



**COLORADO**  
Department of Agriculture  
Inspection & Consumer Services Division

May 10, 2016

Dianne E. Ray, CPA  
State Auditor  
Colorado Office of the State Auditor  
1525 Sherman St., 7<sup>th</sup> Floor  
Denver, CO 80203

Dear Auditor Ray:

In response to your request, we have prepared an updated status report regarding the implementation of audit recommendations contained in the *Pet Animal Care Facilities Act Program Performance Audit*. The attached report provides a brief explanation of the actions taken by the Department of Agriculture to implement each recommendation.

I am pleased to report that all of the recommendations from the audit will be implemented by the end of June, 2016.

If you have any questions, please do not hesitate to contact me at (303) 867-9202 or by email at [steve.bornmann@state.co.us](mailto:steve.bornmann@state.co.us).

Sincerely,

Steve Bornmann  
Director, Division of Inspection and Consumer Services



# AUDIT RECOMMENDATION STATUS REPORT

**AUDIT NAME: Pet Animal Care Facilities Act Program**

**AUDIT NUMBER: 1418P**

**DEPARTMENT: Agriculture**

**DATE OF STATUS REPORT: May 10, 2016**

## SUMMARY INFORMATION

*Please complete the highlighted sections with summary information for all audit recommendations.*

<b>Rec. Number</b>	<b>Agency's Response</b>	<b>Implementation Status</b> <i>(Insert: Implemented, Implemented and Ongoing, Partially Implemented, Not Implemented, or No Longer Applicable. Please refer to the attached sheet for definitions of each implementation status option.)</i>	<b>Original Implementation Date</b>	<b>Revised Implementation Date (If applicable)</b> <i>(Complete only if agency is revising the original implementation date.)</i>
1a	Agree	Implemented and Ongoing	December 2016	
1b	Agree	Implemented	December 2016	
1c	Agree	Implemented	June 2016	
1d	Agree	Implemented	February 2015	
2a	Agree	Implemented	July 2015	
2b	Agree	Partially Implemented	June 2016	July 1, 2016
2c	Agree	Implemented	March 2015	
2d	Agree	Implemented	June 2016	
3a	Agree	Implemented	July 2015	
3b	Agree	Implemented	July 2015	
4	Agree	Implemented	July 2015	

## DETAIL OF IMPLEMENTATION STATUS

**Note: The Department agreed with all of the audit recommendations.**

## **Recommendation No. 1:**

The Department of Agriculture (Department) should improve oversight of the inspection process to ensure that inspections are completed in a timely manner, effectively, and in accordance with Pet Animal Care Facilities Act Program (Program) requirements by:

- A. Conducting a comprehensive assessment of the workload distribution among inspectors that takes into account the size and type of facilities assigned to each inspector, as well as the geographical size of their territories. Using the results of the assessment, the Department should establish realistic goals for inspectors on the number of inspections they must complete within a given time period to meet Program requirements.

**Current Implementation Status for Rec. 1, part A:** Implemented and Ongoing.

### **Agency's Update:**

*Assessments are continually performed to determine workload, performance, and the effectiveness of the program in achieving its goals. The Program established goals for inspectors on the number of inspections they must complete daily based on the results of these assessments. Further, territories were realigned in July of 2015 to redistribute facilities based on the geographical size and the number of facilities in each territory.*

*Performance goals are monitored and measured monthly by the Program Administrator through productivity reports in USAHerds. As a result of these assessments an additional inspector will be added to the program by June 2016.*

- B. Developing a mechanism for regularly monitoring the actual number of inspections completed, the number of inspections that are overdue against those that are required, and the timeliness of inspections and complaint investigations. This mechanism should then be used to assist in developing workload distribution and expectations for a more efficient inspection process.

