

APPENDIX 1

**TORONTO ANIMAL SERVICES
LICENCE COMPLIANCE TARGETS
NEED TO BE MORE AGGRESSIVE**

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Auditor General's Office

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EXECUTIVE SUMMARY

Why we did this review

The Auditor General's Audit Work Plan included a review of Toronto Animal Services.

Much of the focus of the work of the Auditor General's Office is directed to areas of major financial and operational significance. With limited resources it is not possible to address all areas in the City. However, where possible the Auditor General's annual work plan includes areas throughout the City, while not financially significant, are nevertheless areas which potentially present opportunities for improvement.

In this context, Toronto Animal Services has been the subject of political and public interest particularly in the area of licensing enforcement. As a result, Toronto Animal Services was included in the Auditor General's annual audit work plan.

Audit Objectives

The major objective of the audit was to review the effectiveness of certain administrative practices with particular emphasis on the processes relating to animal licences. This audit did not include a review of revenue controls as this area was the subject of a review by the City Manager's Internal Audit Division in 2009.

Key Issue Identified

Animal licensing is a legal requirement for residents of Toronto who own either a dog and or a cat. Animal licences are required to be renewed on an annual basis.

Licence compliance rates are low

According to a survey administered in 2007, there are an estimated 215,000 dogs and 323,000 cats in Toronto. In 2010, Toronto Animal Services issued 64,800 dog licences and 32,700 cat licences resulting in an estimated compliance rate of 30 per cent for dogs and 10 per cent for cats. These rates of compliance are low when compared to many other jurisdictions.

The City of Toronto Core Services Review conducted by KPMG LLP in 2011 identified the need to "*Consider (the) value of Cat and Dog Licensing and Enforcement.*"

The KPMG report also stated,

“With only 30% of owned dogs and 10% of owned cats licensed, the value of the program is not evident. Animal identification solutions could easily be provided by pet stores and other private commercial organizations. However the program does cover its costs.”

While we agree in principle with KPMG, the comments are an oversimplification of a more complex issue, particularly, in the context of the other responsibilities of the Animal Services Division.

A certain level of pet licensing is currently provided by private commercial organizations. There are opportunities to expand these arrangements.

The major challenge facing the Division is the need to increase the licence compliance rates and make the division more financially self reliant.

***Dog and Cat
Licensing Strategy
projected 60%
licensing for dogs
and 18% for cats***

According to a report to the Board of Health, dated November 14, 2005, entitled “Dog and Cat Licensing Strategy”, projected licence compliance rates were to increase to 60 per cent for dogs and 18 per cent for cats and generate approximately \$6.5 million by 2010. Actual 2010 revenue generated from the licensing strategy was \$2.3 million.

One of the service objectives of Toronto Animal Services for 2011 has been to:

“Target issuance of 108,000 dog and cat licenses in 2011, which would represent an increase in the number of licensed dogs from 30% in 2010 to 33% in 2011 and an increase in cats licensed from 10% in 2010 to 11% in 2011.”

These objectives are extremely modest and presumably relatively easy to achieve when compared with the total compliance rates of other municipalities. In our view, the targets should be much more aggressive.

If licence compliance rates for dogs, for example, were at the 40 per cent level and for cats at the 20 per cent level, revenue generated would increase from \$2.3 million to approximately \$3.6 million. We appreciate that there may be incremental costs in relation to the increased targets, but these costs will be significantly less than the additional revenue generated.

Other Issues Identified

Other issues identified

Other issues identified during our review include the need to:

- Improve partnerships to promote animal adoptions including the potential to institute an incentive rewards program
- Improve performance measures and recordkeeping
- Expedite the expansion of 311 to Toronto Animal Services
- Strengthen controls over drugs
- Improve the system for picking up dead animals
- Reduce overtime costs
- Follow up on audit recommendations.

Report includes 11 recommendations

This report contains 11 recommendations. Implementation of the recommendations will further improve the delivery of services at Toronto Animal Services.

Separate letter issued to management

Finally, the Auditor General has issued a separate letter to management detailing other less significant general housekeeping and operational issues that came to our attention during the audit.

BACKGROUND

Mission of Toronto Animal Services

The stated mission of Toronto Animal Services is “to promote and support a harmonious environment where humans and animals can co-exist free from conditions that adversely affect their health and safety.”

