

APPENDIX 4

THE HUMANE SOCIETY FOR TACOMA AND PIERCE COUNTY PERFORMANCE AUDIT RESPONSE

I. Introduction

The Humane Society for Tacoma and Pierce County has been providing animal control services under contract with Tacoma and Pierce County since the 1950s. In the year 2000, the Humane Society provided 12,000 hours of field services, housed 25,091 animals and sold 76,505 licenses. Pierce County's share was 6,090 field hours, 10,205 animals and 33,797 licenses. The Humane Society for Tacoma and Pierce County manages the largest shelter in Washington and provides a number of donor funded services independent of its municipal contracts.

In concert with our Municipal clients, The Humane Society has embarked on a program to ensure that animal control contracts are fully funded by the municipalities that benefit from those contract services. Pierce County has historically under funded its contract. In 1993 the International City County Management Association (ICMA) in its publication "Local Animal Control Management" gives a "low-end budget" figure of three dollars per capita of population for all services. In addition that report states that "According to the 1990 survey of 100 Colorado municipalities by the Colorado Municipal League, licensing fees alone funded more then 75 percent of the cost of animal control in 11 percent of the municipalities, and less then 25 percent of the cost in 72% of the cities." Pierce County has historically funded its animal control program with user fees, which pay between 50% and 65% of its costs.

The table that follows is a breakdown of Pierce County funding levels since 1997 compared to the 1993 minimums recommended by the International City County Management Association.

Year	Contract Payment	Fees	Total	Population	Low end ICMA Minimum Budget	% of ICMA Minimum budget
1997	\$279,800	\$339,840	\$616,640	288,000	\$864,000	71.7%
1998	\$292,400	\$532,342	\$824,742	288,000	\$864,000	95.4%
1999	\$330,499	\$509,504	\$840,003	288,000	\$864,000	97.2%
2000	\$314,750	\$519,063	\$833,813	319,945	\$959,838	86.8%
2001	\$476,119	\$510,000	\$986,119	323,966	\$971,898	101.3%

As is clearly demonstrated by the chart, Pierce County has consistently under funded this program. It wasn't until 2001 that the county funded at the 1993 minimum level. This year another ICMA report has been prepared for release in early 2002. The new minimum figure in that report is five dollars per capita because of inflation in the intervening nine-year period. Pierce County is at 60% of that figure in 2001.

What kind of issues determine the cost of providing service to a municipality? Several factors indicate Pierce County should be funding a level greater than the minimum for animal control services. They are as follows.

- Pierce County is 1100 square miles in size. This is a large area to cover with field services. The actual cost of field services is about 40% higher in the county than in the more densely populated areas, due to fuel cost and staff time required to cover the extra distances.
- The cost of the kennel is high in Pierce County due to the extraordinarily high number of unwanted animals received at the shelter. In comparison, King County in 2001 will shelter 14,300 animals for a human population of 2,500,000. Unincorporated Pierce County's shelter population was 10,500, and its human population was 324,000. Pierce County has a sheltering cost 6 times higher per capita than King County.
- The actual density of animals in Pierce County is very high due to its rural and suburban demographics. For example, the number of unwanted animals Seattle animal control received at its shelter last year was about 6,164 animals compared to Pierce County's 10,500 animals. This infers Pierce County has an animal population 2.5 times larger per capita than urban Seattle.
- The demographics of Pierce County also show a tendency toward a high level of animal complaints. There is a substantial amount of rural areas being developed in Pierce County. This ultimately leads to conflict between new more urban types of residents and people who are used to a rural lifestyle. These new residents are not tolerant of animals running loose and unsupervised and tend to complain more frequently to animal control. In addition, the increased population densities make conflict between human and unsupervised animals more likely. These issues are documented by the frequency of complaints in the various regions of the county.
- Pierce County has an unusually high cost of licensing due to its heavy reliance on fees to fund the animal control program. As stated in the ICMA article previously quoted, "Higher license fees coupled with promotional strategies and stricter enforcement, almost always result in greater licensing revenues." Of course promotional strategies and stricter enforcement cost money. We have been very successful at licensing in Pierce County, however that success has been achieved at a higher cost per license sold.

