Harris County Auditor's Office

MEMORANDUM

To: Lina Hidalgo, County Judge
Rodney Ellis, Commissioner Precinct 1
Adrian Garcia, Commissioner Precinct 2
Tom Ramsey, Commissioner Precinct 3
R. Jack Cagle, Commissioner Precinct 4
Christian Menefee, County Attorney
David Berry, County Administrator
Barbie Robinson, PHS Executive Director

From: Mike Post, Harris County Auditor MPP
Errika Perkins, Chief Assistant County Auditor - Audit Division EP

CC: Alex Triantaphyllis, County Judge's Office
Brandon Dudley, Precinct 1
Mike Lykes, Precinct 2
Lynn Blue, Precinct 3
Cheryl Guenther, Precinct 4
Jonathan Fombonne, County Attorney's Office
Leslie Wilks Garcia, First Assistant County Auditor

RE: Harris County Public Health Services' Veterinary Public Health Division Review

Date: September 13, 2022

EXECUTIVE SUMMARY

On May 10, 2022, the Commissioners Court requested the Audit Division to perform a consulting engagement to review Harris County Public Health Services' (PHS) Veterinary Public Health (VPH) Division. The purpose of this engagement was to perform agreed upon procedures to:

1. Determine what performance metrics are used and how they are monitored.
2. Provide a ten-year analysis of financial statements.
3. Perform a ten-year analysis of live release rates.
4. Determine what percentage of operating funds are provided through donations.
5. Understand collection and enforcement of pet registrations.
6. Compare other large counties and cities' veterinary services.

The Audit Division recommends the following actions be considered:

- Increasing transparency of shelter statistics.
- Monitoring budgeted resources for maximization of program objectives.
- Ensuring donations are properly recorded and easily identifiable.
- Promoting and increasing awareness of licensing requirements for Harris County pets.
- Working with Justices of the Peace to facilitate animal related violations.

BACKGROUND

The VPH Division partners with the community to create a safe, healthy, and caring environment for residents and animals in unincorporated Harris County. VPH operates a single facility housing an animal shelter and animal wellness clinic. The facility works to increase awareness of pet licensing requirements and issues citations for violations of Harris County Animal Regulations.

A new facility opened in late 2020 that was funded by a $24 million bond approved in 2015. The 50,000 square-foot facility provides increased shelter capacity for 243 dogs and 221 cats as well as expanded services for pets and their owners.

The animal shelter is an open intake municipal animal shelter that is required to accept every animal regardless of breed, temperament, health conditions, and circumstances. On average, the animal shelter receives 20-60 animals from the community daily (approximately 16,000-20,000 animals annually). The animal shelter focuses on adoptions, foster placements, licensing, and wellness

The animal wellness clinic provides low-cost pet health care, vaccines, medications, and various testing and is staffed by a licensed veterinarian. Pet owners do not have to live in Harris County to use the animal wellness clinic services.

Licensing requirements under Harris County Animal Regulations state that “all dogs and cats over three months of age and living in unincorporated Harris County must wear a Harris County license tag and have a current rabies vaccination. Failure to comply can result in fines up to $500 per offense.”

RESULTS

OBJECTIVE 1: DETERMINE WHAT PERFORMANCE METRICS ARE USED AND HOW THEY ARE MONITORED

OBSERVATION 1: Intake, Outcome, and Utilization data is entered and monitored daily by the Shelter Operations Administrator using the Chameleon software. These statistics are used by Shelter Operations Administrator in coordination with the VPH Director to make strategic decisions.

Figures 1 through 4.2 below are based upon information provided by VPH management.

Figure 1 - Intake Data (% of Cases)

