

September 2010

# ANIMAL WELFARE

## USDA's Oversight of Dealers of Random Source Dogs and Cats Would Benefit from Additional Management Information and Analysis



GAO

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## Why GAO Did This Study

For decades, the public has been concerned that lost or stolen dogs and cats could be used in research. The U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) is responsible for the licensing and oversight of dealers who provide animals for research. Random source Class B dealers—who generally obtain dogs and cats for research from individuals, pounds, and other dealers—have been the focus of this concern.

GAO was asked to determine (1) the number of random source Class B dealers, (2) the extent to which APHIS conducts inspections of these dealers and verifies their records, and (3) the costs associated with APHIS's oversight of these dealers compared to other types of dealers. GAO reviewed the Animal Welfare Act (AWA); APHIS regulations and guidance; inspection reports; agency data, such as "traceback" data used to verify dogs and cats are not lost or stolen; and interviewed and reviewed documents from agency officials and other stakeholders.

## What GAO Recommends

GAO recommends that USDA (1) improve its analysis and use of the traceback information it collects for random source Class B dealers and (2) develop a methodology to collect and track the oversight costs of each class of dealer and others APHIS inspects. USDA agreed with GAO's recommendations and noted specific actions it will take to implement them.

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## ANIMAL WELFARE

### USDA's Oversight of Dealers of Random Source Dogs and Cats Would Benefit from Additional Management Information and Analysis

## What GAO Found

As of July 2010, nine Class B dealers were licensed by APHIS to sell random source dogs and cats for research. This number has not changed significantly since fiscal year 2005 but declined from over 100 dealers in the early 1990s. Random source dealers sold 3,139 animals to research facilities from November 2007 to November 2008—equivalent to about 3 percent of the dogs and cats used in research in fiscal year 2008.

APHIS inspections have found numerous random source Class B dealer violations, such as the condition of animal housing and inadequate veterinary care, but APHIS has not completed all of its fiscal year 2009 tracebacks related to these dealers or analyzed traceback verification data to detect problems with the process. In reviewing all inspection reports for fiscal years 2007 through 2009, GAO found APHIS generally inspected, or attempted to inspect, each of these dealers at least four times a year, as directed. APHIS guidance directs inspectors to examine the condition of a dealer facility, examine the condition of the dogs and cats present, and review dealer records. Overall, 54 of the 156 inspection reports cited at least one dealer violation, and seven of the nine dealers had one or more violations. As of July 2010, several dealers were under further APHIS investigation due to repeated violations. To verify dealer records and help ensure dealers are not obtaining lost or stolen animals, APHIS attempted a total of 326 tracebacks in fiscal year 2009. Though APHIS has conducted tracebacks since fiscal year 1993, it did not compile traceback data until fiscal year 2009. As of June 2010, data showed APHIS successfully traced a dog or cat back to a legitimate source about 71 percent of the time. About 29 percent of tracebacks APHIS conducted during this period were either unsuccessful or had not been completed as of June 2010, as directed by agency guidance. Because APHIS does not analyze traceback data, it cannot systematically detect problems with tracebacks and take all available steps to ensure random source dealers obtain dogs and cats from legitimate sources. For example, without analyzing data, APHIS cannot know whether the same sellers or inspectors were consistently involved in late or incomplete tracebacks.

According to APHIS officials, the agency does not collect cost information specific to its oversight of random source Class B dealers, or to any other class of dealer it inspects. Officials also said the agency does not currently have a mechanism to determine these costs. Federal internal control standards call for agencies to obtain such information for program oversight. For example, APHIS inspectors do not record their time by specific oversight activity or class of dealer. Without a methodology to collect and track costs associated with the oversight of these dealers, and others APHIS inspects, APHIS management cannot identify trends or deficiencies requiring its attention. Furthermore, management cannot develop a business case to change its oversight program, if needed, to more effectively and efficiently use available resources.

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## Abbreviations

APHIS	Animal and Plant Health Inspection Service
AWA	Animal Welfare Act
USDA	U.S. Department of Agriculture

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United States Government Accountability Office  
Washington, DC 20548

September 24, 2010

The Honorable Blanche L. Lincoln  
Chairman  
The Honorable Saxby Chambliss  
Ranking Member  
Committee on Agriculture, Nutrition, and Forestry  
United States Senate

The Honorable Collin C. Peterson  
Chairman  
The Honorable Frank D. Lucas  
Ranking Member  
Committee on Agriculture  
House of Representatives

The Honorable Tom Harkin  
United States Senate

Many medical advances that enhance the lives of humans originate from animal studies. For decades, however, the public has been concerned that dogs and cats used in research could be treated inhumanely and that lost or stolen pets could be sold for research. Adding to this concern has been media attention focused on violations by a few dealers who obtained dogs and cats from sources such as pounds and shelters and sold them for research—known as “random source” dealers. For example, *Life* magazine published an article in 1966 about a Maryland dealer who provided random source dogs and cats for research and the inhumane conditions in which he kept his animals. This article helped build momentum for legislation to address this concern. In a more recent example, a 2006 television documentary on an Arkansas random source dog dealer vividly showed the harsh way in which this dealer treated his dogs.

