

**OFFICE OF INSPECTOR GENERAL
CITY OF JACKSONVILLE**



**AUDIT REPORT
2020-AR-0002**

**KIDS HOPE ALLIANCE
STOP THE VIOLENCE PROGRAM AUDIT**

**LISA A. GREEN
INSPECTOR GENERAL**

OCTOBER 6, 2020

DATE ISSUED

“Enhancing Public Trust in Government Through Independent and Responsible Oversight”



EXECUTIVE SUMMARY

Audit Number 2020-AR-0002

Purpose

The Office of Inspector General (OIG) conducted an audit of the City of Jacksonville's Kids Hope Alliance (KHA), Stop The Violence Neighborhood Intervention and Prevention Mini Grant Program (Stop the Violence Program) in order to determine if Stop the Violence Program Agreements (Agreements) were executed in accordance with the term of the Agreement for the period October of 2018 to March of 2020 and in accordance with KHA policies and procedures. Approximately \$380,416 was appropriated for the Stop the Violence Program.

Findings, Observations and Recommendations

Finding 1: Failure to Obtain Monthly Program Reports

Similar to the finding in the KHA Faith-Based Program Audit (OIG Audit Report 2019-AR-0001, issued on September 21, 2020), KHA failed to obtain approximately 6 percent of the monthly program reports (26 out of 440) from November of 2019 to September of 2019, the original term of the Agreements. In addition, KHA failed to obtain approximately 15 percent of the monthly program reports (17 out of 120) from October of 2019 to March of 2019, for the 20 vendors who elected to extend their Agreement. KHA followed up with vendors to obtain the missing monthly program reports, however, the monthly program reports were not provided in all instances.

As a result of the KHA Faith-Based Program Audit (OIG Audit Report 2019-AR-0001), KHA revised the *Policies and Procedures Manual, Contract Management File Policy* to *Policies and Procedures Manual Contract and Grant Management Procedures*, on August 1, 2020. The OIG reviewed the revised policy and has determined that any recommendations related to the above noted deficiency has been adequately addressed. Therefore, no further action is necessary by KHA at this time.

Observation 1: Unused Stop the Violence Program Funding

The Audit disclosed that approximately **\$53,297** of the appropriated \$380,416 in Stop the Violence Program funds remained unused as of March of 2020, the end of the term, and remained encumbered as of August of 2020. This figure represents approximately 14 percent of Stop the Violence Program funding. Subsequent to the OIG's inquiry during the Audit, KHA requested that the funds be unencumbered on September 3, 2020. The OIG verified the **\$53,297** is no longer encumbered.

Conclusion

The Audit concluded KHA effectively managed the Stop the Violence Program. The OIG determined that the selection process used was fair and unbiased.

The OIG Audit disclosed that KHA failed to obtain monthly program reports as required by the Agreements and in accordance with KHA *Policies and Procedures Manual, Contract Management File Policy* in effect during the Stop the Violence Program.

The Audit disclosed that approximately **\$53,297** of the appropriated \$380,416 in Stop the Violence Program funds remained unused as of March of 2020, the end of the term, and remained encumbered as of August of 2020. As a result of this Audit, the **\$53,297** is no longer encumbered.

In addition, as a result of OIG Faith-Based Audit (Audit Report 2019-AR-0001, issued September 21, 2020), KHA implemented the revised *Procedures Manual Contract and Grant Management Procedures*, on August 1, 2020. The OIG has determined that the revised policy adequately addresses any deficiencies in Finding 1 of this report and includes a process for a timely review of unused funds at the end of the term for agreements, grants, or contracts moving forward.

The OIG has no recommendations related to this Audit.

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AUDIT REPORT

Authority

This audit was conducted pursuant to Section 1.203(c), Charter of the City of Jacksonville, and Section 602.303(a-c), *Ordinance Code*.

Background

In September of 2018, City Council appropriated approximately \$364,550 for Stop the Violence Intervention and Prevention Mini-Grant Program (Stop the Violence Program) as part of the City of Jacksonville (COJ) 2018-2019 Fiscal Year Consolidated Government Budget, Ordinance 2018-504-E (\$300,000) and subsequent Ordinance 2018-653-E (\$64,550). Both Ordinances were enacted on September 25, 2018 and appropriated funding for mini grants up to \$10,000. In January of 2019, an additional \$15,866 (approximately) was appropriated by Ordinance 2018-843-E, for mini-grants up to \$5,000, from KHA's Trust Fund bringing the total of the Stop the Violence Program to approximately \$380,416.

