



**Kids Excel El Paso Contract
Follow-Up Audit Report
A2015-06**

Issued by the
Internal Audit Office
April 30, 2015

**City of El Paso
Internal Audit Office
Kids Excel El Paso Contract Follow – Up Audit Report No. A2015-06**

EXECUTIVE SUMMARY

The Internal Audit Office conducted a Follow-Up Audit of the Kids Excel El Paso Contract Audit Report dated October 14, 2013. The original Audit Report contained two findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Findings	Status
1	Kids Excel El Paso did not timely submit the Mid-Year invoice with the Mid-Year Report to the Museum and Cultural Affairs Department (MCAD) as required by Contract #135585. In addition, all three invoices submitted to MCAD contained the same invoice date of 10/10/2012.	Not Applicable
2	<p>The Monthly Reports submitted to MCAD by Kids Excel El Paso contained data that could not be verified by supporting documentation. The Monthly Reports contained inconsistent data and were not totaled correctly. The discrepancies in the Monthly Reports include the following:</p> <ul style="list-style-type: none"> • Missing data in the Administration Section • Missing data for total Attendance and the number of Audience-Youth Section • The number of Fulltime Personnel Section was not totaled correctly • Administration section was not totaled or not totaled correctly • The numbers of Amateur Artist – Youth Symphony for April and May 2013 were removed as compared to May’s Monthly Report in June 2013 Monthly Report 	Not Applicable

For a detailed explanation of the findings and current observations please refer to the appropriate finding contained in the body of this Audit Report.

BACKGROUND

The City of El Paso through the Museum and Cultural Affairs Department (MCAD) awarded an Operational Support Program Contract #135585 to Kids Excel El Paso on October 10, 2012. The Operational Support Program (OSP) Contract is to provide operating support to large, non-profit arts and cultural organizations that provide a season of activities open to the public, active community outreach, and activities that have a cultural tourism appeal. OSP is designed to support the organizational stability of the El Paso's arts and cultural assets, and to cultivate organizational growth and professional development through investments that benefit the citizens of El Paso and improve their quality of life, as well as fostering the region's creative economy and visitor industry. Organizations receiving Operational Support Program funds must have been in operation for at least three (3) years, and have a minimum of three (3) years funding history with MCAD. They must also have minimum cash revenues of \$100,000.00 (including MCAD funding) during the most recently completed fiscal period.

The total amount of the award is \$17,500.00. \$16,080.00 of the \$17,500.00 (91.89%) award is funded by the Hotel Occupancy Tax. \$1,420.00 of the \$17,500.00 (8.11%) award is funded by the Texas Commission on the Arts. The first payment of 50% of the award (\$8,750.00) is payable upon the submission of a completed invoice from Kids Excel El Paso to MCAD. The first payment should not be expected before December 1, 2012. The second payment is 45% of the award (\$7,875.00) is payable upon Kids Excel El Paso's completion and acceptance by MCAD of the Mid-Year report along with an invoice due by March 18, 2013. The last payment is 5% of the award (\$875.00) payable upon submission of the invoice and final report due on August 15, 2013, or thirty days after the completion of the services, whichever comes first, based on the entire fiscal year's activity. The start of the proposed activities for Kids Excel El Paso should not begin no earlier than September 1, 2012 and end no later than August 15, 2013.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations detailed in the original Audit Report dated October 14, 2013.

AUDIT SCOPE

The audit period covered the operations of Fiscal Year 2014-2015.

AUDIT METHODOLOGY

To achieve our audit objectives we:

- Referenced the City of El Paso 2015 Strategic Plan,
- Requested any documents received after the completion of the initial Kids Excel El Paso Contract Audit dated October 14, 2013 from MCAD.

We conducted this audit in accordance with the Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. 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.

**ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT'S
RESPONSE TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS**

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Finding: 1

Invoices

MCAD Operational Support Program Contract #135585:

- Section 3b: *Complete and forward to MCAD the following: 1) monthly reports by the 15th day of each month (reporting the prior month's activities); 2) a mid-year report submitted by March 18, 2013 along with an invoice; 3) an acceptable final report and numbered invoice dated no earlier than the completion of the Services or the completion of the final report, including a final budget summary outlining expenditures and revenues, no later than August 15, 2013;*
- Section 7: *The first installment (50% of the total award) will be payable upon the submission of a completed invoice and acceptance of same by MCAD.*

Three (3) invoices submitted to the Museums and Cultural Affairs Department (MCAD) by Kids Excel El Paso contained the following discrepancies:

- 1 of the 3 invoices (Invoice #1162) reviewed was not submitted by March 18, 2013 with the Mid-Year Report as required by Contract #135585. The invoice was received by MCAD's Financial section on April 16, 2013 which was 21 work days late. The invoice due date of March 18, 2013 did not correspond with the date it was received of April 16, 2013.
- All three (3) invoices had an Invoice Date of 10/10/2012 but were not received until 12/03/2012, 4/16/2013, and 8/19/2013 respectfully.