Congress passed the Animal Welfare Act (AWA) in 1966 to protect animal owners from theft by preventing the use or sale of stolen animals.<sup>1</sup> As amended, AWA is also intended to ensure the humane treatment of all animals that are intended to be used in research facilities, kept as pets, exhibited to the public, or commercially transported, among other things.

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<sup>1</sup>Pub. L. No. 89-544, 80 Stat. 350 (codified as amended at 7 U.S.C. §§ 2131-2159).

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AWA names the Secretary of Agriculture as responsible for its implementation and enforcement. That responsibility is delegated to the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS), which is responsible for the licensing and oversight of dealers who acquire and sell a variety of animals. Dealers who sell random source dogs and cats—animals obtained from pounds or shelters, auction sales, or from owners who bred and raised the animal on the owner's premises—are referred to as random source Class B dealers. They are a subset of Class B dealers and deal in animals that they did not exclusively breed and raise themselves.<sup>2</sup> Some researchers maintain that the attributes of random source dogs and cats are important to biomedical research because these animals generally are more genetically diverse and older than those obtained from dealers who breed their own animals. AWA regulations require that random source Class B dealers maintain accurate and complete records on the acquisition and disposition of the dogs and cats they provide to researchers and that they adhere to certain standards of humane care and treatment. To ensure these dealers comply with AWA and its regulations, APHIS conducts unannounced inspections of their facilities at least quarterly and performs "tracebacks"—an oversight process unique to this type of dealer. Tracebacks involve APHIS inspectors using a dealer's records to trace a particular dog or cat back to the source from which that dealer obtained the animal, both to verify the legitimacy of the sale and to ensure the dog or cat was not lost or stolen. For example, using an individual's address information obtained from the dealer's records, an inspector may contact and interview the individual in person to verify the origin of the animal.

In this context, our objectives were to determine (1) the number of Class B dealers that sell random source dogs and cats for research, (2) the extent to which APHIS conducts inspections of these dealers and verifies the accuracy of their records, and (3) the costs associated with APHIS's oversight of these dealers compared with its costs for oversight of other types of dealers.

To determine the number of Class B dealers that sell random source dogs and cats for research and understand any change in this number over time, we reviewed APHIS documents and interviewed agency officials. To determine the extent to which APHIS inspects these dealers and reviews

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<sup>2</sup>In addition to Class B dealers, APHIS licenses and conducts oversight of Class A breeders, such as puppy breeders, and Class C exhibitors, such as zoos, among others.

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their records, we reviewed all APHIS inspection reports for fiscal years 2007 to 2009 and a random sample of 2009 traceback documentation; interviewed agency officials, including all field inspectors assigned to random source Class B dealers; accompanied APHIS inspectors on three dealer inspections in two states; and interviewed all dealers currently licensed to sell random source dogs and cats. We also interviewed and reviewed documents obtained from a cross section of stakeholders, including animal welfare groups, medical research associations, the National Research Council, and the National Institutes of Health, to provide us with further context for understanding these issues. To determine the costs associated with APHIS's oversight of these dealers, we reviewed agency documents and interviewed agency officials. Appendix I provides a more detailed description of our objectives, scope, and methodology.

We conducted this performance audit from June 2009 to September 2010 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 audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

For decades, animal dealers have been providing dogs and cats to scientific researchers. Within this broader group, random source Class B dealers are those who provide dogs and cats that they obtain from pounds, shelters, auction sales, or owners who breed the animals on their premises. For certain research, some attributes of random source dogs and cats are considered useful and desirable, such as particular physical or genetic characteristics or the presence of specific diseases or conditions. For example, according to a study conducted by the National Research Council and information from the National Association of Biomedical Research, random source dogs tend to be 2 years or older, tend to weigh from 60 to 80 pounds, and may be of mixed breeds.<sup>3</sup> These attributes make them useful for cardiovascular, pulmonary, orthopedic, and age-related studies. Random source cats are considered useful for neurological and cardiovascular research and studies on respiratory

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<sup>3</sup>National Research Council, *Scientific and Humane Issues in the Use of Random Source Dogs and Cats in Research* (Washington, D.C., The National Academies Press, 2009).

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diseases and the immune system. In addition, random source dogs and cats are considered useful for the study of certain naturally occurring infectious diseases, such as Lyme disease and heartworm, or as animal models for human diseases, such as sleep apnea and muscular dystrophy.

AWA provisions cover a variety of animals, including any live or dead dog, cat, nonhuman primate, guinea pig, hamster, or rabbit to be used for research, testing, exhibition, or kept as a pet.<sup>4</sup> AWA requires businesses or individuals covered by the law to be licensed or registered and to uphold minimum standards of care set in regulation. Licensing and registration under AWA is based on broad business categories, including animal dealers, animal exhibitors, animal carriers, and research facilities. Animal dealers and exhibitors are required to be licensed, while animal carriers and research facilities are required to be registered.<sup>5</sup> There are two types of licenses for dealers—Class A and Class B—and one type of license for exhibitors—Class C. Class A licenses are specifically for animal dealers who only deal in the animals they breed and raise, while Class B licenses are for all other types of dealers and include the purchase and resale of any animal covered by AWA. Class C licenses are for businesses or individuals whose business involves displaying animals to the public. According to APHIS information, in fiscal year 2009 there were a total of 9,530 facilities licensed or regulated under AWA, which consisted of 3,898 Class A dealers, 1,031 Class B dealers, 2,732 Class C exhibitors, and 1,257 research facilities, among others.

