

OFFICE OF
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August 19, 2008

The Honorable Antonio Villaraigosa
The Honorable Rockard J. Delgadillo
The Honorable Members of the City Council

Spaying and neutering our pet population will significantly reduce unwanted puppies and kittens that are too often euthanized. The Department of Animal Services reported that over 15,000 dogs and cats were killed last year in our City shelters.

Earlier this year the City Council passed, and the Mayor signed, an ordinance that mandates all dogs and cats in the City of Los Angeles must be spayed or neutered. My audit found that Animal Services is ill prepared to implement or enforce this new law.

First and foremost, the Department has no plan to educate the public regarding mandatory sterilization and how they can comply. In fact the City Council instituted a six month grace period till the ordinance goes into effect this October to give the Department the opportunity to prepare the public. Now on the eve of its enactment the Department has done little to promote awareness or compliance with the law.

Though Animal Services is charged with enforcing the mandatory spay and neuter law, it does not intend to do so. Instead, the Department, as it does with the leash law and dog licensing, will rely on voluntary compliance. My recent fiscal audit shows the Department is losing out on millions of dollars by not enforcing existing laws and collecting fees and fines such as with dog licenses.

Part of the City's current efforts to increase spay and neuter services has been to create clinics in seven citywide animal care centers. We are just at the front end of this endeavor and the Department is already finding that very few veterinarian providers are responding to the City's call for bids for services. Clearly the Department's management, including its Commission, need to step back and figure out what needs to be done to be successful.

It is clear that the new Spay and Neuter Ordinance sets a very big goal for the City and if we are serious about achieving it, then it is imperative that we increase spay and neuter services through partnerships with local veterinarians and private non-profits.

Animal Services is a key component in the safety and welfare of the public and our animal community. Many of the problems found in my audit are traced to the fact that Animal Services lacks a well developed strategy for carrying out their Spay and Neuter Program. I hope my recent audits will help focus the City's leadership to what this Department really needs to be successful.

Sincerely,

A handwritten signature in black ink that reads "Laura N. Chick". The signature is written in a cursive, flowing style.

LAURA N. CHICK
City Controller



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August 19, 2008

Edward A. Boks, General Manager
Department of Animal Services
221 N. Figueroa Street 5th Floor
Los Angeles, CA 90012

Dear Mr. Boks:

Enclosed is a report entitled "Performance Audit of the Department of Animal Services' Spay and Neuter Program." A draft of this report was provided to your office on July 25, 2008. Comments provided by your Department at the meeting held on August 4, 2008, were evaluated and considered prior to finalizing the report.

Please review the final audit report and advise the Controller's Office by September 18, 2008, of actions taken to implement the recommendations. If you have any questions or comments, please contact me at (213) 978-7392.

Sincerely,

A handwritten signature in black ink, appearing to read 'Farid Saffar'.

FARID SAFFAR, CPA
Director of Auditing

Enclosure

cc: Robin Kramer, Chief of Staff, Office of the Mayor
Jimmy Blackman, Deputy Chief of Staff, Office of the Mayor
Jim Bickhart, Office Lead Liaison, Office of the Mayor
Raymond P. Ciranna, Interim City Administrative Officer
Karen E. Kalfayan, Interim City Clerk
Gerry F. Miller, Chief Legislative Analyst
Tariq Khero, President, Board of Animal Services Commissioners
Independent City Auditors





**City of Los Angeles
Office of the Controller**

**Performance Audit of the
Department of Animal Services'
Spay and Neuter Program**

August 19, 2008

**Laura N. Chick
City Controller**

TABLE OF CONTENTS

| | |
|--|----|
| Executive Summary | i |
| Introduction and Background | 1 |
| Section I - Strategic Approach..... | 5 |
| Section II - Data Management System..... | 14 |
| Section III - Resource Utilization | 17 |
| Section IV - Agreements with Independent Vets | 22 |
| Section V - Spay and Neuter Ordinance..... | 25 |
| Appendix A - Ranking of Recommendations..... | 29 |
| Appendix B - Detail of Spay and Neuter Activities..... | 34 |

Performance Audit of the Department of Animal Services' Spay and Neuter Program

EXECUTIVE SUMMARY

The Controller's Office has completed a performance audit of the Department of Animal Services' Spay and Neuter Program. The primary objective of the audit was to determine if the Department is administering the Spay and Neuter Program in an effective and efficient manner, and has the capacity to accommodate the anticipated increased demand for services when the new Spay and Neuter ordinance takes effect in October 2008.

The audit was performed in accordance with Generally Accepted Government Auditing Standards and covered activities from Fiscal Year 2003-04 to January 2008. Fieldwork was conducted between March and June 2008.

BACKGROUND

Unaltered animals can result in high numbers of unwanted pets, overcrowding at Animal Care Centers and, if the animals are not adopted, high rates of euthanasia. In an effort to control the animal population and decrease euthanasia rates, the City allocates approximately \$1 million annually to the Department of Animal Services for spay and neuter surgeries. This amount is supplemented by donations and a portion of the dog licensing fees. The Department is required to sterilize all animals that are adopted from Animal Care Centers, and also provides financial subsidies for pet sterilizations to City residents. The Department has developed a network of private veterinarians who provide spay and neuter services through private clinics, mobile spay and neuter vans and City-owned spay and neuter clinics.

In February 2008, the City Council passed a Spay and Neuter Ordinance which requires all pet owners to sterilize their dog or cat by the age of four months, making Los Angeles the largest City in the nation with a law of this kind. Although the Department is responsible for informing residents of the new law and enforcing it, it was not provided any additional funds to perform these activities.

SUMMARY OF AUDIT RESULTS

While the Department, through its network of service providers, has increased the number of sterilizations provided over the past three fiscal years, improvements can be made to increase the effectiveness of its efforts. Specifically, the current "Big Fix Program" lacks a comprehensive strategy that will allow the Department to focus resources on priorities and adequately evaluate its results. We found that there is a

lack of project management over the program. Additionally, the Department can improve the manner in which it tracks and reports data and manages contracts with service providers. Furthermore, the Department is not adequately prepared to advertise or enforce the new spay and neuter ordinance.

The shortcomings in the Spay and Neuter Program may be attributed to the lack of institutional continuity and limited resources within the Department. The Department has had five different General Managers over the past ten years. Without continuous and focused direction from leadership, the Department has not developed a well-structured Program.

KEY FINDINGS

- ❑ **The Department lacks a well-developed strategy for carrying out the Spay and Neuter Program.**

The “Big Fix Umbrella Program” appears to be a marketing term, rather than a well-developed program with targeted goals and objectives. Rather than developing a comprehensive strategy for maximizing outcomes based on need or other priorities, the Department has focused on tracking categories of animals, such as large breed dogs. In addition, the Department has set an arbitrary goal of increasing animal sterilizations by 10% every year, which may become difficult to achieve since some prioritized services, such as spay and neuters for large animals, and full-subsidies for low-income residents, are more costly.

The Department should develop a long-term vision and strategy for the Program that will provide a framework for decision-making. The strategy must clearly establish priorities for service delivery as identified by need - which could include geographical region, resident income level, or type of animal. Such a strategy will help ensure that the Department’s limited funds are used in a manner consistent with its goals, and they can successfully achieve these goals.

- ❑ **The Department does not evaluate the effectiveness of the Spay and Neuter program and processes, to assess the adequacy of allocated resources to these activities.**

The Department lacks project management over the Program. Although staff spends a significant amount of time tracking and processing payments for sterilizations, this information is not formally evaluated to refine or improve the Program. Based on our analysis, we noted that the Department spends the majority of its spay and neuter funds on procedures for privately-owned pets. State Law requires the Department to sterilize all sheltered animals before they are released to adopters, and the majority of this cost is paid by the City.

We found that Discount Coupons yielded the most sterilizations for the least amount of City funding; since these are the least expensive option and are available to any

City resident, who is then responsible for paying the differential cost to the vet. Mobile spay and neuter vans provided the second highest number of sterilizations though this service required more funding. While not as cost-effective as the coupons, the mobile vans are integral to the Department's efforts because they target low-income residents.

An expected result of increased animal sterilizations is lower intake numbers at City Animal Care Centers (shelters). While the Department also tracks these figures, there has been no formal analysis to compare the City-subsidized spay and neuter activities to these outcomes. We found that over seven years, the number of dogs and cats received at the East Valley and South Los Angeles shelters is more than twice the number from the other four regional centers combined. In addition, though intakes are generally decreasing, there was a notable increase in FY2007-08 at the West Los Angeles and West Valley shelters.

Without a formal evaluation of what the Program has achieved and whether it meets expectations, the Department may allocate funds to activities that are less effective or do not address priorities.

- **The Department's data management system is inefficient and does not accurately report program resources and results.**

The Department's current method for tracking and reporting spay and neuter data is convoluted and susceptible to errors. The Department lacks a comprehensive information system to adequately capture, verify and report relevant data, which would allow them to properly evaluate program results.

By using a word processing program for tracking quantitative data, and manual calculations that must be continually updated, data entry takes a significant effort and results are not reliable. The Department has reported inaccurate sterilization numbers and accounting records do not reconcile to the City's official Financial Management Information System (FMIS). The Department's data tracking process is primarily used for recording contractor payments for specific spay and neuter activities, and not for analyzing program results. However, by continuing to use the existing processes and system, management will not receive reports that provide useful information to support programmatic decisions.

- **The Department does not ensure spay and neuter resources are maximized.**

We found that while one contracted vet had a waiting list for services, another within the same region had excess capacity. The Department has not assessed the capacity (either under or over) of City providers in regions where there is a great need. By better promoting the available services and ensuring providers meet their expected capacity, the Department will increase the number of sterilizations in those areas. We also found that staff at Animal Care Centers is not consistently verifying the eligibility of pet owners that request Free Certificates for spay and neuter services, which may reduce limited resources for residents that do qualify.