We had hoped the Performance Audit might help the county understand and better address the problem of under-funding. Unfortunately, the Performance Audit doesn't address what reasonable animal control costs might be. Nor does it address most of the other audit objectives. The audit appears to be of little assistance to the county in funding decisions or in evaluating the feasibility of setting up its own animal control program.

II. THE AUDIT RESPONSE

In the introduction to the Audit, there are several inaccuracies that need correction and they are as follows.

Page 2, Paragraph One:

“Payments to the Humane Society under the contract include \$476,100 from Pierce County government and an estimated \$528,000 in fees paid by county residents for pet and kennel licensing and board and impound fees.” The amount is actually higher since some revenue such as adoption fees are not identified by jurisdictions.”

There are two inaccuracies here. First the other revenues such as adoption fees referred to in this paragraph are not county revenues since these fees are not mandated by law nor collected under the contract terms. These are fees for service originated and collected by the Humane Society. Second, these fees are applied as offsets to reduce the cost of animal control to Pierce County. The auditor fails to mention this.

Page 4, Paragraph One:

“During the site visit, over three days, Howard and Carbaugh rode with six Humane Society animal control officers, (out of 12 total officers) who were responding to the public.”

This is incorrect. The auditors actually rode with four officers listed as follows: Carbaugh rode with, Hunt 6/18/01, Nicholson 6/19/01, and Pennington 6/20/01. Howard rode with Kimball on 6/20/01. This would not be an issue under normal circumstances however the auditor bases many findings on observations and officer statements collected during the ride-alongs. We believe the number of ride-alongs should be stated accurately.

Page 4, Paragraph Two:

The Humane Society disagrees with the information presented in this paragraph. It is not factual.

There are no specifics provided here or elsewhere in the audit to support the conclusions offered in this paragraph. We have reviewed the cited documents and find the data accurate and clear. In addition, we asked representatives from Chameleon software to review the data from the shelter reports and audit. They found no problems. The auditor also asks us to accept that the auditor’s failure to understand is the fault of the Humane Society’s data. The auditor only asked for data clarification once during the audit process. The County Audit Coordinator requested and was provided data several times, and met with Humane Society staff to ask questions. We asked Mr. Temmel to contact us if

auditor had more questions. We received no additional requests. There was very little effort on the part of the auditor to clarify data with us.

Page 4, Paragraph 3:

We take issue with the entire paragraph as follows.

The reference made to the time it took to prepare the audit refers to AHA's initial estimate that the audit would take 30 days and be accomplished for \$7800, far less than any other audit bid. The Humane Society for Tacoma and Pierce County is a complex organization as demonstrated not only by the number of animals sheltered, but also by the number of municipal contracts it administers. In reference to the statements about concerns for data accuracy, again there is no specific information about the data problems presented, so we cannot possibly answer the unsupported allegations. Since these serious allegations seem to infer incompetence, or an effort to deceive the county we feel they must be supported with real factual data and not just innuendo. Making valid comparisons to outside organizations is not without its difficulties, but auditors and analysts throughout the country do it regularly. It is unfortunate that the auditors felt unable to accomplish this part of the audit objectives. The information would have had tremendous value for the County in determining the value of this service. It also would have provided them a wealth of information should the County choose to develop an in house animal control program.

It also seems odd that there is no effort to analyze the animal care side of the animal control operation since it accounts for over 50% of the contract's cost. This incomplete analysis has led to findings that are impractical because the audit fails to consider their negative impact to sheltering operations.

*Article cited: International City/County ICMA- Management Association - MIS Report:
Vol. 25:9 September 1993

SECTION III. ANIMAL SERVICES

Page 5, Paragraph 4: Field Services

Our actual Sunday and Holiday schedules involve five officers, not three or four as stated in the audit. Their shifts begin at 6:00 am, 8:00 am (2), 12:00 pm, and 4:00 pm. One officer serves as a dispatcher, and is available for emergencies.