The Stop the Violence Program awarded grants to various vendors for the intervention and prevention programs to address youth violence, providing immediate assistance to youth with pathways out of violence. Each of the Stop the Violence Program Agreements (Agreements) had a maximum indebtedness not-to-exceed amount of \$10,000. Funding from the KHA Trust fund was not to exceed \$5,000 per Agreement. The Stop the Violence Program was also referred to as the Mini-Grant Program.

KHA advertised for Stop the Violence Program applications on KHA's website from October 11, 2018 to October 19, 2018. Vendors submitted applications either by mailing the application or submitting the application online application. The applications were reviewed for minimum requirements on October 20, 2018.

All vendor applications were then scored by six evaluators, one COJ employee and five volunteers. KHA provided training and a scoring matrix to all evaluators. KHA awarded Agreements to the vendors with the top 40 scores. Two of the initial 40 vendors declined and the next two highest scoring vendors were awarded Agreements. Thirty-seven vendors were awarded at or just under \$10,000 each and three vendors were awarded \$5,000 each. The Agreements were executed in October of 2018, and the term of the Agreements was in effect until September 30, 2019. In July of 2019, KHA provided the vendors the option to extend the Agreement term to March 31, 2020.

Each Agreement stated that the vendor shall provide services consistent with the scope of work for the Stop the Violence Program and budget contained in their respective application packages.

The Agreement required vendors to provide a monthly program report that detailed the status of the program and the number of youth served during the prior month.

Vendors submitted monthly requests for reimbursement of expenses incurred during the prior month. The requests, which consisted of receipts, invoices, cancelled checks, and bank statements, were submitted through KHA's Services and Activities Management Information System (SAMIS). Contract Managers and the Contract Compliance Associate – Finance reviewed the vendor's expense reimbursement requests and accompanying documentation to determine if the expenses were allowable under the Agreements. The former Assistant Director of Finance reviewed and approved the expense reimbursement requests, which were then subsequently submitted to the COJ Accounts Payable Department for payment.

Scope, Objectives, and Methodology

The purpose of the Stop the Violence Program Audit was to determine if the vendor selection process was unbiased and the Agreements were executed in accordance with governing policies and procedures for the term of the Agreements. The scope of this audit included KHA's oversight of the Stop the Violence Program, from October 1, 2018 to March 31, 2020.

The objectives of the audit were to determine if:

- Determine if the selection process was fair and unbiased;
- Evaluate whether vendors performed within KHA procedures and contract requirements;
- Determine if KHA and the COJ procurement procedures were followed; and
- Examine the vendor's expense reimbursement requests and accompanying documentation to determine if the expenses were allowable and reimbursed in accordance with KHA procedures and contract requirements.

The OIG reviewed the following governing directives, policies, and procedures:

- Procurement Division *Procurement Manual*, dated May of 2018;
- KHA *Policies and Procedure Manual*;
- Stop the Violence Program advertisement; and
- Stop the Violence Program Agreements.

To conduct the audit, the OIG:

- Reviewed Agreements and tested selection criteria and Agreement requirements;
- Interviewed KHA contract, program, grant, and financial personnel;
- Ensured Agreements were executed and vendors complied with the Agreement;
- Reviewed vendor documents, including monthly program reports, receipts, invoices, and bank statements; and
- Ensured vendors were reimbursed for allowable expenses.

The Stop the Violence Audit was conducted from July of 2020 to September of 2020 in conformance with the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors (IIA). In accordance with the standards, the OIG planned and performed the Audit to obtain sufficient, appropriate evidence to provide a reasonable basis for any findings and conclusions based on the Audit objectives.

