dollar amount for these cases was \$103,900. FTA payments made were \$4,061.

In addition, when reconciling the physical civil citation hearing files to the Animal Care and Control Software database files, we found differences between what was listed in the physical hearing files and citations versus what was recorded in the Animal Care and Control software database which limits the ability to create reports with the actual outstanding balances, as follows:

- For 66 cases, the payment information was not recorded in the database.
- For 71 cases, there were differences between the information listed on the citations, the citation information reported in the database, and the citation information as reported on the final hearing decisions.

**Cause**

- Limited collection efforts are made after the initial requests for payment.
- Animal Control does not have dedicated administrative staff to assist with the financial and administrative functions. Staff focuses resources on daily operational monitoring issues.

**Effect**

- Failure to follow-up on unpaid balances limits the effectiveness of using fees and civil citation penalties to encourage compliance.
- City is not receiving payment for imposed fees and civil citation penalties.

**Recommendations**

- 1.1 Animal Control management should work with Finance staff to evaluate and determine whether to implement collection efforts on outstanding fees and civil citation penalties.
- 1.2 Animal Control management should document the implemented processes.

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- 1.3 Animal Control management should work with the Vendor who maintains the pet licensing database to determine why there are differences between the pet licensing database address queries and the Clark County real property records queries.

## **2. Inconsistencies Found With Pet License Purchase Reporting**

### **Criteria**

Oversight of pet license payments processed by vendors increases the reliability of the information provided in the pet license database.

### **Condition**

Pet owners have multiple methods available by which to purchase or renew pet licenses. These payment options include online and mail payments through the Vendor who operates the pet license web-based database, through the shelter for pet adoptions and animals reclaimed by their owner, and at the city's Finance cashier windows. Pet license information for payments made by the shelter and at the city is forwarded to the Vendor for input into the database. Monthly, the Vendor submits to the city reports that summarize pet licenses purchased through these locations. Audit procedures included selecting a judgmental sample of four months during the fiscal year ended June 30, 2017 and reconciling pet license payments made at these locations to the monthly Vendor reports. The following inconsistencies were found showing the need for improvements to the monitoring of pet license purchase reporting:

- As indicated above, the only payment methods for pet license purchases are through the Vendor, shelter, and at city Finance cashier windows. In April 2017, another location was included in the monthly Vendor reports. Animal Control staff does not review the monthly Vendor reports and had not questioned the additional location. As part of the audit, we questioned the additional location and were informed that the additional location was added in error and the Vendor submitted revised reports.
- The shelter is paid three dollars for every pet license they issue. Monthly they submit a check to the Finance Department with a listing of issued pet licenses. The following inconsistencies were noted when reconciling these pet license purchases:
  - For 2 of 12 months, the check submitted to the city was not reduced by their fee and did not include the listing of pet licenses issued. Follow-up was not completed by Finance staff. Animal Control staff is not provided with the backup documentation and would not have known to question the submissions.
  - For four months tested, the shelter reports showed they issued 1,301 pet licenses whereas the monthly Vendor reports showed the shelter issued 1,335 pet licenses. In addition, the following differences were found:
    - 90 pet licenses included on the monthly shelter report were not included on the monthly Vendor report.



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- 9 pet licenses were listed but reversed on the monthly shelter report; however, they were still listed on the monthly Vendor report. Only one pet license was listed as inactive in the Vendor database.
- 101 pet licenses listed on the monthly Vendor report were not listed on the monthly shelter report.
- 14 pet licenses included on the monthly Vendor report were for other jurisdictions, of which 11 were listed as inactive in the database.
- 10 pet licenses included on the monthly Vendor report did not have owner names or addresses. Instead the report stated “unknown”.
- In tracing the pet license purchases made at the city, we were unable to trace five pet license purchases to the monthly Vendor reports. In addition, we were unable to locate three of these five pet licenses in the pet license database.
- When reviewing pet license purchases posted in the general ledger, we found instances where pet license fees were coded to the civil citation account and civil citations were coded to the pet license account.

**Cause**

- Animal Control does not have dedicated administrative staff to assist with the financial and administrative functions. Staff focuses resources on daily operational monitoring issues.
- Finance staff does not forward the Vendor payment documentation and the monthly shelter reports to Animal Control.
- Animal Control does not review monthly Vendor reports, monthly shelter reports, or general ledger coding for errors and inconsistencies.
- The monthly Vendor reports and monthly shelter reports do not appear to have the same report cutoffs.