***Responsibilities
of Toronto
Animal Services***

Toronto Animal Services is responsible for:

- The issue of licences and tags for dogs and cats residing in Toronto
- The operation of four animal centres throughout the City and is responsible for sheltering lost animals or animals surrendered by their owners. The four centres also facilitate animal adoptions
- The operation of two spay/neuter clinics offering spay and neuter services
- Providing 24-hour emergency response for animals requiring immediate medical assistance or are a danger to the public
- The operation of a call centre and dispatching service to the public and officers, seven days a week.

The unit consists of:

- Cat and dog licensing
- Animal by-law enforcement and mobile response
- Veterinary care
- Animal sheltering and adoption

The total staffing of the unit is 106.

The actual expenditures and revenues for 2010 as well as the 2011 budget amounts were as follows:

***The net 2011
budget for
Animal Services
is \$8.7 million***

| | 2010 Actual \$ million | 2011 Budget \$ million |
|------------------|------------------------------|------------------------------|
| Expenditures | 11.2 | 11.3 |
| Revenues | <u>3.1</u> | <u>3.4</u> |
| Net Expenditures | <u>\$ 8.1</u> | <u>\$ 7.9</u> |

The major source of revenue relates to licence fees for dogs and cats. Other revenue sources include fees from spay/neuter public clinics, as well as adoption, impounding and surrender fees. In addition, the unit accepts monetary and in-kind donations.

AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

Audit objectives

The major objective of the audit was to review the effectiveness of certain administrative practices with particular emphasis on the processes relating to animal licences. This audit did not include a review of revenue controls as this area was the subject of a review by the City Manager's Internal Audit Division in 2009.

The initial and specific objectives of this review were to:

- Assess the effectiveness of the City animal licensing program
- Evaluate performance measures used to evaluate the effectiveness of the Unit
- Evaluate the effectiveness of controls related to the use of controlled drugs for performing euthanasia and other inventory maintained by the Unit

Audit scope

The review covered the period from January 1 to August 31, 2010.

Audit methodology

Our audit methodology included the following:

- Review of departmental policies and procedures
- Interviews with Animal Services Staff
- Site visits to Toronto Animal Services head office, two spay/neuter clinics and four animal shelters
- Review of documents, management reports and selected transactions
- Evaluation of management controls and practices
- Review of various Council reports
- Review of previous audit reports issued by the City Manager's Office
- Review of a report dated March 2008, entitled "Toronto Animal Services Program Review"
- Toronto Animal Services Awareness and Impressions Research Ipsos Reid Public Affairs September 2007

- Benchmarking with other municipal animal service organizations including:
 - City of Calgary
 - City of Mississauga
 - City of Edmonton
- Attendance at a seminar entitled “The Calgary Model” presented by Mr. Bill Bruce, Director, Animal & Bylaw Services, City of Calgary
- Review of the 2011-2012 strategic plan of the Toronto Humane Society as well as the 2010 audited financial statements of the Society

Compliance with generally accepted government auditing standards

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides 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

INTRODUCTION

Executive Director to report on various issues

The Licensing and Standards Committee as part of its review of the KPMG LLP Core Services Study were advised that the Executive Director of Municipal Licensing and Standards Division has been requested to undertake a review of various components within Toronto Animal Services and report back to Committee in 2012. Included in this request it was determined that the Executive Director should review the following:

- The possibility of expanding animal licensing in Toronto
- The possibility of updating the online licensing system
- The possibility of maximizing online donations to Toronto animal services

- The feasibility of requiring micro-chipping of dogs and cats as a requirement of licensing
- A review of pet licensing options including the option of a lifetime licensing system to replace the current annual licensing fee, with micro-chipping dogs and cats as a requirement

Executive Director review should consider recommendations in the report

The review by the Executive Director should consider the recommendations in this report particularly those related to increasing the compliance rate of licenses. There are opportunities to increase the level of licensing while at the same time reduce animal care costs.

This report has not reviewed the possibility of eliminating annual licensing fees and replacing these fees with a lifetime licence as this issue will be addressed in the report of the Executive Director.

This report also addressed the potential of additional revenue opportunities through increased animal adoptions but for the most part these additional fees are not significant.

ANIMAL LICENSING PROGRAM

Low Compliance Rates for Animal Licensing

Municipal Code requires licensing

The Municipal Code Chapter 349 requires that dog and cat owners in Toronto obtain an annual licence for their animals. The primary reason for licensing animals is to identify animal owners when animals are lost. The revenue generated from licensing helps feed, shelter and care for pets at the four animal shelters operated by Toronto Animal Services. Licences can be purchased on line by mail or by visiting one of the City's animal shelters and head office.