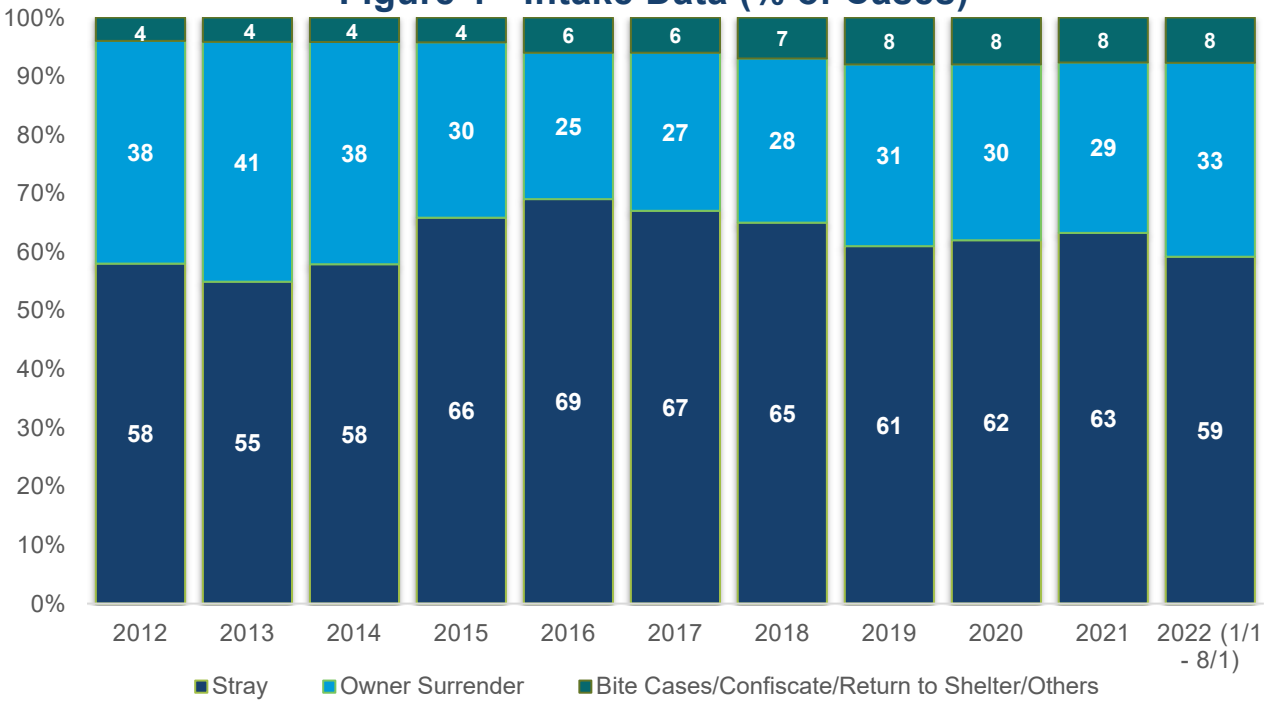


Figure 2 - Outcome Data (% of Cases)

