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OFFICE OF THE STATE COMPTROLLER

January 18, 2008

Mr. Patrick Hooker
Commissioner
New York State Department of Agriculture and Markets
10B Airline Drive
Albany, NY 12235

Re: Report 2007-F-32

Dear Mr. Hooker:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution; and Article II, Section 8, of the State Finance Law, we have followed up on the actions taken by officials of the Department of Agriculture and Markets to implement the recommendations contained in our audit report, *New York State Cattle Health Assurance Program* (Report 2004-S-25).

Background, Scope and Objective

The Division of Animal Industry (Division) of the Department of Agriculture and Markets (Department) seeks to detect, control, and eradicate communicable diseases in food- and fiber-producing animals. The spread of disease can have serious implications for cattle and their production of both milk and meat, for the people who would consume their milk or meat products, and for the dairy and beef cattle industry in New York State (State). In 1997, the Department developed the New York State Cattle Health Assurance Program (NYSCHAP). The objectives of NYSCHAP are to increase herd health, productivity, and profitability; to assure food safety, public health, and consumer confidence in dairy and beef products; and to promote environmental stewardship.

This voluntary program uses a team made up of a producer (farmer), either a NYSCHAP-certified veterinarian or a State field veterinarian, and the herd veterinarian to educate farm owners and employees about how to reduce the risk of disease spreading to and among farm animals. The NYSCHAP team prepares a herd plan that contains the farm's demographics (e.g., herd size); production statistics, goals, and objectives; and specific tactics that the farm can implement to reduce the introduction and spread of disease. The herd plan can be used to determine whether the farm is making progress during subsequent annual reviews conducted by either a State field veterinarian or a NYSCHAP-certified veterinarian. Department records show that 1,237 farms were enrolled as of September 30, 2007. Twelve State field veterinarians and 21 private NYSCHAP-certified veterinarians work on the NYSCHAP program. In addition, a NYSCHAP Coordinator is funded under a contract with Cornell University.

NYSCHAP activities involve the tracking of animals and, in some cases, the testing of animals for disease, targeting specific diseases that affect cattle. The program is organized into the following nine modules: core, herd expansion, beef quality, cattle wellness certification, and five disease modules. Farms are required to participate in the core module and can also sign up for additional modules based on their risk areas. Each module focuses on an area of risk, and includes farm management practices that can reduce the introduction and spread of disease on the farm. For example, a core module practice is to avoid contaminating feed with manure by handling each material with separate equipment. Disease module practices include separating sick animals from healthy ones, and not mixing newborn calves with older animals that may be carrying disease but do not show symptoms.

Our initial audit report, which was issued on July 7, 2005, examined whether the Department has established performance measures for the NYSCHAP, including systems to monitor performance, and has taken steps to maximize farmer participation in NYSCHAP. Our initial report identified a number of factors that indicated that the program is beneficial, but had neither established quantifiable program measures nor implemented systems for tracking program data and providing management reports on the program's activities, status, or results. We further identified the need for systems to track and schedule annual reviews and to document outreach activities and their results. The objective of our follow-up audit, which was conducted in accordance with generally accepted government auditing standards, was to assess the extent of implementation as of December 5, 2007, of the eight recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that Department officials have made substantial progress in correcting the weaknesses we identified. Of the eight prior audit recommendations, six recommendations have been implemented, and two recommendations have been partially implemented.

Follow-up Observations

Recommendation 1

Develop quantifiable performance measures for assessing program progress.

Status - Implemented

Agency Action - The Department established a goal for new enrollments of 5 percent of current active enrollments. The Department also established a comprehensive system to measure the performance of enrolled farms. The system includes 43 different metrics to measure 3 farm indexes - farm production, prevention practices, and health-based - on industry standards and input from industry experts. For example, a production metric is pounds of milk per cow per day, and a prevention practice metric is whether the producer has treatment records for each cow. Points are either awarded or deducted based on how actual performance compares with targeted values. The three indexes are used to compare a farm's performance against results for the prior year and to determine where practices on an individual farm could be improved.

Department officials have not set an overall index number of good or poor performance for a farm because they believe that such a number would be misleading due to the many factors that could affect a farm's performance. The Department also has a goal of performing

annual reviews on each farm. Additionally, the Department has an annual NYSCHAP Strategic Plan, which identifies program goals and objectives that are reported quarterly to the Deputy Commissioner.

Recommendation 2

Implement a system for monitoring program performance against established performance measures.

Status - Implemented

Agency Action - The Department developed a database to track enrollment against the goal of 5 percent new enrollments. In addition, there is a process to monitor the completion of annual reviews, which are required to be done every 12 to 14 months. The Department has also developed a data warehouse used by several programs within the Division of Animal Industry, including NYSCHAP. The results of the annual farm reviews are captured electronically by the veterinarian in an application referred to as ViaHerd. The NYSCHAP section of the data warehouse is used to capture and track information on the annual farm reviews, the farm metrics, and herd demographics such as herd size and type of herd, and is available to the State field veterinarians and the NYSCHAP Coordinator electronically. Lab results, which are already available on-line to the producers and veterinarians, are expected to be incorporated into the warehouse by Fall 2008. We observed a demonstration of the data warehouse and the ViaHerd application, which showed how the information is captured by the veterinarians and the ability of the system to query on a specific farm, to compare a farm with itself over time, with farms of similar size, or with farms within the same county or in the State. The warehouse also has a comprehensive menu of reports to obtain results. The query functions are not fully complete, but the Department anticipates completion in Fall 2008.

Recommendation 3

Ensure that annual reviews are completed promptly by developing and implementing a system for tracking the scheduling and completion of annual reviews.