According to a survey administered in 2007, there are an estimated 215,000 dogs and 323,000 cats in Toronto. In 2010, Toronto Animal Services issued 64,800 dog licences and 32,700 cat licences resulting in an estimated compliance rate of 30 per cent for dogs and 10 per cent for cats.

***Council
approved Dog
and Cat
Licensing
Strategy in 2006***

In March 2006, City Council approved the “Dog and Cat Licensing Strategy” in an effort to increase the number of licensed dogs and cats in the City. The Dog and Cat Licensing Strategy is a comprehensive document which makes a number of recommendations in regards to increasing the rate of licence compliance. Certain of these recommendations have been implemented, most notably the availability of on line licensing through the divisions ePet initiative. However, the strategy has not been successful in terms of increasing the level of licensing compliance to the projection level set in 2005.

***Licence revenue
in 2010 was \$2.3
million***

According to the Dog and Cat Licensing Strategy, projected licence compliance rates were to increase to 60 per cent for dogs and 18 per cent for cats and generate approximately \$6.5 million by 2010.

Actual 2010 revenue generated from the issue of dog and cat licences was \$2.3 million. Expenditures are in the range of \$1.8 million resulting in a modest surplus of \$500,000. The expenditure consists of salaries and benefits for 20 full time licensing employees.

***Organizational
placement of
Animal Services
changed in 2007***

The Dog and Cat Licensing Strategy at the time it was approved by City Council was the responsibility of Toronto Public Health. As a result of a program review in 2007, it was determined that a better organizational placement for Animal Services would be within Municipal Licensing and Standards. The transfer to Municipal Licensing and Standards occurred in 2008. There is a need to review and recommit to the 2005 strategy particularly when viewed against best practices at other municipalities.

Further the Licensing Strategy report recommended an annual reporting to the “Board of Health and the Budget Advisory Committee, annually on animal service levels and performance including progress of the implementation of the licensing strategy prior to the submission of the TPH Operating Budget”.

Since the transfer of responsibilities to the Municipal Licensing and Standards Division there has been no update on the progress of the Licensing Strategy other than references in various Budget Analyst reports.

**Core Services
Review**

The City of Toronto Core Services Review conducted by KPMG LLP in 2011 identified the need to “*Consider (the) value of Cat and Dog Licensing and Enforcement.*”

The KPMG report also stated,

“With only 30% of owned dogs and 10% of owned cats licensed, the value of the program is not evident. Animal identification solutions could easily be provided by pet stores and other private commercial organizations. However the program does cover its costs.”

While we agree in principle with KPMG LLP the comments are an oversimplification of a more complex issue. Animal identification issues are one component of the services provided by Animal Services all of which are inter-related. Increasing animal licensing compliance rates is the major issue requiring resolution and the determination of who provides this service is a secondary consideration.

One of the service objectives of Toronto Animal Services for 2011 has been to:

“Target issuance of 108,000 dog and cat licenses in 2011, which would represent an increase in the number of licensed dogs from 30% in 2010 to 33% in 2011 and an increase in cats licensed from 10% in 2010 to 11% in 2011.”

These targets are extremely modest and if achieved will increase revenues by approximately \$300,000. This amount of revenue will likely cover inflationary cost increases only.

In our view, a much more aggressive target projection should be established while at the same time developing a strategy to achieve these targets. If projected licence targets for 2012 were set at 40 per cent for dogs and 20 per cent for cats, revenues would increase from approximately \$2.3 million to \$3.6 million.

In Toronto, since 2005, compliance rates for dogs have increased from 9.3 per cent to 30 per cent and for cats from 1.4 per cent to 10 per cent.

*The City of
Calgary Animal
Services Model*

The City of Calgary has attained a compliance rate of 90 per cent for dogs and 55 per cent for cats. As far back as 2004, the City of Calgary has been recognized as a model for the management of animal services. In this context, one of the simplest approaches to increasing the level of licence compliance in Toronto is to consult and liaise with the City of Calgary and implement the strategies and best practices adopted by Calgary.

A significant reason for Calgary's success has been focused on a marketing strategy, which very clearly articulates the advantage of licensing pets. In particular, for those pets that are lost, a licence is a "ticket home". In many cases, lost pets do not enter animal shelters as mobile enforcement officers are able to scan licensing information for each pet and drive them directly home. In the majority of cases animals do not enter the shelter system.