Finding

Finding 1: Failure to Obtain Monthly Program Reports

Similar to the finding in the KHA Faith-Based Program Audit (OIG Audit Report 2019-AR-0001, issued on September 21, 2020), the Audit disclosed that KHA failed to obtain approximately 6 percent of the monthly program reports (26 out of 440) from November of 2019 to September of 2019, the original term of the Agreements. In addition, KHA failed to obtain approximately 15 percent of the monthly program reports (17 out of 120) from October of 2019 to March of 2019, for the 20 vendors who elected to extend the original Agreement term. KHA followed up with vendors to obtain the missing monthly program reports; however, the monthly program reports were not provided in all instances as noted above.

The executed Agreements stated verbatim, in part:

***Required Program Reports: Technical Assistance.** Contractor shall submit monthly program reports in a format approved by the KHA and with such information as requested by KHA regarding the status of the Program's goals and objectives and the number of youths served. Contractor agrees to accept technical assistance related to reporting from the KHA and make any reasonable changes in its reporting procedures, which will better facilitate the documentation of Program efficiency and effectiveness... KHA shall notify the City if sufficient staff, facilities and equipment necessary to deliver the Services for the Program cannot be maintained.*

In addition to the Agreements, KHA's *Policies and Procedures Manual, Contract Management File Policy*, effective date June 1, 2016, review date January 1, 2019, specified which documents should be retained in each vendor file, more specifically, under Procedure 4. Section Three: "Monthly Quarterly or Year End Monthly Reports."

The purpose of the monthly program reports was, in general, to document the Stop the Violence Program's efficiency and effectiveness and determine whether the vendors were able to deliver services for the Stop the Violence Program. Failure to obtain monthly program reports prevents KHA from timely reviewing and determining whether the vendors are able to deliver services as outlined in their statement of work.

Recommendation 1:

As a result of the KHA Faith-Based Program Audit (OIG Audit Report 2019-AR-0001), KHA revised the *Policies and Procedures Manual, Contract Management File Policy* to *Policies and*

Procedures Manual Contract and Grant Management Procedures, on August 1, 2020. The OIG has determined that any recommendation related to the above noted deficiency has been adequately addressed by the revised policy. Therefore, no further action is necessary by KHA at this time.

Observation

Observation 1: Unused Stop the Violence Program Funding

As of March of 2020, approximately **\$53,927** of the appropriated \$380,416 Stop the Violence Program funds remained unused and as of August of 2020 these funds remained encumbered. This figure represents approximately 14 percent of Stop the Violence Program funding. Refer to the *Stop the Violence Program Recipients* table (Appendix A), which provides a complete listing of all vendors who received awards under the Stop the Violence Program. In addition, the table lists the respective amount awarded, the amount reimbursed and unused funds for each vendor.

During the Audit, the OIG inquired as to the status of unused funds. Based on OIG's inquiry, KHA advised that the \$53,927 was still encumbered for the Stop the Violence Program. On September 3, 2020, KHA e-mailed a request to the COJ Procurement Division to unencumber the funds by closing out purchase orders and liquidating the amounts. On September 23, 2020, the OIG reviewed the Stop the Violence Program budget and verified the \$53,927 is no longer encumbered.

Conclusion

The Audit concluded KHA effectively managed the Stop the Violence Program. The OIG determined that the selection process used was fair and unbiased.

The OIG Audit disclosed that KHA failed to obtain monthly program reports as required by the Agreements and in accordance with KHA *Policies and Procedures Manual, Contract Management File Policy* in effect during the Stop the Violence Program.

The Audit disclosed that approximately **\$53,297** of the appropriated \$380,416 in Stop the Violence Program funds remained unused as of March of 2020, the end of the term, and remained encumbered as of August of 2020. As a result of this Audit, the **\$53,297** is no longer encumbered.

As a result of OIG Faith-Based Audit (Audit Report 2019-AR-0001, issued September 21, 2020), KHA implemented the revised *Procedures Manual Contract and Grant Management Procedures*, on August 1, 2020. The OIG has determined that the revised policy adequately addresses any deficiencies in Finding 1 and includes a process for a timely review of unused funds at the end of the term for agreements, grants, or contracts moving forward.

Therefore, the OIG has no recommendations related to this Audit.

Economic Impact: \$53,927

The Audit disclosed that as of March of 2020, approximately **\$53,927** of the appropriated \$380,416 of the Stop the Violence Program funds remained unused at the end of the Agreement term.

