
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Follow-up Audit of Department of Human Services

After School Challenge Program

Project No. AU20-F01

September 03, 2020

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

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted a follow-up audit of the recommendations made in the audit of the Department of Human Services (DHS) After School Challenge Program dated June 14, 2018. The objective for this follow-up audit is:

Determine if the recommendations made in the prior audit of DHS After School Challenge Program have been effectively implemented.

We determined that Department of Human Services (DHS) has developed updated policies and procedures to assist in the achievement of previous recommendations. However, policies and procedures were not fully implemented and therefore recommendations were not met.

Previous recommendations included the areas of timeliness, supervisory review/approval and the retention of supporting documents.

Although DHS recognizes the importance of these areas within their policies and procedures, DHS lacks internal controls to mitigate the prior issues. DHS is not consistently receiving required documentation from school districts during the year, which delays program reviews. Additionally, contracts are not being finalized prior to the beginning of the next contract year, affecting timely program administration.

Department of Human Services Management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix C on page 9.

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Background

On June 14, 2018, the Office of the City Auditor completed an audit of the DHS After School Challenge Program. The objective of the audit was as follows:

Determine if contract administration is effective to ensure compliance with key terms of the contract and accuracy of performance measures.

The Office of the City Auditor concluded that in order to ensure contract administration is effective in implementing key compliance measures, DHS would need to improve controls in the following areas:

- Timely completion of key, performance measure tools, such as the Program Performance Review (PPR) and End of Contract Review (EOC),
- Timely communication of performance review results to School Districts,
- DHS Supervisor review and approval of Contract Monitor's reporting efforts,
- Collection of source documentation to validate all measures reported by School Districts.

Department of Human Services management agreed with the conclusions and developed action plans to address the audit recommendations.

Audit Scope and Methodology

The audit scope was limited to the recommendations and corrective action plans made in the original report for the timeframe of October 2018 to February 2020.

We interviewed key DHS personnel to gain an understanding of newly implemented program changes. Testing criteria included reporting standards as stated within internal policy and procedures and contractual agreements.

Direct testing focused on evaluating key program monitoring reports for timing, approval and supporting documentation.

We determined that the following internal control components were significant to the audit objective:

- Approach and progress in the implementation of previous management responses,
- Timeliness of report completion,
- Ability to report and mitigate program deficiencies,
- Managerial review, verification and approval of Contract Monitor's reporting,
- Ability to validate data provided by school districts,
- Retention of relevant supporting documentation,
- Policies and procedures are clear, appropriate and in place.

Our reliance was based on performing direct tests on the finalized, supporting documentation provided by DHS. We did not evaluate the systems utilized to receive data. Therefore, we did not evaluate any 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.

Prior Audit Recommendations and Status

A. Performance Reviews and Contract Finalization

Prior Recommendation:

The Director of the Department of Human Services should ensure adequate timing of reviews conducted by monitors and timely communication of review results to School Districts.

Status: Not Implemented

A.1 Site Review

The current timing of program Site Reviews does not allow for timely communication with districts on areas for improvement. We determined that contract year (CY) 2019 Site Reviews for the eight school districts participating in the After School Challenge Program were completed within the last two months of the student school year, April and May of 2019.

Site Reviews are tools used to evaluate the district's performance of contractually agreed upon measures such as teacher certification verification, scope of work, client services and operations, participant files and eligibility, inventory, agency management, personnel and parent interviews, etc. Required Performance measures that may have been partially available during this review are the number of unduplicated students, average monthly attendance, absenteeism and disciplinary reporting. Student Reading grades, grade level progression and State of Texas Assessments of Academic Readiness (STAAR) Reading Test scores are typically completed after the student year and requested for evaluation during Quarter 4 reporting.

Per internal policy, Contract Monitors should determine if the Districts meet all contractual requirements. If there are contract compliance, program performance and/or fiscal issues, the agency will have 10 business days from the date of letter notification to submit a Corrective Action Plan and up to 90 calendar days to implement their plan. Another 90 days will be allowed for DHS to ensure implementation.

Performing Site Reviews late in the school year does not allow school districts the opportunity to implement DHS program recommendations until the end of the year.

A.2 Desk Reviews

We determined that CY2019 Desk Reviews for the 2018-19 schools year were completed untimely. Desk Reviews for six of the eight participating districts were conducted five months after the end of the contract term. The communication of results to the districts required additional time ranging from 8 up to 98 days.