*Rewards
incentive
program*

Calgary Animal By-Law Services has also implemented a rewards incentive program with over 60 local business partners. The program rewards owners of licensed animals with coupons and credits toward discounts at retail outlets including restaurants, hotels and clothing stores. The rewards program provides an incentive for animal owners to licence their animals while recovering licensing fees paid through discounts available with incentive program partners.

Recommendations:

- 1. City Council request the Executive Director, Municipal Licensing and Standards to revisit the 2005 Dog and Cat Licensing Strategy Report and provide Council with an updated plan of action. This process be part of the upcoming review of licensing revenues due in 2012. Realistic but aggressive licence compliance targets for 2012 and onwards be established. Such compliance rates be incorporated into future operating budgets. Comparisons of actual compliance rates to target rates be monitored and reported to City Council annually.**

2. **City Council request the Executive Director, Municipal Licensing and Standards review best practices particularly the practices currently used by the City of Calgary in order to evaluate the options available to increase the rate of compliance for dog and cat licensing. Such a review consider the possibility of introducing a rewards incentive program in order to encourage compliance.**

Partnerships with Other Organizations Need to Be Developed in Order to Increase the Level of Licence Compliance

One of the objectives of the strategic plan of the Toronto Humane Society is to “*create partnerships and relationships with established animal welfare groups within the GTA.*” One of the prospective partners identified is Toronto Animal Services and, in particular, reference is made “*to assist within the issuing of pet licences.*”

In addition, in 2009 a small number of private veterinary clinics generated approximately \$10,000 from the sale of animal licences.

Likewise, the sale of licences at pet supply stores where animals are adopted should be a requirement of every adoption.

2009 recommendation to establish agreements with veterinary clinics

In 2009, the City’s Internal Audit Division conducted a review of Toronto Animal Services Revenue Controls. This review identified that there were no formal agreements with veterinary clinics selling animal licences on behalf of Toronto Animal Services. The review recommended that formal agreements be developed and implemented.

There has been no formal follow up by Internal Audit of the recommendations with the result that agreements continue to be outstanding.

Recommendation:

- 3. City Council request the Executive Director, Municipal Licensing and Standards to review options to expand animal licence sales City-wide including developing partnerships with the Toronto Humane Society, veterinary clinics and pet supply stores. These options be incorporated into the upcoming 2012 report on licensing revenues being prepared by the Executive Director of Municipal Licensing and Standards. Further, formal agreements with those partners participating in the animal licence program should be developed.**

ANIMAL ADOPTION PROGRAM

Partnerships to Promote Animal Adoptions Should Be Expanded

Animal adoptions are a key component of services offered by Toronto Animal Services. In 2010, City residents adopted 4,238 animals as follows:

| | 2010 Animal Adoptions |
|--------------|------------------------------|
| Dogs | 839 |
| Cats | 2,958 |
| Other | 441 |
| Total | 4,238 |

The total revenue from animal adoptions is approximately \$307,000.

Animals are available for adoption at each of the regional Animal Services shelters for a fee.

Partnerships with pet supply stores and veterinary clinics

The Division also has developed a number of adoption partnerships with pet supply stores and veterinary clinics throughout Toronto. There are 31 licensed pet supply stores in Toronto and 151 veterinary clinics. Only 11 pet supply stores and three veterinary clinics participate in City animal adoption programs. With such a low participation rate there are opportunities to increase the participation levels of pet supply stores and veterinary clinics in the adoption program.

The participating pet supply store partner collects adoption and licensing fees on behalf of Toronto Animal Services. The participating pet supply store and veterinary clinic receive no compensation for the adoption referral.

***“Adoptathons”
promote animal
adoptions***

In order to free shelter space, Toronto Animal Services conducts a number of “Adoptathons” throughout the year to promote adoptions at a reduced fee.

An “Adoptathon” can result in over 100 animal adoptions in a week compared to the normal weekly average of 50 animal adoptions. Over the past two years, Toronto Animal Services has held twelve “Adoptathons.”

A more proactive approach to animal adoptions through partnerships and “Adoptathons” will encourage more adoptions, optimize shelter capacity and likely reduce costs.

Recommendation:

- 4. City Council request the Executive Director, Municipal Licensing and Standards formalize a plan to expand Toronto Animal Services’ ability to provide animal adoption services by increasing the number of partnerships with veterinary clinics and pet supply stores.**

PERFORMANCE MEASURES AND ACTIVITY LOGS

Performance Measures Should be Expanded

***Establishment of
performance
measures***

Organizations establish performance measures as a means of measuring the efficiency and effectiveness of services provided. Performance measures assist management in evaluating specific activities.