The APHIS Animal Care program administers the requirements of AWA and its implementing regulations. APHIS Animal Care undertakes a variety of AWA regulatory activities, such as the licensing and registration of facilities with animals covered by the act, unannounced compliance inspections of licensed and registered facilities, and investigating public complaints. In addition, Animal Care administers activities related to the Horse Protection Act and has a role in planning and coordinating disaster response efforts for household pets. In fiscal year 2010, the Animal Care

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<sup>4</sup>Animals excluded under the act are birds; certain rats and mice bred for use in research; horses not used for research purposes; and other farm animals.

<sup>5</sup>Animal dealers generally include any person who buys, sells, or negotiates the purchase or sale of any dog or other animal whether alive or dead. Animal exhibitors include zoos, animal acts, circuses, carnivals, and educational exhibits. Animal carriers include general carriers such as airlines, railroads, shipping lines, and motor carriers. Research facilities include universities, institutions, organizations, or persons using live animals in research, tests, or experiments.

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program had an annual budget of approximately \$22.5 million and a staff of 209, including about 100 field inspectors, who report to either of two APHIS Animal Care regional offices. The APHIS field inspector cadre is about evenly divided between veterinary medical officers, who hold veterinarian degrees, and animal care inspectors, or technicians. Eight field inspectors are assigned to random source Class B dealers, and five of them are veterinary medical officers.

Inspecting regulated licensees' and registrants' facilities, which include random source dealer facilities, is the primary way APHIS Animal Care ensures compliance with AWA. All inspections are unannounced, and generally the owner or manager of a facility accompanies the inspector during the inspection. The time required to conduct inspections varies and is affected by facility size and the number of regulated animals involved, among other things. The inspection process consists primarily of two parts—a physical inspection and a records inspection. During the physical inspection, the inspector observes and documents the condition of the facility and the animals in the facility to ensure the dealer is adhering to AWA. The physical inspection may also involve the inspection of transportation devices, such as vehicles and shipping containers for animals, if necessary. During the records inspection, inspectors review records that dealers are required to maintain to ensure they are accurate and complete for all animals the dealers have obtained or sold.

Random source Class B dealers are generally required to comply with the same regulations as other licensed Class A or B dealers. As such, when APHIS inspectors inspect these dealers, they are to ensure that they, like other dealers, are providing appropriate and adequate veterinary care; properly tagging or identifying animals; maintaining accurate records; and complying with standards of humane care, treatment, handling, and transportation of animals. However, APHIS guidance imposes additional controls on random source Class B dealers, and inspectors are directed to (1) perform quarterly facility inspections, which are more frequent than for any other dealers, and (2) use dealer records to conduct tracebacks by tracing a particular dog or cat back to the source from which a dealer obtained the animal, both to verify the legitimacy of the sale and ensure the dog or cat was not lost or stolen. APHIS determined that more frequent inspections were required for random source Class B dealers because they are higher risk than other types of licensees.

APHIS inspectors are to conduct tracebacks within 30 days after each inspection by tracing some of the dogs or cats a random source Class B dealer obtained back to their sources. Specifically, an inspector randomly

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selects 4 to 10 of the dogs and cats acquired by the dealer since the last quarterly inspection.<sup>6</sup> Inspectors then are to use the dealer's records on these selected animals to conduct tracebacks by either (1) visiting the seller listed on the dealer records or (2) if the seller is a pound, shelter, another licensed dealer, or an individual already known to the inspector, contacting them by telephone. During the visit or telephone call, inspectors are to obtain specific information from the seller to determine if the sale was from a legitimate source. For example, if an inspector conducted a traceback on a dog sold by an individual to a random source Class B dealer, the inspector would attempt to confirm that the requirement that the dog be bred and raised on the individual's premises is met. Once the traceback information is obtained, the inspector completes a traceback worksheet form, documents the traceback result, and forwards the completed form to the appropriate APHIS regional office. If, however, an inspector is unable to perform a traceback because the seller is outside of the inspector's geographic area, the inspector sends the incomplete traceback to the appropriate APHIS regional office. The traceback is then ultimately referred to an inspector who has responsibility for the area in which the seller is located. In these cases, inspectors are directed to complete referred tracebacks within 30 days of receiving the traceback request.

Recently, the USDA Office of Inspector General completed an audit of the APHIS Animal Care program and reported several concerns related to APHIS inspections and enforcement.<sup>7</sup> The Inspector General's May 2010 report found, among other things, that APHIS was ineffective in dealing with problematic dealers and that some inspectors did not cite or document violations properly. The report primarily focused on Class A dealers who breed and sell dogs. The Inspector General chose these dealers in part for their large facility size and the number of violations, or repeat violations, that they received during fiscal years 2006 through 2008. According to Inspector General officials, no random source Class B dealers were included in this study.

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<sup>6</sup>According to APHIS officials, APHIS began conducting 100 percent tracebacks in fiscal year 2009 on one random source Class B dealer per quarter. This procedure involves an inspector conducting tracebacks for all the dogs and cats a dealer acquired since the last quarterly inspection.

<sup>7</sup>U.S. Department of Agriculture, Office of Inspector General, *Animal and Plant Health Inspection Service Animal Care Program—Inspections of Problematic Dealers*, Audit Report 33002-4-SF (May 14, 2010).

