


AUDIT FOLLOW-UP: INTERNAL AUDIT OF THE

**EMERGENCY MANAGEMENT PROCESS:
POLICIES AND PROCEDURES**

AS OF AUGUST 14, 2014

AT THE

TEXAS ANIMAL HEALTH COMMISSION

 **MONDAY N. RUFUS, P.C.**
Certified Public Accountants and Consultants

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Certified Public Accountants & Consultants

Member: American Institute of Certified Public Accountants

Audit Committee
and Commissioners
Texas Animal Health Commission
Austin, Texas

We have reviewed the status of our internal audit recommendations related to the Emergency Management Process: Policies and Procedures (*Original Report Date: April 17, 2008*) as of August 14, 2014:

The accompanying schedules summarize our original finding and recommendation, current status, and remarks.

We appreciate the courtesy and cooperation shown by the management of the Agency during the course of the engagement.

Monday N. Rufus, P.C.

August 14, 2014
Austin, Texas

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Executive Summary

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

TAHC's emergency management and homeland security activities are an important function of the agency. The Commission is charged with supporting all of the State of Texas, National, and the Governor's Homeland Security initiatives as they relate to animals including, but not limited to, participation, support, and/or implementation of the following:

- Texas Homeland Security Strategic Plan and Initiatives.
- Governor's Emergency Management Council activities.
- Texas Homeland Security Council activities.
- State Animal and Agriculture Disaster Response Alliance.
- National Alliance of State Animal and Agriculture Emergency Programs.
- State Emergency Management Plan and Annexes.
- State Hazard- and Threat-specific Plans.
- Texas Hurricane Evacuation and Sheltering Planning.
- Texas Animal Issues Committee Planning.
- Texas Animals, Agriculture and Food and Feed Safety Plan (State Annex O). Texas Animal Health Commission 2015-2019 Strategic Plan Page 16
- National Response Network and affiliated national emergency security initiatives.

Internal Audit Results

The scope of this internal audit follow-up was limited to following up on the finding and recommendation included in the Emergency Management Process: Policies and Procedures (*Original Report Date: April 17, 2008*).

Appendix 1 summarizes and provides the status and steps taken by the management of the Commission to the recommendation made in the report.

Appendix 1:

ENTITY: Texas Animal Health Commission

PROJECT: Follow-up on prior Internal Audit Recommendations – Emergency Management (Original Report April 17, 2008)

FISCAL YEAR: 2014

PRIOR FINDINGS/RECOMMENDATIONS (issued by the Internal Auditor)	CURRENT STATUS	AUDITORS' REMARKS
<p>The TAHC Does not Have a Budget Category to Report Emergency Management Activities.</p> <p>The fiscal year 2008 TAHC Appropriation Act budget does not have a strategy or performance measure(s) listed for emergency management activities. As a member of the State Emergency Management Council, if a statewide emergency or disaster is declared, the TAHC statewide field personnel are to stop performing their normal routine duties, such as surveillance, eradication, or inspections, and respond to the emergency or disaster event until the threat is over. Currently emergency management and declared disaster activity is being reported in the routine Field Operations budget strategy. Additionally, the agency's statewide emergency management responsibilities continue to grow under H.B. 2543 and H.B.118 which involves participation of the agency in the preparation, response, planning, recovery, and mitigation of disease and non-disease disasters affecting animals.</p> <p><u>Recommendation:</u></p> <p>We encourage the TAHC to consider developing a new budget strategy for Emergency Management in order to separately account and report on the performance and expenditure results of budgeted routine activities and emergency management activities. Accounting for and reporting appropriated budgeted funds separate from funds based on contingencies will allow the TAHC to more closely adhere to the Governor and Legislative Budget Board's Strategic Planning and Budgeting system's (SPB) major elements between funding and performance, between accountability and resource allocation, and between spending and results. It would also allow for historical data to be</p>	<p style="text-align: center;">I</p>	<p>AUDIT PROCEDURES PERFORMED:</p> <ol style="list-style-type: none"> 1. Met with Commission's management to obtain information on whether a new budget strategy had been developed to separately account and report on Emergency Management activities. 2. Obtained and reviewed the TAHC 2015- 2019 Agency Strategic Plan which specifically addresses animal emergency management functions under Strategy 01-01-04:<i>Animal Emergency Management</i>. Performance measures are also included in the 2015- 2019 Strategic Plan under <i>Animal Emergency Management – Output Measures</i>. 3. Reviewed the TAHC Legislative Appropriations Request (LAR) for Fiscal Years 2016 and 2017 approved by the Commission and filed with the Legislative Budget Board. The LAR had the Animal Emergency Management listed as a separate strategy. 4. Obtained copies of the agency's Emergency Management's accounting Project Codes and the State Comptrollers Uniform State Accounting System (USAS) Codes used for Emergency Management activities.