Recommendation

Kids Excel El Paso needs to ensure that:

- The Mid-Year invoice is submitted with the Mid-Year Report in accordance with Contract #135585,
- Invoices are dated when they are submitted to MCAD in accordance with Contract #135585.

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Management’s Response:

- a. Meeting held with KEEP (Kid Excel El Paso) on 11-07-2013 to discuss audit outcomes
- b. Issues: Reporting Timeliness and Report Dates
- c. Action Items:
 - 1. All invoices to be dated as of the actual invoice submission date
 - 2. All invoices to be submitted on the date(s) specified by the contract
 - 3. Mid-Year Invoice to be submitted with Mid-Year Report
 - 4. E-mail will be sent to grant recipients with guidelines to ensure Accuracy of reporting

Responsible Party:

Socorro Q. Diamondstein – Cultural Funding and Technical Assistance Coordinator, MCAD

Implementation Date:

November 19, 2013

Current Observation

The Kids Excel Operational Support Program Contract #135585 concluded August 31, 2013. No further documents were required after the completion of the Kids Excel El Paso Contract.

Status

Not Applicable since the Kids Excel El Paso Operational Support Program #135585 has concluded.

Finding 2

Monthly Reports

MCAD Operational Support Program Contract #135585 Section 3 b:

- *Complete and forward to MCAD the following: 1) monthly reports by the 15th day of each month (reporting the prior month’s activities);*

MCAD’s Operational Support Program Funding Guidelines Fiscal Year 2012-2013 Analysis Guidelines:

- *Monthly Report “Participation”: A listing of activities and programs presented by the organization and the total attendance at each activity must be submitted **by the 15th day** of each month (reporting the prior month’s activities) on the report form provided by MCAD.*

Ten (10) Monthly Reports submitted to the Museums and Cultural Affairs Department (MCAD) by Kids Excel El Paso were reviewed. Monthly Reports were inconsistent and data could not be verified.

A review of the October 2012 and May 2013 Monthly Reports was conducted to determine if the supporting documentation matched the Monthly Reports. The following is a summary of our review:

- October 2012
 - The data in the “Number of Events/Att” could not be verified.
- May 2013
 - The data of “Conference/workshops/lectures/classes” and “Performances” could not be verified.

The following discrepancies were also identified:

- 8 Monthly Reports had sections in the report that were not totaled or were totaled incorrectly in the following sections:
 - The number of Fulltime Personnel Section
 - The Administration Section
- 3 Monthly Reports contained inconsistent and/or missing data in the following sections:
 - The “Administration” Section
 - The number of “total Attendance and number of Audience – Youth” Section
 - The numbers of “Amateur Artist – Youth Symphony” for April and May 2013 were removed as compare to the month of June 2013

Recommendation

Kids Excel El Paso’s Management needs to:

- Collect and report data accurately on the Monthly Reports submitted to MCAD,
- Ensure that data provided in the Monthly Reports is consistent and has supporting documentation that can be traced.

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Management's Response:

- a. Meeting held with KEEP (Kid Excel El Paso) on 11-07-2013 to discuss audit outcomes
- b. Issues: Monthly Reports were inconsistent & data could not be verified
- c. Action Items:
 - 1. Collect/report data accurately on the Monthly Reports
 - 2. Ensure data is consistent with supporting documentation
 - 3. Currently working with IT to ensure that the reporting documents are refined and are not conducive to errors or discrepancies
 - 4. E-mails will be sent to all grant recipients with guidelines related to attendance reporting, and back-up documentation to support the report

Responsible Party:

Socorro Q. Diamondstein – Cultural Funding and Technical Assistance Coordinator, MCAD

Implementation Date:

November 19, 2013

Current Observation

The Kids Excel El Paso Operational Support Program Contract #135585 concluded August 31, 2013. No further documents were required after the completion of the Kids Excel El Paso Contract.

Status

Not Applicable since the Kids Excel El Paso Operational Support Program #135585 has concluded.

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

We have concluded our audit work on the objectives of the Kids Excel El Paso Contract Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objective and supporting the observations and conclusion. In accordance with Generally Accepted Government Auditing Standards we are required to conclude on whether Museums and Cultural Affairs Department (MCAD) met the objectives of the audit. The following is our conclusion.

MCAD met the Audit objectives in the following areas:

- Verified the Kids Excel El Paso Contract Operational Support Program Contract #135585 period was completed. All contractual requirements have been met.
- Additionally, MCAD is meeting Strategic Goal 4.2 by: Creating innovative recreational, educational and cultural programs.

We wish to thank MCAD for their assistance and courtesies extended through this audit.

Signature on File
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