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APHIS concurred with the findings and recommendations in the Inspector General's report and has taken several actions to respond to the recommendations. Among them, the agency developed an *Enhanced Animal Welfare Act Enforcement Plan* in May 2010, which provides details on how the agency plans to focus its enforcement efforts on problematic dealers and improve inspector performance, such as by providing additional training and guidance to inspectors and their supervisors. APHIS also provided a new *Inspection Requirements Handbook* during the April 2010 national meeting it held with all of its Animal Care inspectors and regulatory staff in anticipation of the Inspector General's report, along with training on inspection enforcement and consistency. Additionally, APHIS redirected funding in June 2010 to provide an extra \$4 million to help implement steps in the enforcement plan and proposes using this funding to, for example, hire additional Animal Care inspectors and supervisors (up to 60 additional personnel total). Though none of these actions were explicitly directed at random source Class B dealers, the new handbook contains some relevant supplemental information, including the previously released July 2009 *Standard Operating Procedures for Conducting Tracebacks from Random Source [Class] B Dealers*, which generally directs that tracebacks be conducted within 30 days of an inspection.

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## Nine Class B Dealers Provide Random Source Dogs and Cats for Research, Far Fewer Than in Recent Decades

As of July 2010, there were 9 Class B dealers licensed by APHIS to sell random source dogs and cats for research. This number has changed little since the end of fiscal year 2005, when APHIS reported there were 10 active random source dealers. Eight of the 9 active dealers are in the APHIS Eastern Region, and 1 is in the APHIS Western Region.<sup>8</sup> Overall, the number of random source Class B dealers has fallen by over 90 percent since the early 1990s, when there were over 100 such dealers licensed by APHIS. APHIS officials attributed the decline to several factors, although they said the agency has not performed a detailed study of this matter. These factors include (1) the reduced use of random source dogs and cats by research institutions due to new technologies and computer modeling; (2) increased pressure from animal advocacy organizations to use purpose-bred dogs and cats for research; and (3) APHIS's oversight and issuance of citations for AWA violations, which has led some dealers to leave the business.

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<sup>8</sup>The APHIS Eastern Region generally comprises the states east of the Mississippi River, while the APHIS Western Region generally comprises the rest of the states.

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The use of dogs and cats in research has dropped significantly over the last 30 years. According to academic and industry association information, this general decline may be due to several factors, which include the development of nonanimal research methods, such as computer models. According to APHIS information, the largest number of dogs and cats used in research was in fiscal year 1976—nearly 280,800 dogs and cats total.<sup>9</sup> Since that year, the use of dogs and cats in research has generally declined, to less than 100,000 per year from fiscal years 1999 to 2007. In fiscal year 2008, the total number of dogs and cats used in research was about 101,700 animals—a decrease of nearly 64 percent from 1976. Moreover, the number of random source dogs and cats used in research is relatively small based on APHIS data collected from November 2007 to November 2008, a period roughly covering fiscal year 2008. These data showed that the total number of dogs and cats sold for that period by random source Class B dealers to research facilities was 3,139 animals (2,863 dogs and 276 cats), which was equivalent to about 3 percent of the total dogs and cats used in research in fiscal year 2008.

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## APHIS Inspections Have Found Numerous Dealer Violations, but APHIS Has Not Completed All Tracebacks or Fully Analyzed Traceback Data

APHIS inspection reports documented one or more violations by seven of the nine random source Class B dealers from fiscal years 2007 through 2009. Additionally, about 29 percent of tracebacks APHIS conducted during this period were either unsuccessful or had not been completed as of June 2010, as directed by agency guidance. The agency does not fully use the traceback information it collects, and thus cannot ensure it is detecting problems with the process.

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<sup>9</sup>APHIS collects information annually from research facilities on the number of animals used in medical research and has reported this information since 1973.

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**During Fiscal Years 2007 to 2009, About One-Third of Inspection Reports Reviewed Cited Violations, and Seven of the Nine Dealers Had One or More Violations**

Our review of all APHIS inspection reports from fiscal years 2007 through 2009 indicates that the agency has generally inspected, or attempted to inspect, each of the random source Class B dealers at least four times a year, as called for in APHIS guidance, and has documented numerous violations among the dealers.<sup>10</sup> According to APHIS guidance, when conducting an inspection, inspectors are to examine the condition and cleanliness of the dealer facility and the condition of the dogs and cats present, among other things. Inspectors also are to review dealer records pertaining to the acquisition and disposition of animals. For example, according to APHIS guidance, inspectors are to determine if a dealer's records include items required in agency regulations such as (1) the name and address of the person from whom a dog or cat was purchased by the dealer; (2) the vehicle license number and state, and the driver's license number and state, of any person not licensed or registered under AWA; (3) the official USDA tag number or tattoo assigned to a dog or cat; (4) a description of each dog or cat, which includes certain specific information, such as breed, color, and distinct markings; and (5) certifications from any person not licensed, other than a pound or shelter, that any dogs or cats provided to the dealer were born and raised on that person's premises.

