



**CITY OF HAMILTON**  
**CITY MANAGER'S OFFICE**  
**Audit Services Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	April 13, 2015
<b>SUBJECT/REPORT NO:</b>	Audit Report 2014-10 - Planning & Economic Development - Animal Services (AUD15015) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Ann Pekaruk 905-546-2424 x4469 Brigitte Minard 905-546-2424 x2088
<b>SUBMITTED BY:</b>	Ann Pekaruk Director, Audit Services City Manager's Office
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the Management Action Plans as detailed in Appendix “A” of Report AUD15015 be approved; and
- (b) That the General Manager of Planning and Economic Development be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix “A” to Report AUD15015) implemented.

**EXECUTIVE SUMMARY**

The 2014 Internal Audit work plan approved by Council included an audit of Animal Services. The audit reviewed the administrative practices in Animal Services associated with the collection of revenues from licence fees and fines. It also reviewed responses to complaints from the public relating to the enforcement of the City’s By-laws and relevant Provincial legislation (i.e. the Dog Owner’s Liability Act). These activities include domestic and feral animals at-large, dog bites and the pick-up and disposal of dead animals.

In 2013, Animal Services generated approximately \$1.2 million in revenues, \$1.1 million of which was from the sale of dog licences.

The results of the audit are presented in a formal Audit Report (2014-10) containing observations, recommendations and management responses. Audit Report 2014-10 is attached as Appendix “A” to Report AUD15015.

***Alternatives for Consideration – Not Applicable***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)**

Financial: More timely levying of fines for lapsed dog licences may result in an increase in revenue, the amount which cannot currently be estimated.

Staffing: The Management Action Plan for the recommendation regarding Cash Handling Procedures includes some interim restructuring and will ultimately require one additional full-time equivalent employee which will be requested by the Animal Services Section during the 2016 budget process.

Legal: None.

**HISTORICAL BACKGROUND (Chronology of events)**

The audit was scheduled as part of the 2014 Internal Audit work plan approved by Council. The audit fieldwork was completed in August to November 2014. The results of this audit are attached as Appendix “A” of Report AUD15015.

The Audit, Finance and Administration Committee receives and approves final audit and review reports as part of its responsibilities for the oversight of governance and control.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

- Responsible Animal Ownership By-law (12-031)
- Feeding Wildlife By-law (12-130)
- Dog Owner’s Liability Act, 1990 (Ontario)

**RELEVANT CONSULTATION**

Appendix “A” to Report AUD15015 includes action plans which reflect the responses of management responsible for the administration of the Animal Services Section in the Parking and By-law Services Division of the Planning & Economic Development Department.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION  
(Include Performance Measurement/Benchmarking Data if applicable)**

In 2013, Animals Services generated approximately \$1.2 million in revenues of which almost \$1.1 million was from the sale of dog licences. The balance of the revenues was from various fines, impound and animal surrender fees. Expenditures totaled \$3.9 million of which \$3.0 million was employee related costs. The net levy impact was \$2.7 million. Over 34,000 dog licences were sold in 2013.

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This audit reviewed the administrative practices associated with the collection of revenues such as licence fees, fines, impound and animal surrender fees. The audit also reviewed the practices followed by Animal Services when enforcing City By-laws and Provincial legislation (e.g. complaints regarding animals at-large, dog bites or disposing of dead animals). The audit scope period covered January 1, 2014 to June 30, 2014. Areas for improvement relating to the administrative controls were identified.

A formal audit report containing observations, recommendations, and management action plans was issued and is attached as Appendix "A" of Report AUD15015.

The main areas for improvement noted in Audit Report 2014-10 include:

- Enforcing the Responsible Animal Ownership By-law (12-031) by conducting timely follow up visits to ensure compliance with orders issued by Animal Services' Officers.
- Fining dog owners who have let their dog licences lapse beyond three months of the date on which the licence expired.
- Setting expected response times for the various types of service call priorities and using these standards to evaluate the services delivered to the public.
- Modifying Animal Services' cash handling process so that all components are compliant with the City-wide Cash Handling Guidelines.

Management and staff have agreed to take measures in the near future in order to implement all four of the formal recommendations. Specific action plans can be found in the attached report (Appendix "A" to Report AUD15015).

Audit Services conducted this audit in conformity with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that Audit Services plan and perform the audit to obtain sufficient, appropriate evidence to support the findings and conclusions based on the audit objectives. Audit Services believes that the work performed provides a reasonable basis for the audit findings and conclusions.

## **ALTERNATIVES FOR CONSIDERATION**

**(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)**

Not applicable.

## **ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

### **Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

#### **Strategic Objective**

- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

### **Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

#### **Strategic Objective**

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

### **Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

#### **Strategic Objective**

- 3.4 Enhance opportunities for administrative and operational efficiencies.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report AUD15015

ap:bm