
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Audit of the Department of Human Services

Delegate Agency Monitoring

Project No. AU16-009

December 13, 2016

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 Department of Human Services (DHS), specifically delegate agency monitoring. The audit objectives, conclusions, and recommendations follow:

Determine if DHS monitoring efforts of delegate agencies are timely, inclusive of key contract terms, and sufficiently documented.

DHS monitoring efforts of delegate agencies are timely, inclusive of key contract terms, and sufficiently documented. We determined that DHS has effective controls to ensure delegate agencies are properly monitored. DHS is also monitoring the relevant performance measures from the delegate agency contracts. Finally, payments made to delegate agencies are timely and properly supported.

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

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Background

The Department of Human Services (DHS) mission is to strengthen the community through human services investments, resources and partnerships. They partner with 60 delegate agencies with a combined 97 programs to provide social services to the citizens of San Antonio with programs falling into one of three categories: Education, Family Well-Being, and Community Safety Net. These programs provide a variety of services including after school education programs, homeless prevention, financial security, at-risk youth behavior prevention, and senior services.

City Council reviews and approves delegate agencies for funding levels every two years during the annual budget process. Contracts with delegate agencies go into effect October 1st and expire September 30th. For FY 2016, the total budget for delegate agencies was \$18.5 million with an additional approximately \$2 million provided by two separate grants.

The process begins with Request for Proposals, which includes the initiation of the contract and helps ensure only eligible and qualified delegate agencies are selected to provide services for the City. This process involves obtaining delegate agency budgets, financial statements, disbarment or suspension verification, proof of liability insurance, and the scope of work and scorecard.

After the contract has been executed, monitoring activities occur throughout the life of the contract. Contract monitors work to ensure contract compliance and help ensure the services provided by the delegate agency are meeting established performance measures and goals. Fiscal monitors also work to ensure contract compliance and process and review delegate agency agencies along with monitoring the established budgets in the contracts.

Audit Scope and Methodology

The audit scope was FY 2016. We interviewed DHS staff to gain an understanding of the delegate agency monitoring process. We reconciled the delegate agencies funded on the FY 2016 City Budget with the contract monitoring spreadsheet to determine if DHS was monitoring all delegate agencies. We then took a sample of 20 delegate agency programs including grant funded programs.

We reviewed all contract execution documents including budgets, insurance coverage, the scope of work, and delegate agency financial statements and bylaws to determine if DHS obtained all required supporting documentation. This also included determining that administrative costs did not exceed 20% as required by the contract.

Additionally, we obtained and reviewed all monitoring documents including contract administration plans, contract monitoring reports, the contract compliance checklist, and the fiscal monitoring checklist to determine if DHS was properly monitoring delegate agencies. Additionally, we determined if grant funded programs were adhering to grant requirements. We also reviewed the contract monitoring reports to determine if the reported performance measures monitored aligned with the delegate agency contract.

Finally, for May 2016, we reviewed the monthly invoices for each program to determine if they were properly supported and accurately recorded in SAP. We also determined if invoices were paid within 30 days as required by the delegate agency contract.

We relied on computer-processed data in SAP to determine if invoices were accurately recorded in SAP. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included comparing invoice amounts to the amount recorded in SAP. Additionally, we determined if the invoice was recorded in the correct general ledger account in SAP. 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. Contract Monitoring

We reviewed a random sample of 20 programs out of 97. We determined that DHS has effective controls to ensure delegate agencies are properly monitored. Additionally, we determined that DHS is monitoring the relevant performance measures from the delegate agency contracts.

Recommendations

None.

B. Invoice Payments

We reviewed the same sample of 20 programs in Section A above. We obtained and reviewed the delegate agency invoices for May 2016 totaling \$399,052 and determined all invoices were properly supported, recorded accurately in SAP, and DHS made payment within 30 days as required by the delegate agency contracts. Additionally, we determined invoice payments did not exceed the established budget.

Recommendation

None.

Appendix A – Staff Acknowledgement

Buddy Vargas, CFE, Audit Manager
Douglas Francis, Auditor in Charge
Cecilia Gonzalez, Auditor
Nastasha Leach, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

October 25, 2016

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

RE: Management's Acknowledgement of its Review of Department of Human Services Delegate Agency Monitoring

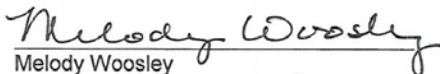
The Department of Human Services has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

Department of Human Services

☒ Fully Agrees

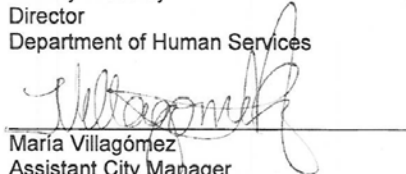
☐ Does Not Agree (provide detailed comments)

Sincerely,



Melody Woosley
Director
Department of Human Services

Nov. 2, 2016
Date



Maria Villagomez
Assistant City Manager
City Manager's Office

11/14/16
Date