<p>maintained based on the agency budgets funded by the legislature in the Appropriation Act, and for the TAHC and State budget offices to make comparisons or budgetary analyses of the approved budget structure to previous budget structures.</p> <p>The development of the proposed Emergency Management strategy and output measures should also be reviewed by the TAHC's Strategic Planning Committee similar to other performance measures and included in the agency's strategic plan for presentation to the State Budget offices for approval. Changes to the strategic structure and performance measures require Legislative Budget Board (LBB) and Governor's Office of Budget, Planning, and Policy (GOBPP) approval prior to implementation.</p> <p><u>Management's Response</u></p> <p><i>The Texas Animal Health Commission's (TAHC's) Strategic Planning Committee approved a request for a structure change which was submitted to the Legislative Budget Board (LBB) and the Governor's Office of Budget, Planning, and Policy (GOBPP) in April, 2006 and again in April, 2008. The required change included a separate strategy for Emergency Management as well as related performance measures. The request for a separate strategy was not approved; however, the addition of new performance measures was approved.</i></p>		<p>We commend the Commission for its efforts in implementing our recommendation. No further work is deemed necessary in this area at this time.</p>

I = Implemented

P = Partially Implemented

N = Not Implemented

Appendix 2

Objective and Scope

Objective

The objective of this internal audit follow-up was limited to following up on the finding and recommendation included in the audit of Emergency Management Process: Policies and Procedures (Original Report Date: April 17, 2008).

Scope

Our procedures included reviewing the previous audit report, inquiring about the status of the report's recommendation, meeting with Commission management, obtaining supporting documentation, and verifying the information.

Methodology

The Texas Animal Health Commission management from the respective audit follow-up area completed the *Prior Internal Audit Recommendation Schedule* to determine the current status of the prior audit finding, recommendation, and corrective action(s) taken by management for the Emergency Management: Policies and Procedures original audit report.

Information collected and reviewed included the following:

- Original Audit Reports for:
 - Internal Audit of Emergency Management Process (dated April 17, 2008)
- Review of 2015-2019 Agency Strategic Plan and requested changes
- Review of TAHC Legislative Appropriation Requests for Fiscal Years 2016-2017
- Accounting Emergency Management Project Codes
- Emergency Management State Comptrollers Uniform State Accounting System (USAS) Coding

Procedures and tests conducted included the following:

- Met with Board management to discuss the current status of the prior audit report's recommendations and corrective actions.
- Reviewed recent State Auditor's audit reports issued to determine if any of their audit results would affect or change our internal audit follow-up report's recommendation.
- Reviewed TAHC 2015-2019 Strategic Plan inclusion of separate strategy and performance measures for Animal Emergency Management activities.

- Reviewed for Animal Emergency Management strategy in the Legislative Appropriation Request for Fiscal Years 2016-2017 approved by the TAHC Commission and submitted to the Legislative Budget Board.
- Met with Finance Division management and reviewed project codes and State Comptrollers coding numbers used to submit transactions activities for processing in the USAS system.

Criteria Used included the following:

Emergency Management Processes:

- TAHC Emergency Management Policies and Procedures
- Emergency Management Strategic Plan and Legislative Appropriation Requests Processes
- TAHC website – Animal Health Emergency Management

Other Information

Our internal audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our internal audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our internal audit objectives. Our internal audit also conforms with the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing*.

Appendix 3

Background

In 1893, the agency was initiated to fight the Texas Cattle Fever epidemic, which had created a nationwide problem. Since then, the Texas Animal Health Commission (Commission) and the United States Department of Agriculture (USDA) have worked cooperatively with livestock producers on animal health issues. In recent years, the agency's primary objectives have been to control and eradicate livestock diseases, such as: Brucellosis in cattle and swine; tuberculosis in cattle; goats and cervidae; hog cholera in swine; pseudorabies in swine; scabies in cattle and sheep; Venezuelan equine encephalomyelitis (VEE); and equine infectious anemia (EIA) in horses.

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

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

The Commission is composed of thirteen members who are appointed by the Governor with the advice and consent of the Senate. The Governor designates the Chair.

The Commissioners appoint an Executive Director who supervises the Commission's activities. The Commission's operating budget is prepared and approved by the Commissioners on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature.

The Commission is funded by a combination of state general revenue funds, federal funds from the U.S. Department of Agriculture (USDA), and fee-based revenue. For fiscal year 2014 the Commission has an authorized workforce of 161.0 full-time equivalent employees (FTEs). The Commission's staff is comprised of field inspectors, veterinarians, veterinary epidemiologists, laboratory personnel, emergency management planners, field investigators, and administrative staff.

Appendix 4

Report Distribution

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

Governor's Office of Budget and Planning

Attn: Kathy McGrath
internalaudits@governor.state.tx.us

Legislative Budget Board

Attn: Ed Osner
Ed.Osner@lbb.state.tx.us

State Auditor's Office

Attn: Internal Audit Coordinator
iacoordinator@sao.state.tx.us

Sunset Advisory Commission

Attn: Ken Levine
sun@sunset.state.tx.us

Texas Animal Health Commission

Ernie Morales, Chairman
Brandon Bouma
William Edmiston, Jr., D.V.M
Ken Jordan
Thomas "Tommy" Kezar
Joe L. Leathers
Coleman Hudgins Locke
Thomas E. Oates
Ralph Simmons
Mike Vickers, D.V.M.
Beau White
Eric D. White
Jay R. Winter

Texas Animal Health Commission Management

Dee Ellis, D.V.M., Executive Director