**Effect**

Inaccurate pet license information is included in the pet license database.

**Recommendations**

- 2.1 Animal Control management should work with the Vendor who maintains the pet licensing database and the shelter to evaluate and determine how to ensure that the submitted monthly reports consistently report the same information.
- 2.2 Animal Control management should document and implement a process to periodically review the submitted monthly reports for consistency and follow-up on exceptions as deemed appropriate.
- 2.3 Animal Control management should work with Finance management to evaluate, document, and implement a process to adjust pet license fees and civil citation payments when they are incorrectly recorded in the general ledger.

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2.4 Animal Control management should evaluate, document, and implement a process to ensure all city purchased pet license information is forwarded to the Vendor.

### **3. Improvements Needed in the Permit Process**

#### **Criteria**

##### ***MC 7.08.150 - Dog Fancier's Permit***

*A dog fancier may keep and maintain on his property a maximum of six adult dogs, provided that such person has first obtained from the Animal Regulation Officer a dog fancier's permit for said dogs and has paid the annual fee in the amount of fifty dollars, which cost shall include inspection.*

##### ***MC 7.08.170 - Cat Fancier's Permit***

*A cat fancier may keep and maintain on his property a maximum of six adult cats, provided such person has first obtained from the Animal Regulation Officer a cat fancier's permit for said cats and has paid the annual fee of fifty dollars, which cost shall include inspection.*

##### ***MC 7.08.180 – Pet Fancier's Permit***

*A pet fancier may own, keep, or possess on his or her property not more than six spayed or neutered dogs over one year of age or twelve spayed or neutered cats over eight months of age, or any combination thereof if the number of dogs does not exceed six and the combined number of animals does not exceed twelve, provided that the pet fancier has obtained from the Animal Regulation Officer a pet fancier's permit. The pet fancier shall obtain a pet fancier's permit from the Animal Regulation Officer each and every twelve-month period. The Animal Regulation Officer shall issue the pet fancier's permit only after inspecting the applicant's property..... The cost of the inspection and permit shall be fifty dollars.*

##### ***MC 7.16.030 - Vicious animals – Ownership permitted when.***

*Any animal which is declared to be dangerous by the Animal Regulation Officer may be kept within the City provided that:*

*(A) Within fourteen days after the owner or keeper is notified of the declaration, the area in which the owner or keeper intends to keep the animal must pass an inspection by the Animal Regulation Officer, and the owner or keeper must obtain from the Animal Regulation Officer a permit to keep the animal, based upon such terms and conditions as the Animal Regulation Officer deems appropriate. A nonrefundable inspection fee of fifty dollars will be charged to the owner or keeper.*

##### ***MC 7.38.010 - Wild animals - Permit required.***

*(A) No wild animal shall be exhibited in public or private or kept anywhere within the City unless and until the owner thereof has obtained a wild animal permit from the Animal Regulation Officer.*

*(F) A permit to exhibit one or more wild animals may be issued for the period prescribed by the Animal Regulation Officer upon payment of a twenty-five dollar fee and a favorable inspection by an Animal Control Officer.*

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***MC 7.38.040 - Hogs and Pigs – Permit and area required***

*(A) No person without a special permit first obtained from the Animal Regulation Officer shall own, keep, possess, or maintain hogs or pigs on any parcel of land.*

***MC 7.40.030 - Permit Fee***

*When a professional animal handler permit is applied for, a fee of fifty dollars shall be paid to the Animal Regulation Office for an inspection of the commercial breeder's facility, grooming parlor, grooming school, kennel, pet shop, or dog training facility. The inspection shall be conducted by an Animal Control Officer to determine compliance with this title, and if compliance is met the permit shall be issued.*

***MC 7.40.060 - Permit Expiration***

*A professional animal handler permit shall expire on December 31st of each calendar year, and shall be renewed after the payment of the applicable fifty-dollar fee by February 1st of the following year, after an inspection by an Animal Control Officer.*

***MC 7.40.110 - Breeders –Fees –Restrictions***

*Any person who, for pay or other compensation, causes the breeding of a male or female dog or cat or makes a dog or cat available for breeding purposes, or any person who sells or offers for sale any dog or cat shall pay an annual permit/inspection fee of fifty dollars for the privilege of engaging in such activity.*