Overall, 54 of the 156 inspection reports from fiscal years 2007 through 2009 cited at least one dealer violation, and seven of the nine dealers had one or more violations during this period. The most common violation involved the dealer being absent when the inspector attempted to perform an inspection during normal business hours.<sup>11</sup> Five dealers were cited for this violation in 23 inspection reports. The second most common violation was for problems with the condition of animal housing, such as excessive rust, peeling paint, or exposed sharp edges. Five dealers were cited for this

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<sup>10</sup>As of April 2010, APHIS guidance on inspection frequency for random source Class B dealers directs that these dealers' facilities be inspected quarterly and also states that an inspection must be within 90 days of the last inspection. Prior to this revision, APHIS's September 2006 inspection system guidance stated that random source Class B dealers should be inspected a minimum of four times a year. For purposes of our review, we used APHIS's 2006 guidance to determine the appropriate dealer inspection frequency.

<sup>11</sup>According to AWA regulations, licensed dealers must allow APHIS officials access to the dealer's place of business for inspection and examination of records required by AWA and its regulations during business hours. However, according to several APHIS inspectors and random source Class B dealers, it is not uncommon for some dealers to be away from their facility on business and unavailable when an inspector arrives to conduct an unannounced inspection. If neither the dealer nor another responsible adult is present when the inspector arrives to make an unannounced inspection, the inspector may cite a violation.

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violation in 14 inspection reports. Other violations included inadequate veterinary care (six dealers cited in 10 reports), poor recordkeeping (five dealers cited in 10 reports), and insufficient cleaning of kennels or cages (three dealers cited in 6 reports). As of July 2010, several of these dealers were under further investigation by APHIS in light of repeated violations and could be subject to fines or even license revocation in the future, depending on the severity or history of violations.

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### Some APHIS Tracebacks for Verification Were Unsuccessful or Incomplete in Fiscal Year 2009, and APHIS Has Not Fully Used Its Traceback Data

APHIS has performed tracebacks to verify the records of random source Class B dealers since fiscal year 1993, but it only recently started to compile traceback information using electronic spreadsheet logs. Prior to fiscal year 2009, the agency was not compiling traceback data. APHIS officials said that they began this effort in fiscal year 2009 in order to track traceback results more thoroughly, ensure all tracebacks were being completed, and follow up on tracebacks that were unsuccessful. Information in the traceback logs comes from inspectors, who send a form documenting the results of each traceback to the appropriate regional office. We reviewed the information in APHIS's fiscal year 2009 traceback logs, as well as the individual forms from selected tracebacks.

We found that APHIS attempted a total of 326 tracebacks in fiscal year 2009. As of June 2010, the data in APHIS's traceback logs showed that APHIS was able to successfully trace a dog or cat back to a legitimate source in 231 of the 326 traceback cases, or about 71 percent of the time. Of the remaining tracebacks, 53, or about 16 percent of the total, were unsuccessful, generally meaning that inspectors (1) could not locate the source based on the address information they obtained from dealer records or (2) determined the source was not legitimate (for example, the dealer purchased the dog or cat from an individual who had not bred and raised the animal as required by regulation). The other 42 tracebacks, or about 13 percent of the total, had not been completed. In those instances where an inspector determined a traceback was unsuccessful, APHIS Animal Care forwarded the cases to APHIS's Investigative and Enforcement Services for further investigation and potential enforcement action.<sup>12</sup> APHIS officials said that they did not find any documented cases

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<sup>12</sup> APHIS Investigative and Enforcement Services staff investigate apparent AWA violations for APHIS Animal Care. Among other things, Investigative and Enforcement Services also investigates alleged violations for several other APHIS program offices and assists in taking legal action through the administrative law process when required.

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of lost or stolen dogs or cats being purchased by random source dealers via APHIS's traceback efforts in fiscal year 2009.

Because APHIS does not analyze the data in its traceback logs, it cannot systematically detect problems with its tracebacks. Although APHIS's traceback guidance states that tracebacks should generally be completed within 30 days of a random source Class B dealer inspection, as of June 2010, 42 tracebacks from fiscal year 2009 remained incomplete. Furthermore, preliminary fiscal year 2010 APHIS traceback data show that as of June 2010, 47 tracebacks had not been completed that were already about 60 days beyond APHIS's traceback time frames. According to APHIS's guidance, "all tracebacks must be completed within 30 days of the inspection of the random source B dealer, or for referred tracebacks, within 30 days of the time the traceback request is received."<sup>13</sup> APHIS regional officials noted several factors that can sometimes hinder timely completion of tracebacks, such as competing priorities, limited resources, dealers not obtaining valid addresses from individuals, the logistics of tracking down individuals between APHIS regions, and having to obtain traceback information from more than one dealer. However, APHIS officials are not examining the log information for indications of any root causes of the delays that they could address, such as whether these incomplete tracebacks consistently involved the same sellers or inspectors. Without thoroughly analyzing its traceback data, APHIS cannot consistently detect problems and take all available steps to ensure random source Class B dealers are obtaining dogs and cats from legitimate sources. APHIS regional officials stated that it would be prudent to examine incomplete tracebacks more closely and, for example, obtain quarterly reports on their status to better manage them.

