

OFFICE OF THE CITY CONTROLLER



**PARKS AND RECREATION DEPARTMENT
AFTER SCHOOL ACHIEVEMENT PROGRAM
CONTRACT COMPLIANCE AUDIT OF
PHOENIX OUTREACH YOUTH CENTER**

Annise D. Parker, City Controller

Steve Schoonover, City Auditor



ANNISE D. PARKER

OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

April 21, 2005

The Honorable Bill White, Mayor
City of Houston, Texas

SUBJECT: Parks and Recreation Department (Department)
Contract Compliance Audit of Phoenix Outreach Youth Center
After School Achievement Program Services (Report 05-06)

Dear Mayor White:

The City Controller's Office Audit Division has completed a contract compliance audit of the Phoenix Outreach Youth Center (Phoenix Outreach) After School Achievement Program services (ASAP). The audit objective was to determine whether Phoenix Outreach complied with contract terms during the 2003-2004 school year. The primary focus was to assess individual program related expenses to determine if they were appropriate, adequately supported, and in compliance with contract terms and federal regulations.

The report, attached for your review, concluded that Phoenix Outreach did not comply with ASAP contract terms related to the average daily attendance of participants and providing programming in two of the four ASAP components. Additionally, expense reimbursement, in-kind match, and cash match support documentation was inadequate. Draft copies of the matters contained in the report were provided to Department and Phoenix Outreach personnel. The findings and recommendations are presented in the body of the report and the views of responsible officials as to actions being taken are appended to the report as Exhibit I.

We appreciate the cooperation extended to our auditors by both Department and Phoenix Outreach management during the course of the audit.

Respectfully submitted,

Annise D. Parker
City Controller

xc: City Council Members
Anthony Hall, Chief Administrative Officer
Michael Moore, Chief of Staff, Mayor's Office
Joe Turner, Director, Parks and Recreation Department
Judy Gray Johnson, Director, Finance and Administration Department

901 BAGBY, 8TH FLOOR • P.O. BOX 1562 • HOUSTON, TEXAS 77251-1562
PHONE: 713-247-1440 • FAX: 713-247-3181
e-mail: controllers@cityofhouston.net

CONTENTS

LETTER OF TRANSMITTAL	i
EXECUTIVE SUMMARY	2
SCOPE AND PURPOSE	3
CONCLUSION	3
INTRODUCTION	4
AUDIT FINDINGS AND RECOMMENDATIONS	
I. EXPENSE REIMBURSEMENT SUPPORTING DOCUMENTATION	4
II. CASH AND IN-KIND SUPPORTING DOCUMENTATION	5
III. AVERAGE DAILY ATTENDANCE	6
IV. PROGRAM ACTIVITY COMPONENTS.....	6
VIEWS OF RESPONSIBLE OFFICIALS – EXHIBIT I	

EXECUTIVE SUMMARY

- €# Phoenix Outreach Youth Center (Phoenix Outreach) consistently submitted monthly expense reimbursement support documents for the period January through May 2004 that did not support the line item expense amounts reported.
- €# During audit fieldwork, we requested supporting documentation for cash and in-kind match amounts, however, the support was never provided.
- €# Phoenix Outreach did not comply with the average daily attendance requirement during any of the months that they provided services during the 2003 – 2004 school year.
- €# The monthly reports submitted by Phoenix Outreach indicated that required services in the areas of personal skills and community development were not provided.

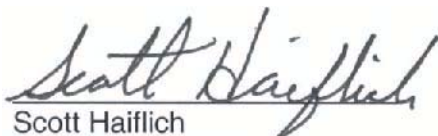
SCOPE AND PURPOSE

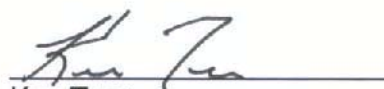
We have completed a contract compliance audit of the After School Achievement Program (ASAP) administered by Phoenix Outreach Youth Center (Phoenix Outreach) at their 6969 South Loop East location. The period audited was the 2003-2004 school year. The audit objective was to determine whether Phoenix Outreach complied with the terms of its contract. The primary focus was to assess individual program related expenses to determine if they were appropriate, adequately supported, and in compliance with contract terms and federal regulations. Due to the audit period being the 2003 – 2004 school year, we were unable make unannounced visits of scheduled activities to verify that programming actually occurred as indicated on Program Components Reports.


The scope of our work did not constitute an evaluation of the overall internal control structure of the Phoenix Outreach at their 6969 South Loop East location or their internal controls related to the contract. The scope of the audit was limited to determining whether program related expenses were appropriate, adequately supported, and in compliance with contract terms and federal regulations. This audit was executed in accordance with Generally Accepted Government Auditing Standards (GAGAS).

CONCLUSION

Based on the results of the audit, we conclude that Phoenix Outreach did not comply with contract terms related to the average daily attendance of participants and providing programming in two of the four ASAP components. In addition, expense reimbursement, in-kind match, and cash match support documentation was inadequate.


Scott Haiflich
Auditor-in-charge


Ken Teer
Audit Manager


Steve Schoonover
City Auditor

INTRODUCTION

During the 2003-2004 school year, Phoenix Outreach was in their third year of providing ASAP services at the 6969 South Loop location. Their grant amount was \$20,000, which required in-kind and cash matches of \$10,000 and \$20,000, respectively. Under the terms of the contract, they were to provide services to participants in four component areas: Academic Enhancement, Personal Skills Development, Enrichment, and Community Involvement. The contract required a minimum average daily attendance of 50 participants. Programming was to be provided for at least two hours per day and until at least 5:30 pm, on at least four weekdays while school was in session.