**Condition**

Pursuant to the MC, individuals who wish to obtain various permits, complete permit applications. Once Animal Control staff receives the permit applications, they input them into the Animal Care and Control Software application, indicate the permit status as “temporary”, and designate a two month temporary period. Finance staff receives a flat file via email, processes invoices through Oracle, the city's accounting software, and send the invoices to the permit applicants. Finance staff receipts the payments in Oracle which sends email notifications of the \$25 and \$50 permit payments to Animal Control staff. Animal Control staff schedules the inspections and updates the Animal Care and Control Software application for payments and inspections. Annually, the Animal Care and Control Software application initiates permit renewals and the invoices are processed by Finance staff. Audit procedures included summarizing and reviewing the permit holders physical permit files for the fiscal year ended June 30, 2017 and comparing permit applications and issued permits to both the Animal Care and Control Software application and Oracle. Improvements are needed in the permit process to ensure that permit holders are invoiced annually for their permits and inspections are completed in accordance with MC provisions, as follows:

***Permit Applications:***

Our audit procedures identified 90 permit applications. Our review showed the following:

- 55 permit applications were still in the “temporary” status. The temporary period for all permit applications had already passed.
- 29 permit applications show no evidence that invoices had been processed.

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- 48 permit applications had been invoiced and paid; however, there was no evidence that the inspections had been completed and the permit issued.
- 8 permit application invoices had not been paid and were listed on the June 28, 2017 Oracle aging report.
- 5 permit applications are no longer needed.
- 1 permit application is current.

***Issued Permits:***

Our audit procedures identified 93 issued permits. Our review showed the following:

- 25 permits expire in December 2017 and January 2018. No invoices for these permits were found in Oracle as of November 30, 2017.
- 34 permits were due for invoicing prior to December 2017 and had not been invoiced.
- 7 permits had been invoiced; however, payment had not been received.
- 7 permits were invoiced and paid; however, the permit status was not current.
- 10 permits were invoiced, paid, and had a current permit status.
- 2 permits had a current permit status; however, they had not been invoiced.
- 8 permits were no longer active and the Animal Care and Control Software appropriately reflected the status.

**Cause**

- The email notification process does not appear to be working properly.
- The email notification only initiates the invoice process. Staff action is required to complete the other phases. Animal Control does not have dedicated administrative staff to assist with the financial and administrative functions. Staff focuses resources on daily operational monitoring issues.

**Effect**

- Owners are not being invoiced for their permits.
- Inspections are not being scheduled annually.

**Recommendations**

- 3.1 Animal Control management should work with Finance staff to evaluate the permit email notification process and determine why invoices are not consistently created and mailed to the permit applicants and holders.
- 3.2 Animal Control management should document and implement a process to ensure that all applicable permit holders are invoiced for their permits and that inspections are timely completed.

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#### **4. Inconsistencies in Civil Citation Penalty Process**

##### **Criteria**

##### **MC 7.44.080 – Notice of Infraction – Acknowledgement – Hearings**

- (A) *A person must respond to a Notice of Infraction in one of the following ways:*
- (1) *“Admit” responsibility for the commission of the violation and liability for the civil penalty imposed, and pay the applicable civil penalty;*
  - (2) *Contact the Director of Public Safety or an authorized designee, “admit” such responsibility and arrange a schedule for the payment of such penalty; or*
  - (3) *Request a binding hearing, as provided for in Subsections (B) to (I) inclusive, of this Section in order to dispute the propriety of the issuance of the Notice of Infraction or liability for the violation.*

##### **MC 7.44.120 – Penalty adjustments**

- (A) *A Hearing Officer’s decision in accordance with Section 7.44.080 regarding a qualifying violation may include a provision that if payment is made within thirty days after the decision is issued and the violator can document that the violation has been corrected, the applicable penalty is reduced by sixty-five percent (or seventy-five percent, in the case of a violation of Section 7.14.010). For the purposes of this Subsection, a “qualifying violation” is a violation of the requirement regarding an animal that can be corrected and, upon correction, the violation cannot reoccur. Examples of such violations are those regarding license or permit requirements, vaccination requirements, and spay/neuter requirements.*
- (B) *If the payment of penalty amounts when they become finally due pursuant to the provisions of Sections 7.44.060 to 7.44.120, inclusive, are not timely made, the following late fees shall be imposed and are immediately due and payable:*
- (1) *If payment is late more than thirty days, a late fee of one hundred percent of the applicable penalty amount.*
  - (2) *If payment is late more than forty-five days, the late fee is increased to one hundred fifty percent of the applicable penalty amount.*