□ **The Department should improve its oversight of contracted providers.**

The Department does not conduct reviews prior to the selection of a partnering veterinarian, nor are routine inspections of facilities conducted. Though the Department has no official regulatory role for independent vets, by engaging in a partnership that provides payment of public funds for services performed, the City has a responsibility to ensure the safety and quality of care for City-referred animals. The Department will soon formalize agreements with private vets to operate spay and neuter clinics at City Animal Care Centers. A current “right of entry” agreement with a private vet at the South Los Angeles Clinic can be viewed as a test-case for how these contracted relationships should work. However, we found that the payment process for this provider is inefficient, requiring two separate transactions to pay for the City-subsidized services.

□ **The Department is not prepared to advertise and enforce the new ordinance.**

The Department has no formal plan to make residents aware of the new spay and neuter ordinance, though it was effective in April and penalties may be imposed beginning October 2008. In addition, Animal Control Officers indicated their priority must be to ensure public safety and animal welfare. Officers stated they currently have difficulty enforcing other ordinances dealing with privately owned pets, such as the leash law, and no one is sure how spay and neuter canvassing or enforcement should occur. The Department plans to rely primarily on voluntary compliance by pet owners, as well as requiring proof of sterilization as part of dog license applications, which may only be successful with targeted communication and community education, coupled with increased funding incentives for spay and neuter services. However, the Department has not been provided additional funding to advertise or enforce the new ordinance when it goes into effect in October 2008.

REVIEW OF REPORT

A draft report was provided to the Department of Animal Services on July 25, 2008. We discussed the contents of the report with management at an exit conference held on August 4, 2008. Management generally agreed with the findings and observations. We would like to thank the Department of Animal Services management and staff for their cooperation and assistance during the audit.

TABLE OF RECOMMENDATIONS

| Recommendations | Page Reference |
|---|----------------|
| Section I: Strategic Approach | |
| The Department should: | |
| 1. Develop a strategic plan for providing spay and neuter services that considers the City's needs, available resources and Departmental priorities, goals and objectives. | 7 |
| 2. Prioritize Program areas based on identified need and anticipated greatest impact, considering policy implications made through the Mayor's and City Council's directives, and allocate resources accordingly. | 8 |
| 3. Work with City Council to ensure the Administrative Code accurately reflects Departmental priorities. | 8 |
| 4. Develop specific goals that are based on available resources and assessed need. | 8 |
| 5. Ensure that proper expertise is available to effectively manage and implement the Big Fix Program. | 13 |
| 6. Conduct a comprehensive evaluation of the Big Fix Program to assess whether spay and neuter goals were met and to ensure they are provided in the most efficient and effective manner. | 13 |
| 7. On a regular basis, compare sterilization activities by region to Care Center intake numbers to assess the impact on the City's unwanted animal population. | 13 |
| Section II: Data Management System | |
| The Department should: | |
| 8. Evaluate the current data tracking and reporting system used for spay and neuter activities and make improvements to ensure activity and accounting accuracy. At a minimum, a spreadsheet application (e.g., Microsoft Excel) would minimize the risk of manual calculation errors and reduce staff time to manually transfer data for various purposes. Implementing even a simple Database application would also enable a | 16 |

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| <p>variety of management reports to be created from collected data.</p> <p>9. Ensure that the Spay and Neuter fund amounts tracked by the Program Coordinator and FMIS reconcile. Accounting staff should consider conducting periodic reconciliations which should help identify discrepancies.</p> <p>10. Establish a practice to review the year-end spay and neuter reported data to ensure accuracy.</p> <p>11. Ensure any information system used captures relevant data that helps management determine whether goals and objectives have been achieved.</p> | <p>16</p> <p>16</p> <p>16</p> |
| Section III: Resource Utilization | |
| <p>The Department should:</p> <p>12. Regularly assess the capacity of spay and neuter service providers to maximize services that can be performed.</p> <p>13. Continue to explore ways to increase available services through additional partnerships with local veterinarians.</p> <p>14. Clearly define eligibility criteria for Free Certificates and communicate these to staff and other partnering agencies responsible for their distribution.</p> <p>15. Establish procedures for staff to verify/validate income and any other eligibility criteria prior to distributing and approving Free Certificates.</p> <p>16. Assess program resources and priorities to determine the appropriate mix of Free Certificates and other discounts available for spay and neuter services, to ensure limited resources are maximized.</p> | <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>21</p> |
| Section IV: Agreements with Independent Veterinarians | |
| <p>The Department should:</p> <p>17. Develop a formal monitoring instrument, such as a checklist, to enable staff to easily document the conditions observed at partnering vet's facilities.</p> <p>18. Direct staff to conduct periodic reviews using a monitoring instrument. A review should occur prior to City acceptance of the partnership, and periodically thereafter. Such a review could be established as a routine</p> | <p>23</p> <p>23</p> |

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| <p>procedure when delivering a shelter animal for services.</p> <p>19. In consultation with the City Attorney, consider formalizing agreements with partnering veterinarians.</p> <p>20. Identify and implement an efficient and cost-effective manner to process payments to contracted vets operating at City-owned clinics.</p> | <p>23</p> <p>24</p> |
| <p>Section V: Spay and Neuter Ordinance</p> | |
| <p>The Department should:</p> <p>21. Increase efforts to ensure the public is adequately informed of the mandatory Spay and Neuter ordinance.</p> <p>22. Evaluate the ACOs capacity to enforce the ordinance, and formally communicate gaps to policymakers for consideration of alternative programs to encourage, rather than enforce, compliance with the ordinance.</p> <p>23. Continue to coordinate dog licensing efforts with ordinance enforcement by requiring proof of sterilization.</p> <p>24. Strategically plan for and implement additional approaches to encourage compliance, such as increased and targeted community outreach coupled with subsidized sterilization programs, to help ensure residents comply with the Spay and Neuter Ordinance.</p> | <p>26</p> <p>27</p> <p>27</p> <p>27</p> |

INTRODUCTION AND BACKGROUND

Studies conservatively suggest that there are approximately 500,000 unaltered dogs and cats in the City of Los Angeles.¹ Unaltered animals can lead to overpopulation and high numbers of unwanted pets. The City, in its role to promote the health and safety of all residents, both human and animal, spends taxpayer dollars to cope with the consequences of unwanted or uncared for pets. Significant resources are dedicated to investigating animal cruelty complaints and to shelter lost or homeless animals. When City Animal Care Centers (shelters) become overcrowded, animals may be euthanized. In an effort to reduce the euthanasia rate of potentially adoptable animals, the City has adopted a “no kill” goal.

In order to achieve this goal, the City must substantially reduce the number of unwanted pets in City shelters. Stakeholders agree that the most humane and effective way to reduce the number of unwanted animals over the long-term is to spay and neuter the current pet population. To further demonstrate the importance of animal sterilization, City Council passed an ordinance in February 2008, making it mandatory that all pet owners residing in the City of Los Angeles spay and neuter their dogs and cats.² This makes Los Angeles the largest city in the nation with a law of this kind.

History of City Efforts

The Department has provided spay and neuter services since the 1971, when it was known as the Department of Animal Regulation. During that time, City-employed veterinarians performed the animal sterilizations. However, in the early 1990s, the City faced budget shortages and the Department was forced to cut staff positions. Although the Department retained the vets who were charged with the general care of sheltered animals, the Department eliminated positions for the spay and neuter veterinarians.

In order to continue providing spay and neuter services, in 1991 the Department began distributing Discount Coupons to residents for the sterilization of privately-owned animals. These coupons, which subsidize a portion of the sterilization cost for an owned pet, may be redeemed at private veterinarians throughout the City with whom the Department partners.

¹ Based on animal population projections listed by the American Veterinarian Medical Association, data from the U.S. Census Bureau, and a report issued by the Humane America Animal Foundation.

² Exemptions can be obtained for show dogs, working dogs and service dogs, as well as cats and dogs that have a breeding permit from the City, without regard to whether the animal is a purebred or mutt.

In 1998, State law mandated animal care agencies to sterilize all adopted animals, which increased the Department's need for veterinarians to perform sterilizations.

City Council continued to support spay and neuter efforts and in 2000 allocated additional funding to the Department to provide Free Certificates to low-income residents. These are distributed to eligible residents for the sterilization of their privately-owned pets and are redeemed at partnering vets throughout the City.

Beginning in 2003, the Department dedicated \$500,000 to contract with a mobile sterilization van to provide services to low-income residents. Since then, there have been three different organizations providing mobile vans. Currently, one non-profit organization has a contract with the Department to provide mobile services and another non-profit provides services as a partnering vet, and travels throughout the City to provide services to low-income residents.

The "Big Fix" Program

The Department currently allocates approximately \$1 million annually from the General Fund for animal sterilizations, which is supplemented by donations and a portion of the dog licensing fees. These funds are dedicated to providing spay and neuter services to two populations of animals, City-sheltered and privately-owned. All funds are paid directly to providers, i.e., partnering veterinarians, mobile van operators, and contracted vets at the City shelters.

City-Sheltered Animals

City-sheltered animals refer to those that are housed in one of the City's six regional Animal Care Centers and are available for adoption. The Department reports that during 2007, 22,318 dogs and cats were adopted from the Centers by residents or rescue organizations. When adopted, the Department is legally mandated to sterilize the animal prior to being released to their new owner³. Some animals selected for Departmental promotional adoption events are also sterilized prior to the event, in order to be eligible for immediate adoption.

Privately-Owned Animals

Privately-owned animals refer to those pets that owners have acquired through other means, such as pet stores or private breeders. City residents may sterilize their animals through their private vet or they can utilize City-sponsored spay and neuter resources. Sterilizations performed by private vets not affiliated with the Department are not captured in the Departmental spay and neuter data. Consequently, the total number of animal sterilizations performed citywide is unknown.

³ Unless the animal is too young or ill at the time of adoption, in which case the adopter pays the Department a \$12 deposit which can be refunded once the owner submits proof of sterilization.

The Department currently has a very limited number of City-employed veterinarians who are charged with the general care of shelter animals. City vets currently do not perform routine spay and neuter surgeries. Because the City has limited resources and facilities to provide sterilization services, the Department has identified three methods by which both City-sheltered and privately-owned dogs and cats⁴ can be sterilized:

- Partnering with Independent Veterinarians

The Department has agreements with independent vets throughout the City. For animals who are adopted from a City Animal Care Center, the Department transports the animals to these vets, who perform the surgery prior to releasing the adopted animal to the new owner. These vets will also honor City-sponsored Free Certificates and Discount Coupons presented by pet owners.

