FOLLOW-UP: INTERNAL AUDIT OF THE

- **PROGRAM RECORDS MANAGEMENT**
- **REGION 4 OFFICE – MT. PLEASANT**
- **INFORMATION SYSTEMS -BUSINESS CONTINUITY**

AS OF AUGUST 24, 2017

AT THE

TEXAS ANIMAL HEALTH COMMISSION

(REPORT NO: TAHC 017-003)

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 reviewed the status of our internal audit recommendations related to the following as of August 24, 2017:

- Internal Audit of Program Records Management (Report Dated: April 3, 2015)
- Internal Audit of Region 4 Office – Mt. Pleasant (Report Dated: July 30, 2015)
- Internal Audit of Information Systems – Business Continuity (Report Dated: August 26, 2015)

The accompanying schedules summarize our original findings and recommendations, current status, and remarks.

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

Monday Rufus & Co., P.C.

August 24, 2017
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 (USDA) to assure proper tracing of movement of exposed and infected animals to determine the origin of infections and minimize the transmission of disease.

Region 4 Office – Mount Pleasant

There are eight region offices in Field Operations. The Region 4 Office (Region) is located in Mount Pleasant, Texas and is staffed with the Region Director, Supervising Inspector, Inspectors, and 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.

Program Records Management

Program Records Management staff consist of individuals who receive, input into databases, and maintain records necessary to document specific state and federal disease eradication program activities; process documents affecting herd or flock status and documents related to quarantines or releases; perform data entry; provide interstate entry permits on premovement authorization for entry of animals into the state, such as the E-permit which states the conditions under which movement of the animals may be made, providing any appropriate restrictions and testing requirements after arrival; and certificate of veterinary support. Program records include, but are not limited to:

- developing and maintaining data and records systems required for disease program standards;
- performing data entry so that data may be analyzed to monitor the accuracy and efficiency of the agency's disease management and eradication activities;
- managing records for the Fowl Registration program, Fowl Surveillance Program, Waste Food Feeder Registration, and Feral Swine Holding program;
- supporting records management functions for various Herd Status programs that include the Accredited Bovine Tuberculosis Free Herd, Bovine Brucellosis Certified Free Herd, Validated Swine Brucellosis Free Herd, Qualified Pseudorabies Negative Swine Herd programs, CWD Herd Status Plans for Cervidae and Trichomoniasis Free Herd status for cattle;
- monitoring and compliance for quality and completeness of data on interstate health certificates;
- issuing and monitoring Texas entry permit programs for domestic and exotic animals and fowl entering Texas from other states; and
- entering data such as animal identifications, owner information, health certificates, and test results from slaughter charts into the USDA database.

Information Systems – Business Continuity

Continuity of Operation Plan (COOP) is an overall approach to providing alternative paths in support of critical business processes in the event of an emergency, disaster, or other disruption. This is an enterprise-wide view of what needs to be done to continue in business despite a risk coming to fruition. In essence, the job of the COOP is to ensure business functions can operate during and after a disaster or other contingency, and then to minimize recovery time to reach normal operations. The focus is on total business survival, not just Information Technology. However, the overall plan must include consideration of information systems and telecommunications network requirements. This aspect of COOP is usually handled separately and referred to as Information Technology Continuity of Operations plan (IT COOP). As a result, our internal audit covers the COOP and IT COOP.

A good Information Technology Continuity of Operations plan must take into account all types of events impacting both critical information systems processing facilities and end user normal business operation functions. Examples of disasters are: External (such as terrorism and sabotage); Internal (such as employee misdeed, fraud, and accident); Inherent (fire, flood, tornado); and Environmental (power outage or no telephone service).

Not all critical disruptions in service are classified as a disaster but still are of a high-risk nature. For example, disruption in service is sometimes caused by systems malfunctions, accidental file deletions, network denial of service instructions and viruses. These events may require action to be taken in order to recover operational status. Such actions may necessitate restoration of hardware, software, or data files. Therefore, a well-defined risk-based classification system needs to be in effect to make a determination to initiate business continuity planning efforts.