Status - Implemented

Agency Action - The NYSCHAP Coordinator is responsible for monitoring whether annual reviews are completed within 10 to 14 months of the prior visit. The Coordinator tracks and monitors the annual reviews in an Access database at the New York State Animal Diagnostic Center. The Coordinator sends a monthly report of the herds due for annual reviews in the near future and overdue annual reviews to the NYSCHAP veterinarians and their supervisors. This function will be incorporated into the NYSCHAP ViaHerd application. We reviewed the September 30, 2007, annual review report, which showed that, for 909 farms, 84 percent were complete and about 16 percent (145) were overdue, an average of about 4 reviews per veterinarian.

Recommendation 4

Perform an analysis of farms that have not received the required annual review of herd plan progress. Determine why the reviews were missed, and take appropriate corrective action.

Status - Implemented

Agency Action - As noted in recommendation 3, the NYSCHAP Coordinator sends a report of overdue annual reports to all NYSCHAP veterinarians and their supervisors. The Coordinator communicates frequently with NYSCHAP veterinarians to determine reasons for overdue visits. If the Coordinator is unable to resolve the overdue reviews, the supervisor is contacted. Department officials told us that the reason for an overdue annual review is often due to a cancellation or difficulty in scheduling three or more parties (farmer, private herd veterinarian, NYSCHAP veterinarian) to complete the review on time.

We also asked the Coordinator why the reviews were late for five NYSCHAP veterinarians, including three State and two NYSCHAP-certified veterinarians. We found that the Coordinator was familiar with and able to explain the reasons. For example, one veterinarian has additional farms because a NYSCHAP-certified veterinarian left the program; another has many farms over a large geographic area; a third has had difficulty scheduling the private herd veterinarians for reviews; and a NYSCHAP-certified veterinarian was behind due to efforts to set up a new practice. The Coordinator and a State field veterinarian met with the remaining NYSCHAP-certified veterinarian and found that some of the farms are no longer active in the program and stressed the importance of scheduling visits and keeping records up to date.

Recommendation 5

Develop formal implementation plans that include enrollment and outreach activities intended to enhance the program's future growth and development.

Status - Partially Implemented

Agency Action - An annual NYSCHAP Strategic Plan identifies the goals and objectives of the program that are measurable. The status of the NYSCHAP goals is reported quarterly to the Deputy Commissioner. Information included in the various documents provided by the Department does not include estimated implementation dates and comparison with actual implementation dates. Department officials indicated that implementation dates are contingent upon available funding and other priorities that emerge during the year. Department officials responded they have hired a veterinarian to implement outreach training events. In addition, the veterinarian will work with the NYSCHAP Coordinator to ensure that resources to support program participation are developed and maintained.

Recommendation 6

Determine the resources the program needs to address increases in its workload by implementing a system for tracking and analyzing farm enrollment data.

Status - Partially Implemented

Agency Action - The NYSCHAP Coordinator maintains enrollment data on the Animal Health Diagnostic Center database. The farm enrollment data is analyzed yearly by the number of new enrollments per year, the cumulative enrollments since inception of the program in 1998, and enrollments by module. In addition, the NYSCHAP Coordinator tracks the number of active participants in the program per year. The Department's analysis shows that new enrollments per year peaked at 223 for calendar year 2001 and have leveled off to about 100 farms in both calendar years 2005 and 2006. During the 2 years and 9 months from January 1, 2005, to September 30, 2007, farm enrollment increased from 980 to 1,237 farms, an increase of about 26 percent. Although enrollment has increased, Department officials told us that they are very concerned that Federal funding for Johne's disease has been reduced from over \$1.3 million in 2004 to about \$282,000 in 2007. These Federal funds were used to support NYSCHAP program elements, including testing incentives and subsidies and herd development plan support. Officials also told us that State general fund support will be required to maintain the current level of participation. However, the Department's planning and budget documents did not address the resources necessary for program expansion such as additional NYSCHAP veterinarians, increased laboratory resources, and any other needed resources.

Recommendation 7

Implement a reporting system that will document the outreach activities more effectively, including those performed by Department and Cornell staff. Identify the activities that are most likely to reach NYSCHAP's target audience.

Status - Implemented

Agency Action - The NYSCHAP Coordinator maintains a spreadsheet of outreach activities that are conducted by Department and Cornell staff, including a description of the event, the date, the presenters, and attendance level, if known. The spreadsheet for the period August 2005 through September 2007 showed 113 NYSCHAP outreach activities. The events are generally targeted at producers, veterinarians, and educators. For example, there were events with producers such as Farm Bureau and Cornell Cooperative Extension meetings, meetings with veterinarian associations, and presentations at college and university veterinary classes.

Recommendation 8

Require that information contained on the two databases are subjected to regular reconciliation and correction.

Status - Implemented

Agency Action - The Department is in the process of phasing out the Animal Health Diagnostic Center (AHDC) database that is used by the NYSCHAP Coordinator. The information in the AHDC database will be incorporated into the ViaHerd database, which will be the only database for NYSCHAP. The test requests and results portion of the AHDC database has yet to be incorporated into the ViaHerd database. In the interim, a printout of the AHDC

database is provided to the Division of Animal Industry for reconciliation. The most recent reconciliation of the two databases was performed in June 2006. The 2007 reconciliation between ViaHerd and AHDC database is in process as of November 13, 2007.

Major contributors to this report were Stephen Goss and Deb Spaulding.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank the management and staff of the Department for the courtesies and cooperation extended to our auditor during our audit.

Very truly yours,

Robert Mehrhoff
Audit Manager

cc: Tracy Robbins, Director of Internal Audit
Lisa Ng, Division of the Budget
Carmen Maldonado, Audit Director