**Current Implementation Status for Rec. 1, part B:** Implemented.

### **Agency's Update:**

*The Lead Inspector and Program Administrator continue to review reports from USAHerds to monitor the number, timeliness, quality and equitability of inspection and re-inspection compliance results and the timeliness of complaint investigations through Inspector Productivity Reports in USAHerds. As indicated in recommendation 1.A, we used this information to assess workload distribution and expectations.*

- C. Assessing whether its licensing and inspection database, USAHerds, can be modified to provide a mechanism to link inspection due dates with facility locations, track historical information related to each facility's risk category and the violations previously identified, and track the timeliness of complaint investigations. If feasible, the Department should modify the database to provide this information, or if not, the Department should develop other ways to track and use these data when scheduling and conducting inspections.

**Current Implementation Status for Rec. 1, part C:** Implemented.

**Agency's Update:**

*Minor enhancements were made to USA Herds to change the inspection report process and workflow. USA Herds was modified to update the risk calculation and show the next inspection due date based on inspection compliance. When the inspection of a facility results in Non-Compliance, USAHerds has been enhanced to assign a high risk and calculate a re-inspection due date at 30 days from the non-compliant inspection. The inspection due date will now show up on the inspector's dashboard in USAHerds. USAHerds has been enhanced so an inspection with a Compliant result now assigns a low risk and calculates and assigns an inspection due date of one year for the next inspection due. A Compliant-Corrected result was added to the USAHerds program so that we could extract compliant vs. non complaint results and data, previously that data was hard to extract because the result was marked Pending and then Compliant if violations were corrected.*

- D. Implementing mechanisms to substantiate that inspections occur and that facility representatives have been notified of the inspection results. For example, inspectors could be required to sign an attestation on the completed inspection report or to obtain signatures from facility representatives on inspection reports acknowledging the inspections were completed and their responsibility to remedy any violations identified.

**Current Implementation Status for Rec. 1, part D:** Implemented.

**Agency's Update:**

*A process was implemented and guidance provided in the PACFA Program Operations Manual to ensure that facilities are receiving inspection reports at the time of inspection or alternate arrangements are made with the facility owner to discuss at a later time if they are not on site at the time of inspections to review violations and discuss the process for compliance. Currently, this process is documented in USAHerds, either in the note field or by uploading the e-mail correspondence to document any conversations. In the future our plan is to provide a signature line for both the inspector and facility representative in the AgLicensing/USAPlants program with an estimated implementation date of January 2017.*

## **Recommendation No. 2:**

The Department of Agriculture (Department) should strengthen the effectiveness of the Pet Animal Care Facilities Act Program (Program) and hold facility owners accountable for correcting violations by:

- A. Developing written guidelines and procedures on how and when to issue penalties to ensure enforcement actions are applied consistently and appropriately. This should include guidance on pursuing enforcement actions against facilities that fail to comply following the issuance of civil penalties, and refusing to renew licenses for facilities that fail to pay civil penalties in accordance with statute.

**Current Implementation Status for Rec. 2, Part A:** Implemented.

### **Agency's Update:**

*Guidance has been provided in the PACFA Program Operations Manual regarding how and when to issue penalties and what constitutes a Direct Violation vs. an Indirect Violation. Facilities that fail an inspection or have repeat Direct Violations are usually issued a civil penalty. We have implemented a policy that if civil penalties are not paid a license will not be renewed.*

- B. Amending rules and policies to provide greater flexibility to revoke a license for repeat violations.

**Current Implementation Status for Rec. 2, Part B:** Partially Implemented.

### **Agency's Update:**

*We have proposed a rule change that would go into effect in July of 2016 to modify the current PACFA rule so that after 3 failed inspections (for any rule violations) a license could be denied or revoked. This will provide greater flexibility than trying to enforce the current rule of only being able to revoke or deny after 4 failed inspections for an original violation.*

- C. Implementing a risk-based approach for conducting re-inspections, including written guidance to define what constitutes a “non-compliant” facility.