##### **Condition**

Hearings pursuant to section 7.44.120 of the MC are conducted by a Hearing Officer who reviews witness statements/testimonies and other evidence before issuing written decisions. The Hearing Officer can adjust the amount of the penalties with the stipulation the amounts are paid within 30 days and the violations corrected. Audit procedures included summarizing and analyzing all civil citations scheduled for review with the Hearing Officer for the fiscal year ended June 30, 2017. Penalty adjustments were compared to the applicable MC requirements. The following inconsistencies were found:

- A majority of penalty adjustments made ranged between 20 and 40 percent instead of 65 percent or 75 percent for Section 7.14.010 violations. All violations instead of those violations that can be corrected and cannot reoccur were included in the adjustments.

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- Penalty adjustments were made for FTA cases where the individual did not show up at the hearing and no proof of correction was provided.
- Penalty adjustments were made for one animal when more than one animal was cited.
- At times penalty adjustments were inconsistent with the hearing officer's current practice.

In addition, the MC includes the ability to impose late fees for non-payment; however, the only notice provided to pet owners is the initial written decision.

**Cause**

- Animal Control staff was not aware of the MC provisions.
- The penalty adjustments are made by the Hearing Officer. Animal Control staff does not review his process.
- The Hearing Officer has limited time to review the files relating to the cases and manually calculates the penalty adjustments.
- No collection efforts are made after the initial hearing decision.

**Effect**

- Inconsistent application of hearing penalty adjustments.
- By not pursuing the collection of amounts owed, Animal Control is not receiving payment for infractions or ensuring pet owners are complying with MC requirements.

**Recommendations**

- 4.1 Animal Control management should work with the Hearing Officer to evaluate, document, and implement a process to ensure that penalty adjustments are consistent for all cases.
- 4.2 Animal Control management should evaluate the non-payment penalty provisions of the Municipal Code, determine what course of action to pursue, and how to document and implement a process to comply with the city's Municipal Code.

**5. Inadequate Oversight of Vendor Security Compliance**

**Criteria**

***Information Security Program Procedure (IT134a.2)***

***Vendor Management***

*Vendor access must be controlled and managed to ensure access to sensitive information including card holder information is not compromised. Vendors that are allowed access to sensitive PCI information in their role as support to applications and systems must be managed and agree to adhere to all regulations that apply to employees. These vendors must have appropriate language in their contracts and must complete appropriate checks on their employees to ensure sensitive*

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*data that they are given access to is protected and their access is limited to only that data necessary to complete their contractual obligations. The IT 137, Vendor Management policy and IT 134c meets requirement 12 of PCI.*

***Vendor Management Procedure (IT137)  
Management and Oversight***

*Vendors and other independent third parties that provide support or services in conjunction with information systems and core processing activities will be required to observe the same standards and level of data sensitivity and controls as those instituted by the City.*

***Contract No 1400052-H***

***Pet Licensing Management Program Services***

***Contract for Pet Licensing Management Program Services***

***Exhibit A – Scope of Services***

***3.0 Collections***

*(b) The Company will process all electronic payments with a PCI-compliant merchant services provider. The Company must be fully in compliance with the Payment Card Industry Security Program (PCI) as defined by Visa and MasterCard. The Company further agrees that it will remain in compliance with the Payment Card Industry Security Program at all times. As part of maintaining PCI Compliance, the Company will undertake a regular review of all security policies and procedures.*

**Condition**

Animal Control entered into agreements with two entities which assist individuals in purchasing pet licenses. These entities include the Vendor who oversees the web-based database used for the issuance and monitoring of pet licenses and the shelter. These entities accept debit and credit card payments on the behalf of the city. Efforts have not been made by Animal Control to ensure compliance by the Vendor and shelter with PCI and system security requirements, as follows:

***Pet Licensing Management Program Services:***

The Pet Licensing Management Program Services contract tasks the Vendor to collect pet licensing fees for the city including online electronic payments. Pursuant to the contract, the Vendor is required to be fully in compliance with PCI and to complete regular reviews of all security policies and procedures. Animal Control staff has not confirmed that the pet licensing software remains PCI compliant and that the Vendor completes regular reviews of their security policies and procedures. As part of our audit, we requested that the Vendor provide documentation that shows the Vendor is PCI compliant. The Vendor provided a Self-Assessment Questionnaire D dated September 9, 2017. The previous self-assessment was dated June 8, 2015. A review of their security policies and procedures has not been completed.