Phoenix Outreach received program funds on a reimbursement basis by submitting reimbursement requests with supporting documentation attached for allowable expenses incurred. In addition to reimbursement requests, periodic reports were required providing statistical information such as the total number of participants enrolled, average daily attendance, number of participants from low-income and moderate income households, the ethnic breakdown of participants, program activity, and the percentage of students with improved grades, school attendance and behavior.

AUDIT FINDINGS AND RECOMMENDATIONS

I. EXPENSE REIMBURSEMENT SUPPORTING DOCUMENTATION

BACKGROUND

Section 2.2 of the agreement between the City and Phoenix Outreach requires that reimbursement requests be submitted on the form supplied by the City, "and any other documents reasonably requested by the ASAP Coordinator". The City ASAP Coordinator requires that all allowable expenses be supported with receipts, payroll records, etc. Unsupported expenses listed on expense reimbursement funds are not reimbursable.

FINDING

Phoenix Outreach consistently submitted expense reimbursement support documents every month for the period January through May 2004 that did not support the line item expense amounts reported. The following schedule reflects the resulting denial of requested reimbursements due to inadequate documentation:

Month/Year	Reimbursement Requested	Amount Reimbursed	Difference
January 2004	\$2,705.87	\$2,569.43	\$136.44
February 2004	\$3,606.24	\$2,612.44	\$993.80
March 2004	\$3,935.99	\$2,161.08	\$1,774.91
April 2004	\$4,379.73	\$3,068.27	\$1,311.46
May 2004	\$4,379.73	\$2,492.58	\$1,887.15
TOTAL	\$19,007.56	\$12,903.80	\$6,103.76

Inadequately supported expenses for the 6969 South Loop East location were in both the salary and supplies expense categories and totaled \$6,103.76 for the period, 30.5% of their \$20,000 grant amount.

RECOMMENDATION

We recommend that the City ASAP Coordinator continue to thoroughly review expense reimbursement requests and deny the reimbursement of inadequately supported and unallowable reported expenses.

II. CASH AND IN-KIND SUPPORTING DOCUMENTATION

BACKGROUND

Cash and in-kind match requirements were applied for the 2003-2004 school year to contractors according to the following schedule:

2003-2004 Maximum ASAP Grant Amounts Cash and In-Kind Match Requirements			
	ASAP Grant	Cash Match	In-Kind Match
1st Year Sites	\$40,000	\$0	\$10,000
2nd Year Sites	\$30,000	\$10,000	\$10,000
3 rd , 4 th , & 5 th Year Sites	\$20,000	\$20,000	\$10,000

Exhibit B, Sec. 5. D., of the Agreement requires contractors to submit monthly Matching Funds Reports along with the Requests for Reimbursement. Contractors should maintain support to demonstrate the appropriateness and accuracy of amounts reported.

FINDING

Phoenix Outreach submitted Matching Funds Reports that indicated compliance with cash and in-kind match amounts of \$20,000 and \$10,000 respectively. During audit fieldwork, we requested supporting documentation for cash and in-kind match amounts, however, that support was never provided.

RECOMMENDATION

We recommend that the City ASAP administrators incorporate cash and in-kind match monitoring procedures to determine the appropriateness and accuracy of the amounts reflected in Matching Fund Reports. Monitoring procedures should include the review of financial data that supports amounts reported. For example, payroll registers and timesheets related to ASAP devoted hours that were not reimbursed should be reviewed to verify salary related cash match.

III. AVERAGE DAILY ATTENDANCE

BACKGROUND

Exhibit B, Sec. II. A. 3., of the Agreement requires contractors to maintain a minimum average daily attendance of 50 participants per site.

FINDING

Phoenix Outreach did not comply with the average daily attendance requirement during any of the months that they provided services during the 2003 – 2004 school year. Average daily attendance in January 2004 was 19 and 22 in February. Reported average daily attendance increased in the months of March, April and May to 43, 44 and 43, respectively.

RECOMMENDATION

We recommend that ASAP Administration incorporate monitoring procedures to verify that programs comply with average daily attendance requirements specified in the agreements. Those procedures should include unannounced visits of program activities and participant counts to verify the accuracy of reported attendance.

IV. PROGRAM ACTIVITY COMPONENTS

BACKGROUND

Exhibit B, Sec. II. B., of the Agreement requires that contractors provide programming in each of the following four components: Academic Enhancement, Personal Skills Development, Enrichment, and Community Involvement.

FINDING

The monthly reports submitted by Phoenix Outreach indicated that required services in the areas of Personal Skills and Community Involvement were not provided.

RECOMMENDATION

We recommend that ASAP Administration incorporate monitoring procedures to verify that programs comply with the requirement of providing programming in each of the four components of the ASAP. This can be accomplished by reviewing proposed monthly activities to ensure that they include programming in each of the four component areas and sample testing activities during unannounced visits to verify that programming is taking place as scheduled.

EXHIBIT I



CITY OF HOUSTON

Parks and Recreation
Department

Interoffice

Correspondence

To: Annise Parker, City Controller

From: Joe Turner, Director

Date: March 17, 2005

Attn:

**Subject: DEPARTMENT RESPONSE TO
CONTRACT COMPLIANCE AUDIT FOR
PHOENIX OUTREACH YOUTH CENTER
AFTER SCHOOL ACHIEVEMENT
PROGRAM**

The department agrees with all the findings and recommendations of this audit report.

Phoenix Outreach Youth Center is currently not a recipient of After-School Achievement Program (ASAP) funds for the 2004-2005 school year. All recommendations indicated in the audit have been remedied through the newly implemented Program Guidelines, effective July 2004.

A handwritten signature in cursive script, appearing to read "Joe Turner".

Joe Turner, Director
Parks and Recreation Department

Cy: Doug Earle
Cheryl D. Johnson
Twonda J. Thompson

*Views of Responsible
Officials*

05 MAR 22 AM 11:29
CONTROLLERS