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**Community Development Block Grant Audit  
of the  
YWCA of Fort Worth and Tarrant County**

September 23, 2016



**City of Fort Worth  
Department of Internal Audit**

1000 Throckmorton Street  
Fort Worth, Texas 76102

**Audit Staff**

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**The Community Development Block Grant Audit of the YWCA of Fort Worth and Tarrant County was conducted as part of the Department of Internal Audit's Fiscal Year 2016 Annual Audit Plan.**

**Audit Objectives**

The objectives of this audit were to determine whether:

- the YWCA of Fort Worth and Tarrant County complied with applicable federal regulations and City contract requirements, and
- expenditures charged against the Housing and Urban Development (HUD) grant were eligible, allocable, and reasonable.

**Audit Scope**

Our audit included a review for the period October 1, 2015 through March 31, 2016.

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**Executive Summary**

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As part of our FY2016 Annual Audit Plan, the Department of Internal Audit conducted a Community Development Block Grant (CDBG) audit of the Young Women's Christian Association (YWCA) of Fort Worth and Tarrant County's childcare program.

According to the contract between the City of Fort Worth and the YWCA (City Secretary Contract No. 47278), the YWCA was to receive \$49,840.00 in CDBG funds to provide childcare scholarships to 25 unduplicated children of income eligible Fort Worth families from October 1, 2015 through September 30, 2016.

We concluded the YWCA met the program performance milestones specified (as of the quarter ended March 2016) for unduplicated clients served and budgeted expenditures, as noted in the following chart.

<b>Milestone Category</b>	<b>Performance Milestone</b>	<b>Actual Performance</b>
Childcare services provided to unduplicated clients	13	18
Eligible expenses incurred	\$24,920.00	\$32,082.00

While there was non-adherence to YWCA policy, primarily during the first of three quarters tested (at one child development center), the Department of Internal Audit concluded that expenditures charged against the grant were allocable, reasonable and eligible.

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## Background

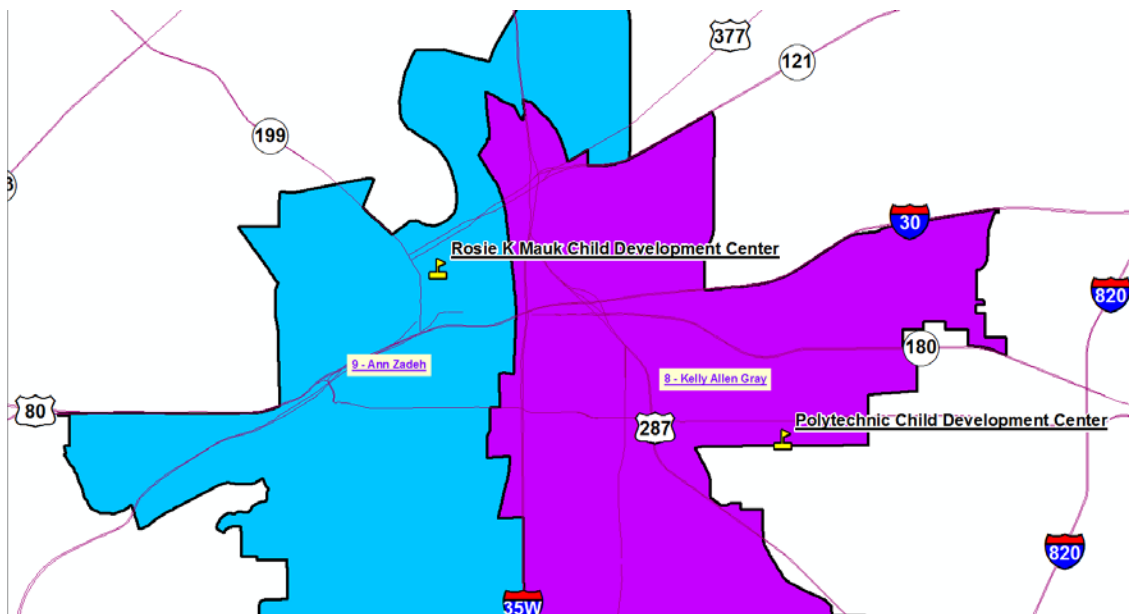
The City of Fort Worth receives an annual allocation of federal grant funds from the United States Department of Housing and Urban Development for Community Development Block Grant (CDBG) programs. These programs are administered by the City’s Neighborhood Services Department.