At a minimum, the following situations will require the activation of the COOP when:

- The resumption of mission critical automation activities is the primary issue.
- Any event prevents access to the building and where personal safety is the primary issue and mission critical automation activities is the secondary issue.

To ensure that the COOP is complete and workable, agency personnel must be trained, and the plan must be tested. Staff assigned to business continuity teams need training which focuses on their particular roles. The plan needs to be tested to ensure successful recovery in the event of a disaster.

Internal Audit Results

The scope of this internal audit follow-up was limited to following up on the findings and recommendations included in the following:

- Internal Audit of Program Records Management (Report Dated: April 3, 2015)
- Internal Audit of Region 4 Office – Mt Pleasant (Report Dated: July 30, 2015)
- Internal Audit of Information Systems – Business Continuity (Report Dated: August 26, 2015)

Appendix 1 (Program Records Management); *Appendix 2* (Region 4 Office – Mount Pleasant); and *Appendix 3* (Information Systems – Business Continuity) summarize and provide the status and steps taken by the management of the Commission to the recommendations made in these reports.

Entity: Texas Animal Health Commission
Project: Follow-up on Program Records Management- (Original Report April 03, 2015)

FISCAL YEAR: 2017

PRIOR FINDINGS/RECOMMENDATIONS (issued by the prior Internal Auditor)	CURRENT STATUS	AUDITORS' REMARKS

Finding 1: Management Should Complete Policies and Procedures For Inclusion of E-Permits Required Animal Movement Verification Dates
 	
Criteria:
    Rule §51.1, Chapter 51.1 of the Texas Administrative Code describes the E-permit as a premovement authorization for entry of animals into the state by the commission. The E-permit states the conditions under which movement may be made, and will provide any appropriate restrictions and test requirements after arrival. The permit is valid for 15 days.
    The commission Regional Offices inspectors are required to verify the movement of the animals listed on an E-permit within 30 days.
 	
Condition:
    One hundred fifty-four (154) of the total 2,324 E-permits processed for the period from 09/01/2013 through 12/31/2014 did not have any information in the E-permits *Verification Date / No. of Heads* or *Disposition /Comments* sections of the E-permit form. By the E-permit sections being left blank, it is not known when the animals listed on the E-permits were moved, whether the same number of animals were moved, or whether the movement of animals was changed or canceled.
 	
Cause: The Commission has not completed policies and procedures for the state region offices to follow in completing and ensuring that all required information is included in the E-permits.
 	
Effect:
    The Permit Tracker System (PTS) is used to collect information on the number of animal movement records processed, including all
	I	Auditors obtained from TAHC management documentation regarding the new features which had been added to the Permit Tracker Report system and new instructions which had been sent out to the region offices regarding information to be included in E-permits during verification of animal movement.
		
		The Permit Tracker Report system can also provide the Program Records Management with custom reports to monitor the status of E-Permits being verified by region offices.
		
		Auditors randomly selected 10 E-permits from a region office Permit Tracker Report and tested for compliance with the new Permit Tracker Report system features and instructions sent to the region offices.
		The E-permits tested had all the required information with no exceptions.
		
		No further work is deemed necessary in this area at this time.

interstate entry permits issued and verified by Commission personnel. The accuracy on the actual number of animals moved, date of arrival, and animals verified are unknown if the E-permits are not completed when inputted into the Program Tracker System database. Recommendation: Management should complete the policies and procedures for the region offices inspectors to follow regarding the required information needed on the E-permits and inputted into the Permit Tracker System database. ***Management's Response:*** *The Commission will create and implement policies and procedures for the region offices inspectors to follow regarding the required information needed on the E-permits and inputted into the Permit Tracker System database.*		

I = Implemented   P = Partially Implemented   N = Not Implemented

Appendix 2

Entity: Texas Animal Health Commission
Project: Follow-up on Region 4 Mt. Pleasant- (Original Report July 30, 2015)