- City Spay & Neuter Clinics

Through a contract or use agreement, private vets operate two City-owned Clinics and are responsible for sterilizing all of the dogs and cats that are adopted out of the adjacent Animal Care Center, eliminating the need to transport animals to an independent private clinic. Privately-owned pets may also be spayed or neutered at City clinics.

- Mobil Spay & Neuter Clinics

These clinics operate mobile vans and provide sterilization services to pets owned by low-income residents at different locations throughout the City.

New Spay and Neuter Clinics

In an effort to streamline sterilization services, in March 2008 the Department released a RFP to obtain vet services for six of the seven spay and neuter clinics which are on-site at the City's Animal Care Centers.

These clinics were built using capital funding provided by Proposition F⁵, supplement the improved and expanded regional Animal Care Centers, and were recently completed. The RFP states that the contracted services will primarily provide high-volume spay and neuter services for sheltered animals. In exchange for the free use of a new facility and some equipment, the contracted vet will provide all spay and neuter services for shelter pets. Vets may also provide spay and neuter services for privately-owned animals and accept Free Certificates and Discount Coupons, for which the Department will provide reimbursement. These vets may also provide related medical and grooming services for privately owned animals. The vets are required to pay the Department a percentage of all revenue collected.

⁴ The Department's program also includes services for rabbits.

⁵ Proposition F funds were supplemented with \$3 million from the Capital Improvement Expenditure Programs

The Department received proposals for four of the six clinics. However, Management indicated they will recommend selection of only one of those proposals. Proposals for the three additional clinics will not be recommended as the organization proposed limiting the number of sterilizations for sheltered animals, which is contrary to the Department's priorities as stated in the original Request for Proposal approved by the Board of Animal Services Commissioners. Management indicated that they will recommend releasing another RFP for the remaining clinics to solicit additional acceptable proposals.

Notable Accomplishments

According to Department management, the current administration has embarked on a new path of study and planning, while also initiating change to address problems. For example, two years ago, despite a lack of funding, the Department resurrected the in-house canvassing function, which is a key educational tool for spay and neuter activities. In addition, the Department recently conducted a Study of Fees and Charges that provides recommendations, pending Council approval, which will streamline accounting and help make tracking of spay/neuter expenditures more efficient.

Objectives and Methodology

The primary objective of this performance audit was to determine if the Department is currently administering the Spay and Neuter Program in an effective and efficient manner and has the capacity to accommodate the anticipated increased demand expected from the new Spay and Neuter ordinance. Specifically, we sought to identify how the Department:

- Ensures it can sufficiently provide spay and neuter services, and achieve program goals,
- Measures and monitors the success of its efforts,
- Ensures the accuracy of the data collected regarding spay and neuter services,
- Markets and advertises the program, including discounted services, to the community, and
- Manages and monitors contracts with veterinarians who help administer the spay and neuter program.

In conducting our audit, we interviewed Department management and staff and reviewed applicable laws, regulations, and Departmental procedures. We also compared the Department's spay and neuter program activities to three other California municipalities which also have a mandatory Spay and Neuter Ordinance. These included the County of Los Angeles, the City of San Bernardino and the County of San Mateo.

AUDIT FINDINGS AND RECOMMENDATIONS

SECTION I: STRATEGIC APPROACH

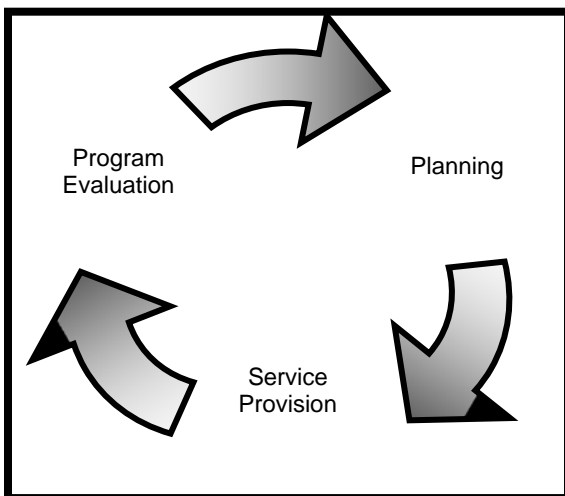


Exhibit 1- Life Cycle of a Program

Despite playing an integral role in promoting animal sterilizations, the Department has not developed a comprehensive strategic approach to ensure it is providing sterilizations in the most efficient and effective manner. It is imperative that, given the very limited resources available as compared to the tremendous demand for spay and neuter services, the Department strategically develop a program based on prioritized and feasible goals and objectives. The lifecycle of a well administered program includes three key components: strategic planning, effective and efficient service provision,

and on-going evaluation⁶. See Exhibit 1.

- 1) **Planning** allows for the development of a comprehensive strategy to meet identified needs, objectives, goals, and priorities.
- 2) **Service Provision** ensures priorities are met, and services are effectively and efficiently being administered according to policies and procedures.
- 3) **Program Evaluation** assesses the effectiveness of the program in meeting the goals and objectives that were defined during planning. These results should be used to inform future plans to consistently improve the program.

Our audit found that the Department's spay and neuter program lacks both adequate program planning and program evaluation.

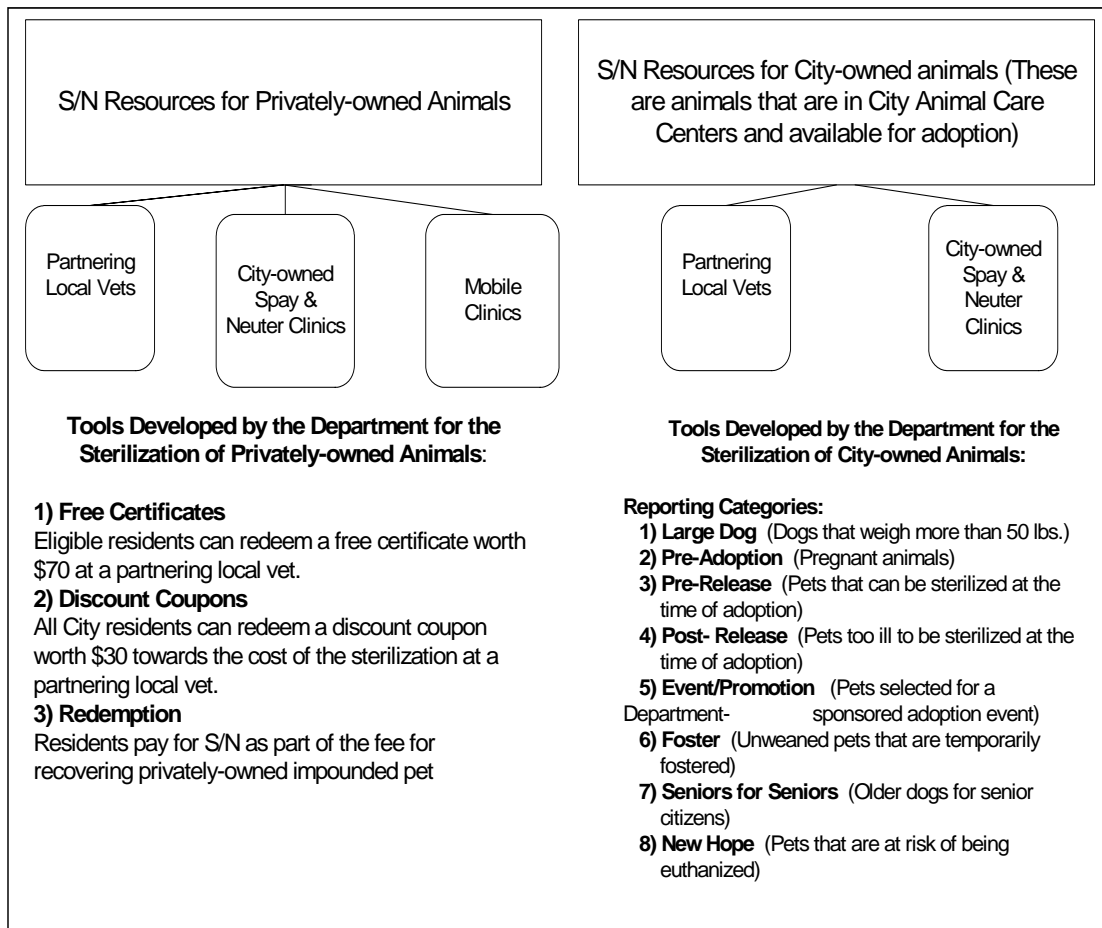
Finding No. 1: The Department lacks a well-developed strategy for carrying out the spay and neuter program.

Although the Department utilizes multiple service providers and targets various animal populations, the Big Fix Program (Spay and Neuter Program or Program) does not appear to be well-defined. The program is disjointed and consists of 11

⁶ It should be noted that these components are general themes and do not capture all of the details of a program lifecycle.

“sub-programs” rather than prioritized program areas. Although referred to as “sub-programs”, it should be noted that these are actually categories the Department uses to capture data for reporting and accounting purposes, rather than distinct or separate programs. For example, as illustrated in Exhibit 2, one “sub-program” accounts for the sterilizations of large breed dogs, and another for pregnant animals. However, these categories do not have individual goals or objectives that feed into the larger Big Fix Program, in order to achieve a broader spay and neuter goal or outcome.

Exhibit 2: Big Fix Umbrella Program



The lack of an overall strategy with well-defined objectives may be attributed to the lack of consistent leadership within the Department, as evidenced by the fact that the Department has had five General Managers over the past ten years. This has stifled the Department’s ability to develop and implement a well-structured spay and neuter program. However, the current administration is making strides to improve service delivery.

Staff indicated that management had often suggested different ways to provide sterilization services and new ways to target or track sterilizations for specific animals. Additionally, animal interest groups and other stakeholders would make suggestions for new categories. Current management acknowledged that the “Big Fix Program” as currently structured is more of a marketing or branding tool, rather than a well-defined program. Since over the years, staff has been responsible for changing processes and operations in order to accommodate the priorities and requests of new management and external stakeholders, they have not had the opportunity to develop a comprehensive strategy for the provision of spay and neuter services.