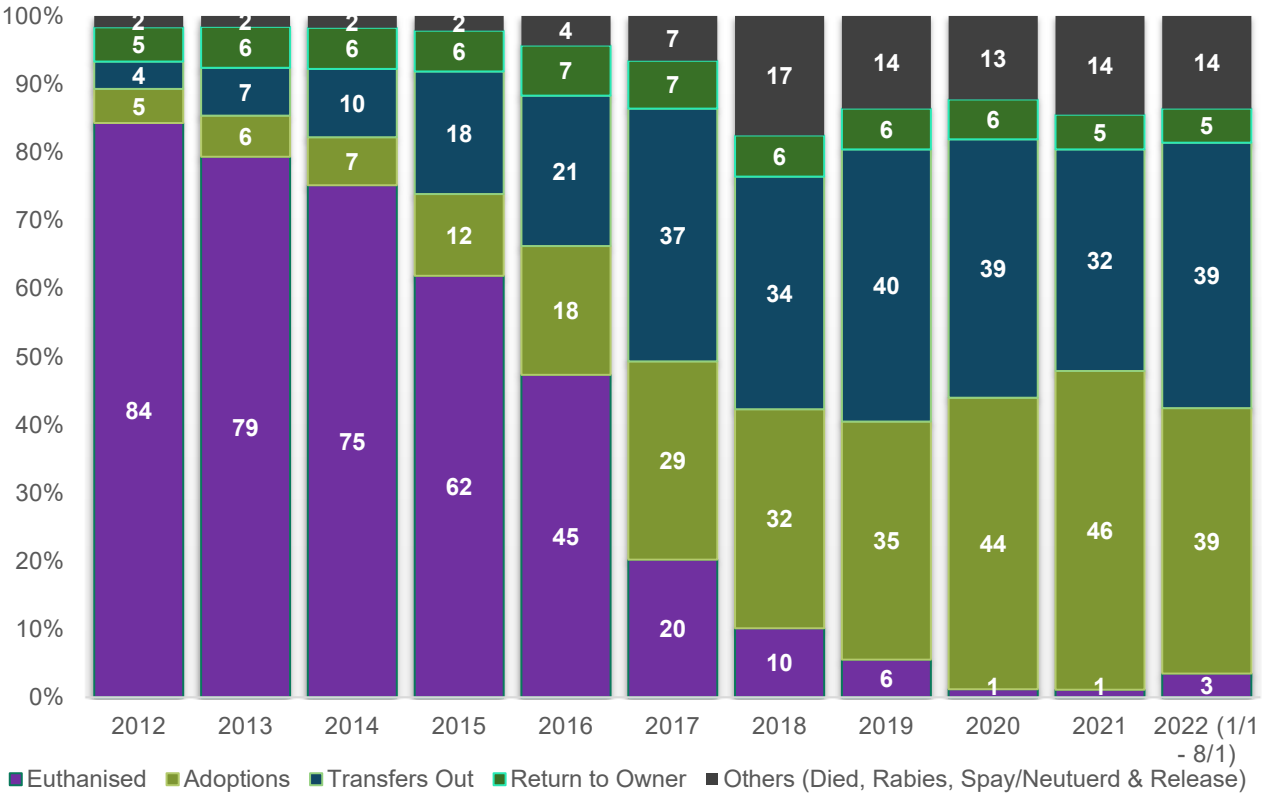


Figure 3 - Animal Shelter Utilization by Year at August 1st

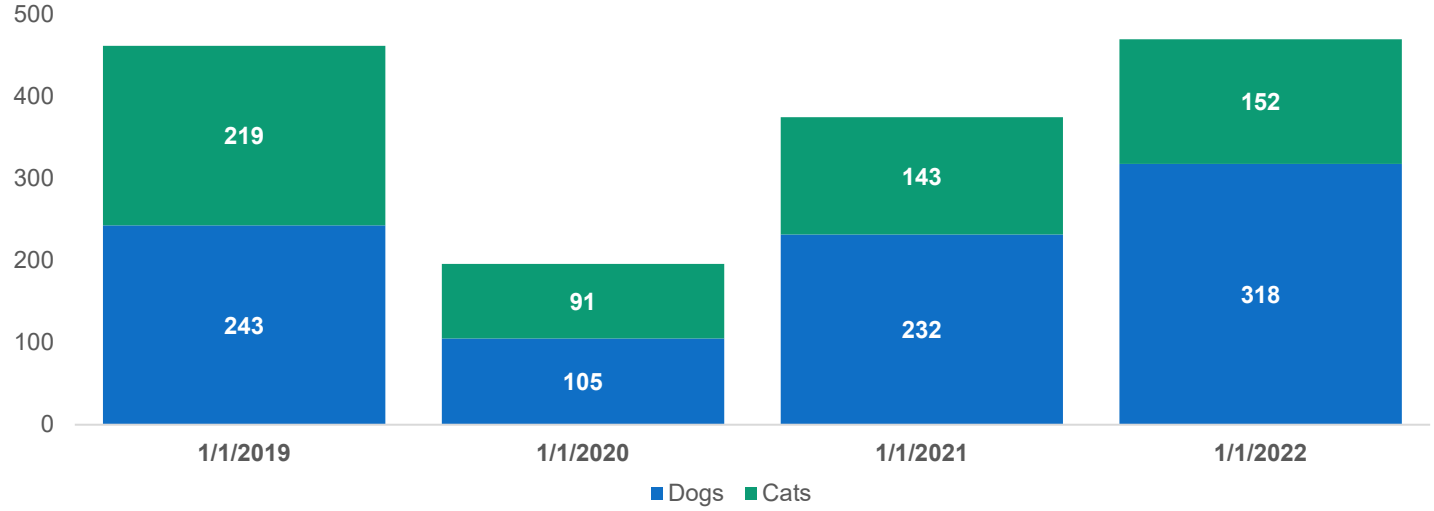


Figure 4.1 - Dog Population vs. Capacity
January 2021 - July 2022

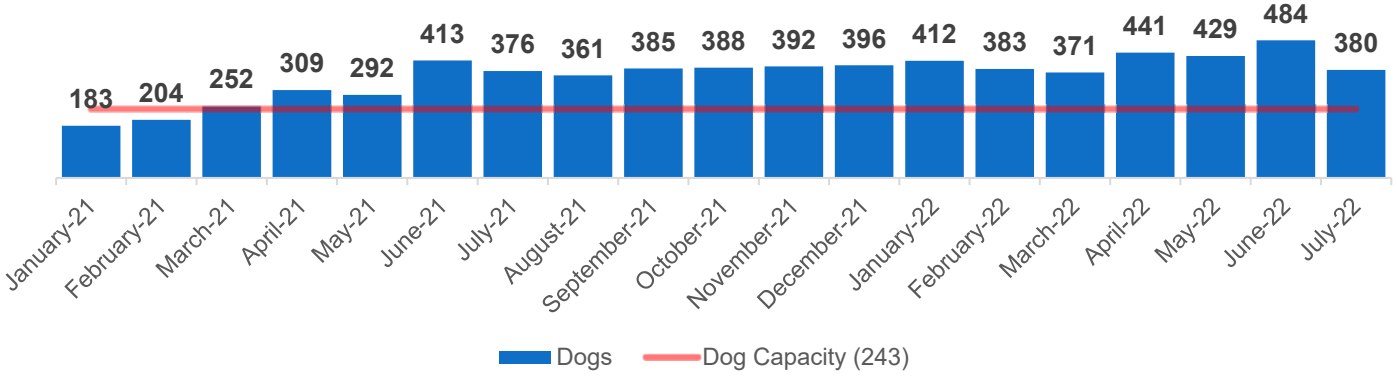
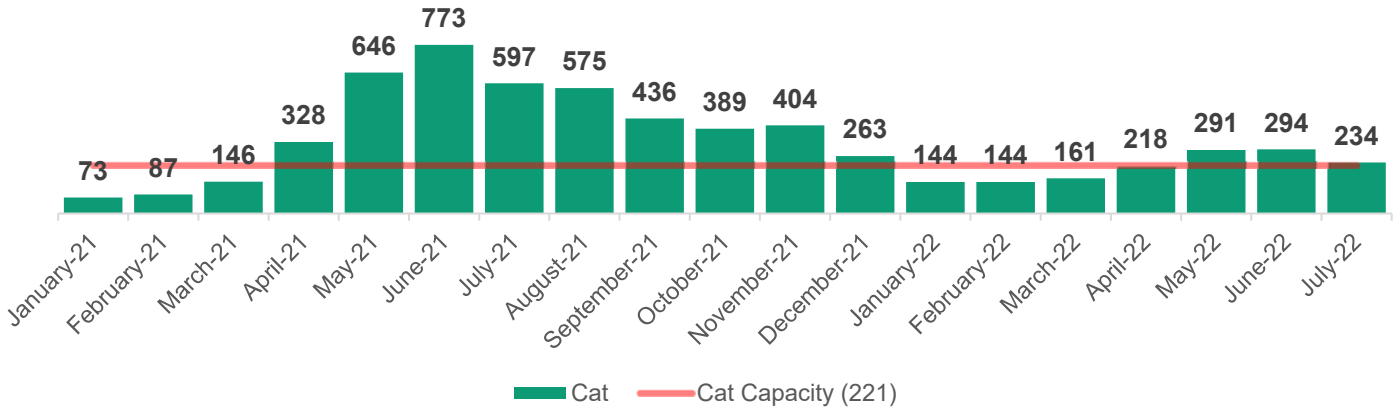