Page 6: Kennel Work by Officers

If officers were not involved with euthanasia, there would undoubtedly be an increase in their availability for field services, but the simplicity of the conclusion fails to note the factual basis for this operational policy. The Humane Society believes it's important for field staff to participate in euthanasia for a number of reasons. Participation in the process of euthanasia keeps officers in touch with the effects of their enforcement actions. Kennel and medical staff already perform euthanasia on 30+ animals each day (including many dogs). There is insufficient staff in the kennel and medical departments to euthanize all the dogs. If field staff did not perform euthanasia, additional staff would be required in the kennel and medical departments. The use of field staff to euthanize dogs was implemented approximately 17 years ago at the suggestion of the field staff. Kennel staff was experiencing an overwhelming amount of stress burnout due to euthanasia. Since the field staff took over euthanasia, the occurrence of kennel staff stress burnout due to euthanasia has been virtually nil.

We require our officers to book their own impounds into the shelter. Impounding an animal to the shelter is an important legal process with potential civil and criminal implications. The information entered by the officer is crucial in identifying the owner and protecting the public and staff from aggressive animals. We believe that using other staff to perform the book-in function would lead to errors, exposing the County and the Humane Society to liability.

Page 7, Paragraph Two: Equipment

Years of experience and testing has demonstrated our small, homemade catchpoles (used for cats) to be softer, more humane and easier to use effectively than similar-sized catch poles available for purchase. Catchpoles for dogs are purchased new and maintained regularly.

Page 7, Paragraph Three: Equipment

The Humane Society fleet of enforcement vehicles is aging. Through an intensive service program the fleet is kept in top-flight condition, and lost productivity due to equipment problems is non-existent. We have sufficient vehicles so an officer experiencing mechanical problems can simply have a different vehicle brought out to complete the

day. There are a number of reasons officers may return to the shelter before the end of their shifts. Among them are health problems, fractious animal behavior, the well being of the animals (in any temperature) and a full van. Returns to the shelter because animals are suffering due to heat are negligible. The Humane Society assigns the best vehicles to the officers most likely to stay in the field the longest.

Page 7, Recommendation 1: Field Time and Kennel Work

“To provide more time for work in the field, field officers should not be responsible for euthanasia of animals or vaccinating and doing the intake paperwork for animals they pick up. Medical or kennel staff should perform these functions.”

Disagree. The pay scales for kennel staff and field staff are equal, so this recommendation provides no financial benefit. Besides, the medical and kennel staffs are already stressed by the large amount of euthanasia they perform and by their workloads. They simply can't absorb this task unless additional people are hired. The expense of hiring additional staff for contract related services would be borne by municipalities, increasing, not decreasing their costs.

The accuracy of data of intakes of impounded animals is crucial. Officers have the most accurate information, and should be responsible for entering it. Chameleon recommends against people other than the officers entering the intakes in the computer. (See letter from Chameleon in Appendix 1).

Page 7, Recommendation 2: Equipment

“Pierce County should expect that the Humane Society will provide field officers with proper equipment including vehicles.”

Agree. This is already done. We would be delighted to discuss specifications for vehicles and other equipment with Pierce County. Purchasing additional equipment for contract related services will be borne by municipalities and increase their contract costs.

Pages 7 and 8: Staff Training

Washington is one of the states, like Florida and Virginia, which requires training for officers to retain their commissions. RCW 16.52 mandates minimum levels of training for animal control officers to receive and to maintain commissions. While we consider on-the-job training to be a valuable tool for new staff, members of the field staff have attended every session of the Washington State Animal Control Academy since its creation in 1996. The curriculum includes, but is not limited to, every area of training mentioned in the audit report (due process, report writing, ordinances, capture and restraint of animals, zoonotic diseases, occupational health hazards, safety issues, and communication). Prior to 1996, there was little formal training available for officers other than the Washington Animal Control Association conference. The Humane Society is

active in the Washington Animal Control Association, and worked with other agencies to create the ACO Academy. The development of a detailed and systematic staff-training plan is part of the Humane Society's adopted Long Range Plan.

Officers have received significant formal training in interpersonal communication, conflict management, and canine behavior. As recently as last fall, the full-staff retreat focused on interpersonal communications and team building. Conflict management has been the focus of training at numerous staff meetings.

A list of training attended by field staff in recent years is provided in Appendix 2.

Page 8, Recommendation 3: Training

“The Humane Society should increase the amount of training for animal control and dispatch staff, and Pierce County should keep track of the training to see how it affects service quality.”

