

INTERNAL AUDIT OF THE
AMARILLO REGION OFFICE – AMARILLO, TEXAS
AS OF JULY 6, 2022
AT THE

TEXAS ANIMAL HEALTH COMMISSION

(Report No: TAHC 022-002)



MONDAY RUFUS & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS



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Audit Committee
and Commissioners
Texas Animal Health Commission
Austin, Texas

We have conducted an internal audit (audit) of the Amarillo Region Office (Amarillo, Texas) of the Texas Animal Health Commission (Commission) with respect to the reliability and integrity of information, compliance with rules, policies, procedures, laws, and regulations, safeguarding of assets, and economical and efficient use of resources, as of July 6, 2022.

The results of our tests disclosed that, generally, the region has controls in place to ensure the reliability and integrity of information, compliance with rules, policies, procedures, laws, and regulations, safeguarding of assets, and economical and efficient use of resources.

The report that accompanies this letter summarizes our comments.

We appreciate the courtesy and cooperation the management of the Commission showed during the course of the engagement.

Monday Rufus & Co., P.C.

July 6, 2022
Austin, Texas

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Executive Summary

There are six region offices in Field Operations. The Amarillo Region Office (Region) is located in Amarillo, Texas and is staffed with twelve (12) employees, including the Region Director, Supervising Inspector, and two support staff. The objective of the Region is to conduct field activities of the Commission through procedures, systems, and data automation programs that have been set up to help locate infected and infested animals and herds, and keep records of such herds and the disposition of animals from those herds.

A primary responsibility of the inspectors is to oversee the handling and testing of animals at the livestock auctions. There were 6 active markets in the Amarillo Region as of July 6, 2022. The Amarillo Region Office also covers a total of 49 counties in the State of Texas. **Appendix 3** shows a list of Amarillo Region counties. In 2019, 2020, and 2021 TAHC reported that a total of 327,331, 323,127, and 367,714 animals were processed through these markets, respectively. **Appendix 4** provides more detailed information on the livestock markets.

The Amarillo Region Office Director, who is a veterinarian, is responsible for and oversees all of the activities administered through the Amarillo Region Office relating to Animal Health Program work in cooperation with USDA-APHIS-VS and TAHC Central Office in Austin. A Supervising Inspector, who is charged with the responsibility of coordinating and supervising the work of the inspectors and administrative support staff, assists the Director, and is tasked with general office management of the Amarillo Region Office.

The inspectors oversee the testing of animals at livestock markets and conduct blood tests for livestock owners who desire to meet certain testing and monitoring requirements for their herds. The inspectors follow-up on certificates of veterinary inspection for livestock (domestic and exotic) entering, leaving, and moving within the state. The inspectors also follow-up on permits issued for livestock entering the state and provide information on the Commission's regulations as well as other states' livestock movement requirements. The inspectors communicate regularly with herd owners and their veterinarians.

The Commission, in cooperation with the USDA-Veterinary Services (Austin, Texas) is charged with disease surveillance, epidemiology, and resolution for livestock producers in the state.

The Commission recently implemented a new database system. The TexCore system is an internet based computerized animal identification, herd registration, movement control, tracking and tracing system. The database is designed to assist Animal Health Officials in protecting animal and veterinary public health. This system replaces the Profiler and other automated database systems. TexCore is a relational database.

Summary of Internal Audit Results

Generally, the Amarillo Region Office has adequate controls in place to ensure the reliability and integrity of information, compliance with rules, policies, procedures, laws, and regulations, safeguarding of assets, and the efficiency and effectiveness of operating procedures.

Any insignificant issues noted have been communicated to the management of the Commission as required by *Government Auditing Standards*.

Objectives, Detailed Issues, Recommendations and Management's Response

The primary objectives of the internal audit were:

1. Reliability and Integrity of Information
2. Compliance with Policies, Procedures, Laws, and Regulations
3. Safeguarding of Assets
4. Economical and Efficient Use of Resources

RESULTS AND RECOMMENDATIONS

Internal Audit Objective 1: Reliability and Integrity of Information.

Auditors obtained data entry information inputted into the TexCore System. Data entry information was tested and traced to supporting documentation for accuracy and reliability. No exceptions were noted during the testing.