We also found three instances where an inspector traced a dog back to another random source Class B dealer and then concluded all traceback efforts, which is contrary to APHIS's traceback guidance. According to this guidance, in such instances, an inspector should continue the traceback process using the second random source dealer's records to trace the dog or cat back to the seller listed on this second dealer's records. However, in these three instances, each traceback form noted that the inspector only conducted the tracebacks as far as the random source Class B dealer; in these cases, the traceback still needed to continue back to the seller for

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<sup>13</sup>When a traceback leads to an address outside an inspector's assigned area, it is referred to another inspector to be completed.

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“full verification.” During our discussions with APHIS regional officials regarding these tracebacks, they agreed that the traceback process should have continued according to APHIS traceback guidance. As with the incomplete tracebacks, APHIS cannot ensure it detects such problems or patterns among dealers or inspections, whether from the traceback forms or the traceback logs, unless it thoroughly analyzes its traceback data.

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## APHIS Does Not Collect Data on the Cost of Its Oversight of Specific Classes of Dealers, or Others It Inspects, Including Random Source Class B Dealers

According to APHIS officials, the agency does not collect cost information for its oversight of the specific classes of dealers and exhibitors, or others it inspects, including random source Class B dealers. Furthermore, APHIS officials also told us the agency does not currently have a mechanism in place to determine these costs. For example, APHIS inspectors do not currently record their time by specific oversight activity or class of dealer. As a result, the only current cost information APHIS can provide for any dealers, as well as others it inspects and oversees, is an estimate of the average cost of inspections overall. APHIS estimated that this average cost for fiscal year 2009 was \$1,337 per inspection. According to APHIS officials, the average inspection cost is estimated by taking the Animal Care program’s annual appropriation, less certain administrative costs, and dividing it by the total number of inspections conducted for the fiscal year. However, the wide variety of inspections APHIS conducts, which includes dealers of various types and sizes, research facilities, zoos, and animal petting farms, limits the usefulness of this information.

USDA has reported in previous years on the cost of agency oversight of random source Class B dealers. This information—provided to Congress in April 2006 and June 2009—gave oversight costs related to the regulation of random source Class B dealers for fiscal years 2005 and 2008. In April 2006, at the request of the Senate and House Appropriations Committees, the Secretary of Agriculture reported that the fiscal year 2005 cost of inspections and enforcement for these dealers was an estimated \$270,000. This estimate also included \$154,400 for two special enforcement and traceback projects that occurred that year. In June 2009, based on a request by a Member of Congress, the Acting APHIS Administrator reported information on APHIS’s regulation of random source Class B dealers. Included in this information, the Acting Administrator reported an estimated fiscal year 2008 oversight cost of approximately \$309,000. However, the fiscal year 2008 amount was based on the previously reported fiscal year 2005 oversight cost figure, adjusted for cost-of-living increases, and incorrectly included the two fiscal year 2005 special project costs, which occurred only in fiscal year 2005. APHIS Animal Care officials explained that including the fiscal year 2005 special project costs in the

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fiscal year 2008 estimate occurred due to a lack of communication between APHIS Animal Care staff and APHIS Budget and Program Analysis staff and that those 2005 costs should not have been included in the 2008 estimate. To prevent this, APHIS officials said they are developing an internal standard operating procedure for reporting and communicating consistent and accurate Animal Care data that will include the key staff involved with this area. APHIS plans to have the procedure in place in early fiscal year 2011.

APHIS Animal Care officials said they do not know how the fiscal year 2005 cost estimate for the agency's oversight of random source Class B dealers was calculated and that they are unable to reconstruct or update this estimate. In addition, these officials said they are unable to develop a current estimate for these costs because they lack the necessary data. Federal internal control standards call for agencies to obtain, maintain, and use relevant, reliable, and timely information for program oversight and decision making, as well as for measuring progress toward meeting agency performance goals.<sup>14</sup> Furthermore, Office of Management and Budget guidance directs agency managers to take timely and effective action to correct internal control deficiencies.<sup>15</sup> APHIS's lack of an accurate means of collecting and tracking oversight costs by activity and dealer, exhibitor, and any other entity type that APHIS inspects constitutes an internal control weakness and leaves the agency without an important management tool. For example, three inspectors we interviewed suggested that some random source Class B dealers may not require as many as four inspections per year because these dealers either have experienced few, if any, reportable violations over a period of years or are handling so few animals. In addition, as discussed, USDA's Inspector General has reported a number of serious problems with APHIS's oversight of other types of dealers, and recently APHIS determined that it will put more emphasis on, and provide additional resources for, enforcement oversight. Considering these and other potential factors, if APHIS had reliable and timely information on its oversight costs by activity and entity type, the agency would be in a better position to develop a business case for making changes to its oversight program that could allow it to use its limited resources more efficiently and effectively.

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<sup>14</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

<sup>15</sup>Office of Management and Budget, Executive Office of the President, OMB Circular No. A-123, *Management's Responsibility for Internal Control* (Dec. 21, 2004).

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## Conclusions

The number of random source Class B dealers has declined to 9 from more than 100 in the early 1990s. Tracebacks play an important role in APHIS's oversight of random source Class B dealers and help the agency ensure that these dealers obtain dogs and cats from legitimate sources. APHIS recently began tracking the results of tracebacks. Our review of APHIS's data revealed that about 13 percent of the tracebacks in fiscal year 2009 were incomplete, and preliminary APHIS data from fiscal year 2010 confirmed that incomplete tracebacks are continuing. Additionally, we found that by not analyzing traceback data, the agency is not yet making full use of the new traceback information it is collecting. Without analyzing this information—for example, by determining whether the same sellers or inspectors were consistently involved in late or incomplete tracebacks—APHIS cannot ensure it is detecting problems in a timely manner and that tracebacks are conducted according to the agency's guidance, which would reduce the potential that lost or stolen dogs or cats could be used in research.

