



**Council Auditor's Office**

**Follow-Up on Kids Hope Alliance Grants Audit**

**Report #846A**

**Released on:** April 18, 2023

**OFFICE OF THE COUNCIL AUDITOR**  
Suite 200, St. James Building



April 18, 2023

Report #846A

Honorable Members of the City Council  
City of Jacksonville

The purpose of this report is to document our follow-up review of our past report #846, Kids Hope Alliance Grants Audit, and to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards. The initial audit report can be found on our website.

We sent follow-up letters to the Kids Hope Alliance Chief Executive Officer and the City's Chief Administrative Officer on August 31, 2022, inquiring as to the status of the original audit report recommendations. We reviewed the recommendations from our audit report, the auditees' responses to the recommendations, and the auditees' responses to our follow-up letter. We then performed limited testing to verify responses.

Based on the responses received and our follow-up testing, a table detailing the original number of issues noted and the number of issues resolved as of this follow-up is included below.

<b>Types of Issues</b>	<b>Original Number of Issues</b>	<b>Issues Cleared</b>	<b>Remaining Issues</b>
Internal Control Weaknesses	9	9	0
Findings	15	14	1
Opportunities for Improvement	0	0	0
<b>Total</b>	<b>24</b>	<b>23</b>	<b>1</b>

The following is a brief summary of the remaining issues with responses from the Kids Hope Alliance.

**Finding 1 - Remaining Funds were Not Always Managed and Tracked Properly**

During the original audit we identified issues with the closing out of grants related to the timing and calculations of the close-outs. Our review of 19 grant periods in the original audit identified that:

- 18 of the grants were not closed out in a timely manner.
- 13 of the 19 transactions that returned funds to KHA's operating fund had issues related to the calculations.

- 2 of the 12 transactions that moved funds to a different grant period or returned funds to the grantor had issues with the calculation.
- 11 of the 11 transactions that moved funds to a different grant period did not have the required authorization from the grantor on file.

During the follow-up we noted that close outs were still not occurring in a timely manner. We selected three grants for testing and found that none of the three had been completely closed out even though each were at least 90 days past the end of the grant period. As such, we will need to follow-up on this finding again in a future follow-up to ensure timeliness and accuracy are both being met.

It is important to note that we saw improvement with various aspects of the close out and overall grant monitoring procedures as evidenced by all other items being addressed. We also reviewed one grant that had been closed out and found all applicable close out calculations appeared to be accurate.

***KHA Response to the Follow-Up of Finding 1***

Agree

Disagree

Partially Agree

*We agree with the auditor's findings and the following action will be taken to continue to improve the situation. KHA will continue to work with General Accounting to reconcile and ensure grants are ready to be closed in a timely manner. As indicated, the KHA finance team has implemented a system of checks and balances that minimizes the risk of error in calculations and carry forwards*

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We would like to thank the Kids Hope Alliance and the City's Finance and Administration Department for their cooperation in conducting this follow-up review.

Respectfully submitted,

*Kim Taylor*

Kim Taylor, CPA  
Council Auditor