***Animal Care and Shelter Agreement:***

The Animal Care and Shelter Agreement includes a provision that allows the shelter to sell city pet licenses for adoptions and animals reclaimed by their owner. Pet owners can use their debit and credit cards to pay for these licenses. The agreement does not include a provision that requires

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the shelter to be PCI compliant or complete reviews of their security system. Animal Control staff has not confirmed whether the shelter is PCI compliant or has reviewed the adequacy of their system security.

**Cause**

Animal Control staff was not aware of the need to ensure systems were PCI compliant and system security was adequate.

**Effect**

Potential for individual debit and credit card information being compromised.

**Recommendations**

- 5.1 Animal Control management should work with Information Technology staff to ensure that the Pet Licensing Management Program Services vendor's security policies and procedures observe the same standards and level of data sensitivity and controls as those instituted by the city.
- 5.2 Animal Control management should confirm that the shelter is compliant with the Payment Card Industry Security Program. In addition, Animal Control management should work with Information Technology staff to ensure that their security policies and procedures observe the same standards and level of data sensitivity and controls as those instituted by the city.
- 5.3 Animal Control management should evaluate and determine whether the shelter contract should be amended to include language on compliance with the Payment Card Industry Security Program and system security requirements.
- 5.4 Animal Control management should document and implement a process to annually evaluate and determine whether the Pet Licensing Management Program Services vendor and the shelter remain compliant with the Payment Card Industry Security Program and their system security remain comparable to city requirements.

**6. Inadequate Oversight of Software Agreement**

**Criteria**

***Cooperative Agreement for Sharing Animal Care and Control Software***

***Section 3: Regional Animal Control Committee***

***3.01 Appointment of Committee Membership.*** Each Entity shall appoint one person to become a member of the Regional Animal Control Committee ("Committee"). The Committee will review and approve, if appropriate, a proposed budget for the operation and maintenance of the Application which will be recommended to the governing bodies of each Entity for the funding of



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*their respective share of the operational budget. The Committee will conduct periodic meetings to gather and evaluate information regarding the operation and administration of the Application.*

**3.04 Budget Meetings.** *The regularly scheduled meeting for October of each year shall be for the purpose of considering the budget for the coming calendar year. The Director of Information Technologies of Las Vegas (hereinafter "IT Director") or his designee shall present a tentative budget to the Committee at this meeting.*

**Section 4: Funding**

**4.01 Funding Formula.** *The operating budget shall be prepared in a line item format and submitted annually by the IT Director or his designee in accordance with Section 3.04. The funding of the Application shall be determined by reducing to a percentage the number of animals impounded by each Entity divided by the total number of animals impounded by all of the Entities in the most recent calendar year. For the initial twelve-month period of operation, commencing July 1, 2004, the funding share of each Entity of the operational costs of the Application shall be as follows:*

<i>Las Vegas</i>	<i>41%</i>
<i>County</i>	<i>38%</i>
<i>Henderson</i>	<i>11%</i>
<i>North Las Vegas</i>	<i>10%</i>

**4.02 Annual Review.** *This Agreement shall be reviewed annually to ascertain the contribution share as set for in Section 4.01 to ensure that none of the Entities has increased or decreased by more than five (5%) percent from the official percentages set forth therein. In the event that a five (5%) percent increase or decrease is documented, a new percentage share will be established for the Entities.*

**4.03 Shared Costs.** *The costs and expenses which are considered to be shared are those incurred for the benefit of all the Entities and include, without limitation, the following:*

- i Maintenance of the Application equipment,*
- ii Authorized capital expenditures,*
- iii Software updates to the Application,*
- iv Repairs to the Application, and*
- v Other approved expenditures necessary for the operation of the Application.*

**Condition**

The Cooperative Agreement was entered into by Las Vegas, North Las Vegas, Henderson, and Clark County for the operation and maintenance of a regional animal records management software application. The software is licensed to and maintained by the city. Included in the Cooperative Agreement are provisions to assemble a Regional Animal Control Committee (Committee) and to annually adjust the contribution share percentages for the various entities based upon changes of animal impound ratios. The contribution share percentages within the Cooperative Agreement are used by the city to invoice the other entities for the actual costs incurred for operating and maintaining the software.