**Current Implementation Status for Rec. 2, Part C:** Implemented.

**Agency’s Update:**

*After assessing the re-inspection process, the decision was made to conduct a re-inspection whenever a violation is identified, regardless of the type of violation rather than on a risk-based approach. We felt this was the appropriate approach because our program goal is to conduct a routine inspection of every facility once per year. A correction plan is required by rule to be submitted by the facility for any violation within 20 days. Re-inspections can include documentation or photographic proof of corrected violations submitted by the facility or a physical re-inspection of the facility for more serious Direct or Repeat violations. A “non’ compliant” facility has been defined in our PACFA Program Operations Manual as any facility that has one or more violations. As stated in Recommendation 1. C. a high risk is assigned to that facility and a re-inspection due date of 30 days is assigned to that facility to allow the facility adequate time to submit proof of corrections or correction plans.*

- D. Using the improvements to the database or alternate methods recommended in RECOMMENDATION 1C to track previous enforcement actions taken against facilities as well as when correction reports are due, if they have been received on time, and how facilities reported correcting violations.

**Current Implementation Status for Rec. 2, Part D:** Implemented.

**Agency’s Update:**

*As stated in both 1. C. and 2. C., USA Herds has been enhanced to provide risk and inspection due information based on compliance or non-compliance. As described in 1. B. a re-inspection is now required for any non-compliant facility. Inspectors are required to do a physical re-inspection of failed facilities and are required to document proof of compliance in USAHerds via uploading photographs of corrections for non-compliant facilities. Previous enforcement actions are tracked in USAHerds through uploading any documentation reflecting disciplinary actions or other pertinent documents within a facility’s account file in USAHerds.*

### **Recommendation No. 3:**

The Department of Agriculture (Department) should improve controls and oversight over the pet animal care facility inspection process by:

- A. Clarifying policies that provide the framework within which inspectors conduct inspections, classify violations, and enforce the provisions of the Pet Animal Care Facilities Act. This should include more clearly defining what constitutes a direct versus indirect violation; non-compliant facility and thus, when a re-inspection is required; and failed inspection.

**Current Implementation Status for Rec. 3, Part A:** Implemented.

#### **Agency's Update:**

*The PACFA Program Operations Manual was developed and implemented in July of 2015 to address inspection requirements and guidelines, violation classifications, compliance, non-compliance and failed inspections. As we state in recommendation 1.A., 2.A., and 2.C., clarifications have been made to the Operations Manual to define direct and indirect violations, non-compliance, and when re-inspections are required. Additionally, the Operations Manual is updated to reflect process and workflow changes periodically.*

- B. Implementing policies requiring supervisory review of inspections that are geared toward ensuring that like violations are treated equitably across inspection areas. This could include establishing a risk- or random- basis for conducting reviews in order to ensure coverage of all license types and all inspection areas around the state.

**Current Implementation Status for Rec. 3, Part B:** Implemented.

#### **Agency's Update:**

*Inspection report review is conducted by the PACFA Program Administrator on a weekly basis to ensure violations are treated equitably across inspection areas. The goal is to review ALL reports when possible, otherwise a sample of the reports are reviewed based on compliance vs. non-compliance. The PACFA Lead Inspector and Program Administrator are required to communicate and ride frequently with inspectors to ensure equitability in inspection and enforcement.*

## **Recommendation No. 4:**

The Department of Agriculture should ensure that the Pet Animal Care Facilities Act Program (Program) inspection staff follow ethical standards and the Program adequately address conflicts of interest by developing guidance for inspection staff on identifying and preventing conflicts of interest from affecting their official duties and disclosing conflicts when they occur and providing training to staff on this guidance.

**Current Implementation Status for Rec. 4:** Implemented.

### **Agency's Update:**

*Guidance is provided in the PACFA Program Operations Manual and training is provided via PACFA inspector training and meetings and at the division level for all inspectors to help them identify and prevent conflicts of interest, and disclose them when they occur.*