Agree. The Humane Society has one of the best-trained staffs in the state. We are certain the staff, the citizens of Pierce County and the animals will benefit from additional training. We would be delighted to discuss training initiatives, and their proportional costs, with County staff.

Page 9: First bullet: Officer Safety

Our officers carry two-way radios, and have the County's radio tuned to the emergency channel in each van. An officer requiring assistance can reach other officers and/or the shelter from almost any location in the County. Unfortunately, radio signals do not have 100% coverage in Pierce County. As the County Sheriff and other emergency agencies know, there are areas in Pierce County where coverage is interrupted. We selected the radio system that we found had the best coverage.

Second bullet:

Humane Society management does not permit officers to carry personal protection devices such as Asps (bite sticks). Such devices are offensive weapons, and we feel they have no place in animal control. Every officer carries devices to stop attacking dogs. One uses a short catchpole, most use large metal clipboards. Almost all the clipboards carried by our officers have multiple bite impressions at the bottom because of their use to prevent attacks. The clipboards are as effective as Asps, and do not present an offensive image. Pepper spray is available for any officer wishing to carry it. When asked, the officers responded in unison that they are far safer avoiding the use of pepper spray or mace on aggressive dogs. They feel such products increase, not decrease, the likelihood of an attack from an aggressive dog. We believe our officers' training and experience is much more likely to prevent violence than mace or bite sticks.

Third bullet:

When at all possible, dispatchers ascertain the names of pet owners and provide such information to officers, but only when the information can be confirmed. When it can't be confirmed, dispatchers are trained to leave owner information blank. The overwhelming majority of complainants do not know the name of the pet owners.

Page 9, Recommendation 4: Rabies

“All field staff, kennel staff, and health care staff should receive booster shots or titer tests in addition to pre-exposure rabies vaccinations.”

Partially Agree. The Humane Society believes we should follow the advice of the Public Health Service in regard to rabies prophylaxis.

Page 9, Recommendation 5: Officer Safety

“All field officers should wear and be trained in personal protection devices.”

Disagree. The report cited only two personal protection devices (mace and bite sticks). As noted above, we believe these devices are far more likely to provoke problems with people and animals than to control or prevent them. The Humane Society is very concerned for the safety of its employees. We have an active Safety Committee meeting regularly and recommending safety products and measures for all employees. We are open to consideration of any personal protection devices that are proven effective.

Page 9, Recommendation 6: Names

“As often as possible, the dispatchers should try to learn the names of the people who are the subject of an animal complaint, so officers can address individuals by name.”

Agree. This is already done whenever possible. However, we will continue to train dispatchers to enter into our records only proven information, not speculation.

Page 10, Paragraph Three: Dispatch center

It is true that some requests for service the Humane Society receives are entered into the computer and receive no further action until the next day, when downloaded by area officers. Calls with high priorities, are dispatched when received and completed the same day. (See Appendix 3 for a summary of calls received, dispatched, and completed during the auditors' visit). Dedicated dispatchers working in real time with field staff would require a considerable investment in additional staff. (See letter from Chameleon in Appendix 1). The Humane Society is willing to discuss dispatch models with the County, along with associated costs for each model.

Page 10: Response Times

Response times are subject to the variables of staffing level, time of day, traffic, and demand for service. The Humane Society believes County citizens deserve faster responses. In late 2000, the Humane Society made a proposal to the County for a 2002 contract that, if funded, would have resulted in the hiring of additional field staff and reduction of response times. Pierce County did not choose the additional level of service. As long as the Animal Control program is funded at minimum levels, response times will be less than optimal. The current Humane Society proposal for 2002 has funding for approximately 6 officers for Pierce County for 6:00 a.m. to Midnight coverage. With a population of 323,966, this yields an average of one officer per 54,000 people. By comparison, Seattle Animal Control provides one officer per 39,000 people (covering 94 square miles), and Spokane County Animal Control provides one officer for every 33,000 people.

Page 11, One and Two: Response Priorities

The Humane Society agrees that one of the most important components of an animal control program is to pick up stray dogs. Our priority list uses different categories for types of strays. For example, reports of aggressive strays or confined strays receive higher priorities than roaming strays. The Humane Society believes all the calls we receive are important, and citizens being affected by problem animals deserve prompt service. We look forward to discussing with County officials the manner in which this can be accomplished, and associated additional costs.