Internal Audit Objective 2: Compliance with Policies, Procedures, Laws, and Regulations.

The Amarillo Region Office has accessibility to the Commission's and other standard operating policies and procedures on the TAHC intranet to ensure that activities of the staff comply with policies, procedures, laws, and regulations.

Annual performance evaluations are being conducted by Amarillo Region Office management on each employee as required by the Commission's Policies and Procedures manual.

Timely Equal Employment Opportunity (EEO) training is being received by all Amarillo Region Office employees as required by the Commission's Policies and Procedures manual.

Amarillo Region Office has training procedures for new inspectors which include orientation, on-the-job training and other needed training by attending available classes.

Animal entry permits (E-permit) issued by the Program Records Department at the Commission's Central Office and forwarded to the Amarillo Office for field inspectors to verify arrival of animals being moved into the state are being verified by inspectors within 30 days of being issued as required by Texas Administrative Code, Title 4, Part 2 Chapter 51, Rule §51.1, and any exceptions were documented.

Internal Audit Objective 3: Safeguarding of Assets.

Twenty fixed assets were tested at the Amarillo Region Office for compliance with property accountability and reporting. Proper controls are in place in accounting for fixed assets at the Amarillo Region Office. Specifically, we noted that the assets were in the right locations, in use and not obsolete, and properly secured.

Work/Fleet/Travel (Weekly Activity Reports) are being timely submitted electronically by inspectors and reviewed by the Supervising Inspector.

Internal Audit Objective 4: Efficiency and Effectiveness of Operating Procedures.

There is a system in place to ensure monitoring of the staff workload. Support personnel are cross-trained to enter data into the TexCore Data Base system. As a result, should a staff member be unable to perform the data entry function, the work may be accomplished by the other support staff in a timely manner.

The Amarillo Region Office provides each inspector the Commission's Field Operations Manual when hired and are given intranet accessibility to the Commission's Policies and Procedures manual. Work/Fleet/Travel (Weekly Activity Reports) are being timely submitted electronically by inspectors and reviewed by the Supervising Inspector. The Supervising Inspector uses the Weekly Activity Reports submitted as a tool to manage the Amarillo Region Office inspectors' workloads. Management consistently reviews and monitors the Weekly Reports to ensure that the inspectors field work is properly reported to the appropriate project codes and activity codes.

The TAHC Executive Director has a teleconference meeting with all TAHC regions each month to update the regions regarding animal program issues and concerns. Based on our interviews with staff of Amarillo Region Office, these teleconferences have been useful.

On-going communication is conducted between the Amarillo Region Office and field inspectors through phone calls, e-mails, or face-to-face. Mandatory inspector meetings are held at times in the Amarillo Region Office to address animal program issues or concerns.

Appendix 1

Objective and Scope, and Methodology

Objective

The primary objective of the audit was to evaluate the following:

- *Reliability and Integrity of Information*
- *Compliance with Policies, Procedures, Laws, and Regulations*
- *Safeguarding of Assets*
- *Economical and Efficient use of Resources*

Scope

The audit scope of the internal audit work included ensuring compliance with the Texas Agriculture Code, Texas Animal Health Commission rules, and Amarillo Region Office operating policies and procedures. The scope included interviews with the Amarillo Region Office Supervising Inspectors, Office staff, and field inspectors. Inspector reports, E-permits, TexCore Data Base information, and other pertinent reports and documents were reviewed and tested for accuracy and compliance.

Methodology

The Amarillo Region Office management risk assessment questionnaires were completed to assist in obtaining information in identifying controls which are in place.

Data Reliability and Completeness

We obtained an understanding of the TexCore Data Base System implemented in Fiscal Year 2021, E-permit, Fixed Asset, and Work/Fleet/Travel (Weekly Activity Reports) systems. To ensure reliability, validity, and completeness of the data, we gained an understanding of logical access and general controls and tested those controls as appropriate.

Sampling Methodology

We selected random samples of data from the TexCore Database, E-permit, and Fixed Asset systems. Those sample sizes were not necessarily representative of the population as the intent was not to project test results to the population.