As a result, the Department does not have a long-term vision for the Spay and Neuter Program that would provide a framework for providing services based on priorities directed by identified need, such as by geographic area, resident income level or animal type. This would enable a more structured approach for decision-making and program implementation. Furthermore, a well-developed strategy would ensure that Department funds are allocated and used in a manner that meets spay and neuter goals, which may include an increased number of sterilizations overall, or for low-income residents, or for animals in targeted geographical areas of the City.

Recommendation:

- 1. The Department should develop a strategic plan for providing spay and neuter services that considers the City’s needs, available resources and Departmental priorities, goals and objectives.**

Finding No. 2: The Department has not clearly articulated priorities or goals, which would allow measurement of program results.

Priorities

As discussed in Finding No. 1, the Department tracks many categories for spay and neuter activities targeting various animal populations. However, these categories are used simply to report information, and are not prioritized. Therefore, it is unclear how or if resources should be allocated among these categories.

Since State law requires that the Department sterilize all animals adopted from the Animal Care Centers, this is an implicit priority. Further, Municipal Code Section 53.31 indicates that free spay and neuter services must be provided to low-income senior citizens. Section 53.15, which pertains to dog licenses and also applies to spay and neuter services, indicates that free services are to be provided to any disabled individual or any individual 62 years or older, if they meet specific income criteria. However, the Department and City Council have gone above and beyond these mandates and allocates a majority of budgeted General Fund monies to the Free Certificates and the Mobile Vans, which serve

all City residents who have an annual household income at or below \$40,000. Therefore, it appears that low-income pet-owners are also a Departmental priority.

While the provision of free spay and neuter services to all low-income residents will have a greater impact on the City's pet population, as these owners may not otherwise sterilize their pet, the Department or the City Council has not clearly defined this as a priority. Since resources are very limited and the demand for spay and neuter services will always exceed the Department's ability to provide or subsidize these services, it is important for the City and the Department to have explicit priorities, to ensure efforts are appropriately focused.

Goals

The Department also lacks adequately defined goals. Staff indicated that as part of the Fiscal Year 2008-09 budget, the Mayor's Office directed the Department to include performance metrics and set a quantitative goal for the Spay and Neuter Program. In response to this directive, the Department set a goal to increase sterilizations by 10% each year. Based on our review and analysis of sterilization activities, in Fiscal Year 2006-07, 41,470 animal sterilizations were performed using City resources, which is a 9% increase from the 37,760 reported for the prior year.

The 10% goal appears arbitrary since the Department did not base it on an analysis of available or allocated resources, or conduct a needs assessment to identify where activities should be targeted for optimal use. In addition, by setting an ever-increasing quantitative goal for total surgeries, the Department may be setting unreasonable expectations. Since the Department uses different delivery methods to provide sterilization services with varying costs, the best "blend of services", targeting identified and prioritized needs, should be identified to ensure feasible goals can be achieved.

Recommendations:

The Department should:

- 2. Prioritize Program areas based on identified need and anticipated greatest impact, considering policy implications made through the Mayor's and City Council's directives, and allocate resources accordingly.**
- 3. Work with City Council to ensure the Administrative Code accurately reflects Departmental priorities.**
- 4. Develop specific goals that are based on available resources and assessed need.**

Finding No. 3: The Department does not formally evaluate the Program results or outcomes to adequately assign resources to the various spay and neuter activities.

Rather than examining the Spay and Neuter Program in its entirety and defining expected outcomes, the Department has focused on tracking individual aspects of spay and neuter activities, such as sterilizations for large dogs or the adoption of animals by senior citizens. Although staff spends a significant amount of time entering and tracking spay and neuter data as a necessary step in processing payments for procedures performed, they conduct only a rudimentary analysis of the results. There is no formal review or analysis for the allocation of resources among privately-owned vs. City-sheltered animals, or among Free Certificates or Discount coupons, and how they may impact the intake numbers at the Animal Care Centers.

A Program Coordinator is responsible for handling the administrative and accounting aspects of the spay and neuter program. The Coordinator distributes the Discount Coupons and Free Certificates to the Animal Care Centers, coordinates spay and neuter events, and maintains partnerships with private vets. The majority of the Coordinator's work, however, involves processing payments and tracking sterilization statistics. These statistics are periodically reported to community stakeholders and are used in Departmental budget documents. However, there is no Program Manager that formally assesses the sterilization statistics and other data, such as shelter intake numbers, to determine how different sterilization activities perform, or how effective the Big Fix Umbrella Program is, as a whole.

It appears that the Department has historically operated in reactive mode, with actions driven by council motions or policy directives. As a result, the Department is constantly trying to meet external demands, and has limited time or resources available to proactively analyze operations and set new objectives. This may also be attributed to the inconsistent leadership and shortage of management-level staff over the past decade. According to current management, the Department is beginning to conduct more analysis and planning for the program.

To get a broad perspective of the results of the Department's spay and neuter efforts, we reviewed the extensive amount of sterilization data tracked by the Program Coordinator for FY 2005-06 through January 2008, as well as the reported animal intake statistics. We reconfigured the data according to two primary categories; 1) mandated sterilizations for City-sheltered animals and 2) City-subsidized sterilizations for privately-owned animals.

Our approach was to sort the numerous individual categories of data into the two major animal populations that receive sterilization services, and the funding

mechanism used to pay for the service. We made no distinction between cats or dogs, males or females, large breeds, etc. The results of our data review are summarized in Exhibit 3, below. For a more detailed breakdown of the sterilization statistics, see Appendix B.

**Exhibit 3: Sterilization activities for Fiscal Year 2005-06 through January 2008
(Information compiled from Department of Animal Services internal records)**

| FISCAL YEAR 2003-04 | | | | |
|--|-----------------------|----------------------------------|--------------------------------|-----------------------------|
| ANIMAL GROUP | Total Payments | Total # of Sterilizations | % of All Sterilizations | % of \$ Amount Spent |
| Privately-Owned | \$302,110 | 8,489 | 39% | 33% |
| <i>Discount Coupons</i> | <i>\$117,310</i> | <i>5,194</i> | <i>24%</i> | <i>13%</i> |
| <i>Free Certificate</i> | <i>\$144,700</i> | <i>2,894</i> | <i>13%</i> | <i>16%</i> |
| <i>Mobile Van</i> | <i>\$40,100</i> | <i>401</i> | <i>2%</i> | <i>4%</i> |
| City-sheltered | \$594,056 | 13,220 | 61% | 67% |
| TOTALS | \$896,166 | 21,709 | 100% | 100% |
| FISCAL YEAR 2004-05 | | | | |
| Privately-Owned | \$565,880 | 13,536 | 51% | 49% |
| <i>Discount Coupons</i> | <i>\$220,960</i> | <i>7,697</i> | <i>29%</i> | <i>19%</i> |
| <i>Free Certificate</i> | <i>\$344,830</i> | <i>5,847</i> | <i>22%</i> | <i>30%</i> |
| <i>Mobile Van</i> | <i>\$0</i> | <i>0</i> | <i>0%</i> | <i>0%</i> |
| City-sheltered | \$580,990 | 12,749 | 49% | 51% |
| TOTALS | \$1,146,780 | 26,293 | 100% | 100% |
| FISCAL YEAR 2005-06 | | | | |
| Privately-Owned | \$1,382,908 | 26,042 | 69% | 71% |
| <i>Discount Coupons</i> | <i>\$305,850</i> | <i>10,195</i> | <i>27%</i> | <i>16%</i> |
| <i>Free Certificate</i> | <i>\$306,120</i> | <i>5,102</i> | <i>14%</i> | <i>16%</i> |
| <i>Mobile Van</i> | <i>\$770,938</i> | <i>10,745</i> | <i>28%</i> | <i>39%</i> |
| City-sheltered | \$571,966 | 11,718 | 31% | 29% |
| TOTALS | \$1,954,874 | 37,760 | 100% | 100% |
| FISCAL YEAR 2006-07 | | | | |
| Privately-Owned | \$1,355,940 | 26,670 | 64% | 61% |
| <i>Discount Coupons</i> | <i>\$382,950</i> | <i>12,765</i> | <i>31%</i> | <i>17%</i> |
| <i>Free Certificate</i> | <i>\$202,800</i> | <i>3,380</i> | <i>8%</i> | <i>9%</i> |
| <i>Mobile Van</i> | <i>\$770,190</i> | <i>10,525</i> | <i>25%</i> | <i>35%</i> |
| City-sheltered | \$833,623 | 14,800 | 36% | 39% |
| TOTALS | \$2,189,563 | 41,470 | 100% | 100% |
| FISCAL YEAR 2007-08 (Thru Jan.) | | | | |
| Privately-Owned | \$696,230 | 13,394 | 59% | 51% |
| <i>Discount Coupons</i> | <i>\$196,740</i> | <i>6,558</i> | <i>29%</i> | <i>15%</i> |
| <i>Free Certificate</i> | <i>\$143,150</i> | <i>2,045</i> | <i>9%</i> | <i>11%</i> |
| <i>Mobile Van</i> | <i>\$356,340</i> | <i>4,791</i> | <i>21%</i> | <i>26%</i> |
| City-sheltered | \$655,721 | 9,319 | 41% | 49% |
| TOTALS | \$1,351,951 | 22,713 | 100% | 100% |

Observations provided by the data regarding the allocation and results of spay and neuter activities subsidized by the Department include the following:

PRIVATELY-OWNED ANIMALS

Discount Coupons

Based on the reported sterilizations, Discount Coupons yielded the most sterilizations for the least amount of City funding over the last three fiscal years. This is an expected result, since the coupons are available to all City residents and are the least expensive option to the Department because it only partially subsidizes the cost of sterilizations (\$30 per coupon). The remainder of the cost, which can range from \$15-\$75, must be paid by the pet owner. In FY06-07 the Department allocated 17% of spay and neuter funding to the Coupons, and they accounted for 31% of the total sterilizations performed that year.