FISCAL YEAR: 2017

PRIOR FINDINGS/RECOMMENDATIONS (issued by the prior Internal Auditor)	CURRENT STATUS	AUDITORS' REMARKS
Finding 1: Data Entry Into The Profiler System is Not Being Independently Verified *Criteria:* Data entry into the Surveillance Cooperative Services system and Profiler System should be independently verified by an independent person to ensure the accuracy, reliability, and integrity of the data. *Condition:* Data entered into the Profiler System by the administrative assistants is not being verified by an independent person at the Region 4 Office. *Cause:* There is no system for independent verification of data entry into the Profiler System. *Effect:* The reliability of the information being submitted may be impacted due to the lack of independent verification data entered. Recommendation: Management should incorporate a process for an independent person to verify Profiler System data entry similar to the current process used to independently verify SCS system data entry. ***Management Response*** *The Data Accuracy Monitoring (DAM) Report will be applied for information being reported in Profiler. There were 281 permits for verification in Region 4 and 25 sampled and two of those exceeded the*	N	Auditor inquired about the implementation status of this recommendation. Management of the Region indicated that they are in the process of implementing this recommendation and that progress has slowed due to budget constraints. As stated in our original finding, the reliability of the information into the Profiler system could be impacted when there is no independent verification of data entry. As a result, we encourage the management of the Region Office to make concerted efforts to ensure swift implementation of our recommendation.

timeframe of 30 days. That was a work load issue with a specific individual for both permits and has been addressed.		
Finding 2: E-permit Verification Compliance Process Should Be Enhanced

Criteria:

E-Permits are issued by the Program Records Department at the Commission's Central Office and forwarded to the Region 4 Office to verify arrival of the animals and are recorded in the Permit Tracker Report. E-permits are required to be verified by inspectors 30 days after being issued. There were 281 E-Permits issued and forwarded to the Region 4 Office for verification in fiscal year 2014.

Condition:

Two (2) E-permits (P33R1, P63R1) of the 25 E-permits tested were verified by inspectors after 53 and 50 days, respectively, from the date the E-permits were issued.

Cause:

Verification or determination of the E-permits status was not determined until after the 30th day after the E-permits were issued by the Commission.

Effect:

Status is unknown on the number and movement of the animals authorized to be moved according to the E-permit issued by the Commission. There also appears to be noncompliance with TAC, Chapter 51-Entry Requirements.

Recommendation:
Region 4 Office should institute controls to ensure compliance with the Texas Administrative Code (TAC), Chapter 51 – Entry Requirements. Inspectors should document the status of each E-permit by the end of the required 30th day in the E-permits *Verification Date / # of Heads* section if verified, and in the *Disposition/Comments* section a comment on why the E-permits are still pending verification after the 30th day. | **P** | Auditors obtained the Permit Tracker Report from the Region 4 Office for the period of 01/01/2017 to 06/30/2017 to test E-permits for compliance with the audit recommendations made in the original audit report. There was a total of 167 E-permits with 158 E-permits reported as *verified* and 9 E-permits reported as *not verified* for the 6 month period.

Five (5) *verified* E-permits were randomly selected for testing to determine if they had been timely verified and all required information and signatures had been included when verified.

Five (5) E-permits which were *not verified* as of 06/30/2017 were randomly selected for testing to determine if they were verified within 30 days after issuance. Auditors noted that of the 5 unverified E-permits, two (2) had Hold Orders with the other three (3) requiring timely verification. As of August 24, 2017, all three E-permits had been verified. One of the three E-permits was not verified in a timely manner, and the other two were timely verified but not entered into the Permit Tracker System. This affects the integrity of the Permit Tracker Report. We encourage the management of Region 4 Office to continue to make concerted efforts to ensure verification of E-permits and updating of the Permit Tracker System in a timely manner. |

Management's Response *There were 281 permits for verification in Region 4 and 25 sampled and two of those exceeded the timeframe of 30 days. That was a work load issue with a specific individual for both permits and has been addressed.*		

I = Implemented   **P** = Partially Implemented   **N** = Not Implemented

Appendix 3:

Entity: Texas Animal Health Commission
Project: Follow-up on Information Systems- Business Continuity- (Original Report August 26, 2015)

FISCAL YEAR: 2017

PRIOR FINDINGS/RECOMMENDATIONS (issued by the prior Internal Auditor)	CURRENT STATUS	AUDITORS' REMARKS
Finding: Ensure That TAHC update the alternate site memorandum of understanding for currency **Criteria** By August 31 of each year thereafter, review and update plans to ensure contact lists, responsibilities, Memorandums of Agreement/Memorandums of Understanding (MOU), and procedures remain current and valid, in accordance with the Texas State Agency Continuity Planning Policy Guidance Letter dated October 24, 2013 signed by the Executive Directors of the Texas Department of Public Safety, Texas Department of Information Resources, and State Office of Risk Management; and sent by the Texas Department of Public Safety to all the agency heads. **Condition** The TAHC has not updated their alternate site Memorandum of Agreement/Memorandum of Understanding (MOU) as required by the Continuity Planning Crosswalk, Texas legislative requirements and FEMA guidance. According to the document provided by the commission, the last MOU update was done in 2013. **Cause** There is the lack of control to ensure that the MOU is updated. **Effect** Because the MOU is not updated annually, the alternate site agreement may change without the knowledge of TAHC. This will adversely impact the TAHC should there be a disaster.	I	Auditors inquired of management about the implementation status of our recommendation. Obtained and reviewed the updated Memorandum of Understanding related to the alternate site. Based on the results of our recommendations, it appears management has implemented our recommendation. No further work is deemed necessary in this area at this time.

Recommendation We recommend that TAHC update their MOU and their contact list annually to ensure the agreement remains current and valid. ***Management Response*** *The TAHC had a Memorandum of Understanding with the Texas Racing Commission for the purpose of being an alternate site location should one of the agencies be hit by a disaster affecting the computer infra-structure. The TAHC is developing a new MOU with another agency and will update it annually.*		

I = Implemented   **P** = Partially Implemented   **N** = Not Implemented

Appendix 4

Objective and Scope

Objective

The objectives of this internal audit follow-up were limited to following up on the findings and recommendations included in the following:

- Internal Audit of Program Records Management (Report Dated: April 3, 2015)
- Internal Audit of Region 4 Office – Mt Pleasant (Report Dated: July 30, 2015)
- Internal Audit of Information Systems – Business Continuity (Report Dated: August 26, 2015)

Scope

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

Methodology

The internal auditor contacted the applicable Texas Animal Health Commission's management regarding the respective audit follow-ups to determine the current status of the prior audit findings, recommendations, and corrective action(s) taken by management.

Information collected and reviewed included the following:

- Original Audit Reports for:

  - Internal Audit of Program Records Management (Report Dated: April 3, 2015)
  - Internal Audit of Region 4 Office – Mt Pleasant (Report Dated: July 30, 2015)
  - Internal Audit of Information Systems – Business Continuity (Report Dated: August 26, 2015)

- Review of other pertinent reports and documents

Procedures and tests conducted included the following:

- Inquired about corrective actions taken by management for each report.
- Reviewed corrective actions taken by management for each report.
- Discussed the original report findings and the current status with the applicable division head.

Criteria Used included the following:

Program Records Management:

- Texas Agriculture Code, Chapter 161 through Chapter 168
- Texas Administrative Code (TAHC Rules)

- TAHC Program Records Section Permits Policies and Procedures

- Commission's Website

Region 4 Office – Mount Pleasant

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

Information Systems – Business Continuity

- 80th Texas Legislature, Senate Bill 908
- Guidance letter dated October 24, 2013 signed by the Executive Directors of the Texas Department of Public Safety, State Office Risk Management, and Texas Department of Information Resources and sent by the Texas Department of Public Safety to all Agency Heads
- Continuity Plan Crosswalk for Texas State Agencies
- 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.*

Appendix 5

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.

Appendix 6

Report Distribution

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

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