Figure 4.2 - Cat Population vs. Capacity
January 2021 - July 2022



RECOMMENDATION 1: Although the intake, outcome, and usage data are being tracked and monitored, it is not readily available to the public. VPH management should consider working with Harris County Universal Services to implement public facing dashboards to provide better transparency into the program.

OBJECTIVE 2: PROVIDE A TEN-YEAR ANALYSIS OF FINANCIAL STATEMENTS

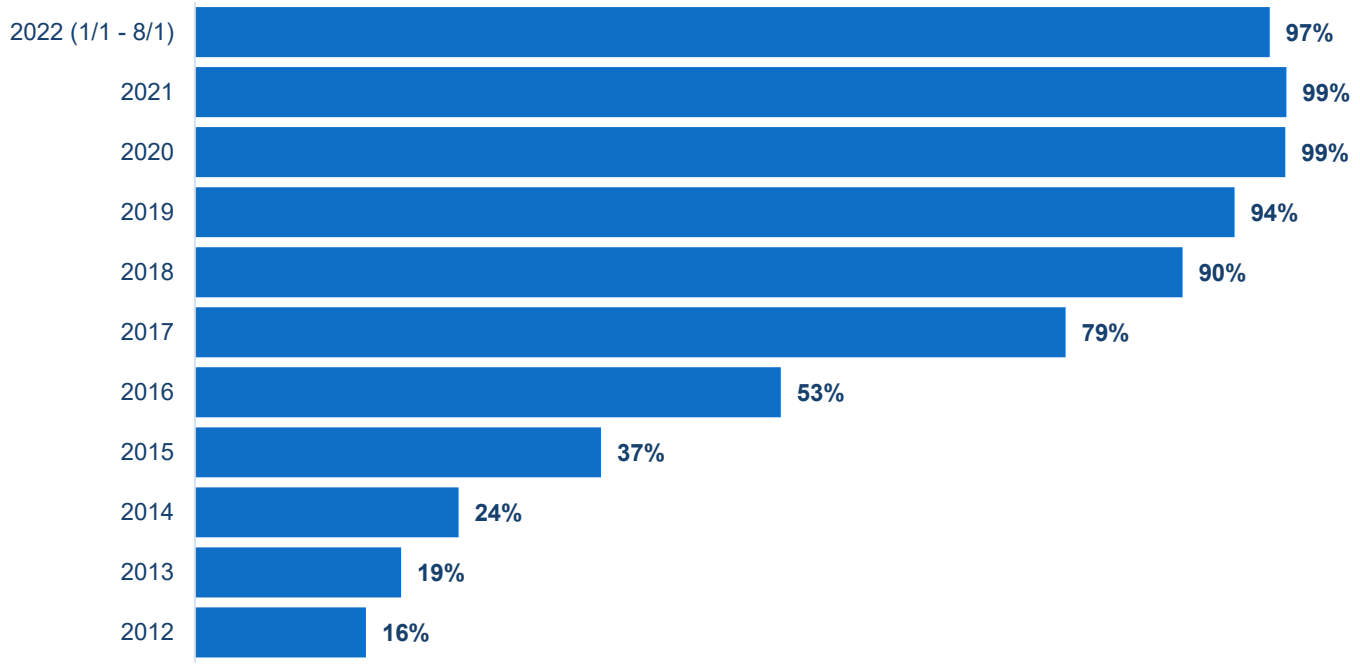
OBSERVATION 2:
Due to data limitations, PHS was unable to provide 10 years of accurate financial data. VPH funding sources are the General Fund, Veterinary Services Fund, Donation Fund, and Grant Funds. PHS Financial Services Division (PHS Finance) provided budget to actual expenditure information for all their funding sources. The analysis of available years indicates that the Veterinary Services and Donation Funds have not been fully utilized, resulting in approximately $1.4 million in unspent funds from fiscal year 2018 through the current fiscal year. VPH Management was unaware of available budgeted amounts that could be utilized for the VPH facility and programs because they did not have proper budget monitoring tools. The budget-to-actual expenditure analysis created by PHS Management is presented in **Appendix A.**

RECOMMENDATION 2: PHS Management should assign an individual to work with VPH and the Harris County Office of Management and Budget to ensure budget information is communicated to appropriate individuals and budget to actuals are monitored to ensure maximization of available resources.