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Audit procedures included reviewing payments received by the city from the other entities which shows that the city continues to invoice the other entities quarterly using the percentages and shared costs agreed to in the 2005 Cooperative Agreement.

**Cause**

- Current Information Technology staff was not aware of the Cooperative Agreement provisions relating to shared costs.
- Finance staff has not been instructed to change the amounts invoiced to the other entities and continued to invoice the original amounts noted in the Cooperative Agreement.

**Effect**

The other entities may not be paying the correct share of the regional animal records management software application costs.

**Recommendations**

- 6.1 Information Technology management should work with Animal Control management to determine what the current ratios and maintenance costs are for the operation of the regional animal records management software application. Once determined, the other entities should be invoiced for their share of the revised costs.
- 6.2 Information Technology management should work with Animal Control management to evaluate, document, and implement a process to ensure ratios and costs are reviewed annually and meetings are held with the other entities to address issues with the regional animal records management software application.

## **7. Inadequate Fees Charged for Permits and Inspections**

**Criteria**

Effective policies include ensuring that fees charged for providing services cover the cost of completing the services.

**Condition**

Animal Control charges \$25 or \$50 for the issuance of permits and the associated inspections. In discussion with the Animal Control supervisor, the time associated with completing an inspection when considering preparation, travel, and the actual inspection is approximately two hours. Audit procedures included calculating the costs associated with completing an inspection using the mid-range salary and benefits for each Animal Control officer level. The results of this analysis show

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the permit fee for completing permit inspections does not cover the cost of providing the service as follows:

<b>Animal Control Officer Classification</b>	<b>Mid-Range Hourly Salary</b>	<b>Mid-Range Benefits for Hourly Salary</b>	<b>Mid-Range Hourly Salary and Benefits</b>	<b>Mid-Range Two Hours Salary and Benefits</b>
Officer I	\$27.01	\$20.53	\$47.54	\$95.09
Officer II	\$29.78	\$22.63	\$52.42	\$104.84
Supervisor	\$38.01	\$28.89	\$66.90	\$133.80

**Cause**

Fees for permits and inspections were established in the MC provisions in 1991 and 1993. Evaluations have not been completed to ensure the fees remain adequate.

**Effect**

The fees do not cover the cost of providing the services.

**Recommendation**

- 7.1 Animal Control management should evaluate and determine whether permits fees should be increased to cover the cost of completing inspections.

## **MANAGEMENT RESPONSES**

### **1. Inadequate Oversight of Outstanding Receivables**

- 1.1 Animal Control management should work with Finance staff to evaluate and determine whether to implement collection efforts on outstanding fees and civil citation penalties.

**Management Action Plan:**

Animal Control management has met with Finance to implement receivable invoices for citations similar to what is already being done for some permits. The invoices for citations are to include a process for penalty application as well as collection efforts to the collections agency used by Finance in line with standards utilized within the department.

In addition to working with Finance, management will work with the license vendor to learn and implement processes and procedures for unpaid fees.

**Estimated Date of Completion:**

October 31, 2018

- 1.2 Animal Control management should document the implemented processes.

**Management Action Plan:**

Animal Control management and Finance have documented the high-level requirements. These requirements will be the definition used for the process and setup in the system. Final documentation will be completed when the full process is implemented in the system.

**Estimated Date of Completion:**

October 31, 2018

- 1.3 Animal Control management should work with the Vendor who maintains the pet licensing database to determine why there are differences between the pet licensing database address queries and the Clark County real property records queries.

**Management Action Plan:**

Animal Control will ensure the Vendor is utilizing the GISMO search query. This is utilized by the City of Las Vegas DPS Communications Specialists (Dispatch Center) to verify addresses and jurisdictions. Animal Control management has been in contact with the Vendor and working on implementation.