The Council approved Dog and Cat Licensing Strategy includes a mandate for “Regular Monitoring and Performance Reporting.”

Performance measures in Toronto Animal Services

Our review found that Toronto Animal Services has only two performance measures. One related to service response times, the other, a goal of 100 per cent of animals adopted are spay/neutered.

There is no structured reporting process on performance indicators. Reports are not consistently generated which monitor and measure against these indicators and reports are not produced on a regular basis.

Practice in other municipalities

Municipal animal service organizations routinely produce and use performance measurement indicators and reports to monitor program performance. Information from performance reports appear in annual reports and on their respective websites. Some of the more common performance measures include:

- Impound rates
- Return to owner rates
- Euthanasia rates
- Aggressive animal incidents
- Per cent of animals licensed
- Number of by-law infractions
- Financial performance

Performance measures should be expanded

Existing performance measures are inadequate. The performance measure requiring that all adopted animals are spayed/neutered should be a policy and not a performance measure.

Additional performance measures will help management identify areas meeting or exceeding expectations as well as those areas needing improvement.

Recommendation:

- 5. City Council request the Executive Director, Municipal Licensing and Standards develop additional performance measures in Toronto Animal Services and periodically report to the Licensing and Standards Committee on performance using measures established.**

Activity Log Information Needs Improvement

Activity logs not consistently and accurately completed

Toronto Animal Services requires field service staff to log information regarding daily activity. Activity logs compile performance measurement information and should receive regular supervisory review.

Activity logs do not receive supervisory review

Entries made in field services activity logs are not consistent, accurate and complete. In addition, supervisory review of activity logs is not evident.

In order to ensure proper staff time management and the accuracy of performance measurement information, activity logs should be completed consistently, completely, accurately and receive supervisory review.

Delay in Animal Services Electronic Communications Capital Project

Electronic communications project will automate manual processes

Development of the Animal Services Electronic Communications Capital Project was to begin April 1, 2009 with a scheduled completion date of June 1, 2011. At the time of our audit, this project had not yet started. The revised anticipated project complete date is 2013.

The Animal Services Electronic Communications project will automate many of the manual processes performed by animal control officers including:

- Access to real time and historical data live in the field
- Field entry of activity data directly into the animal services database
- Access to newly assigned dispatch calls
- Automated data entry into the animal services activity log

The cities of Calgary and Edmonton have live communications in the field for animal services staff. Representatives from these cities report significant efficiencies from electronic communication devices.

Recommendation:

- 6. City Council request the Executive Director, Municipal Licensing and Standards ensure compliance with the Field Services Policy requiring consistent, complete and accurate information entered into activity logs and provide evidence of supervisory review.**

Further, City Council request the Executive Director Municipal Licensing and Standards in consultation with the Chief Information Officer expedite the implementation of the Animal Services Electronic Communications Capital Project by the end of 2012.

EXPANSION OF 311 TO TORONTO ANIMAL SERVICES

We understand that 311 Toronto Phase 3 implementation encompasses the expansion of 311 services to Toronto Animal Services.

The introduction of 311 to Toronto Animal Services will be of significant benefit to the general public in a wide range of service areas and its implementation should be expedited as soon as possible. The integration of 311 and Animal Services has been in existence in certain other municipalities including the cities of Calgary, Ottawa, and Edmonton for a considerable period of time.

Once 311 is fully integrated, there may be opportunities to restructure the current call centre staff resource requirements at Animal Services.

Recommendation:

- 7. City Council request the Executive Director, Municipal Licensing and Standards, and the Director of 311 Toronto to expedite the expansion of 311 services to Toronto Animal Services. Once integrated, the current staffing resource requirements at the Toronto Animal Services Call Centre be evaluated.**

CONTROLS OVER DRUGS REQUIRE STRENGTHENING

Requirements under the Ontario Veterinarians Act

The Ontario Veterinarians Act requires that members maintain a registry of controlled substances dispensed. The Act requires that the registry include information related to:

- a) Dispensing date
- b) Animal owner name and address for which the drug was dispensed
- c) Name, strength and quantity of drug dispensed
- d) Quantity of drug remaining after dispensing

The Act also requires veterinarians to protect substances from loss and theft by maintaining controlled substances in a locked cabinet specifically designed and constructed to ensure security.

