



CITY OF SAN ANTONIO

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February 8, 2018

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Councilman, District 4

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Councilman, District 6

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Councilwoman, District 7

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Councilman, District 8

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Councilman, District 9

Clayton H. Perry
Councilman, District 10

SUBJECT: Audit Report of Donations & Miscellaneous Gifts - Citywide

Mayor and Council Members:

We are pleased to send you the final report of the Donations & Miscellaneous Gifts - Citywide. This audit began in April 2017 and concluded with an exit meeting with department management in December 2017. Management's verbatim response is included in Appendix B of the report. The Finance Department management and staff should be commended for their cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Kevin W. Barthold'.

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
City of San Antonio

Distribution:

Sheryl L. Sculley, City Manager

Ben Gorzell, Chief Financial Officer

Troy Elliott, Deputy Chief Financial Officer

Andrew Segovia, City Attorney

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CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of Finance

Donations & Miscellaneous Gifts - Citywide

Project No. AU17-007

February 8, 2018

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Finance Department, specifically Donations & Miscellaneous Gifts - Citywide. The audit objective, conclusions, and recommendations follow:

Determine if monitoring and accounting for donated funds is appropriate and in accordance with City policy.

The Finance Department is monitoring and accounting for donated funds appropriately and in accordance with City policy. Donation and contribution SAP master data is established, donor restrictions are being met, and restricted expenses are allowable and eligible. In addition, controls are in place to comply with GASB 33¹ reporting requirements and to record in-kind real property and donations/contributions that require a contractual obligation on the part of the city.

We make no recommendations to the Finance Department; consequently, no management responses are required. Management's acknowledgement of these results is in Appendix B on page 5.

¹ Governmental Accounting Standards Board (GASB) 33 – Accounting and Financial Reporting for Nonexchange Transactions

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Background

The Finance Department provides quality, efficient, and accurate financial services and is focused on delivering excellence in organizational and community needs. The department has a fiduciary responsibility to safeguard the City's financial assets and manage its financial resources in accordance with the goals of the City Council and City Manager, and in compliance with applicable laws and generally accepted accounting and financial principles. One area under Finance's purview is the accounting for donations and contributions given to the City.

Administrative Directive (AD) - 8.8 Donations & Contributions establishes standard procedures and guidelines for accepting donations and contributions and for appropriating expenditures funded by these revenue sources. The AD defines a contribution as a gift in either the form of cash, goods, or services received that has been given to the City for a specific purpose (restricted). A donation is defined as a gift of cash, goods, or services given to the City for a general purpose (unrestricted). AD 8.8 also defines roles and responsibilities that are to be followed by Central Finance and by city departments.

The following table illustrates the restricted and unrestricted cash revenue received by city departments during fiscal year 2016 and fiscal year 2017 through June 2017:

Department	Restricted and Unrestricted Cash Revenue							
	2016				2017 (Oct. 2016 – June 2017)			
	Restricted	Unrestricted	Total	%	Restricted	Unrestricted	Total	%
Animal Care Services	\$ 434,971	\$ 347,248	\$ 782,219	32%	\$ 253,283	\$ 39,653	\$292,936	33%
Convention Facilities	51,460	-	51,460	2%	5,100	1,150	6,250	1%
Cultural Affairs	15,000	-	15,000	1%	13,250	-	13,250	2%
Dept. of Human Svcs	144,497	-	144,497	6%	7,250	-	7,250	1%
Fire & EMS	22,412	-	22,412	1%	18,257	-	18,257	2%
Library	-	1,154,509	1,154,509	48%	-	373,466	373,466	43%
Mayor & Council	23,857	2,500	26,357	1%	3,250	100	3,350	0%
Center City Dev. Ofc.	15,500	-	15,500	1%	5,912	-	5,912	1%
Parks & Rec	68,150	3,090	71,240	3%	16,576	-	16,576	2%
Police	60,274	12,500	72,774	3%	39,168	-	39,168	4%
Pre-K SA	6,484	-	6,484	0%	87,645	-	87,645	10%
Solid Waste Mgmt.	56,600	-	56,600	2%	14,000	-	14,000	2%
Total Cash Donation Revenue	\$ 899,205	\$ 1,519,847	\$2,419,052	100%	\$ 463,691	\$ 414,369	\$878,060	100%

Source: SAP

In addition, various departments had in-kind revenues related to land and equipment contributions.

Audit Scope and Methodology

The audit scope covered donation (unrestricted) and contribution (restricted) revenue and expense transactions from October 2015 to June 2017.

To obtain an understanding of internal controls related to restricted and unrestricted revenue and expenses, we interviewed staff in Central Finance and fiscal staff in five sample departments (Parks & Recreation, Department of Human Services, San Antonio Public Library, San Antonio Police Department, and Animal Care Services). The sample departments were judgmentally chosen based on the highest dollar amount of combined restricted and unrestricted revenues for the audit time frame.

In addition, we randomly selected revenue transactions from each department based on the number of transactions in the population. A total of 83 transactions were selected. For these transactions, we reviewed check logs, copies of checks, receipts, donor correspondence, City Ordinances, grant agreements, and monthly revenue and expense reports prepared by department fiscal staff.

We also reviewed department policies and procedures and roles and responsibilities related to compliance with Administrative Directive 8.8 - Donations & Contributions. We performed walkthroughs with department fiscal personnel and Central Finance to understand how donations and contributions are received, recorded, and reported in the City's financial statements. We examined invoices for expenses related to restricted revenue to determine if expenses were allowable and eligible according to donor restrictions. We used City ADs, City Ordinances, and department forms as criteria for our testwork.

We relied on computer-processed data in SAP, the City's accounting system, to review classification of revenues and expenses. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit 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.

Audit Results and Recommendations

A. Management of Donations and Contributions

The Finance Department has controls in place to manage donated funds in accordance with AD 8.8 – Donations & Contributions.

We reviewed a sample of donated revenue and expense transactions from five judgmentally selected city departments over a 21-month period and determined that SAP master data was properly established. In addition, for this same period we reviewed the monitoring of restricted revenues and expenses for donated funds and determined that revenues were recorded properly and expenses were allowable, eligible and consistent with donor restrictions. Finally, we reviewed the recording of in-kind revenues and expenses for the same time period and determined that controls were in place to comply with GASB 33 reporting requirements.

Recommendations

None

Appendix A – Staff Acknowledgement

Sheryl Wardashki, CPA, Auditor in Charge
Christopher Moreno, CFE, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3866

January 11, 2018

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgement of its Review of Donations & Miscellaneous Gifts - Citywide

The Finance Department has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

Finance Department:

Fully Agrees

Does Not Agree (provide detailed comments)

Sincerely,



Troy Elliott, CPA
Deputy Chief Financial Officer
Finance Department



Date



Ben Gorzell, Jr., CPA
Chief Financial Officer
City Manager's Office



Date