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**Estimated Date of Completion:**

October 31, 2018

**2. Inconsistencies Found with Pet License Purchase Reporting**

- 2.1 Animal Control management should work with the Vendor who maintains the pet licensing database and the shelter to evaluate and determine how to ensure that the submitted monthly reports consistently report the same information.

**Management Action Plan:**

Animal Control supervisors are currently reviewing the reports to correct and update them. Every monthly report will be reviewed for accuracy. Errors will be documented and verified to determine if there is a pattern as to why the inconsistencies are occurring.

**Estimated Date of Completion:**

July 31, 2018

- 2.2 Animal Control management should document and implement a process to periodically review the submitted monthly reports for consistency and follow-up on exceptions as deemed appropriate.

**Management Action Plan:**

The review will be done by an Animal Control supervisor or clerical staff. This practice will help to prevent any problems from developing. Errors will be documented and verified to determine if there is a pattern as to why the inconsistencies are occurring. The review will be complete by the last Wednesday of each month.

**Estimated Date of Completion:**

July 31, 2018

- 2.3 Animal Control management should work with Finance management to evaluate, document, and implement a process to adjust pet license fees and civil citation payments when they are incorrectly recorded in the general ledger.

**Management Action Plan:**

Animal Control supervisors have reviewed and updated the current pet license and unpaid citation reports. They are updating and removing old and inaccurate data. Supervisors and/or clerical staff

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will review the pet license and civil citations reports each month. Corrections or updates will be made and the report will be forwarded to City of Las Vegas Finance.

**Estimated Date of Completion:**

July 31, 2018

- 2.4 Animal Control management should evaluate, document, and implement a process to ensure all city purchased pet license information is forwarded to the Vendor.

**Management Action Plan:**

Currently pet licenses are purchased online, on the 4<sup>th</sup> floor of city hall or at the shelter. Hard copy receipts from the 4<sup>th</sup> floor of City Hall are currently sent to Animal Control and forwarded to the Vendor. Animal Control management is working with CLV IT and Finance to change from a manual process to a digital process to include a way to verify the accuracy of what is forward to the Vendor.

**Estimated Date of Completion:**

October 31, 2018

**3. Improvements Needed in the Permit Process**

- 3.1 Animal Control management should work with Finance staff to evaluate the permit email notification process and determine why invoices are not consistently created and mailed to the permit applicants.

**Management Action Plan:**

Animal Control was back logged for a period of time due to staffing. This should not be a continuing issue. Inspections have been caught up and will be completed in a timely manner.

**Estimated Date of Completion:**

July 31, 2018

- 3.2 Animal Control management should document and implement a process to ensure that all applicable permit holders are invoiced for their permits and that inspections are timely completed.

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**Management Action Plan:**

Animal Control supervisors now date receipt and enter them into the Chameleon computer application. Animal Control supervisors will review the information each month and update it and make necessary changes. This information will then be transmitted to Finance each month for issuance of appropriate invoices.

**Estimated Date of Completion:**

July 31, 2018.

**4. Inconsistencies in Civil Citation Penalty Process**

- 4.1 Animal Control management should work with the Hearing Officer to evaluate, document, and implement a process to ensure that penalty adjustments are consistent for all cases.

**Management Action Plan:**

Animal Control management reviewed the civil citation penalties with the Hearings Officer. The Hearings Officer is now following the municipal code and allowing for applicable 65% and 75% penalty adjustments and this will be consistent for all cases. Hearing decision forms are in the revision process. This will ensure that the amount due is clear to the defendant and the cashier when payment is received.

**Estimated Date of Completion:**

July 31, 2018

- 4.2 Animal Control management should evaluate the non-payment penalty provisions of the Municipal Code, determine what course of action to pursue, and how to document and implement a process to comply with the city's Municipal Code.

**Management Action Plan:**

All late-payments more than 30 days will be charged at 100% of the original fine. All payments more than 45 days late will be charged at 150% of the applicable penalty amount. Animal Control management met with the Hearings Officer and City of Las Vegas Finance to confirm the process and to make sure that it is consistent for all going forward.

**Estimated Date of Completion:**

October 31, 2018

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**5. Inadequate Oversight of Vendor Security Compliance**

- 5.1 Animal Control management should work with Information Technology staff to ensure that the Pet Licensing Management Program Services vendor's security policies and procedures observe the same standards and level of data sensitivity and controls as those instituted by the city.