Requirements under the Toronto Animal Services Use of Euthanasia Drugs Policy

Toronto Animal Services has developed policies to ensure compliance with the Ontario Veterinarians Act controlled drug requirements. The policy includes documentation requirements for the use of animal euthanasia drugs and requires a complete and accurate registry entry for every instance where a controlled drug is used.

Drug Control Improvements Required

We identified the following issues that need to be addressed.

1) Complete and Accurate Information

A controlled drug registry exists, however information included in the registry is not always complete and accurate. For instance, the “performed by” and “authorized by” fields were not always complete. Policy requires that this information be included in the registry.

2) Securing Controlled Substances in Locked Storage

Drugs used for wildlife euthanasia at two animal shelters were stored in a small-unlocked metal box in an unlocked cabinet at a location easily accessible and removable.

3) Automating Data Entry

Entering controlled drug registry data directly into an electronic database instead of the manual system currently in place would increase staff efficiency and result in more complete and accurate information.

Recommendation:

- 8. City Council request the Executive Director, Municipal Licensing and Standards ensure staff complete the controlled substance registry in accordance with the Ontario Veterinarians Act and Toronto Animal Services policy. Controlled substances should be stored in a secure location. The Executive Director, Municipal Licensing and Standards review the need to replace current manual registry system with an automated system.**

PICK UP AND TRANSFER OF DEAD ANIMALS

***Responsibility
for dead animal
pick up***

Animal Care Control Officers are required to pick up and transfer dead animals to the animal shelter within their assigned area. Multiple trips to the shelters are required several times a day to deliver dead animals for storage until final disposition.

***Pick up of dead
animals a time
consuming but
vital public
health activity***

Dead animal pick up and transfer can be a time consuming activity particularly in the summer months when the number of dead animals increases resulting in potential disease transmission and foul odors that could affect public health, safety and welfare.

Other municipalities contacted indicate that having dedicated staff and vehicles to pick up dead animals results in more efficient use of staff time.

Recommendation:

- 9. City Council request the Executive Director, Municipal Licensing and Standards review the current practice of each shelter having staff pick up dead animals and review the possibility of assigning designated staff and vehicles to pick up and transfer dead animals City-wide.**

ALTERNATIVES FOR REDUCING OVERTIME

Animal Care Control Officers work four 10-hour shifts per week on a rotating bi-weekly schedule. One officer works standby every day for the purpose of attending after-hours emergencies. Officers responsible for stand by duties receive overtime pay.

In 2010, Toronto Animal Services spent over \$550,000 in overtime including standby costs.

Practice in other municipalities

Calgary Animal Services minimizes overtime costs by scheduling shifts around high-demand times. The high-demand times are daytime and early evening. Overnight hours are low-demand times. Service calls after 10:00 p.m. are rare.

Overtime reports are provided to supervisors however, they do not review these reports. Supervisory review of overtime reports is required in order to ensure proper management and monitoring of staff overtime.

Recommendation:

- 10. City Council request the Executive Director, Municipal Licensing and Standards to evaluate whether or not a change in shift schedules would reduce overtime. Supervisors should regularly monitor and authorize overtime and standby reports.**

OTHER ISSUES

The City Manager's Office should follow up on recommendations

In 2009, the Internal Audit Division within the City Manager's Office conducted a review of revenue controls at Animal Services. Consequently, we have not duplicated this review. In the case of the one area that we did review relating to the sale of pet licences by third parties, the recommendation of the Internal Audit Division had not been implemented.

We understand that the Internal Audit Division has not conducted any follow up to determine whether or not the recommendations have been implemented. In our view, there is little merit in conducting audit work if recommendations made as a result of the audit are not implemented. While in certain cases it may be appropriate to accept management's assertions that recommendations have been addressed, the only way to ensure that this is the case is to conduct a follow up process on a timely basis.

Finally, in its review of revenue controls, Internal Audit Division did not address the controls relating to donation revenue. This is an area that should be reviewed.

Recommendation:

- 11. City Council request the City Manager ensure that audit recommendations made as a result of work conducted by the Internal Audit Division are implemented on a timely basis. Follow up audits should be conducted annually in order to verify that recommendations have been implemented. Results be reported to the City Manager. Further, as part of the follow up the Internal Audit Division should review the controls relating to donation revenue.**

CONCLUSION

This report presents the results of our review of Toronto Animal Services.

Implementing the recommendations included in this report will strengthen controls, improve efficiency and accountability, and may result in increased revenues and potential cost savings.