OBJECTIVE 3: PROVIDE A TEN-YEAR ANALYSIS OF LIVE RELEASE RATES

The Asilomar Accords were developed to provide a uniform method for collecting and reporting shelter data with the Asilomar Live Release Rate commonly used to measure what percentage of animals left the facility with a live outcome (i.e., adoption, return to owner, etc.). The formula is composed of the live outcomes divided by all outcomes less unhealthy/untreatable owner requested euthanasia. The Asilomar Accords and the live release rate formula allows shelters to observe progress nationwide and better understand lifesaving measures that can be implemented to produce better outcomes. The industry standard to be considered a “no-kill shelter” is to maintain a 90% live release rate. **Figure 5** is based upon data provided by VPH management. It shows the live release rate has been increasing over the past 10 years and has ranged from 90% to 97% since 2018.

Figure 5 - Live Release Rates (%)



OBJECTIVE 4: DETERMINE WHAT PERCENT OF OPERATING FUNDS ARE PROVIDED THROUGH DONATIONS

OBSERVATION 4: Donations received for VPH are co-mingled with other types of donations in the Harris County Donations Fund. Internal Audit compared the past two fiscal years of the VPH budgeted amounts in the Donations Fund and identified that previous donations received at the facility did not request certification by the Auditor's Office Revenue Accounting and Financial Controls Department. As a result, the uncertified VPH portion of the Donation Fund was understated each of the 2 years by approximately $50,000. The Office of Management and Budget moved the uncertified amount to an unallocated department. VPH was not aware of the uncertified amounts. For short fiscal year 2022 the Donations Fund represented 3% of VPH's total overall budget.

RECOMMENDATION 4: PHS Finance should work with the Auditors Office Revenue Accounting division to educate all PHS Finance staff on revenue certification processes and continue to work with VPH Management to reconcile all prior donations. PHS Finance should consider working with the Office of Management and Budget to request a possible budget transfer from the unallocated department to VPH for missing donations received in previous fiscal years.

OBJECTIVE 5: UNDERSTAND COLLECTION AND ENFORCEMENT OF PET LICENSING

OBSERVATION 5.1: All cat and dog owners in unincorporated Harris County are required to maintain a license for pets over the age of three months under Harris County Animal Regulations. To be licensed, pets are required to have a current rabies vaccination. Violations can result in a fine up to $500. Pet license fees are approved by Commissioners Court and can be obtained on an annual or triennial basis.

Figure 6 – License Fees

License Type	1 Year	3 Year*
Unaltered Pet	$60	$180
Altered Pet**	$20	$60
Senior Citizen***	$2	$6

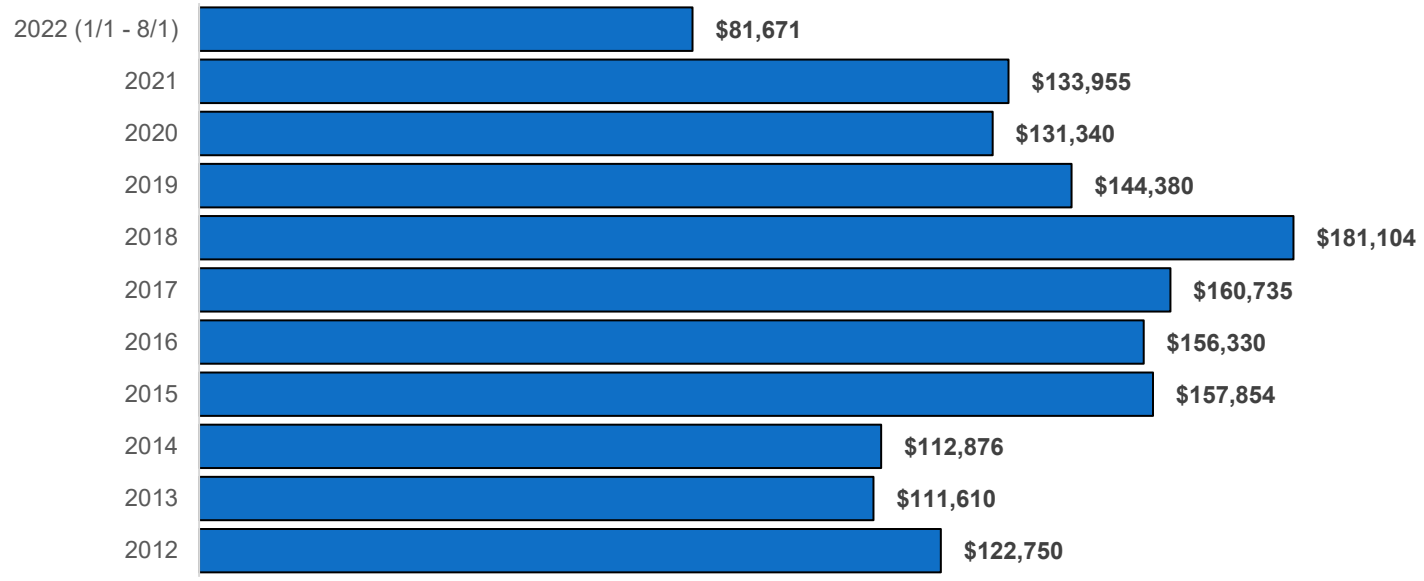
* 3-year license requires pets to have a current 3-year vaccination, which requires (2) rabies vaccinations within a 12-month period to qualify.