Management's Response

On September 30, 2020, the Office of Mayor Curry, City of Jacksonville, Florida, was provided the opportunity to submit a written explanation or rebuttal to the findings as stated in the draft Audit, due on or before October 19, 2020. On October 5, 2020, Mike Weinstein, Chief Executive Officer, KHA, notified the OIG that management had no comments on the report.

cc: OIG Audit Distribution 2020-AR-0002

This audit has been conducted in accordance with INSTITUTE OF INTERNAL AUDITORS International Standards for the Professional Practice of Internal Auditing.

STOP THE VIOLENCE PROGRAM RECIPIENTS			
VENDOR	AMOUNT AWARDED	AMOUNT REIMBURSED	UNUSED AMOUNT
100 Black Men	\$ 10,000.00	6,489.84	3,510.16
2nd Mile Ministries. INC.	\$ 9,970.00	9,968.95	1.05
America's Little Leaders	\$ 10,000.00	9,790.00	210.00
Annie Ruth Foundation	\$ 10,000.00	10,000.00	-
Boy Scouts of America, N FL Council, Inc.	\$ 10,000.00	9,680.38	319.62
Boys and Girls Club	\$ 10,000.00	9,928.56	71.44
Cage Consulting	\$ 9,820.00	9,399.60	420.40
Carver Lincoln Association for Youth, Inc.	\$ 10,000.00	8,578.95	1,421.05
Cathedral Arts Project	\$ 10,000.00	10,000.00	-
Chosen of God Miracle Kingdom Builders International Ministries.	\$ 10,000.00	9,639.10	360.90
Delta Research & Educational Foundation	\$ 10,000.00	9,999.02	0.98
Don't Miss A Beat, INC.	\$ 10,000.00	7,864.84	2,135.16
Education Through Entertainment	\$ 10,000.00	5,730.84	4,269.16
Electas House, Inc.	\$ 9,959.00	9,887.25	71.75
Empowerment Resources, INC.	\$ 10,000.00	7,105.63	2,894.37
Excellence Academy for the Performing and Visual Arts, INC.	\$ 10,000.00	5,455.72	4,544.28
God's Glory from Heaven Outreach Ministries, INC.	\$ 10,000.00	6,241.84	3,758.16
Great Expectations Educational Recourses and Supports (GEERS)	\$ 5,000.00	5,000.00	-
Heart to Heart Christian Academy and Childcare, INC.	\$ 10,000.00	6,141.10	3,858.90
Hope at Hand, Inc.	\$ 10,000.00	10,000.00	-
Hope Street	\$ 5,000.00	4,367.72	632.28

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Jacksonville Arts & Music School	\$	10,000.00	9,999.87	0.13
Jacksonville Community Coalition, Inc.	\$	10,000.00	9,970.80	29.20
Jacksonville Urban League, INC.	\$	10,000.00	9,867.87	132.13
Junior Achievement of North Florida, INC.	\$	9,920.00	9,919.46	0.54
Krumpin For Success Inc.	\$	5,000.00	4,998.46	1.54
Marathon High, Inc.	\$	10,000.00	9,825.80	174.20
Northside Coalition of Jacksonville	\$	10,000.00	9,688.32	311.68
Northwest Behavioral Health Services, Inc.	\$	10,000.00	9,263.38	736.62
P. S. Never Give Up Hope Inc.	\$	10,000.00	5,389.01	4,610.99
Pearls of Perfection	\$	5,000.00	4,952.28	47.72
Police Athletic League of Jacksonville, Inc.	\$	10,000.00	9,397.50	602.50
Project A.K.A.	\$	10,000.00	450.00	9,550.00
Revitalize Arlington, Inc.	\$	9,875.00	8,697.26	1,177.74
Solid Rock Baptist Church	\$	10,000.00	10,000.00	-
The Foundation Academy	\$	10,000.00	10,000.00	-
Trinity Deliverance Christian Church	\$	10,000.00	9,999.49	0.51
Tristan's Acceleration Academy	\$	10,000.00	2,500.00	7,500.00
Us & Ours Children	\$	10,000.00	9,979.33	20.67
YMCA	\$	10,000.00	9,449.00	551.00
TOTAL	\$	379,544.00	\$ 325,617.17	\$ 53,926.83