

OFFICE OF THE CITY CONTROLLER



**PARKS AND RECREATION DEPARTMENT
AFTER SCHOOL ACHIEVEMENT PROGRAM
CONTRACT COMPLIANCE AUDIT OF
KIPP ACADEMY**

Annise D. Parker, City Controller

Steve Schoonover, City Auditor



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

ANNISE D. PARKER

April 21, 2005

The Honorable Bill White, Mayor
City of Houston, Texas

SUBJECT: Parks and Recreation Department (Department)
Contract Compliance Audit of KIPP Academy
After School Achievement Program Services (Report 05-11)

Dear Mayor White:

The City Controller's Office Audit Division has completed a contract compliance audit of KIPP Academy After School Achievement Program services (ASAP). The audit objective was to determine whether KIPP Academy complied with contract terms during the 2003-2004 school year. The primary focus was to assess individual program related expenses to determine if they were appropriate, adequately supported, and in compliance with contract terms and federal regulations.

The report, attached for your review, concluded that KIPP Academy complied with ASAP contract terms and federal regulations, except in the area of charging fees for participant's transportation during Saturday school ASAP activities. Draft copies of the matters contained in the report were provided to Department and KIPP Academy personnel. The finding and recommendation are presented in the body of the report and the views of responsible officials as to actions being taken are appended to the report as Exhibit I.

We appreciate the cooperation extended to our auditors by both Department and KIPP Academy management during the course of the audit.

Respectfully submitted,

Annise D. Parker
City Controller

xc: City Council Members
Anthony Hall, Chief Administrative Officer
Michael Moore, Chief of Staff, Mayor's Office
Joe Turner, Director, Parks and Recreation Department
Judy Gray Johnson, Director, Finance and Administration Department

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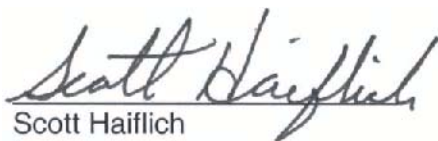
SCOPE AND PURPOSE

We have completed a contract compliance audit of the After School Achievement Program (ASAP) administered by KIPP Academy (KIPP) at their 10711 KIPP Way location. The period audited was the 2003-2004 school year. The audit objective was to determine whether KIPP complied with the terms of its contract. The primary focus was to assess individual program related expenses to determine if they were appropriate, adequately supported, and in compliance with contract terms and federal regulations. Due to the audit period being the 2003 – 2004 school year, we were unable make unannounced visits of scheduled activities to verify that programming actually occurred as indicated on Program Components Reports.

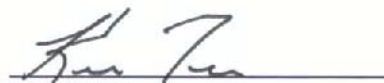
The scope of our work did not constitute an evaluation of the overall internal control structure of KIPP Academy at their 10711 KIPP Way location or their internal controls related to the contract. The scope of the audit was limited to determining whether program related expenses were appropriate, adequately supported, and in compliance with contract terms and federal regulations. This audit was executed in accordance with Generally Accepted Government Auditing Standards (GAGAS).

CONCLUSION

Based on the results of the audit, we conclude that KIPP Academy complied with ASAP contract terms and federal regulations, in the areas tested, during the 2003 – 2004 school year, except for the finding noted in the report.



Scott Haiflich
Auditor-in-charge



Ken Teer
Audit Manager



Steve Schoonover
City Auditor

INTRODUCTION

During the 2003-2004 school year, KIPP was in their fifth year of providing ASAP services at the 10711 KIPP Way location. Their grant amount was \$20,000, which required in-kind and cash matches of \$10,000 and \$20,000, respectively. Under the terms of the contract, they were to provide services to participants in four component areas: Academic Enhancement, Personal Skills Development, Enrichment, and Community Involvement. The contract required a minimum average daily attendance of 50 participants. Programming was to be provided for at least two hours per day and until at least 5:30 pm, on at least four weekdays while school was in session.

KIPP received program funds on a reimbursement basis by submitting reimbursement requests with supporting documentation attached for allowable expenses incurred. In addition to reimbursement requests, periodic reports were required providing statistical information such as the total number of participants enrolled, average daily attendance, number of participants from low-income and moderate income households, the ethnic breakdown of participants, program activity, and the percentage of students with improved grades, school attendance and behavior.

AUDIT FINDING AND RECOMMENDATION

PARTICIPANTS CHARGED FOR TRANSPORTATION

BACKGROUND

Section II. A. 4. of Exhibit B of the contract required contractors to “provide programming free of charge to elementary and/or middle school youth (grades kindergarten through Eighth)”.

FINDING

Audit review of KIPP’s bank deposit slips revealed that participants were charged \$40 each for transportation costs related to ASAP activities during Saturday school. Saturday school ASAP related activities were reimbursable during the 2003-2004 school year.

RECOMMENDATION

We recommend that City ASAP administrators develop financial related monitoring steps to be completed during monitoring visits. Steps should include review of bank deposit slips to detect charges to ASAP participants for direct programming and related expenses. The Audit Division of the City Controller’s office would be glad to review financial related monitoring steps developed by ASAP administrators and offer our opinion as to the adequacy and completeness of those steps.

EXHIBIT I



CITY OF HOUSTON

Parks and Recreation
Department

Interoffice

Correspondence

To: Annise Parker, City Controller

From: Joe Turner, Director

Date: March 17, 2005

Attn:

**Subject: DEPARTMENT RESPONSE TO
CONTRACT COMPLIANCE AUDIT FOR
KIPP ACADEMY AFTER SCHOOL
ACHIEVEMENT PROGRAM**

The department agrees with the finding and recommendation of this audit report.

KIPP Academy is currently a recipient of After-School Achievement Program (ASAP) funds for the 2004-2005 school year. The finding indicated fee for service during Saturday school ASAP related activities. Effective July 2004 weekend programming is not considered an ASAP related activity, thus deemed ineligible for reimbursement. All programming must be administered during the regular school week, Monday thru Friday.

The City ASAP administrators currently conduct unannounced monitoring visits to ensure contract compliance. During these visits the ASAP administrators are able to review documents to ensure that items being expensed to the program are deemed appropriate.

A handwritten signature in cursive script, appearing to read "Joe Turner".

Joe Turner, Director
Parks and Recreation Department

Cy: Doug Earle
Cheryl D. Johnson
Twonda J. Thompson

*Views of Responsible
Officials*

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