Page 12, First bullet: Contacting the Humane Society

The Humane Society believes every caller should be promptly connected with a customer service representative. We took a major step to improve phone access with the recent installation of a state-of-the-art phone system. Like many organizations, the system uses Automatic Call Distribution technology to manage incoming calls. In March, April, and May, 6482 calls were answered as soon as they entered the ACD (39%). 1820 calls (11%) spilled over into the second calling tier after 3.5 minutes. No callers were left holding long enough to spill to the 3rd tier (7.5 minutes). We constantly look for ways to improve our phone service. Significant changes require additional staff and costs to clients. (See Appendix 4).

Page 13, Paragraph One: Computer Issues

The audit report understates the Humane Society's annual payment to Chameleon for technical support. It is \$11,520.00.

Paragraph Three: Response Times

In order to achieve the use of Chameleon as described by the auditor, the Humane Society would be required to implement a dedicated dispatch system, so that both dispatcher and officer are working together in real time. Such a system, as noted above,

would require a considerable investment in additional staff, and may not provide the most efficient use of staff time. The Humane Society is willing to discuss such a system, and its additional costs with Pierce County.

Paragraph Four: Duplication

The rationale and training for creating a new activity for each call, even if it's a duplicate, comes directly from Chameleon, The minimal inflation of statistics, and minimal extra work for officers to clear duplicates is well worth the investment. In the development of cases for the prosecutor, it's critically important to know the name, address, and phone number of every possible witness. Duplication of complaints is the manner in which this is accomplished. Please refer to the letter from Chameleon In Appendix 1.

Page 13: Reporting Issues

The Humane Society agrees that the service delivery report is difficult to read, so at the beginning of 2001 the report was completely revised to make it more easily understood. A sample is included in Appendix 5.

Page 14, First Bullet:

Attempting to compare data between the intake report and the service delivery report is like comparing apples and oranges. The intake report lists the dogs entering the shelter for each intake category. The Service Delivery report lists outcomes, with categories slightly changed. For example, when we confiscate dogs, we may or may not be able to identify the owner. Therefore, on the Service Delivery report, some of the confiscations will be listed as strays, some as owned.

Page 14, Second Bullet:

Again, intakes and outcomes are not classified exactly alike. For example, cats listed as feral on intake are listed as strays in the Service Delivery report.

Page 14, Third Bullet:

The Humane Society made an error in creating the title for the line labeled "Potentially Dangerous Dog Declarations". The correct title is "Potentially Dangerous Dog Investigations". See Appendix 6 for a complete breakdown of these investigations.

Page 14, Fourth Bullet:

The information reported on the Service Delivery report is erroneous. To prevent errors such as this, the Service Delivery report underwent a total revision for 2001, and, as mentioned above, a copy of the new report format is included in Appendix 5.

Page 14, Recommendation 7: Dispatch

“The Humane Society should improve its dispatch operation by making more effective use of the Chameleon software (which was funded by Pierce County). This includes tracking response times and eliminating duplicate data from the reports of calls received and completed.”

Partially agree. We intend to use Chameleon to its best potential within the financial framework of the Humane Society. We are willing to discuss the system of dispatch that best suits the needs of the County and provides the most efficient use of our staff. We have already taken steps to implement the recommendation for tracking response times. As far as eliminating duplicate calls is concerned, we must disagree, and follow the advice of our software provider, Chameleon. Please refer to the letter from Chameleon in Appendix 1.

Page 14, Recommendation 8: Response Priorities

“Pierce County should review with the Humane Society the priorities for responding to calls. If changes are desired, they should be negotiated in the next contract. The County may also wish to specify response times to calls.”

Agree. The Humane Society is willing to discuss response priorities as part of contract funding and costs associated with achieving higher levels of service.

Page 14, Recommendation 9: Evening Dispatch Procedures

“The Humane Society should consider revising evening and Sunday dispatch procedures so that calls from the public are taken by a customer service representative, rather than being the responsibility of an animal control officer.”