Information collected and reviewed included the following:

- List of employees and dates of employment
- List of inspectors and their assigned markets and designated headquarters
- Agency policies and procedures, rules, and regulations for field offices
- List of terminated employees in fiscal year 2021
- List of assigned fixed assets in inventory as of April 30, 2022
- General Appropriations Act
- Texas Animal Health Commission Website

Procedures and tests conducted included the following:

- Interviewed Commission management and staff to obtain an understanding of the Amarillo Region Office functions and activities and controls in place.

- Obtained, reviewed, and tested employees' Supervisor Activity Reports and supporting documentation for management approval and accuracy.
- Tested for accuracy and reliability of information being entered into the TexCore Data Base system.
- Tested for accuracy, reliability, and timing of entry permits (E-permit) information processed and entered into the Commission's TexCore Database system.
- Tested random sample of fixed assets and communicated with inspectors as to safeguarding their assigned assets.

Criteria Used included the following:

- Chapter 161 through 168 of the Texas Agriculture Code, Vernon's Annotated Texas Statutes
- Texas Animal Health Commission Intranet Policies and Procedures
- State Comptrollers Inventory Report for the Texas Animal Health Commission
- Commission's Website
- Review of Other pertinent reports and documents

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*.

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 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.

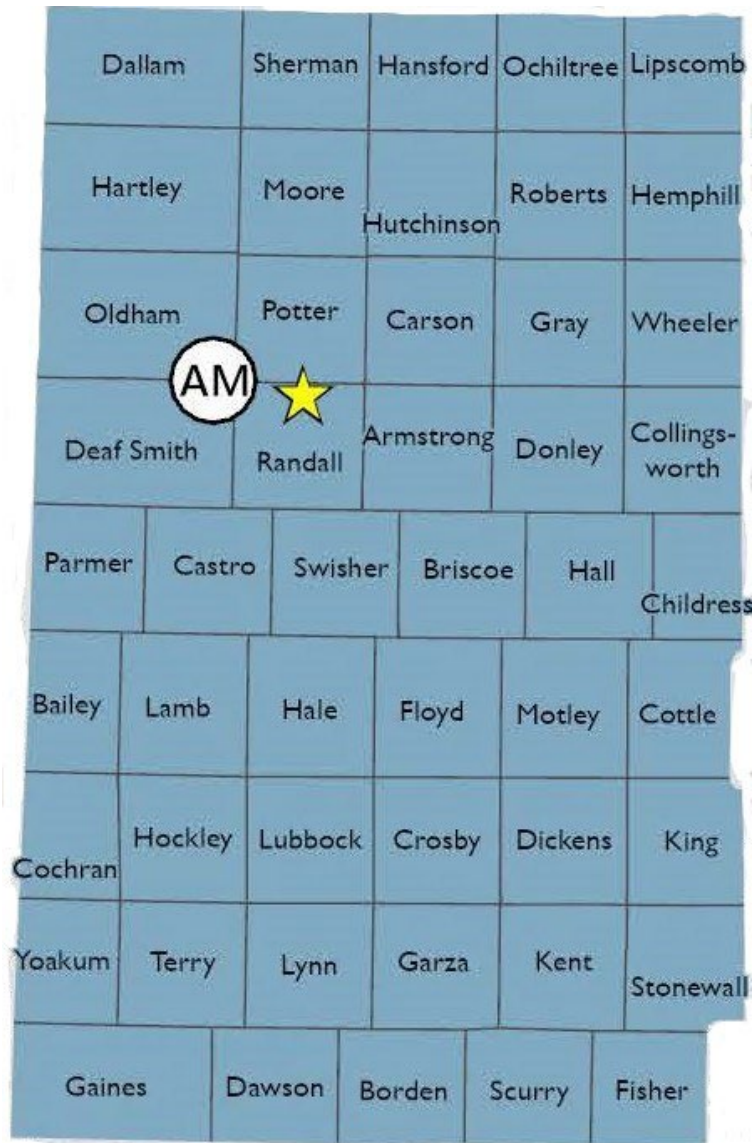
The Commission is composed of thirteen members who are appointed by the Governor with the advice and consent of the Senate. The Governor designates the Chair.

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 2022 the Commission has an authorized workforce of 171.0 full-time equivalent employees (FTEs). The Commission's staff is comprised of field inspectors, veterinarians, veterinary epidemiologists, emergency management planners, field investigators, and administrative staff.

