

Contract Audit: Youth Harvest Foundation



Objective

The objective of this audit was to determine whether the City developed and monitored the two current contracts with the African American Youth Harvest Foundation in the best interests of the City.

Background

The City has two contracts with the African American Youth Harvest Foundation (Youth Harvest Foundation) to provide services for youth and families. Both contracts were developed and are managed by Austin Public Health (APH). Since 2014, the City has paid the Youth Harvest Foundation approximately \$920,000 under these contracts.

The Youth Resource Center contract was awarded as part of APH's 2014 Social Services contract procurement effort. During this process, APH staff did not recommend that the City fund this contract. However, the City Council's Health and Human Services Committee added the Youth Resource Center contract, along with several other contracts, to the list of agreements to be funded. The most recent Conferences contract was awarded following an African American Resource Advisory Commission recommendation.

What We Found

The City's contracts with the Youth Harvest Foundation make it difficult for Austin Public Health to effectively monitor the contracts.

Both of the Youth Harvest Foundation's contracts appear to align with the City's contract development requirements, but this did not result in contracts that Austin Public Health (APH) could effectively monitor. Specifically:

- The contracts do not require that the Youth Harvest Foundation provide actual receipts, bank statements, or payroll records to support requests for payment.
- One contract permits the Youth Harvest Foundation to count clients served by partner organizations towards its own performance goals.

This means that APH staff could not determine if expenses were valid and allowable before approving payments and could not determine how many clients the Youth Harvest Foundation directly served. As a result, it is unclear how effectively the Youth Harvest Foundation spent City money.

Even if the two contracts with the Youth Harvest Foundation had been developed to allow effective monitoring, Austin Public Health's monitoring process is ineffective.

Although there were issues with the contracts, APH did not effectively monitor the financial and performance aspects of the contracts. There were also issues with APH's general monitoring operations.

Issues with monitoring financials

APH staff approved payments to the Youth Harvest Foundation without adequate supporting documentation. Additionally, an APH manager stated that monitoring staff did not check whether salary for certain positions was paid according to the contract terms. A review of documentation for a three month period indicates a possible overcharge of \$18,607 for salaries and wages over that time.

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What We Found, Continued

Issues monitoring performance measures

APH only verified the Youth Harvest Foundation's performance during the annual site visit. However, staff reviewed files for less than 1% of the number of clients the Youth Harvest Foundation was expected to serve. APH staff also appeared to tell the Youth Harvest Foundation which specific files they would review prior to that site visit. During this audit, the Youth Harvest Foundation was unable to provide complete documentation supporting the performance measures they had previously reported to APH.

Issues general monitoring operations

During the 2017 site visit, APH staff learned about an audit issued by another government entity related to that entity's contract with the Youth Harvest Foundation. That audit found that the Youth Harvest Foundation overcharged the entity \$49,000. As a result, the government entity canceled its contract with the Youth Harvest Foundation. Although issued prior to the site visit, Youth Harvest Foundation staff appeared to indicate during the site visit that the audit had not been finalized. On a subsequent quarterly report to APH, the Youth Harvest Foundation certified that they had not received a monitoring report from another entity. The APH staff member present during the site visit reviewed this quarterly report, but there is no indication that anyone at APH attempted to contact the other government entity for information about the audit.

What We Recommend

1. The Director of APH should ensure that payments made under both Youth Harvest Foundation contracts were appropriate, and seek reimbursement for any payments made for unallowable or unjustified expenses.
2. The Director of APH should ensure more effective monitoring of the Youth Harvest Foundation contracts by:
 - Requesting additional supporting documentation related to payment requests;
 - Contacting other funders directly to obtain monitoring reports;
 - Not informing the Youth Harvest Foundation in advance about the specific scope of on-site monitoring; and,
 - Ensuring staff responsible for monitoring the Youth Harvest Foundation contracts have an appropriate understanding of the purposes of their role.