Desk Reviews document the follow-up of Site Reviews and requests. Additionally, these reviews analyze the final Quarter 3 and Quarter 4 program performance for the contract term.

Per internal policy, the Contract Administration Monitoring Protocol of Delegate Agency Contracts, the Contract Monitor must analyze district submissions and report areas of concern to both their Supervisor and District by the end of the month following the reporting period.

The delayed completion of Desk Reviews does not allow for timely communication to school districts on areas of improvement and leads to untimely implementation of program recommendations.

A.3 End of Contract Review (EOC)

For the eight districts involved, six End of Contract Reviews were completed during February and April 2020, three to five months after their due date.

The EOC Review serves as the final accounting for contract year performance.

Per the Contract Administration Monitoring Protocol of Delegate Agency Contracts, the Contract Monitor is required to prepare an EOC review of each district's contract within 60 days of the end of contract. The EOC review addresses the status of any findings made during the year and the corrective actions taken by the District.

Delayed completion of the EOC review does not allow for an appropriate and timely internal review of program performance and compliance prior to a new contract year.

A.4 Contract Finalization

Program contracts for CY2019 were not finalized until April of 2019, seven months into the contract period. Additionally, as of February 2020, program contracts for the CY2020 were still awaiting finalization.

The contract year begins in October. Per the Contract Administration Monitoring Protocol of Delegate Agency Contracts, Contract Monitors must complete the Contract Administration Plan, a key monitoring tool, within 28 calendar days of contract execution. Contract Monitors must also meet with district staff to discuss contract terms, conditions, reporting requirements, monitoring process and monitoring tools by December 31st. The district's first quarterly reporting is due by

January 15th and the Contract Monitor should complete first quarter review by the end of January.

Delayed finalization of program contracts does not allow for appropriate contract monitoring or communication with District as described within internal policy. Additionally, delayed contract finalization has led districts to withhold reporting well past the first quarter for both 2019 and 2020 contract years and allows for the After School Challenge Program to function without formal contractual terms up until one month prior to the school year ending.

Recommendations

The Director of DHS should ensure:

- The adequate timing of reviews conducted by Contract Monitors and the timely communication of review results to school districts so that review results are relevant to the current contract year,
- Each district understands the importance of reporting obligations and associated timelines so that performance reviews and end of contract reviews may be completed timely,
- That new contracts are finalized timely so that districts and Contract Monitors have the necessary contractual guidance prior to program inception.

B. Supervisory Oversight

Prior Recommendation:

The Director of the Department of Human Services should ensure management is reviewing the accuracy and completeness of the work completed by Contract Monitors.

Status: Implemented

We determined that management is reviewing the work completed by Contract Monitors.

Per the Contract Administration Monitoring Protocol of Delegate Agency Contracts, the Contract Monitor serves as the first level of approval for reported measures followed by the Supervisor to ensure accuracy and completeness of both Contract Monitor reporting and District submissions.

DHS has developed and implemented a Contract Program Monitoring Report (CPMR) that is an internal monitoring tool that is updated, reviewed and approved by management as district data is received. It is a quick summary reference of all required program reporting.

Recommendations

No further recommendations.

C. Supporting Documentation

Prior Recommendation(s):

The Director of the Department of Human Services should ensure supporting documentation used by Contract Monitors to validate performance measures is kept on file.

Status: Not Implemented

We determined that all eight finalized Site Observations and six finalized Desk Reviews indicated issues with incomplete or inadequate reporting and the lack of student-level data to support program performance validation. It was also determined that three districts expressed concerns with data sharing and the potential violation of the Family Educational Rights and Privacy Act (FERPA).

Per the Contract Administration Monitoring Protocol of Delegate Agency Contracts, the Contract Monitor must ensure the District meets all Grantor requirements for that funding source. Per contractual agreement, the Contract Monitor should have the predetermined authority to verify the support documentation collected for performance measures reported to the City. Additionally, continual noncompliance could lead to quarterly incremental payment reductions to districts.

In areas where there were FERPA or other data sharing concerns, districts provided aggregate data submissions in place of student-level data. DHS utilized this data to review and approve district performance submissions. In addition, DHS retains aggregate data submissions for future reference.

The inability for the Contract Monitor to retrieve source documentation resulted in some measures being unverifiable for the entire contract year; increasing the risk of funding districts with unidentified reporting and compliance issues.

