
OFFICE OF THE CITY AUDITOR

AUDIT OF GRANT IDENTIFICATION, SOLICITATION, AND APPLICATION PROCEDURES

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**May 24, 2002
Report No. 360**

Memorandum



May 24, 2002

Honorable Mayor and Members of the City Council
City of Dallas

We have conducted a performance audit of the procedures for grant identification, solicitation, and application.

In our opinion, the City does have uniform procedures. However, the procedures are outdated, and no one has taken responsibility for updating them. As a result, not all departments comply with the procedures. Related opportunities for improvement are presented in this report.

We appreciate the cooperation of City staff during our examination.

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c: Teodoro J. Benavides, City Manager

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INTRODUCTION

Authorization

We have conducted a performance audit of the procedures for grant identification, solicitation, and application. We conducted this audit under the authority of Chapter IX, Section 2 of the Dallas City Charter and in accordance with the Annual Audit Plan approved by the City Council.

Scope and Methodology

Our audit was conducted in accordance with generally accepted government auditing standards and, accordingly, included inquiries, tests of the records, and other procedures that we considered necessary in the circumstances.

The audit objective was to determine whether the City has uniform procedures for monitoring grant identification, solicitation, and application process, including follow-up procedures for unsuccessful grant applications. If yes, determine whether City departments comply with the guidelines. If no, determine the causes and consequences.

Our audit covered October 1999 through December 2001; however, we reviewed certain events occurring before that period to the extent that those matters pertained to the audit objective. This audit included only the activities and processes associated with grant identification, solicitation, and application. Our audit did not include grant accounting or grant administration.

To assist in our understanding of the relevant activities and processes, we reviewed City and departmental policies and procedures and interviewed departments' grant coordinators and Intergovernmental Services (IGS) personnel.

Our scope was six City departments. These departments were selected based on their functionality, frequency of grant activity, and size. The six departments were the Dallas Police Department, Library, Park and Recreation, Dallas Fire Department, Environmental and Health Services, and Dallas Water Utilities. However, our fieldwork was limited to five departments because Environmental and Health Services stated that it did not have a designated grant coordinator.

Overall Conclusion

In our opinion, the City does have uniform procedures. However, the procedures are outdated, and no one has taken responsibility for updating them. As a result, not all departments comply with the procedures. These concerns are

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noted and discussed in the Opportunities for Improvement section of this report.

Background

The responsibilities for grant identification, solicitation, and application are decentralized and thus delegated to the department level. Administrative Directive (AD) 2-19, dated October 2, 1995, and entitled Grant/Trust Identification, Solicitation, and Application Procedures, states that Budget and Management Services (BMS) is responsible for such actions as (1) assisting departments in the identification of new grant opportunities, (2) distributing grant announcements, (3) monitoring grant application status, and (4) identifying and coordinating training.

AD 2-19 also states that each department is responsible for such actions as (1) monitoring grant announcements to identify new grant opportunities, (2) meeting all application deadlines for eligible grants, and (3) submitting quarterly the Grant/Trust Search Activity Report.

The City established IGS in 1994. The IGS program description was to develop relationships and partnerships at all levels of government and with other agencies to maximize opportunities for acquiring and/or leveraging outside resources and to influence decision-making that impacts the City of Dallas. When IGS was established in 1994, the position in charge of overseeing grant activities, in accordance with AD 2-19, was transferred from BMS to IGS.

The Fund Development Unit is one of three units in IGS. One of the Fund Development Unit's missions is to act as the "city wide grant coordinator," and it had five employees prior to 1998. This unit has lost employees since fiscal year 1999 due to budget cuts. There has been only one employee working in this unit since January 2001.

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The Fund Development Unit was established with responsibilities in two areas:

1. Grants Coordination

- Promote grant opportunities to all City departments and non-profit partners.
- Research grant publications and match department needs to available grants.
- Forward grant application information to department directors.
- Provide technical assistance in completing the application.
- Track all grants the City has applied for.
- Provide information to City lobbyists at the state and federal level where appropriate.

2. Fund Solicitation

- Assist with needs assessment.
- Research potential donors.
- Develop contacts with new funding sources.
- Coordinate project research and planning.
- Develop marketing strategies to approach new, non-traditional funding sources.
- Coordinate funding activities for special projects.
- Obtain funding agency feedback on proposals submitted.
- Maintain and optimize contributions from current funding sources.