CDBG is a flexible program which provides communities with resources to address a wide range of unique community development needs. CDBG funds must be used for activities that benefit low and moderate income families and must meet one of the following national objectives:

- benefit low and moderate income persons;
- prevention or elimination of slums or blight; or
- address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

According to the executed contract between the City of Fort Worth and the Young Women’s Christian Association of Fort Worth and Tarrant County, (hereinafter referred to as the YWCA), the YWCA was awarded \$49,840.00 in CDBG funds. These funds were authorized to provide childcare scholarships to support eligible Fort Worth children who attend YWCA childcare facilities. Under this grant, scholarship assistance is provided for Fort Worth income-eligible households based on the size and income level of the household. The program goal was to serve 25 unduplicated clients. Childcare services were to be provided from 6:30 a.m. – 6:00 p.m., Monday through Friday at the following locations.

- Rosie K Mauk Child Development Center: 512 West 4<sup>th</sup> Street, Fort Worth, Texas 76102
- Polytechnic Child Development Center: 3401 Avenue I, Fort Worth, Texas 76105





## Objectives

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The objectives of this audit were to determine whether:

- the YWCA of Fort Worth and Tarrant County complied with applicable federal regulations and City contract requirements; and,
- expenditures charged against the Housing and Urban Development grant were eligible, allocable, and reasonable.

## Scope

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The scope of this audit included a review of activity for the period October 1, 2015 through March 31, 2016. Childcare activity beyond March 2016 was reviewed as deemed necessary. Internal audit activity was limited to the financial management aspects of the grant, and therefore, did not include a review of participant eligibility.

## Methodology

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To achieve the audit objectives, the Department of Internal Audit performed the following:

- reviewed Mayor and Council communications and applicable federal regulations;
- reviewed executed contract 47278 between the City of Fort Worth and the YWCA;
- conducted site visit at the YWCA;
- reviewed financial transactions maintained by the City of Fort Worth's Financial Management Services and Neighborhood Services Departments and the YWCA;
- reviewed the YWCA's Monthly Attendance Summary and Daily Attendance reports; and,
- reviewed monitoring reports filed in the Neighborhood Services Department.

We conducted this audit in accordance with generally accepted government auditing standards, except for peer review<sup>1</sup>. 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.

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<sup>1</sup> Government auditing standards require audit organizations to undergo an external peer review every three years. A peer review is planned in 2017 for the three-year period ending December 31, 2016.



## Audit Results

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A total of \$49,840.00 was budgeted to provide childcare scholarships to support eligible Fort Worth children who attend YWCA childcare facilities. Our audit results indicated that as of March 31, 2016, the YWCA incurred \$32,082.00 in costs related to childcare scholarships that were eligible for CDBG funding.

Exhibit F of the City's contract with the YWCA states that fee schedules, related to childcare scholarship budgetary line items, should demonstrate which portion of the childcare expense is to be paid by the family and which portion of the expense is to be reimbursed by the City. Payments made by families and by the City (via CDBG funds) are noted within the YWCA's Procure Accounts Receivable Ledgers.

During our audit, we reviewed childcare activity from October 1, 2015 through June 30, 2016. Audit testing of an additional three months (April through June) was deemed necessary due to internal control deficiencies noted during the audit. Based on our audit results, there was no evidence to support bank deposits for 21 of 122 parental payments (\$4,103.00 or 17.2%). These payments were primarily confined to the first of three quarters tested (at one child development center) recorded onto the YWCA's Procure Accounts Receivable Ledgers. The Department of Internal Audit was, however, provided information to support that childcare services were provided to these families during the periods noted. The YWCA indicated that non-adherence to their documented cash receipt policies and procedures at this one location contributed to the YWCA not being able to substantiate the parental payments.

Each CDBG-funded family is issued a unique personal identification number to be used when checking their child into the child development center. Information from the logins is uploaded into the attendance software for subsequent attendance monitoring. Monthly Attendance Sheets are then system-generated to provide documentation that supports childcare services provided. Based on the documentation reviewed and our audit testing, we concluded that childcare services were in fact provided and the City only paid the portion that was allocable to the grant.



## Acknowledgements

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The Department of Internal Audit would like to thank the YWCA of Fort Worth and Tarrant County (now named the Center for Transforming Lives) and the Neighborhood Services Department for their cooperation and assistance during this audit.