Partially Agree. Shifting customer service staff to cover these hours will result in the need for additional staffing in Customer Service. An officer handling phone calls can be advantageous when he or she is able to advise the caller and completely handle a situation over the phone without the need to dispatch another officer. Unlike customer service representatives, officers answering phones are available for field emergencies. The Humane Society is willing to discuss revising dispatch procedures, and additional costs for the County.

Page 14, Recommendation 10: Service Reports

“Pierce County should review the current service reports and other reports from the Humane Society. If the county wants improved reporting, it should set specific reporting requirements in the annual contract.”

Agree. The Humane Society is willing to discuss service reports, and associated costs, as part of contract funding.

Page 15, Last paragraph: Pet Licensing

There are significant issues, which affect the data in the table on this page. In 1998, the County Council revised pet license prices for Pierce County residents by 40%. As usually happens when fees are raised, public resistance to higher fees causes compliance to diminish. In 1998, the ordinance was revised to provide for year-round pet licensing, rather than all licenses expiring at the end of December. This caused confusion on the part of the public, and the Humane Society responded with new licensing initiatives resulting in growth of sales since 1998. In 2000, the City of Lakewood took over sales of licenses in its jurisdiction, eliminating 3,000 licenses from Humane Society figures. Factoring that in, the Humane Society actually increased license sales in 2000 by 1307.

Page 16, Recommendation 11: Pet Licensing

“Pierce County and the Humane Society should confer and evaluate whether it is desirable and feasible to increase the number of pet licenses and defray the costs of animal control.”

Partially agree. The Humane Society agrees increasing pet licensing will reduce euthanasia, increase return to owner rates, and provide money to help fund animal control. However, the County’s own experience indicates that licensing fails as the major funding source for animal control. Historically, the Humane Society has received limited support from County officials for the licensing program, and welcomes a dialog that will result in strong support.

SECTION IV. BUDGET AND ACCOUNTING ISSUES

Page 17: Humane Society Budgeting

It is true, department heads have not participated in the budgeting process in the past. We have seen the need to make supervisors accountable for budgeting and spending in each of their departments. To address this, an objective of our Adopted Long Range Plan is a requirement for a new, and more comprehensive budget process that will include input from supervisors. The first step in the process is the installation and conversion to new accounting software acquired in October 2001. Please see excerpt from Long Range Plan, 2000 and Long Range Plan Exceptions in Appendix 7 and 8.

Paragraph Four: Budgeting

The auditor questions why the Humane Society did not purchase a new Animal Control van in 2000, even though it was in the capital budget. An analysis of spending in 2000 indicates that well over 95% of the Humane Society budget was spent as budgeted. Just as the Board is responsible for setting the budget, the Board can adjust the budget to meet the needs of the organization. The new shelter was completed in 2000, and in the transition, process a number of pressing capital needs became apparent, including computer hardware and replacement of the old and antiquated phone system. Further research by the auditor would have revealed there was virtually no field time lost in 2000 because of the age of the vehicles.

Paragraph Five: Training

Unfortunately, the auditor has taken limited information from a very broad General Ledger account, and has drawn an erroneous conclusion about training for field staff. This account is labeled Education and Meetings on our general ledger. It is true that training of field staff makes up just a part of this budget line. Besides staff training, it includes all the expenses of the Board of Directors, including the board's annual retreat, the staff's annual retreat, the volunteer recognition banquet, and the annual meeting of the members of the Humane Society. The auditor is correct in stating these costs are not funded by Pierce County. However, the auditor's conclusion is misleading. The auditor has not reviewed our in-house training program and does not provide comparative data to show how our training expenditures compare with similar organizations.

Cost Allocations: Animal Control and Non-Profit Activities

Many non-profit organizations struggle to make a clear distinction between the nonprofit side of an organization and governmental contracting side. This is not a problem at our organization, having successfully accomplished this for over 60 years. We know exactly what our mission is. "To protect animals and promote the well being of animals and to foster positive relations between animals and people." Providing enforcement of animal ordinances fits within the Society's mission. We cannot provide government contract services that must be subsidized by other parts of the organization. See Policy 98-1 in the Appendix 9.