** Altered means the animal has been spayed or neutered.

*** Senior discount applies only for residents 60 years old or older with spayed or neutered pet(s).

Figure 7 shows a recap of VPH licensing fee revenues from 2012 through August 1, 2022.

Figure 7 - Licensing Fees Revenues by Calendar Year



Note: 2022 data is for the first seven months with five months remaining.

Previously, pet licensing was promoted through a dedicated position that visited independent veterinary clinics throughout the County. The position's duties were reassigned during the COVID-19 pandemic and have been curtailed due to lack of resources.

According to the American Veterinary Medical Association, 56.8% of households in America own a pet. U.S. Census data shows the total population of unincorporated Harris County was listed as 2,037,502 with an average of 2.84 individuals per household as of 2020. The chart below shows the annual "estimated license fee growth potential" for unincorporated Harris County assuming all pet owners license their pets and pets were altered.

Figure 8 – License Fee Growth Potential

Average Number of Households	% of Pet Owning Households	Average Number of Pet Owning Households	Altered License Fee	Estimated License Revenues
717,430	56.80%	407,500	$20	$8,150,005

The Shelter Operations Administrator stated that Harris County currently has 9,420 licensed dogs and cats. It appears that most pets in unincorporated Harris County are unregistered resulting in a significant missed revenue opportunity.

RECOMMENDATION 5.1: VPH Management should consider dedicating a position for promoting pet licenses through a variety of advertising platforms and should work with partners to help promote pet licenses throughout Harris County.

OBSERVATION 5.2: The Office of Court Management provided documentation of all animal related charges that have been reported to Harris County Justice of the Peace Courts for the period March 1, 2021, through May 31, 2022. Currently, animal related charges are heard in multiple courts. There were 1,128 cases during that time that includes 538 cases that are still pending, see figure below for disposition.

An analysis of disposition by case type of the 590 cases with a non-pending status is shown in **Figure 10.**

Figure 9 - Disposition of Animal Charges March 2021-May 2022

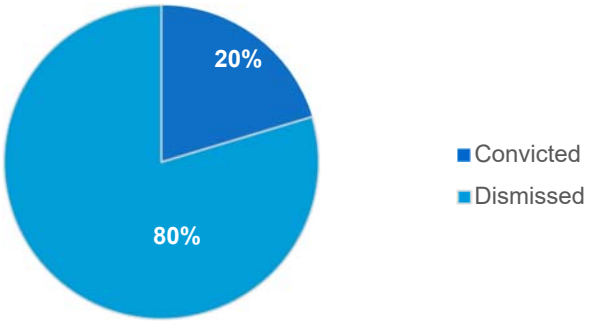
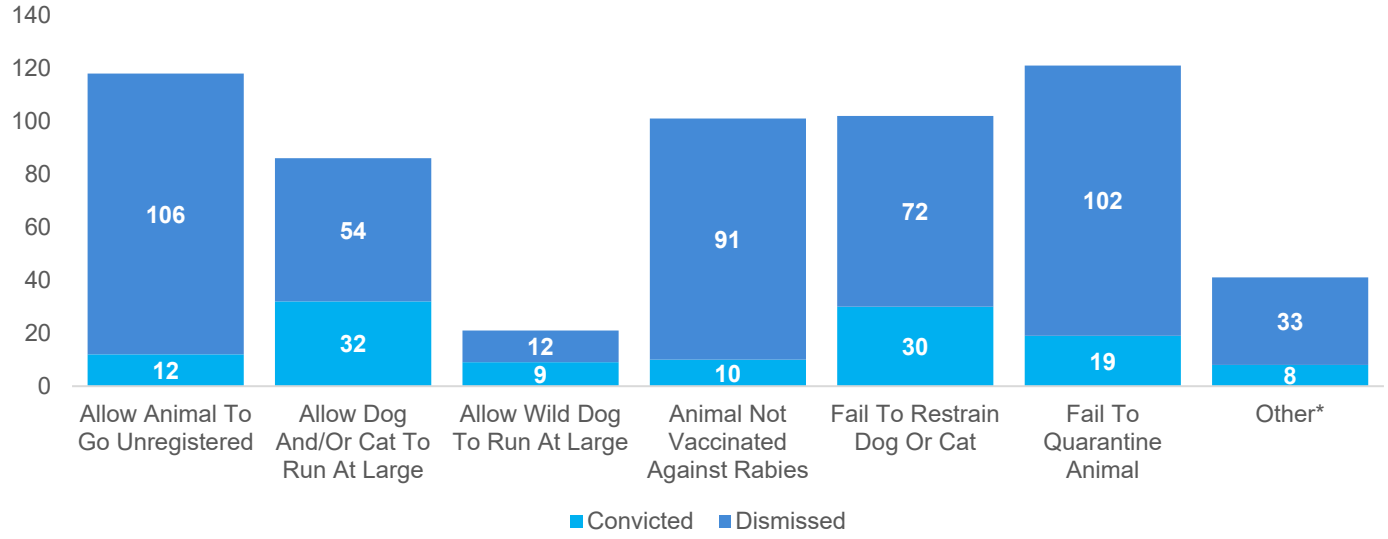