**Management Action Plan:**

***Department of Public Safety Response:***

Animal Control has received PCI compliance policies from the Pet Licensing vendor. Management is working with the vendor to obtain their software security controls. Once this is submitted, management will submit these documents to IT for their review.

***Department of Information Technology Response:***

Information Technologies is developing an overall city program for payment processing compliance. IT will provide advisory services to the department to review and validate PCI compliance documentation as provided by an outside agency.

**Estimated Date of Completion:**

January 31, 2019

- 5.2. Animal Control management should confirm that the shelter is compliant with the Payment Card Industry Security Program. In addition, Animal Control management should work with Information Technology staff to ensure that their security policies and procedures observe the same standards and level of data sensitivity and controls as those instituted by the city.

**Management Action Plan:**

***Department of Public Safety Response:***

Animal Control has obtained the shelter's PCI compliance policy. In addition to this policy, Animal Control is working with the shelter to obtain their software security control policy. These policies will be turned over to IT for their review.

***Department of Information Technology Response:***

Information Technologies is developing an overall city program for payment processing compliance. IT will provide advisory services to the department to review and validate PCI compliance documentation as provided by an outside agency.



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**Estimated Date of Completion:**

January 31, 2019

5.3 Animal Control management should evaluate and determine whether the shelter contract should be amended to include language on compliance with the Payment Card Industry Security Program and system security requirements.

**Management Action Plan:**

Management will work with the City Attorney's Office to amend the current contract to include language on compliance with the Payment Card Industry Security Program and system security requirements.

**Estimated Date of Completion:**

December 31, 2018

5.4 Animal Control management should document and implement a process to annually evaluate and determine whether the Pet Licensing Management Program Services vendor and the shelter remain compliant with the Payment Card Industry Security Program and their system security remain comparable to city requirements.

**Management Action Plan:**

***Department of Public Safety Response:***

Management will collaborate with IT to develop a process ensuring these vendors are meeting the City's PCI security program and software security standards.

***Department of Information Technology Response:***

Information Technologies is developing an overall city program for payment processing compliance. IT will provide advisory services to the department to review and validate PCI compliance documentation as provided by an outside agency.

**Estimated Date of Completion:**

January 31, 2019

**6. Inadequate Oversight of Software Agreement**

6.1 Information Technology should work with Animal Control management to determine what the current ratios and maintenance costs are for the operation of the regional animal records

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management software application. Once determined, the other entities should be invoiced for their share of the revised costs.

**Management Action Plan:**

***Department of Information Technology Response:***

Software and end user licensing agreements are managed by IT. IT will review and validate the annual software licensing agreement and cost based on figures provided by the department.

***Department of Public Safety – Animal Control Response:***

The DPS Budget Analyst reviewed the intake numbers and provided a comparison chart showing the changes in the intakes by each agency. Due to there being a change of more than 5% increase, a new percentage share will need to be established for the entities. Animal Control management has contacted the City Attorney’s Office requesting to move forward with the reviewing and updating the inter-local agreement pertaining to percentage shares. The agreement has not been updated since 2005. The review of the impound percentages shall occur annually.

**Estimated Date of Completion:**

January 31, 2019

6.2 Information Technology management should work with Animal Control management to evaluate, document, and implement a process to ensure ratios and costs are reviewed annually and meetings are held with the other entities to address issues with the regional animal records management software application.

**Management Action Plan:**

***Department of Information Technology Response:***

Software and end user licensing agreements are managed by IT. IT will review and validate the annual software licensing agreement and cost based on figures provided by the department.

***Department of Public Safety – Animal Control Response:***

The impound percentages will be reviewed annually by a DPS budget analyst to see if there has been more than a 5% change of impound amounts for any of the entities. A budget meeting will be held each October as per the inter-local agreement.

**Estimated Date of Completion:**

January 31, 2019

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**7. Inadequate Fees Charged for Permits and Inspections**

7.1 Animal Control management should evaluate and determine whether permits fees should be increased to cover the cost of completing inspections.

**Management Action Plan:**

Reviewed permit fees and compared to other local animal control agencies. First, we are proposing BREEDER permit fees be \$500.00. This fee is included in new Pet Shop ordinance pending council approval. Second, DPS will submit to the City Attorney's office a potential ordinance change of fees up to \$100.

**Estimated Date of Completion:**

January 31, 2019