In addition, having accurate, consistent, and reliable oversight cost data for the APHIS Animal Care program is a key element in managing the program effectively and enforcing AWA. Without such data, APHIS is not employing one of the standards of federal internal control. Currently, APHIS cannot determine what data it needs to estimate costs, and how to best collect that information to reasonably know the cost of its oversight of random source Class B dealers, as well as the other entities the agency regulates under AWA. Without this information APHIS cannot track specific oversight costs and cannot help management identify trends in its operations, including inspections and tracebacks on random source Class B dealers. In addition, not collecting and analyzing accurate and reliable oversight cost data prevents APHIS from developing a business case for changing its oversight program, if needed, and does not provide reasonable assurance that the agency's resources are being used effectively and efficiently to enforce AWA and its implementing regulations.

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## Recommendations for Executive Action

To improve APHIS's oversight of random source Class B dealers who purchase dogs and cats for research, we recommend that the Secretary of Agriculture direct the Administrator of APHIS to take the following two actions:

- Improve the agency's analysis and use of the traceback information it collects, such as whether the same sellers or inspectors were consistently involved in late or incomplete tracebacks, and ensure it is taking all available steps to verify random source Class B dealers are obtaining dogs and cats from legitimate sources, including making certain that tracebacks are completed in a timely manner and conducted according to APHIS guidance.

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- Develop a methodology to collect and track the oversight costs associated with the specific classes of dealers, and others the agency inspects, including random source Class B dealers, in order to identify potential problems requiring management attention and develop a business case for changing this oversight, if appropriate, to more efficiently use available resources.

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## Agency Comments and Our Evaluation

We provided a draft of this report to USDA for review and comment. In written comments, which are included in appendix II, USDA agreed with the report's recommendations. Regarding the first recommendation, USDA stated that APHIS will develop (1) a database to help manage and analyze information associated with tracebacks and (2) a process to ensure tracebacks are complete and finished in a timely manner. USDA said it would complete these actions by December 31, 2010. Regarding the second recommendation, USDA stated that APHIS will develop an information management system to assist APHIS Animal Care managers in managing and analyzing information collected from field operations, determining associated costs, and measuring work performance. USDA estimated it would complete this action by June 30, 2011. USDA did not provide any suggested technical corrections.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Agriculture, and other interested parties. The report also will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-3841 or [shamesl@gao.gov](mailto:shamesl@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix III.



Lisa Shames  
Director, Natural Resources  
and Environment

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# Appendix I: Objectives, Scope, and Methodology

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Our objectives were to determine (1) the number of Class B dealers that sell random source dogs and cats for research; (2) the extent to which the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) conducts inspections of these dealers and verifies the accuracy of their records; and (3) the costs associated with APHIS's oversight of these dealers compared with its costs for oversight of other types of dealers.

To determine the number of Class B dealers that sell random source dogs and cats for research, we reviewed APHIS documents, such as prior agency annual reports, and USDA and APHIS information previously reported to the Senate and House Appropriations Committees in April 2006 and to an individual Member of Congress in June 2009. We also interviewed APHIS Animal Care officials at their headquarters in Riverdale, Maryland, and their two regional offices in Raleigh, North Carolina, and Fort Collins, Colorado, regarding how a Class B dealer is designated as a random source dealer, the number of Class B dealers that sell random source dogs and cats, and what accounted for any changes in these dealers' numbers both historically and since the end of fiscal year 2005. Additionally, we reviewed a 2009 National Research Council report on random source dogs and cats for (1) information on the history of Class B dealers of random source dogs and cats, (2) background regarding the use of these animals in research, and (3) APHIS data in the study on the number of random source dogs and cats sold from November 2007 to November 2008.<sup>1</sup> We also obtained information from APHIS regarding the overall number of dogs and cats used in research as reported to the agency from research facilities.

To determine the extent to which APHIS conducts inspections of these dealers and verifies the accuracy of their records, we reviewed the Animal Welfare Act, APHIS regulations, and guidance applicable to random source Class B dealers, such as APHIS's *Standard Operating Procedures for Conducting Tracebacks from Random Source [Class] B Dealers* and its *Dealer Inspection Guide*. We reviewed APHIS inspection reports for the nine current random source Class B dealers from fiscal years 2007 through 2009 and examined any violations APHIS inspectors recorded in each of the 156 inspection reports prepared during this period to obtain an understanding of the types of violations cited for these dealers. Using the

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<sup>1</sup>National Research Council, *Scientific and Humane Issues in the Use of Random Source Dogs and Cats in Research* (Washington, D.C., The National Academies Press, 2009).