Page 19, Paragraph One: Allocations

“Animal Control is defined through the accounting system to include virtually everything that occurs in field services and at the shelter regarding animals.”

While partially correct, this statement is misleading. The statement would be correct as follows: “Animal control is defined through the accounting system to include virtually everything, **provided as a contract service**, that occurs in field services and at the shelter regarding animals.” The Humane Society spends hundreds of thousands of dollars on Humane Programs, Humane Education, spay-neuter assistance and other charitable functions not funded by contract nor related to contract service.

Page 19, Paragraph Two: Allocations

The auditor seems surprised that the people providing the contracted services of animal care and control should have their salaries charged to animal control. There appears to be some inaccuracy whether the auditor understands that shelter services are part of the contract with Pierce County.

Page 19, Paragraph Three: Allocations

“One implication of the salary allocations is that the Humane Society would not have to provide a shelter, field services, animal health care, janitorial service, or 95% of its customer service if it were solely a private nonprofit organization.”

Unfortunately, that is a very simplistic assumption. As long as contracted services fully occupy the shelter staff, field staff, medical staff, janitorial staff and 95% of the customer service staff, it is appropriate to charge their salaries to contracted services. If we decide to not provide contracted services, the Humane Society will allocate its people, and their salaries in another manner.

Page 19, Bullet, bottom of:

The auditor found that *“The summary of contract costs includes 100% of the expenses in the Animal Control programs that are listed in the detailed profit and loss statements.”*

Of course: when computing unit costs for such things as officer field hours, licenses, and animal care, reasonable standards of accounting require that all related expenses be included.

Page 20: Donations

This page focuses mostly on the Humane Society’s handling of donations. The auditor makes the correct observation that we do not and cannot offset Pierce County’s Animal Control costs with donations made to The Humane Society. Donations are made to support the charitable work of The Humane Society. Contracted service for Pierce County does not include charitable work. Therefore, using such funds to defray animal control costs would be contrary to the intent of the donors, and violate non-profit law and our own bylaws. Bill Garrett, Executive

Director of the Atlanta Humane Society, concurs saying “AHA appears to think that non-profit revenue (adoptions, incoming donations, sales of supplies, etc.) should offset expenses of providing animal control contracted services. In my opinion, this is a strict “no-no” and I am surprised it would even be seemingly suggested.” Please see Appendix 10. If Pierce County wishes to defray contract costs with donations, it’s up to the County to seek such donations.

Page 20, Number Three:

The auditor comments that salaries seem high in Euthanasia and the Crematory and Animal Disposal departments. This is partially correct. The Humane Society, as noted earlier, requires its Field and Kennel staff to perform services in other sub-departments including Euthanasia, Crematory, and Animal Disposal. These departments fall under the “umbrella” of Kennel. To more accurately reflect costs within these departments, the salaries of staff are allocated to the departments they benefit based on estimates of the amount of time they spend there. Regardless of how or where salaries are allocated here, the overall costs for the Kennel are correct. Salaries for Euthanasia are in line because normally there are five field staff person-hours spent here each day. Second, we recognize that Kennel staff salaries allocated to Crematory and Animal Disposal is high and pointed this out in discussions with the auditor. The flip side is, staff salaries allocated to other departments within the Kennel are low. However, when taken as a whole, the overall salary amount for Kennel is correct and there is no adverse effect to the County. With the implementation of a simplified chart of accounts beginning January 2002 the Euthanasia, Crematory, Disposal, and Adoption departments will be eliminated and their revenue and expenses will be recorded under one department, Kennel.

Page 20, Number Four:

The auditor points out that sales from our store are not used to offset costs for the County. Rightly so, since purchases for the store are not posted as costs to the County, either. The store, managed almost entirely by volunteers, is part of the Humane Programs Department. It has no impact on the cost of Animal Control. What may be confusing the auditor is the purchase of \$2,327.55 for collars and leashes for the adoption program. This purchase represents collars and leashes that are given away as part of the adoption packet for new pet owners. It has nothing to do with the store. The \$31,080.00 from adoption fees for already-altered animals is used to defray costs of the spay/neuter program, a non-contract funded program. Please see exhibit # in Appendix 11.