Mobile Vans

Based on the reported sterilizations, the Mobile Vans yielded the second highest number of sterilizations for the past three fiscal years but required more funding than Discount Coupons. In FY07-08 the Department allocated 26% of spay and neuter funding to the Mobile Vans and they accounted for 21% of the total sterilizations performed that same year. While not as cost-effective as the Discount Coupons, the Mobile Vans are integral to the Department's efforts because they target low-income residents that might not otherwise spay or neuter their pets.

CITY-SHELTERED ANIMALS

Sterilizations of animals adopted from municipal shelters are mandated by State Law. In general, the majority of the costs of these sterilizations are paid for by the Department. We noted that a few Departmental categories, such as the Pregnant Animals, Rabbits, and Foster Animals provided less than 3% of all sterilizations for each of the years reviewed.

Based on our analysis, we can confirm that for the past three and a half years, a majority of the Department's funding provided sterilizations to privately-owned animals. In addition, while it appears that the Department has the ability to increase its capacity to provide more sterilizations to privately-owned animals through Discount Coupons, this would decrease funding for sterilizations for low-income pet owners.

Animal Care Center Intake Numbers

Budget documents state that the Department will use Animal Care Center intake numbers as an outcome measure to determine if increased sterilizations have resulted in fewer animals being impounded. However, while the Department tracks intake information, to date there has been no formal analysis to compare or evaluate the shelters' intake numbers in relation to the Department's sterilization efforts.

We have compiled and presented summary intake figures, as reported by the Department, in Exhibit 4, below.

Exhibit 4: Animal Care Center Intake Numbers by Shelter (Dogs & Cats only)

| EAST VALLEY | | | HARBOR | | | NORTH CENTRAL | | |
|-------------------|----------------|----------|------------------|---------------|----------|---------------|---------------|----------|
| FISCAL YEAR | # OF ANIMALS | % CHANGE | FISCAL YEAR | # OF ANIMALS | % CHANGE | FISCAL YEAR | # OF ANIMALS | % CHANGE |
| 01-02 | 13,251 | | 01-02 | 3,424 | | 01-02 | 11,776 | |
| 02-03 | 12,149 | -9% | 02-03 | 3,131 | -9% | 02-03 | 10,620 | -10% |
| 03-04 | 12,343 | 2% | 03-04 | 3,084 | -2% | 03-04 | 10,438 | -2% |
| 04-05 | 11,769 | -5% | 04-05 | 2,666 | -14% | 04-05 | 9,452 | -10% |
| 05-06 | 11,350 | -4% | 05-06 | 2,708 | 2% | 05-06 | 9,291 | -2% |
| 06-07 | 12,207 | 7% | 06-07 | 2,527 | -7% | 06-07 | 9,384 | 1% |
| 07-08 | 12,126 | -1% | 07-08 | 2,487 | -2% | 07-08 | 9,478 | 1% |
| TOTAL | 85,195 | | TOTAL | 20,027 | | TOTAL | 70,439 | |
| SOUTH LOS ANGELES | | | WEST LOS ANGELES | | | WEST VALLEY | | |
| FISCAL YEAR | # OF ANIMALS | % CHANGE | FISCAL YEAR | # OF ANIMALS | % CHANGE | FISCAL YEAR | # OF ANIMALS | % CHANGE |
| 01-02 | 19,273 | | 01-02 | 3,864 | | 01-02 | 9,345 | |
| 02-03 | 16,582 | -14% | 02-03 | 3,847 | 0% | 02-03 | 8,267 | -12% |
| 03-04 | 14,466 | -13% | 03-04 | 3,873 | 1% | 03-04 | 8,450 | 2% |
| 04-05 | 12,734 | -12% | 04-05 | 3,304 | -15% | 04-05 | 7,812 | -8% |
| 05-06 | 12,608 | -1% | 05-06 | 3,012 | -9% | 05-06 | 7,415 | -5% |
| 06-07 | 12,508 | -1% | 06-07 | 2,775 | -8% | 06-07 | 7,228 | -3% |
| 07-08 | 12,185 | -3% | 07-08 | 3,046 | 10% | 07-08 | 8,105 | 12% |
| TOTAL | 100,356 | | TOTAL | 23,721 | | TOTAL | 56,622 | |

According to the Department's reported intake numbers, East Valley and South Los Angeles Animal Care Centers have, by far, the highest annual animal intakes over the last seven years. Overall, South Los Angeles' total intake for this period is the highest with more than four times the number of animals received by the West Los Angeles Care Center. While the number of impounded animals has generally decreased from 2001-02, half of the Centers have seen increases in the last year. West Los Angeles and West Valley had a notable increase in 2007-08.

Although the Department tracks intake information and sterilization data, there has not been a formal comprehensive analysis to evaluate the intake numbers with the effectiveness of sterilization efforts. The Department stated that they have not had the staff resources available to adequately evaluate the program, but they have recently begun these efforts.

Without a formal evaluation of what the Program has achieved, the Department may allocate funding and administer program activities that do not provide

services in the most efficient and effective manner, nor address Departmental priorities or have the expected outcome.

Recommendations:

The Department should:

- 5. Ensure that proper expertise is available to effectively manage and implement the Big Fix Program.**
- 6. Conduct a comprehensive evaluation of the Big Fix Program to assess if spay and neuter goals were met and to ensure they are provided in the most efficient and effective manner.**
- 7. On a regular basis, compare sterilization activities by region to Care Center intake numbers to assess the impact on the City's unwanted animal population.**

SECTION II: DATA MANAGEMENT SYSTEM

Well-run programs use data management systems to efficiently track resources dedicated to activities, and to record the program outputs. An adequate data system generates accurate and reliable reports that management can use to assess and evaluate the program. It is imperative that the Department has the capacity to collect, track and report all of the varied data relevant to the Spay and Neuter Program, to support program decision-making. Our audit found that the Department does not currently have an adequate system to efficiently or effectively perform these tasks.

Finding No. 4: The Department's data management system is inadequate. It is inefficient and does not accurately report program resources and results.

Multiple Microsoft Word documents are used to track incoming data. The data is manually entered into tables within the word-processing program, rather than a spreadsheet using automated formulas. Staff manually calculates payment amounts and manually updates the year-to-date activity totals on documents that are populated with the prior month's data. Staff performs the following steps as described below:

- 1) Reviews and approves all proof of sterilization documents submitted by partnering vets (thousands each month).
- 2) Sorts the documents according to "program" type (i.e., defined category).
- 3) Tracks the individual services and related payments due to each veterinarian.

Note: there are approximately 60 service providers that may be paid, and sterilizations are reimbursed at different rates which are generally linked to the 11 spay and neuter categories. For example, Discount Coupons are reimbursed at \$30; Free Certificates at \$70; large dogs at \$100, etc.

- 4) Tracks the number of sterilizations for each of the 11 categories.
- 5) Initiates the payment process. Disbursements may be charged to one of two Spay and Neuter Special Funds. Therefore, staff tracks the sterilization number and amount charged to each fund and the fiscal year from which the funds are allocated for the Free Certificate and Discount Coupons. Despite having a 90-day expiration date, the Department will honor any redeemed Free Certificate or Discount Coupon.
- 6) Processes the deposits and refunds required for the sterilization of animals adopted from the Animal Care Centers.

We noted that staff spends a significant amount of time inputting data due to the scope of the program (many service providers, program components, etc.) and because Word documents do not provide automated links between “spreadsheet” information.

The current method for tracking and reporting spay and neuter data is convoluted and susceptible to errors. As a result, the Department has reported sterilization numbers with errors and their accounting records do not reconcile with FMIS.

The data tracking is primarily used for accounting and contractor payment purposes and not for documenting and analyzing program results. Staff simultaneously process payments to veterinarians and record each payment as an activity. There is also no comparison or reconciliation of the funding amounts paid to service providers per the spay and neuter data system to the Department’s official financial records, FMIS.

We found that the amount of sterilization expenditures reported as paid by the Department from Spay and Neuter funds per internal program records do not reconcile with year-end FMIS reports. For the prior three fiscal years, total tracked amounts were significantly greater than FMIS, which reflects actual disbursements to vets. In FY07-08 the expenditure difference was almost \$500,000, which could not be explained. The un-reconciled discrepancy in total expenditures reported by both systems underscores the need for reliable information for management to make adequately informed decisions about the program. Since the number of sterilizations that can be provided through City subsidy is directly tied to the funding available in each of the special funds, it is important that the program’s data presents accurate funding available for spay and neuter activities throughout the year.

We also noted errors in the total number of sterilizations reported at year-end. For example, in FY06-07, the Department reported providing 42,222 sterilizations. However, following a review of the Coordinator’s internal records, we found that the number was actually 41,470. While the errors were not significant in total, errors were found within multiple reporting categories in every period reviewed.

Even if management requested periodic reports from the system for program analysis, some of the data as currently collected is not useful or relevant, and may not be reliable. In addition, the information tracked does not specifically address outcomes.

Staff indicated that they have neither a database nor the funds to purchase a database that will allow them to more efficiently enter and track information related to the spay and neuter program. Department management also indicated that the current database, Chameleon, which is used to manage intake at Animal

Care Centers and is used by many animal care agencies nationwide, cannot accommodate their spay and neuter data needs.

Recommendations:

The Department should:

- 8. Evaluate the current data tracking and reporting system used for spay and neuter activities and make improvements to ensure activity and accounting accuracy. At a minimum, a spreadsheet application (e.g., Microsoft Excel) would minimize the risk of manual calculation errors and reduce staff time to manually transfer data for various purposes. Implementing even a simple database application (e.g., Microsoft Access) would also enable a variety of management reports to be created from collected data.**
- 9. Ensure that the Spay and Neuter fund amounts tracked by the Program Coordinator and FMIS reconcile. Accounting staff should consider conducting periodic reconciliations which should help identify discrepancies.**
- 10. Establish a practice to review the year-end spay and neuter reported data to help ensure accuracy.**
- 11. Ensure any information system used captures useful and relevant data that will help management determine whether the Program's goals and objectives have been achieved.**

SECTION III: RESOURCE UTILIZATION

A well-designed program ensures that resources are allocated and utilized to maximize efficiency and effectiveness, while achieving stated goals. With the limited resources available to provide spay and neuter services, at a minimum, the Department must ensure it is:

- Leveraging all available services by providers to maximize the number of sterilizations and;
- Verifying the eligibility of pet owners that request financial assistance for spay and neuter services.