inspection report dates, we also determined whether APHIS followed their guidance and inspected the nine current random source Class B dealers a minimum of four times each year. Additionally, we obtained information on APHIS's fiscal year 2009 tracebacks efforts—an oversight process unique to random source Class B dealers. Tracebacks involve APHIS inspectors using a dealer's records to trace a particular dog or cat back to the source where that dealer obtained the animal, both to verify the legitimacy of the sale and ensure the dog or cat was not lost or stolen. To determine if the fiscal year 2009 APHIS traceback information maintained in automated spreadsheets by the APHIS Eastern and Western Regional Offices was reliable for the purposes of our review, we conducted a data reliability assessment of it. Specifically, to ensure the validity and reliability of these data, we reviewed key data elements from (1) all 36 of the tracebacks listed on the Western Regional Office traceback spreadsheet and (2) a stratified random sample of 50 tracebacks, based on random source Class B dealers and inspectors, pulled from the Eastern Regional Office traceback spreadsheet total of 317 tracebacks.<sup>2</sup> The Eastern Region had many more tracebacks because eight of the current nine random source dealers are located in that region. Based on our assessment, we believe these data are sufficiently reliable for reporting APHIS data for informational and contextual purposes.

Additionally, we interviewed APHIS Animal Care headquarters and regional office officials—including the eight field inspectors who inspect the nine current random source Class B dealers—as well as the dealers, to obtain an understanding of APHIS oversight as it pertains these dealers. We also accompanied two APHIS inspectors on three random source Class B dealer inspections in two states to observe how inspections and tracebacks were conducted. Furthermore, we also interviewed and reviewed documents obtained from a cross section of stakeholder entities, including two animal welfare groups, the Animal Welfare Institute and the Humane Society of the United States, medical research associations such as the National Association for Biomedical Research, the National Research Council, the National Institutes of Health, and the USDA Office of Inspector General to

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<sup>2</sup>The combined, total number of tracebacks in fiscal year 2009 listed on the APHIS Eastern and Western Regional Office traceback logs was 353. However, for the purposes of our review, we considered only 326 of these tracebacks. According to Eastern Regional officials, traceback information for 26 tracebacks related to one random source Class B dealer in this region who is under investigation by USDA's Office of Inspector General and APHIS's Investigative and Enforcement Services, were sent directly to these offices. Additionally, 1 traceback in the Western Regional Office was entered twice on its traceback log.

provide us further context for understanding the issues involving both random source dealers and random source dogs and cats.

To determine the costs associated with APHIS's oversight of random source dealers compared with its costs for oversight of other types of dealers, we reviewed prior cost information the agency provided to the Senate and House Appropriations Committees in April 2006 and to an individual Member of Congress in June 2009. We discussed this previously reported information with APHIS Animal Care headquarters officials and inquired how the information was prepared. We also interviewed agency officials about APHIS's current efforts to collect oversight cost data for random source Class B dealers, as well as for other entities the agency inspects, such as other types of dealers. Additionally, we obtained and reviewed documentation from APHIS regarding how the agency reports its average cost-of-inspection information.

We conducted this performance audit from June 2009 to September 2010 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 audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Comments from the U.S. Department of Agriculture



United States Department of Agriculture

Office of the Secretary  
Washington, D.C. 20250

SEP 16 2010

Ms. Lisa Shames, Director  
Natural Resources and Environment  
United States Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Shames:

The United States Department of Agriculture (USDA) has reviewed the U.S. Government Accountability Office's (GAO) Draft Report, "Animal Welfare: USDA's Oversight of Dealers of Random Source Dogs and Cats Would Benefit from Additional Management Information and Analysis" (10-945). In summary, we agree with GAO's Recommendations. Thank you for the opportunity for us to comment on this report.

#### **GAO Recommendation**

Improve the agency's analysis and use of the traceback information it collects, such as whether the same sellers or inspectors were consistently involved in late or incomplete tracebacks, and ensure it is taking all available steps to verify random source Class B dealers are obtaining dogs and cats from legitimate sources, including making certain that tracebacks are completed in a timely manner and conducted according to APHIS guidance.

#### **USDA Response**

USDA agrees with this recommendation. Our Animal and Plant Health Inspection Service (APHIS) will develop a database to help manage and analyze information associated with tracebacks. In addition, APHIS will develop a process to ensure that tracebacks are complete and finished in a timely manner. The data-base and process will be developed by December 31, 2010.

#### **GAO Recommendation**

Develop a methodology to collect and track the oversight costs associated with the specific classes of dealers, and others the agency inspects, including random source Class B dealers, in order to identify potential problems requiring management attention and develop a business case for changing this oversight, if appropriate, to more efficiently use available resources.

An Equal Opportunity Employer

Ms. Lisa Shames

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**USDA Response**

USDA agrees with this recommendation. In response to GAO recommendations, APHIS, will develop a system called the Management Support System (MSS) to assist Animal Care (AC) managers in managing and analyzing the information collected from the field operations, determining associated costs, and measuring work performances. The system will be built internally by the AC's information technology staff and will take approximately six to nine months to complete. The estimated completion date for the project will be June 30, 2011.

Sincerely,



Edward Avalos  
Under Secretary  
Marketing and Regulatory Programs

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Lisa Shames, (202) 512-3841 or [shamesl@gao.gov](mailto:shamesl@gao.gov)

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## Staff Acknowledgments

In addition to the individual named above, James R. Jones, Jr., Assistant Director; Kevin S. Bray; Barry DeWeese; Kirk D. Menard; Michael S. Pose; David Reed; Terry Richardson; Cynthia Saunders; and Ben Shouse made key contributions to this report.

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