



# Legislative Post Audit Performance Audit Report Highlights

Highlights

The Board of Veterinary Examiners: Evaluating Issues Related to the Board's Management

## Report Highlights

September 2012 • R-12-009

### **Audit Concern**

Legislators have expressed concerns about recent personnel actions taken by the board and how they affected the board's management.

### **Other Relevant Facts for Question 1**

*The Board of Veterinary Examiners is responsible for licensing veterinarians and veterinary clinics. Additionally, the board determines whether a veterinarian has violated the Veterinary Practice Act.*

*The board employs three full-time staff: a director, an inspector, and an administrative assistant*

*The director began taking a small number of furlough hours in 2005. However, from August 2010 to March 2011, the director only worked an average of 18 hours per pay period.*

*In addition, the director voluntarily reduced his salary by 14% so the agency's two staff could have pay raises of 10% and 21%.*

**AUDIT QUESTION 1:** *Have recent personnel actions taken by board staff been appropriate?*

### **AUDIT ANSWERS and KEY FINDINGS:**

- In fiscal year 2011, the board authorized two unconventional personnel actions.
  - Starting in August 2010, the board allowed the agency director to take almost 1,000 furlough hours during a seven month period.
  - At the director's request, the board reduced his salary to give his two employees significant raises.

#### **Findings Related to the Director's Furlough**

- The director's furlough was not appropriate for several reasons:
  - The furlough was not expressly allowed by state law because regulations only allow for furloughs for classified employees (the director is unclassified). In 2004, Department of Administration staff inappropriately applied classified employee furlough regulations to the director.
  - The director did not submit a new furlough plan to the Department of Administration before increasing his furlough hours in fiscal year 2011.
  - Our analysis does not support the director's claim that his furlough was necessary because of budget problems.
  - The oversight board approved an open-ended and poorly defined furlough.
- The director's fiscal year 2011 furlough coincided with a second job in the veterinary field.
  - The director's second job was in the veterinarian field but he did not seek a formal opinion from the Governmental Ethics Commission about possible conflicts of interest because he did not think he had any conflicts.
- The furlough's fiscal impact on the state was relatively small.
  - The director received \$33,000 less in pay during the furlough. However, the director earned three additional weeks of leave because of the Department of Administration's decision to extend furlough provisions to the director.
  - The director's retirement benefits may be reduced by his furlough, but his health insurance was not affected.

#### **Findings Related to Salary Changes**

- The second personnel action related to agency staff pay changes appeared to have been approved appropriately. The director voluntarily accepted a pay reduction so the agency's two staff could receive pay increases.

**Audit Question 2: Is the Board of Veterinary Examiners being adequately managed?**

**AUDIT ANSWERS and KEY FINDINGS:**

- The staff were inadequately managed while the director was on furlough in 2010 and 2011.
  - This was largely because in such a small agency the director could not delegate his supervisory responsibilities to another staff person, nor could he delegate his role as agency director.
  - The staff generally functioned well while the director was on furlough, but some problems did arise with inspections and complaint investigations.
  
- The agency's cash handling process is poorly designed and inadequately supervised, putting the agency at risk for fraud or abuse.
  - The administrative assistant is responsible for all aspects of cash handling and writes personal checks for any actual cash the agency receives.
  - The director does little to oversee the cash handling process, which compounds the risk for fraud.
  - Although the agency is at high risk for fraud, we did not find evidence of actual fraud.
  
- The agency's inspection process has a number of deficiencies and appears superficial.
  - The agency's inspection process does not follow best practices or meet all regulatory requirements.
  - The agency's inspections appear to be conducted quickly and rarely find non-compliance issues.
  - The significant workload of the inspector may contribute to inspections being conducted so quickly.
  - A number of inspections were not conducted every two years in accordance with the agency's practice.
  
- The agency lacks written policies and procedures and does not maintain appropriate management data.

**SUMMARY OF RECOMMENDATIONS**

**Recommendations:**

- The board should stop accepting cash payments, address the weaknesses in the inspection process, and develop a written policy and procedure manual.
- The Department of Administration should end the practice of extending furlough protections to unclassified employees.

**AGENCY RESPONSE**

- The Board of Veterinary Examiners and the Department of Administration concurred with our findings.

**HOW DO I GET AN AUDIT APPROVED?**

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the Division must be approved by the Legislative Post Audit Committee, a 10-member committee that oversees the Division's work. Any legislator who would like to request an audit should contact the Division directly at (785) 296-3792.

**Other Relevant Facts for Question 2**

*The agency's single inspector conducts between 300 and 400 inspections per year, and covers the entire state. The inspector also assists the director and contracted litigation counsel with about 50 complaint investigations a year.*

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