However, since the Department does not evaluate sterilization efforts other than accumulating total procedures performed, we found that it may not be effectively serving targeted populations or areas of need.

Finding No. 5: The Department does not maximize the capacity of contracted service providers.

Currently, the Department maintains a Right of Entry Agreement with a private veterinarian at the clinic located at the South Los Angeles Animal Care Center to perform sterilizations of all animals adopted from that shelter. The Right of Entry states that the Department estimated 500 sterilizations could be performed per month (at 40 hours a week, five days per week). It also states that in the event that the number of surgeries falls below this estimate, the Department will arrange transportation from other facilities in order to meet the estimate. As is the case with all partner vets, the Department pays a negotiated fee to the veterinarian for all surgeries performed at the South Los Angeles clinic. At the time of audit fieldwork, the veterinarian performed approximately 300 sterilizations per month, based on the previous nine and a half months. He explained that the number of sterilizations that can be performed is directly tied to the adoptions from that shelter. Therefore, if adoptions are low, the number of sterilizations he will be asked to perform will also be low. It should be noted that this vet is not restricted to performing surgeries only on animals adopted from the adjacent shelter, other veterinary services, including spay and neuter, may also be performed for privately owned animals at the City-owned clinic.

According to the contracted mobile spay and neuter van which dedicates the majority of its efforts to the South Los Angeles area, they have a waitlist for sterilizations of privately-owned animals. This indicates a significant unmet need among low-income pet owners in the area. Therefore, while there appears to be capacity to absorb additional spay and neuter services at the City-owned clinic, the Department has made no efforts to shift some services from the mobile van to the South Los Angeles clinic.

The Department indicated that the partnering vet and the mobile van, as private providers who receive payment from the City for each surgery performed, have no incentive to shift their overflow to another provider. However, by better promoting the spay and neuter services that are available within the region, the Department can help ensure more City-subsidized sterilizations are provided during a given period.

Since the Department does not assess the capacity of service providers, it is missing an opportunity to increase the number of sterilizations in an area of need. Further, the South Los Angeles Clinic is the first operational City-owned clinic and serves as a model for the other spay and neuter clinics that will open soon. Therefore, the Department should also be alert to potential untapped capacity in those clinics, to prevent a similar situation from occurring in those areas.

Recommendation:

12. The Department should regularly assess the capacity of spay and neuter service providers to maximize services that can be performed.

Finding No. 6: The Department does not actively conduct outreach to local veterinarians in an effort to solicit participation in its Spay and Neuter program.

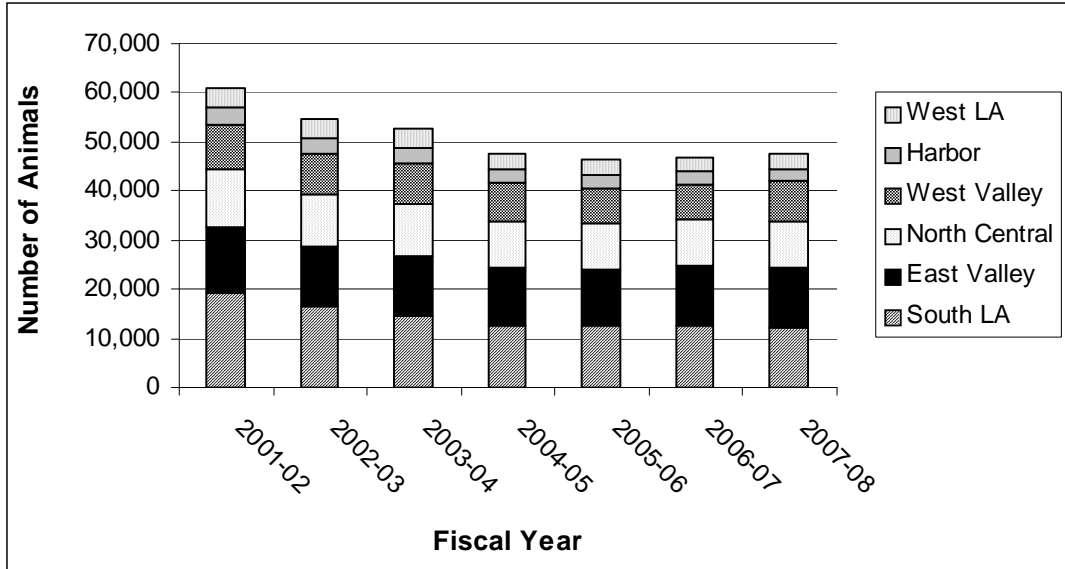
We found that approximately 65% of sterilizations performed on behalf of the Department are conducted by 58 vets located throughout the City. (The others are provided by the Mobile Vans and the contracted vets at the Spay and Neuter Clinics.) These partnering vets provide sterilizations for the majority of animals adopted from shelters. In addition, most of these veterinarians also honor the Discount Coupons and Free Certificates provided by the Department to eligible City residents for privately owned animals. After performing the sterilization surgery on these animals, partner vets submit the certificate and proof of surgery to the Department and receive reimbursement.

We found the largest concentration of partnering vets (20) are located in the East Valley region, while the fewest number of partnering vets (3) are located in the South Los Angeles area. The East Valley and South Los Angeles Animal Care Centers had by far the highest annual animal intakes, indicating the highest need for spay and neuter services in those areas.

As illustrated in Exhibit 5, over the last seven years, over 100,000 animals were received at the South Los Angeles Center. This is four times the number of animals received at the West Los Angeles Care Center, which serves an area where 10 of the 58 partnering vets are also located. According to staff, the Department relies solely on word-of-mouth for recruiting new veterinarians to participate in the City program. If an additional veterinarian is needed, the Spay

and Neuter Coordinator will call local veterinarian offices and attempt to solicit their interest. However, the Department indicated that they are in the process of hiring a new Chief Veterinarian, who will be responsible for recruiting additional partnering vets.

Exhibit 5: Fiscal Years 2001-2007 Animal Care Center Intake Numbers by Shelter, as reported by the Department. (Dogs & Cats only)



The first on-site spay and neuter clinic was implemented at the South Los Angeles Care Center and the mobile vans also target their efforts in this area. However, as discussed in the previous finding, the mobile van has a waitlist for services. Department management indicated that there is a shortage of vets in this region; however, through focused and continued recruitment and marketing efforts, additional partnerships may be available.

Recommendation:

13. The Department should continue to explore ways to increase available services through additional partnerships with local veterinarians.

Finding No. 7: Departmental staff does not consistently verify residents' income before distributing the Free Certificates

As discussed in Finding No. 2, the Department has exceeded the required mandates listed in the Municipal Code and provides Free Certificates for spay and neuter services to all requesting City of Los Angeles residents that have an annual household income at or below \$40,000. While it is understood that the Department is trying to maximize the sterilizations performed, they must also

ensure that limited resources are provided to prioritized populations. We found that staff does not consistently verify residents' income when distributing Free Certificates.

We interviewed several Department staff at Animal Care Centers and found that they had differing understandings of eligibility criteria and verification requirements for individuals who request Free Certificates. Specifically, staff does not ask for the same type of proof of income, if at all, from residents requesting a Free Certificate. While staff at one Care Center accepts a pay stub, another asks for evidence of financial assistance. In some cases, Free Certificates are provided based on the income level as stated by the resident, with no documented proof of income at all. From our survey of other jurisdictions' animal services agencies, we noted that other municipalities also offer free sterilizations to senior citizens and low-income residents. One municipality described a very detailed process to verify eligibility. For example, residents are required to complete a formal written application and provide a copy of their California ID or Golden State Advantage Card, to prove age and other documents to prove low-income status. The application and supporting documents are verified and eligible residents are informed of the available times and locations to obtain a free animal sterilization.

While the surveyed municipalities had strong controls in place to ensure limited resources benefit a well-defined target population, the Department lacks clear and consistent guidelines. Since the Department can only distribute a finite number of Free Certificates, the ambiguous eligibility criteria and lax control procedures to verify the individuals' eligibility may result in the denial of assistance to an implicitly prioritized group of residents that genuinely need it.

Department management indicated that they have attempted to aggressively increase the number of sterilizations performed. Employees at Care Centers know this is a priority, which has resulted in lax controls for the distribution of the Free Certificates. Rather than prevent or deny a subsidy because an individual does not meet or cannot prove their eligibility, it appears that staff provides a subsidy to anyone that requests one. To ensure fairness and equity of the Free Certificate program, as well as to better serve the needs a prioritized population, the Department should clearly define eligibility criteria and ensure all staff adhere to consistent guidelines in approving Free Certificates.

Recommendations:

Department management should:

- 14. Clearly define eligibility criteria for Free Certificates and communicate these to staff and other partnering agencies responsible for their distribution.**

- 15. Establish procedures for staff to verify/validate income and any other eligibility criteria prior to distributing and approving Free Certificates.**
- 16. Assess program resources and priorities to determine the appropriate mix of Free Certificates and other discounts available for spay and neuter services, to ensure limited resources are maximized.**

SECTION IV: AGREEMENTS WITH INDEPENDENT VETERINARIANS

The Department has attempted to maximize the ways in which it provides animal sterilization services, and has created partnerships with an extensive network of service providers. It has a formal contract with a non-profit organization to provide mobile spay and neuter services, and with private veterinarians who have Right of Entry agreements to operate spay and neuter clinics at two of the City's Animal Care Centers. The Department also hopes to enter into formal contracts with private vets who will independently operate the City-owned clinics located adjacent to all of the Animal Care Centers. In addition, the City has non-binding agreements with private veterinarians who provide spay and neuter services at their own clinics, by honoring City-sponsored certificates and performing surgeries on sheltered animals prior to their adoption. Through these arrangements with private organizations, the Department has significantly increased its capacity to provide sterilizations; however, improvements should be made in order to ensure that service providers are meeting Department expectations and contract management and payment procedures are efficient.

Finding No. 8: The Department does not adequately monitor the operations of its partnering veterinarians.