Appendix 3

List of Amarillo Region Office Counties



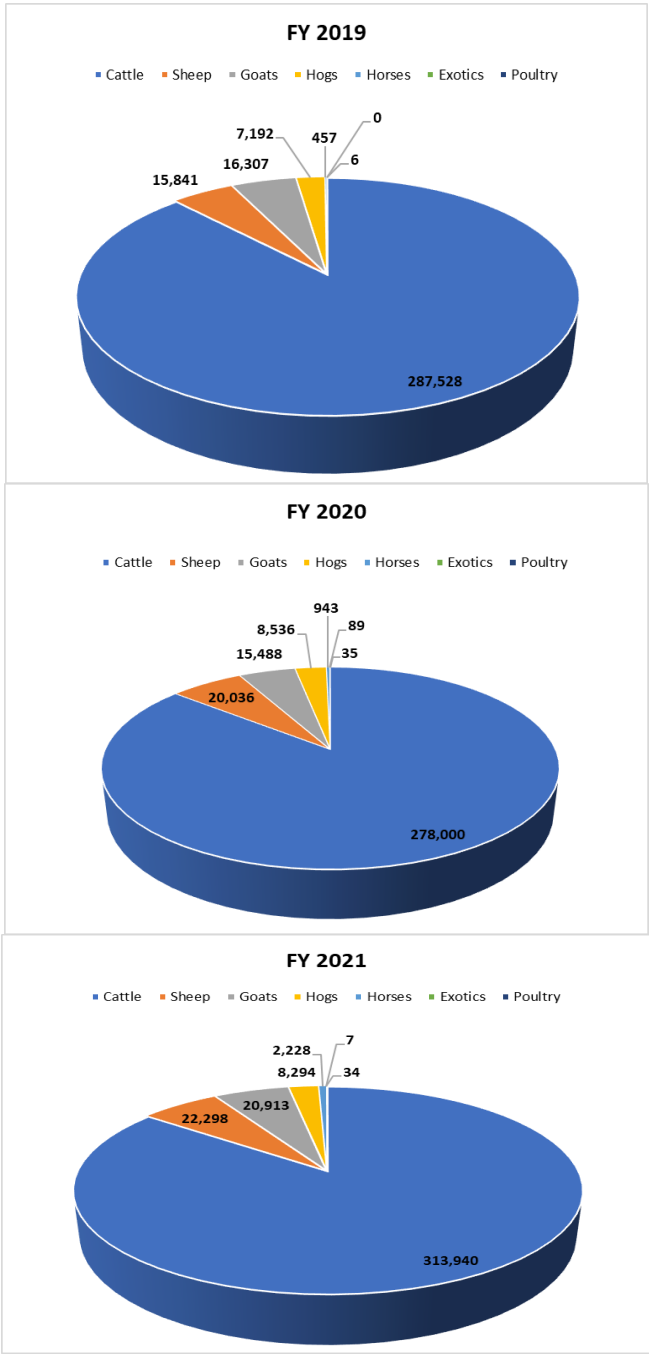
Counties - 49

Armstrong	Collingsworth	Dickens	Hale	Kent	Motley	Scurry
Bailey	Cochran	Donley	Hall	King	Ochiltree	Sherman
Borden	Cottle	Fisher	Hansford	Lamb	Oldham	Stonewall
Briscoe	Crosby	Floyd	Hartley	Lipscomb	Parmer	Swisher
Carson	Dallam	Gaines	Hemphill	Lubbock	Potter	Terry
Castro	Dawson	Garza	Hockley	Lynn	Randall	Wheeler
Childress	Deaf Smith	Gray	Hutchinson	Moore	Roberts	Yoakum

Appendix 4

Summary of Auctions (Unaudited)

	FY 2019	FY 2020	FY 2021	Total
Cattle	287,528	278,000	313,940	879,468
Sheep	15,841	20,036	22,298	58,175
Goats	16,307	15,488	20,913	52,708
Hogs	7,192	8,536	8,294	24,022
Horses	457	943	2,228	3,628
Exotics	0	89	7	96
Poultry	6	35	34	75
Total	327,331	323,127	367,714	1,018,172



Appendix 5

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: Sarah Hicks

Phone: (512) 463-1778

Budgetandpolicyreports@gov.texas.gov

Legislative Budget Board

Attn: Christopher Mattsson

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