Figure 10 - Dispostion of Animal Cases by Charge



*Attacked By Dangerous Dog, Failure to Keep Dog/Cat Confine in Vehicle by Leash, Failure to Register Dangerous Dog or Wild Animal, Failure to Restrain Dangerous Dog, Fail to Show Financial Responsibility for Dangerous Dog, Unlawful Restraint of Dog

Justices of the Peace have the discretion to impose fines and/or court cost when a charge is filed. Some instances of no fine and/or court cost may be the result of the defendant agreeing to remedy the charge. The chart below shows the number of cases that resulted in a fine and/or court cost.

Figure 11 – Cases Resulting in Fine/Costs

Disposition Type	Resulted in Fine/Costs	No Fine/Cost
Convicted	89	31
Dismissed	80	390
Grand Total	**169**	**421**

RECOMMENDATION 5.2: VPH Management along with PHS Management should work with Justices of the Peace to consider having all animal related cases in one court. This change could increase the knowledge base of an assigned Justice of the Peace and promote a more efficient and effective process for animal related fines.

OBJECTIVE 6: COMPARE OTHER LARGE COUNTIES AND CITIES VETERINARY SERVICES

OBSERVATION 6: The information for figures 12 and 13 was obtained directly from the entities' respective websites. Figure 12 depicts a comparison of Harris County's veterinary program's key operational statistics to other large Texas counties and cities.

Figure 12 - Veterinary Services Program Comparison - 2021

Program Attributes	Harris County	City of Houston - BARC	City of San Antonio	City of Dallas	Fort Bend County	City of Austin Animal Center (Travis County)
Annual Live Release Rate	98.9%	95.9%	89.4%	88.4%	94.9%	96.6%
# of Positions	97*	114	130	163	24	114
Licensing Fee Altered	$20	$20	Free Microchipping	$10 Microchipping	$10	Free Microchipping
Licensing Fee Unaltered	$60	$60	Free Microchipping	$10 Microchipping	$30	Free microchipping
Annual Budget	$7,279,190	$13,567,402	$16,135,041	$15,588,500	$1,711,851	$16,046,546
% of Budget Funded from General Fund	66%	85%	100%	100%	100%	100%

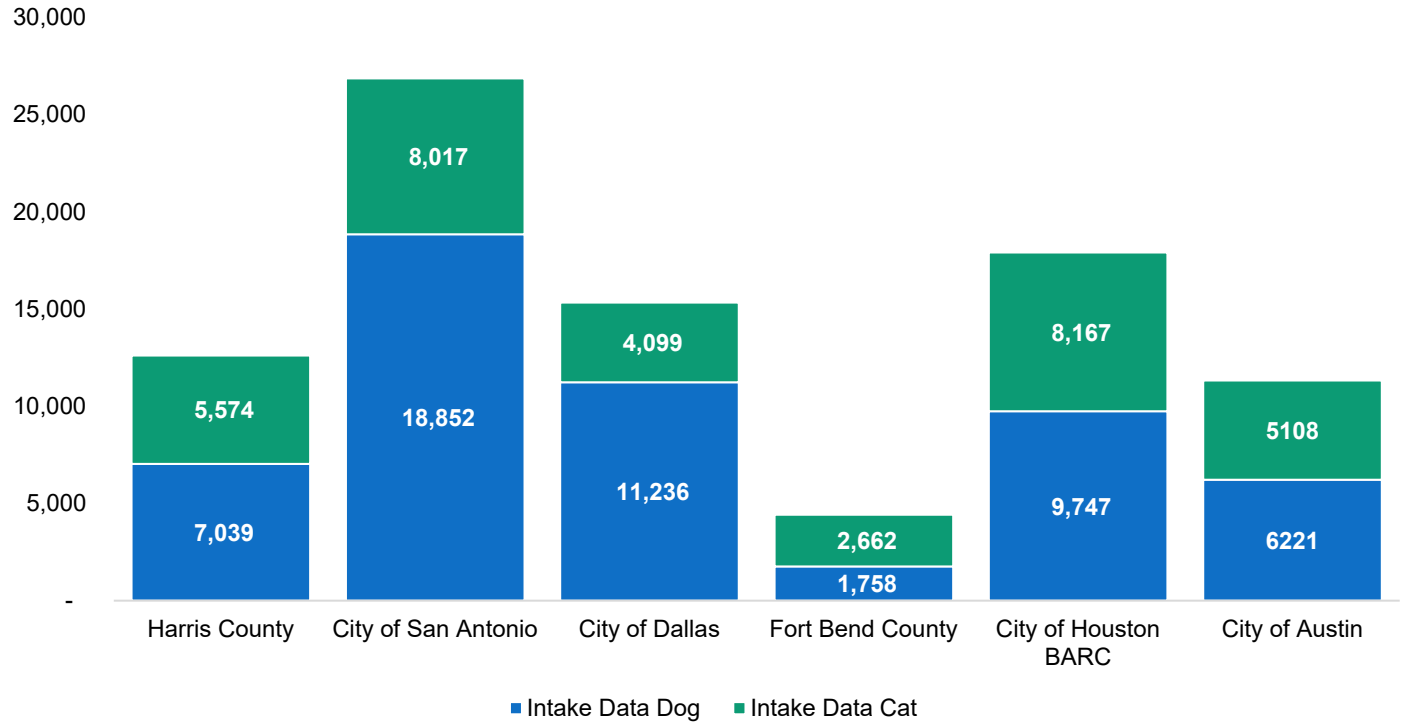
* 76 of the 97 positions are currently filed as of August 24, 2022.