The veterinarian-signed guidelines for participation in the Department's spay and neuter program include a clause stating that, "participating veterinarians agree to periodic hospital/clinic visitations and/or inspections by a representative of the Department." Presumably, this gives the Department the opportunity to ensure that City-approved partnering vets maintain their facility as a sanitary and safe environment for the animals under their care.

However, we found that the Department does not routinely conduct physical reviews prior to the selection or approval of a partnering veterinarian, nor are routine inspections conducted. According to staff, the Department only inspects a facility if Animal Control Officers notice poor conditions when delivering shelter animals for sterilization, or in response to a resident's complaint. According to staff, there was an instance in which the relationship with a partnering vet had to be terminated because their facility did not meet Departmental standards

While the City has no licensing authority or responsibility to regulate private veterinary clinics, standards are necessary to ensure that animals referred by the City receive quality services, and are not at risk for harm. By engaging in a partnership that allows for payment of public funds to be made to a private vet, the Department has conferred a "City approved" status on that provider. Therefore, the Department also has a responsibility to ensure that expectations regarding safety and quality care are maintained, at least for City-subsidized spay and neuter services.

Staff explained that the Department does not have staff available to conduct routine inspections of the partnering vets. However, management indicated that facilitating relationships with partnering vets, including ensuring the quality of their operations, will become a responsibility of the new Chief Veterinarian to be hired.

We also noted that the non-binding agreements with private vets are informal, and are only signed by the Vets. Therefore, they do not constitute contracts with terms agreed to by the both the Department and the veterinarian. The absence of a formal contract with clear expectations and monitoring guidelines may be the reason for the Department's lax oversight.

Recommendations:

Department management should:

- 17. Develop a formal monitoring instrument, such as a checklist, to enable staff to easily document the conditions observed at partnering vet's facilities.**
- 18. Direct staff to conduct periodic reviews using a monitoring instrument. A review should occur prior to City acceptance of the partnership, and periodically thereafter. Such a review could be established as a routine procedure when delivering a shelter animal for services.**
- 19. In consultation with the City Attorney, consider formalizing agreements with partnering veterinarians.**

Finding No. 9: The Department does not have an efficient process to make payments to the contracted vet at its South Los Angeles Spay and Neuter clinic.

A well-managed contract includes efficient processes for handling payments. The Department should ensure contracts are cost effective, and that efficient processes are in place for processing payments made to the City or the contracting entity.

Currently, the Department has right of entry agreements, which serve as temporary contracts, with private veterinarians selected to operate two of the City-owned Spay and Neuter clinics. The vets are required to sterilize all animals adopted from those shelters and are also expected to offer sterilizations and other veterinary medical services to privately-owned animals.

The right of entry with the operator of the South Los Angeles Clinic requires two separate transactions to pay for the City-directed services. The contract requires

the vet to submit monthly invoices detailing all sterilizations performed, based upon prices for services approved by the Board of Animal Services Commissioners. Sterilization payments vary depending on the type of animal (e.g., large breed) or health condition (e.g., pregnant animal). The Department calculates the amount due for the services based on the supporting documents provided, approves the invoice, and remits a payment to the vet. However, the contract also stipulates that the vet will reimburse the Department for an agreed-upon percentage of the sterilization payments paid to them by the Department. Therefore, the vet must subsequently remit a payment to the City which is then accounted for and deposited by the Department. Comparatively, the contract with the vet at the North Central Animal Care Center Spay and Neuter clinic only requires one transaction.

The Department explained that when the contracts were developed, they expected the vets to provide a larger proportion of services for privately-owned animals, which would result in additional revenues for the Department, since a proportion of all revenue must be remitted back to the City. They felt that since these would be separate revenue streams, this would be the easiest way to account for the contract payments and reimbursements for both adopted and privately-owned animals. However, this method of accounting and payment appears less efficient in actual practice. As previously discussed, the South Los Angeles Clinic serves as a model for the future City-owned clinics, therefore, the Department should consider all possible inefficiencies in contracted operations before the new clinics open.

Recommendation:

- 20. The Department should identify and implement an efficient and cost effective manner to process payments to contracted vets operating at City-owned clinics.**

SECTION V: SPAY AND NEUTER ORDINANCE

On February 26, 2008, the Mayor signed Ordinance 179615, which requires all City residents to spay or neuter their dog or cat by the age of four months or pay a penalty. By passing this ordinance, Los Angeles will be the largest city in the nation with such a law. The Department, specifically the Animal Control Officer's (ACOs), will be responsible for enforcing the ordinance and issuing citations. However, it appears that the Department cannot adequately do so for a variety of reasons. Further, the Department has no dedicated funding to publicize the ordinance.

Finding No. 10: The Department does not have a formal plan or mechanism in place to make residents aware of the new mandatory Spay and Neuter Ordinance.

Many pet owners in the City will be affected by the new Spay and Neuter Ordinance. In order for the City to expect them to comply, they need to be informed of the new law and the consequences for non-compliance. However, the Department does not have a formal plan in place to make residents aware of the new mandatory Ordinance.

The Department has indicated they will rely on the public media and word-of-mouth to inform citizens of their responsibility to sterilize their pets. The Ordinance officially became effective in April 2008 and penalties can be imposed beginning in October. Ideally, the six-month interim period should have been used by the Department to inform residents of the Ordinance and allow pet owners sufficient time to comply. However, the Department has not been able to take advantage of the grace period and many pet owners may not know about the law.

Without adequate outreach, residents will not know about the Spay and Neuter Ordinance and may fail to comply. As a result, the increase in animal sterilizations and the reduction in pet overpopulation will not be optimized.

The Department stated that it does not have sufficient funding to launch a communications campaign or conduct public education or outreach to inform residents of the Ordinance. The Department does not currently have a Public Information Officer (PIO), who would be responsible for keeping the public informed about the operations of the Department, as well as its programs and objectives. According to the Department, the hiring of a Public Relations Specialist was approved in the Fiscal Year 08-09 budget. Department management indicated that they have begun to develop relationships with PR firms who could volunteer assistance to the Department by identifying no or low-cost ways to make residents aware of the Ordinance.

Recommendation:

21. The Department should increase efforts to ensure the public is adequately informed of the mandatory Spay and Neuter Ordinance.

Finding No. 11: The Department has not prioritized the allocation of its resources to ensure compliance with the Ordinance. Further, it is unclear how the Ordinance should be enforced by the Department.

The Department's Animal Control Officers (ACOs) are responsible for enforcing State and City ordinances pertaining to the care, treatment, licensing, and impounding of animals in an assigned area of the City. ACOs pick up sick, injured stray, vicious or unwanted animals; investigate allegations of inhumane treatment of animals; conduct permit inspections, issue citations, and make arrests; and prepare and maintain reports which may be used as legal evidence. Currently, there are 84 authorized ACO positions in the Department, and 74 are filled.

Officers indicated that they currently have difficulty enforcing other ordinances dealing with privately-owned pets, such as the dog leash law. ACOs stated that their priority is responding to calls and investigating complaints to ensure public safety and animal welfare. Therefore, they have little time to patrol the City looking for owned dogs without a leash, and it is unlikely that they would patrol the City looking for privately-owned dogs and cats that are not sterilized. According to the Department, at a minimum, canvassers will seek to verify and/or inform residents of sterilization requirements as a part of dog licensing efforts, since dog license applications capture the animal's sterilization status.

The Department plans to rely on voluntary compliance by pet owners when the law takes effect in October 2008. While the ACOs intend to enforce the Ordinance when they are responding to complaints or related calls, there will be no direct mechanisms in place to ensure privately-owned animals are sterilized. It appears that the intent of the ordinance, and its related penalties and fees, is to encourage the sterilization of private pets, with the ultimate outcome being a reduction in unwanted animals, resulting in a lower intake at shelters, and ultimately helping to achieve the Department's no-kill goal. As it is unlikely that the Department will be actively pursuing the enforcement of the Ordinance, community outreach and education are essential to encourage residents to voluntarily comply. By coupling education efforts with an increase in funding incentives for sterilizations, such as the current Free Certificate and Discount Coupons offered by the Department, the Department could achieve a high compliance rate.

A survey of other California jurisdictions with mandatory spay and neuter ordinances found that they dedicate most of their program funding to education and community outreach in an effort to encourage voluntary compliance. However, these jurisdictions offer only limited subsidized sterilization programs, which may limit their overall effectiveness. The Department should consider incorporating an expanded communications and education component to the current spay and neuter program.

Recommendations:

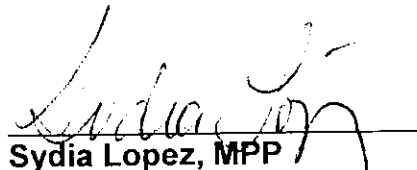
The Department should:

- 22. Evaluate the ACOs capacity to enforce the Ordinance, and formally communicate gaps to policymakers for consideration of alternative programs to encourage, rather than enforce, compliance with the Ordinance.**
- 23. Continue to coordinate dog licensing efforts with Ordinance enforcement by requiring proof of sterilization.**
- 24. Strategically plan for and implement additional approaches to encourage compliance, such as increased and targeted community outreach coupled with subsidized sterilization programs, to help ensure residents comply with the Spay and Neuter Ordinance.**