Page 20, Number Five:

The auditor states, *“The Humane Society has received restricted donation(s) that can be used only for cruelty investigations. In 2000, \$34,696.00 of these funds were released for cruelty investigations, but only \$2,779.00 was counted as offsetting revenue to the contracts.”*

Please note, the Humane Society has **not** physically received these funds. The \$34,696.00 is an entry made by our accounting department, and does not represent the receipt of any cash. The accounting entry reflects funds that will be held in trust until 2006. Copies of the bequest are in Appendix 12.

Page 21, Paragraph Two: Contract Cost Calculations

“This cost allocation procedure does not have to be considered here because the statement of total contract expenses is questionable...”

There is no substantiation for this comment. The Humane Society has a financial audit every year and we received a “clean” opinion for the year 2000. A copy of our audited financials was made available to the audit committee.

Page 21, Paragraph Two:

“...The Humane Society did not provide all the requested information needed to complete the analysis”.

Every document requested was provided. We are unaware of any information that was denied the auditor when properly requested. The only information not provided was specific management reports prepared for the other jurisdictions. There was an understanding from the beginning of these were outside the scope of the audit. However, this information was available through the individual municipalities at the auditor’s request.

Page 21, Bullet Number One:

The auditor states, *“The salaries, benefits, administrative overhead, and depreciation and financing charges attributed to the individual programs are allocations.”*

This is true. Salaries and related benefits for many Animal Control staff benefit several departments within Animal Control. If we didn’t allocate their salaries and benefits to the departments they benefit costs would be understated in some departments and overstated in others. The same is true for administrative overhead, depreciation, and finance charges. These expenses benefit the whole organization and are not directly identifiable to any one specific department. Therefore, these expenses must be allocated in a systematic manner as they are in most organizations.

Page 21, #12: Recommendation

“Pierce County should review and discuss the cost allocation system with the Humane Society, since it is essential to understand the allocations before deciding which costs the county wishes to support in its contract.”

AGREE. We think it would be beneficial for both organizations to come together and discuss the costs associated with the contract for animal services. One of the Humane Society’s

frustrations has been the lack of a contact person at Pierce County with who we can discuss goals, objectives and the costs of our services.

Page 22 AHA lists three options available to Pierce County regarding animal services:

These alternatives have always been available to the County. The Humane Society believes the citizens and animals of Pierce County are best served if the County carefully considers the options, selects what it considers the best option, **and gets fully behind it**. The Humane Society can help the County evaluate the feasibility and cost of each option.

Page 22, #13: Contract for Services

“The contract for services between Pierce County and the Humane Society should define Animal Control and include annual objectives, specific service priorities, performance standards, specific reporting requirements, and other provisions to improve the quality of services.”

AGREE. The Humane Society is willing to meet with County staff regarding all the points in this recommendation, and their proportional costs.

Page 22, #14: Contract Appropriations

“Appropriations to the Humane Society should not be increased until Pierce County and the Humane Society agree on what is to be achieved under a new contract and develop a means of ensuring accountability.”

DISAGREE. For many years, Pierce County has benefited from contracts that did not cover the basic cost of service by the Humane Society. The Humane Society is willing to work with County officials to determine desired outcomes and accountability. The County must understand that the Humane Society cannot continue to enter into deficit agreements.

Appendices Performance Audit 2001

1. Letter from Ken Fortner of Chameleon Software
2. Summary of Recent Training
3. Calls Received, Dispatched and Completed, June 18-20, 2001
4. Incoming Call Response Times
5. 2001 Sample Animal and Service Reports
6. Breakdown: Potentially Dangerous Dog Investigations
7. Long Range Plan, 2000, Page 11
8. Long Range Plan Exceptions
9. Policy 98-1
10. Copy of Letter from Bill Garrett, Executive Director, Atlanta Humane Society
11. 2000 Account Activities for Sales- Collars and Leashes, Sales- Miscellaneous,
and Sales- Altered S/N.
12. Stipulated Court Order Regarding Charles L. Parker Trust, money to be used for
the investigation of cruelty to animals.

Copies of Appendix 1 – 12 can be obtained from The Humane Society by calling Lisbeth Wheelehan at (253) 284-5831

Copies of the appendices are also available from the Pierce County Performance Audits office, (253) 798-4927