Recommendations

The Director of DHS should ensure:

- Data sharing concerns are resolved timely and mitigated within contractual terms,
- Student-level data is obtained to validate reported performance and contractual compliance,
- The appropriate payment reduction guidelines are followed when districts underperform or do not meet reporting requirements.

Appendix A – Recommendation Status Summary

No.	Original Report Recommendation	Current Status
A.1	The Director of the Department of Human Services should ensure adequate timing of reviews conducted by monitors and timely communication of review results to school districts.	Not Implemented
B.1	The Director of the Department of Human Services should ensure management is reviewing the accuracy and completeness of the work completed by Contract Monitors.	Implemented
C.1	The Director of the Department of Human Services should ensure supporting documentation used by Contract Monitors to validate performance measures is kept on file.	Not Implemented

Appendix B – Staff Acknowledgement

Gabriel Trevino, CISA, Audit Manager
Denise Trejo, Auditor in Charge

Appendix C – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

August 14, 2020

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

RE: Management's Acknowledgment and Corrective Action Plan for After School Challenge Program
Follow-up Audit

- ☒ Fully Agree (provide detailed comments)
- ☐ Agree Except For (provide detailed comments)
- ☐ Do Not Agree (provide detailed comments)

The Department of Human Services (DHS) has reviewed the audit report and agrees with the findings. DHS developed the Corrective Action Plans below for the recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	Performance Reviews & Contract Finalization The Director of the Department of Human Services should ensure: <ul style="list-style-type: none">The adequate timing of reviews conducted by Contract Monitors and the timely communication of review results to school districts so that review results are relevant to the current contract yearEach district understands the importance of reporting obligations and associated timeliness so that performance reviews and end of contract reviews may be completed timelyThat new contracts are finalized timely so that districts and Contract Monitors have the necessary contractual guidance prior to program inception.	5	Accept	Ashley Steubing/ Contract Administrator	2/28/21

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action Plan:</p> <p>In alignment with school district calendars, the Department of Human Services (DHS) will develop a plan to conduct on-site monitoring visits and ensure monitoring reports are provided to each school district by February of the contract year to allow districts sufficient time to implement corrective action before the end of the school year in May.</p> <p>DHS will ensure contracts emphasize reporting obligations and timelines and will brief District staff regarding the DHS Contract Administration & Monitoring Protocol and expected timelines by September 1, 2020. Additionally, DHS contract and fiscal monitoring staff will receive training on contract execution, monitoring, and reporting expectations and timelines by September 1, 2020. Contract and Fiscal Administrators will provide the DHS Director with a bi-weekly contract execution and monitoring status report. Further, to facilitate the submission of documents required for contract execution prior to the start of the contract term, DHS is working with the City Attorney's Office to strengthen contract language regarding reallocation of funds when contracts are not executed timely.</p> <p>Additionally, DHS is working with a third-party consultant to review the Department's contract execution and monitoring processes to identify efficiencies and improve the effectiveness of DHS contract management. Based on the review recommendations, DHS will update the Contract Administration & Monitoring Protocol as needed.</p>				
2	<p>Supporting Documentation</p> <p>The Director of the Department of Human Services should ensure:</p> <ul style="list-style-type: none"> • Data sharing concerns are resolved timely and mitigated within contractual terms, • Student-level data is obtained to validate reported performance and contractual compliance, • The appropriate payment reduction guidelines are followed when districts underperform or do not meet reporting requirements. 	6	Accept	Ashley Steubing / Contracts Administrator	9/30/2021

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan: The Department of Human Services (DSH) will modify contract language and establish Data Sharing Agreements with school districts as needed to facilitate sharing of student-level data to validate reported performance and contract compliance. DHS will maintain aggregate and dis-aggregate student data in the agency's file as support documentation or ensure dis-aggregated student level data is maintained by the school district and available for future audits.</p> <p>DHS will also continue to hold payment of invoices from school districts, and all delegate agencies, until all documents required for contract execution are provided. DHS Contract Administration will coordinate with Fiscal Operations to ensure appropriate payment reductions are applied to school districts in accordance with the Department's Disallowance Policy for underperformance and to withhold payment of invoices for failure to meet reporting requirements as outlined in the contract.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,



Melody Woosley
Director
Department of Human Services

August 13, 2020
Date



Dr. Colleen Bridger
Assistant City Manager
City Manager's Office

8/20/2020
Date