The comparison above validates that many animal shelters are making the decision to replace traditional pet licenses with microchipping. Benefits of the microchip include:

- Inability of the microchip to break off or become unreadable, as compared to a traditional pet ID placed on a collar.
- Time savings, due to the animal control officers' ability to scan the animal's microchips, return animals directly to the owners, and bypass local animal shelters which are already over capacity.
- The ease of electronically updating microchip information, as compared to traditional ID tags which must be updated in person at the shelter.

The chart below compares Harris County's 2021 shelter data to various counties and cities.

Figure 13 - Intake Data Texas Cities and Counties for 2021



INTERNAL AUDIT STANDARDS

We conducted our engagement in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

Appendix A – Budget to Actual for VPH Division

Budget to Actual Expense Comparisons listed below were provided by PHS Financial Services Division.

Total Funding Sources	FY18/19	FY19/20	FY20/21	FY21/22	SFY22*
Salary	$4,286,444	$4,408,670	$4,482,256	$6,877,054	$4,185,459
Non-salary	$1,962,552	$2,176,624	$2,796,934	$2,103,848	$1,744,366
Total Budget	**$6,248,996**	**$6,585,294**	**$7,279,190**	**$8,980,902**	**$5,929,825**
Expenses	-$5,299,559	-$5,608,987	-$8,345,861	-$7,176,500	-$4,383,941
Remaining Balance	**$949,437**	**$976,307**	**-$1,066,671**	**$1,804,401**	**$1,545,884**

General Fund	FY18/19	FY19/20	FY20/21	FY21/22	SFY22*
Salary	$3,917,879	$4,001,359	$3,983,996	$6,320,073	$3,508,903
Non-salary	$615,950	$700,000	$800,000	$703,000	$279,869
Total Budget	**$4,533,829**	**$4,701,359**	**$4,783,996**	**$7,023,073**	**$3,788,772**
Expenses	-$4,451,383	-$4,501,891	-$7,359,914	-$6,657,881	-$3,751,828
Remaining Balance	**$82,446**	**$199,468**	**-$2,575,918**	**$365,192**	**$36,944**

Veterinarian Service Fund	FY18/19	FY19/20	FY20/21	FY21/22	SFY22*
Salary	$147,388	$105,063	$246,794	$556,981	$676,556
Non-salary	$835,399	$1,104,119	$1,581,331	$1,177,152	$1,147,447
Total Budget	**$982,787**	**$1,209,182**	**$1,828,125**	**$1,734,133**	**$1,824,003**
Expenses	-$536,405	-$808,924	-$768,418	-$498,802	-$502,803
Remaining Balance	**$446,382**	**$400,258**	**$1,059,707**	**$1,235,331**	**$1,321,200**

Donations	FY18/19	FY19/20	FY20/21	FY21/22	SFY22*
Salary	$71,677	$146,748	$162,710	$0	$0
Non-salary	$460,703	$372,505	$274,359	$213,696	$202,050
Total Budget	**$532,380**	**$519,253**	**$437,069**	**$213,696**	**$202,050**
Expenses	-$163,375	-$146,748	-$115,891	-$19,817	-$14,230
Remaining Balance	**$369,005**	**$372,505**	**$321,178**	**$193,879**	**$187,820**

Grants	FY18/19	FY19/20	FY20/21	FY21/22	SFY22*
Salary Budget	$149,500	$155,500	$88,756	$0	$0
Non-salary Budget	$50,500	$0	$141,244	$10,000	$115,000
Total Budget	**$200,000**	**$155,500**	**$230,000**	**$10,000**	**$115,000**
Total Expenses	-$148,396	-$151,424	-$101,639	$0	-$115,080
Remaining Balance	**$51,604**	**$4,076**	**$128,361**	**$10,000**	**-$80**

* Short fiscal year 2022 expense amounts include encumbrances as of 8/1/22.