OPPORTUNITIES FOR IMPROVEMENT

We identified certain policies and procedures that could be improved. Our audit was not designed or intended to be a detailed study of every related system, procedure, and transaction. Accordingly, the opportunities presented in this report may not be all-inclusive of areas where improvements may be needed.

The existing City procedures for grant identification, solicitation, and application are outdated.

The City's procedures (AD 2-19) for monitoring grant solicitation, grant application, and grant award, including follow-up procedures for unsuccessful grant applications, are outdated. BMS (currently the Office of Financial Services) last revised the existing procedures on October 2, 1995.

The causes were determined to be:

- AD 2-19 was not reviewed and updated as required by AD 2-1, Administrative Directives.
- Procedures and responsibilities were not updated to keep up with the City's cutbacks and subsequent re-organizations.

The lack of current procedures revealed the following:

- City departments do not rely on AD 2-19 and thus do not comply with AD 2-19.
 - Personnel designated as grant coordinators feel they are on their own.
 - One department spent \$5,000 to purchase website access to facilitate its grant identification efforts.
- Departments have developed their own procedures. However, these procedures are not documented.
 - Departments do not document research efforts or their follow-up status.
 - Departments rely on long-term employees for corporate knowledge.
 - Follow-up on unsuccessful grant applications varies by department.
- Communications between departments has deteriorated.
 - Listing of department grant coordinators was over two years old.
 - Lack of interaction between departments regarding grant research efforts.

AD 2-19 applies to all City departments. Its purpose is: (1) "To increase revenues from public and private agencies to support City Services by developing consistent procedures in identifying, applying for, and monitoring grant opportunities" and (2) "To properly account for grant funds received and expended."

AD 2-19, paragraph 4.1 states that BMS is responsible for:

- Assisting departments in the identification of new grant opportunity sources by researching fund raising/grant publications.
- Notifying departments of subscriptions to publications and periodicals that could be beneficial in obtaining grants.

OPPORTUNITIES FOR IMPROVEMENT

- Distributing grant announcements upon receipt from state and federal sources.
- Monitoring grant application status by reviewing quarterly Grant/Trust Search Activity Summary Reports submitted by departments and providing a quarterly status report to the City Manager.

AD 2-19, paragraph 5.6 states that BMS is responsible for identifying and coordinating training for department grant coordinators and writers.

AD 2-1, dated November 21, 1997, states in parts:

Paragraph 5.3

“The Director of Budget & Management Services will:...Request an annual review and update of ADs by department directors....”

Paragraph 5.4

“A department director will:...Conduct an annual review of ADs issued by the department and report to the Director of Budget & Management Services whether changes are required. If changes are required, the director will ensure they are made in a timely manner.”

Decentralization dictates that departments develop written procedures that meet their staffing capabilities and requirements.

Our conclusions are that there are:

- No consistent procedures as intended by AD 2-19.
- No assurance that accurate data on grant identification, solicitation, and application is available and reported.

We Recommend that IGS revise and update AD 2-19 commensurate with its existing staffing and funding. Revision of AD 2-19 should consider a separate AD for grant accounting and grant administration.

Management’s Response:

Management concurs that the current AD needed to be revised/updated to reflect current policies. Management has initiated the revision process and plans to have a new AD by the end of May 2002. The revised AD will be renamed “Grant Identification, Solicitation, Application, Accounting and Administration Procedures.” The revised AD will clearly identify the responsibilities of the Office of Financial Services and IGS.

OPPORTUNITIES FOR IMPROVEMENT

Auditor's Comment:

Management's response indicates that there will not be separate ADs since the revised AD will clearly identify the responsibilities of the Office of Financial Services and IGS. The Auditor agrees with management that a separate AD for grant accounting and administration is not necessary at this time since both departments (Office of Financial Services and IGS) are aligned under the same Assistant City Manager. However, a separate AD for grant accounting and administration would be recommended if a subsequent re-organization aligns these departments under different management.

This report is intended to promote the best possible management of public resources. You are welcome to keep this copy if it is useful to you. If you no longer need the report, you are encouraged to return it to:

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