Respectfully submitted,




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APPENDIX A

OFFICE OF THE CONTROLLER

PERFORMANCE AUDIT OF LOS ANGELES DEPARTMENT OF ANIMAL SERVICES’ SPAY AND NEUTER PROGRAM

Ranking of Recommendations

| Section Number | Summary Description of Findings | Ranking Code | Recommendations |
|----------------|---|--|--|
| 1 | <p>The Department lacks a well-developed strategy for carrying out the spay and neuter program.</p> <p>The Department has not clearly articulated priorities or goals, which would allow measurement of program results.</p> <p>The Department does not formally evaluate the Program results or outcomes to adequately assign resources to the various spay and neuter activities.</p> | <p>N</p> <p>N</p> <p>N</p> <p>N</p> <p>N</p> | <p>The Department should:</p> <ol style="list-style-type: none"> 1. Develop a strategic plan for providing spay and neuter services that considers the City’s needs, available resources and Departmental priorities, goals and objectives. 2. Prioritize Program areas based on identified need and anticipated greatest impact, considering policy implications made through the Mayor’s and City Council’s directives, and allocate resources accordingly. 3. Work with City Council to ensure the Administrative Code accurately reflects Departmental priorities. 4. Develop specific goals that are based on available resources and assessed need. 5. Ensure that proper expertise is available to effectively manage and implement the Big Fix Program. 6. Conduct a comprehensive evaluation of the Big Fix Program to assess if spay and neuter goals were met and to ensure they are provided in the most efficient and effective manner. |

| Section Number | Summary Description of Findings | Ranking Code | Recommendations |
|----------------|---|--|---|
| 2 | The Department's data management system is inadequate and does not accurately report program resources and results. | <p>N</p> <p>N</p> <p>N</p> <p>N</p> <p>N</p> | <p>7. On a regular basis, compare sterilization activities by region to Care Center intake numbers to assess the impact on the City's unwanted animal population.</p> <p>8. Evaluate the current data tracking and reporting system used for spay and neuter activities and make improvements to ensure activity and accounting accuracy. At a minimum, a spreadsheet application (e.g., Microsoft Excel) would minimize the risk of manual calculation errors and reduce staff time to manually transfer data for various purposes. Implementing even a simple Database application would also enable a variety of management reports to be created from collected data.</p> <p>9. Ensure that the Spay and Neuter fund amounts tracked by the Program Coordinator and FMIS reconcile. Accounting staff should consider conducting periodic reconciliations which should help identify discrepancies.</p> <p>10. Establish a practice to review the year-end spay and neuter reported data to ensure accuracy.</p> <p>11. Ensure any information system used captures relevant data that will help management determine whether goals and objectives have been achieved.</p> |

| Section Number | Summary Description of Findings | Ranking Code | Recommendations |
|----------------|---|--------------|--|
| 3 | The Department does not maximize the capacity of contracted service providers. | N | 12. The Department should regularly assess the capacity of spay and neuter service providers to maximize services that can be performed. |
| | The Department does not actively conduct outreach to local veterinarians in an effort to solicit participation in its Spay and Neuter Program | N | 13. The Department should continue to explore ways to increase available services through additional partnerships with local veterinarians. |
| | Departmental staff does not consistently verify residents' income before distributing the Free Certificates. | N | 14. Clearly define eligibility criteria for Free Certificates and communicate these to staff and other partnering agencies responsible for their distribution. |
| | | N | 15. Establish procedures for staff to verify/validate income and any other eligibility criteria prior to distributing and approving Free Certificates. |
| | | N | 16. Assess program resources and priorities to determine the appropriate mix of Free Certificates and other discounts available for spay and neuter services, to ensure limited resources are maximized. |
| 4 | The Department does not adequately monitor the operations of its partnering veterinarians. | N | 17. Develop a formal monitoring instrument, such as a checklist, to enable staff to easily document the conditions at partnering vet facilities. |
| | | N | 18. Direct staff to conduct periodic reviews using a monitoring instrument. A review should occur prior to City acceptance of the partnership, and periodically thereafter. Such a review could be established as a routine procedure when delivering a shelter animal for services. |

| Section Number | Summary Description of Findings | Ranking Code | Recommendations |
|----------------|--|--------------|---|
| 5 | The Department does not have an efficient process to make payments to the contracted vet at its South Los Angeles Spay and Neuter clinic. | N | 19. In consultation with the City Attorney, consider formalizing contracts with partnering veterinarians. |
| | | N | 20. The Department should identify and implement an efficient and cost effective manner to process payments to contracted vets operating at City-owned clinics. |
| | The Department does not have a formal plan or mechanism in place to make residents aware of the new mandatory Spay and Neuter Ordinance. | U | 21. Increase efforts to ensure the public is adequately informed of the mandatory Spay and Neuter ordinance. |
| | The Department has not prioritized the allocation of its resources to ensure compliance with the Ordinance. Further, it is unclear how the Ordinance should be enforced. | U | 22. Evaluate the ACOs capacity to enforce the ordinance, and formally communicate gaps to policymakers for consideration of alternative programs to encourage, rather than enforce, compliance with the ordinance. |
| | | N | 23. Continue to coordinate dog licensing efforts with ordinance enforcement to encourage compliance. |
| | | N | 24. Strategically plan for and implement additional approaches to encourage compliance, such as increased and targeted community outreach coupled with subsidized sterilization programs, to help ensure residents comply with the Spay and Neuter Ordinance. |

Description of Recommendation Ranking Codes

U - Urgent - The recommendation pertains to a serious or materially significant audit finding or control weakness. Due to the seriousness or significance of the matter, immediate management attention and appropriate corrective action is warranted.

N - Necessary - The recommendation pertains to a moderately significant or potentially serious audit finding or control weakness. Reasonably prompt corrective action should be taken by management to address the matter. Recommendation should be implemented no later than six months.

D - Desirable - The recommendation pertains to an audit finding or control weakness of relatively minor significance or concern. The timing of any corrective action is left to management's discretion.

N/A - Not Applicable

APPENDIX B- ADDITIONAL INFORMATION RE: SPAY AND NEUTER ACTIVITIES

| ACTIVE PROGRAMS | Total Payments | Total # of Sterilizations | % of All Sterilizations | % of \$ Amount Spent |
|----------------------------|-----------------------|----------------------------------|--------------------------------|-----------------------------|
| FISCAL YEAR 2004-05 | | | | |
| Discount Coupon | \$117,310 | 5,194 | 24% | 13% |
| Free Certificate | \$144,700 | 2,894 | 13% | 16% |
| Senior Program | \$62,288 | 1,387 | 6% | 7% |
| Post-Release | \$50,660 | 893 | 4% | 6% |
| Redemption | \$22,520 | 527 | 2% | 3% |
| Pre-Release | \$458,588 | 10,413 | 48% | 51% |
| Mobile Vans | \$40,100 | 401 | 2% | 4% |
| TOTALS | \$896,166 | 21,709 | 100% | 100% |
| FISCAL YEAR 2004-05 | | | | |
| Discount Coupon | \$220,960 | 7,697 | 29% | 19% |
| Free Certificate | \$344,830 | 5,847 | 22% | 30% |
| Senior S/N Program | \$67,582 | 1,386 | 5% | 6% |
| Post-Release | \$60,880 | 1,072 | 4% | 5% |
| Pre-Release | \$430,192 | 9,779 | 37% | 38% |
| Redemption | \$19,936 | 464 | 2% | 2% |
| Large Dog Coupon | \$2,400 | 48 | 0% | 0% |
| Mobile Vans | - | - | - | - |
| TOTALS | \$1,146,780 | 26,293 | 100% | 100% |
| FISCAL YEAR 2005-06 | | | | |
| Discount Coupon | \$305,850 | 10,195 | 27% | 16% |
| Large Dog Coupon | \$4,600 | 92 | 0% | 0% |
| Rabbits | \$14,495 | 223 | 1% | 1% |
| Pregnant | \$1,020 | 16 | 0% | 0% |
| New Hope | \$2,952 | 66 | 0% | 0% |
| Post-Release | \$43,100 | 763 | 2% | 2% |
| Redemption | \$14,736 | 339 | 1% | 1% |
| Pre-Release | \$355,816 | 8,085 | 21% | 18% |
| Large Dog S/N | \$26,237 | 288 | 1% | 1% |
| Free Certificate | \$306,120 | 5,102 | 14% | 16% |
| Senior S/N Program | \$109,010 | 1,846 | 5% | 6% |
| Mobile Vans | \$770,938 | 10,745 | 28% | 39% |
| TOTALS | \$1,954,874 | 37,760 | 100% | 100% |
| FISCAL YEAR 2006-07 | | | | |
| Discount Coupon | \$382,950 | 12,765 | 31% | 17% |
| Large Dog Coupon | \$900 | 18 | 0% | 0% |
| Event Pre-Adoption | \$870 | 13 | 0% | 0% |
| Rabbits | \$40,820 | 628 | 2% | 2% |
| New Hope | \$88,232 | 1,711 | 4% | 4% |
| Post-Release | \$50,684 | 855 | 2% | 2% |
| Redemption | \$16,504 | 356 | 1% | 1% |
| Pre-Release | \$384,373 | 7,804 | 19% | 18% |
| Free Certificate | \$202,800 | 3,380 | 8% | 9% |
| Senior S/N Program | \$128,050 | 2,134 | 5% | 6% |
| Pregnant | \$13,410 | 185 | 0% | 1% |
| Large Dog S/N | \$109,780 | 1,096 | 3% | 5% |
| Mobile Vans | \$770,190 | 10,525 | 25% | 35% |
| TOTALS | \$2,189,563 | 41,470 | 100% | 100% |

APPENDIX B- ADDITIONAL INFORMATION RE: SPAY AND NEUTER ACTIVITIES

| ACTIVE PROGRAMS | Total Payments | Total # of Sterilizations | % of All Sterilizations | % of \$ Amount Spent |
|--|-----------------------|----------------------------------|--------------------------------|-----------------------------|
| FISCAL YEAR 2007-08 (Thru Jan.) | | | | |
| Discount Coupon | \$196,740 | 6,558 | 29% | 15% |
| Large Dog Coupon | \$18,000 | 225 | 1% | 1% |
| Event Pre-Adoption | \$26,970 | 387 | 2% | 2% |
| Pregnant | \$12,294 | 129 | 1% | 1% |
| New Hope | \$58,426 | 901 | 4% | 4% |
| Foster Program | \$3,108 | 47 | 0% | 0% |
| Redemption | \$9,756 | 152 | 1% | 1% |
| Free Certificate | \$143,150 | 2,045 | 9% | 11% |
| Senior S/N Program | \$106,820 | 1,526 | 7% | 8% |
| Rabbits | \$21,775 | 335 | 1% | 2% |
| Post-Release | \$41,304 | 541 | 2% | 3% |
| Pre-Release | \$282,672 | 4,418 | 19% | 21% |
| Large Dog S/N | \$74,596 | 658 | 3% | 6% |
| Mobile Vans | \$356,340 | 4,791 | 21% | 26% |
| TOTALS | \$1,351,951 | 22,713 | 100% | 100% |