

Background:

A comprehensive definition of Human Social Services was developed through industry exploration and input from various sources as follows:

Human Social Services are organized efforts to advance human wellbeing. Supportive services and meaningful opportunities are provided to meet needs in times of crisis, prevent risk behaviors, promote economic security and self-sufficiency, provide meaningful opportunities for personal and community growth, and promote social equity.

The City's existing structure to manage the delivery of Human Social Services is decentralized. Services are primarily delivered through various divisions within existing City departments and through key partner 501(c)3 nonprofit agencies. The key players in the current system of service delivery are as follows:

City of Tempe Community Development Department

City of Tempe Community Services Department, Social Services Division

City of Tempe Diversity Office

City of Tempe Public Works Department, Transportation Division

Tempe Community Council (TCC)

Tempe Community Action Agency (TCAA)

City of Tempe Internal Audit Office

Audit of Human Social Services

Audit Objective:

This audit was performed in response to a request from City of Tempe Council to review the City's current system of Human Social Service delivery for opportunities to optimize efficiency and effectiveness.

Audit Conclusion:

Many opportunities were identified where the implementation of additional or alternative processes and/or structures could serve to enhance the efficiency and effectiveness of the existing system of Human Social Service delivery in the City of Tempe.

City of Tempe Investment in Human Social Services

Program Delivery Administration	General Funds	In-Kind Services	Transit Tax	Various Grant Funds	Donations	Total
City of Tempe Community Development Department	\$99,445			\$10,125,898		\$10,225,343
City of Tempe Community Services Dept., Social Services Division	3,118,734			592,186	52,930	3,763,850
Tempe Community Council <i>(Includes Agency Review Funding)</i>	1,888,083	166,448		215,288	65,000	2,334,819
City of Tempe Diversity Office	391,106					391,106
TCAA		211,954				211,954
TCC/City of Tempe Public Works, Transportation Division			50,000			50,000
Total Investment	\$5,497,368	\$378,402	\$50,000	\$10,933,372	\$117,930	\$16,977,072



SUMMARY OF AUDIT OBSERVATIONS

<p><i>City of Tempe & the TCC (Tempe Community Council)</i></p>	<ol style="list-style-type: none"> 1. A formal contractual agreement between the City of Tempe and TCC is needed to clearly articulate expectations, terms of funding, performance measures and evaluation methodologies. 2. Administrative funding provided by the City of Tempe exceeded TCC's actual needs for fiscal year 2012/13. 3. TCC's net asset reserve retention policy was not established in collaboration with the City of Tempe. 4. Opportunities to increase efficiencies in the administration of miscellaneous grants outside the Agency Review process were identified. 5. Direct funding of Community Action Program (CAP) services should be considered. 6. Unmonitored informal agreements resulted in ineffective utilization of valuable resources. 7. TCC's performance is not effectively monitored by the City of Tempe.
<p><i>Opportunities for Comprehensive Service Delivery Enhancement</i></p>	<ol style="list-style-type: none"> 8. Comparison valley cities were surveyed as to their existing structures and investment in Human Social Services. 9. Partnering with a 501(c)3 nonprofit organization can provide significant benefits. 10. There are opportunities to maximize effectiveness and efficiency in meeting the Human Social Service needs of the Tempe community through centralized governance and strong collaborative partnerships.
<p><i>The Agency Review Process</i></p>	<ol style="list-style-type: none"> 11. A more formal comprehensive needs assessment could facilitate a more effective allocation of agency funding. 12. Opportunities are lost due to the nature of existing survey processes. 13. Panel member inconsistencies were found between application review and interview panels. 14. Three conflict of interest situations were identified. 15. Inclusion of industry expertise oversight on volunteer panels could enhance the overall process. 16. Fiscal Year 2012/13 volunteers were surveyed as to their experience with the Agency Review Process. 17. Not all valuable information that is available is effectively utilized in the agency funding decision process. 18. Programs are not all funded based on volunteer panel recommendations or merit. 19. There is a need for greater transparency in the Agency evaluation process. 20. Independent assessment of applicant appeals and complaints would enhance the process. 21. Not all grant recipient performance measures clearly indicate the extent that goals are achieved. 22. Grant recipient performance is not consistently and effectively monitored. 23. Site monitoring is not effectively targeted.

SUMMARY OF AUDIT RECOMMENDATIONS

City of Tempe and the TCC

1.1 A formal comprehensive contractual agreement between the City of Tempe and TCC should be established that identifies: funding details, mutual responsibilities, and performance expectations and measures. Adherence to contractual terms and performance evaluation should be specifically assigned and effectively monitored by the City of Tempe.

2.1 Any future funding for TCC management and staff should be closely monitored with directives regarding any salary savings and/or overestimates related to benefits. This should be detailed in any future contractual agreements between TCC and the City of Tempe. (Consideration of incorporating TCC positions into the City of Tempe is reviewed in Observation #10.3)

3.1 An acceptable level of reserve fund balance should be based on measureable criteria. The City of Tempe and TCC should collaborate to develop an agreement as to reasonable levels and the point where reserves could potentially be utilized to reduce future funding or return to the City.

4.1 A formal comprehensive contractual agreement between the City of Tempe and TCC should clearly reflect the intent of the use of the display panel revenue to support the TCF that also includes the intended duration of these or any other contributions.

4.2 The TCF grant funding process could be combined with the main Agency Review process to realize efficiencies. Any specific required TCF criteria could be included in the selection process. Defendable decisions must be made to support the distribution of these funds under clear guidelines encompassed within contractual agreements so that both parties understand their relative responsibilities and expectations.

4.3 The foundational purpose of this program and its effectiveness towards meeting its purpose should be evaluated. A collective, collaborative effort that engages relevant stakeholders could serve to identify opportunities and provide creative approaches that promote civility, courtesy, and respect for diversity. Consideration could also be made to assess needs for these services through a community-wide needs assessment and fund through the Agency Review process.

4.4 Should the current program be maintained under its current structure, funds could be held by the City until such time as grants are actually awarded to the successful applicants. They should be utilized as intended in accordance with established policies and procedures.

4.5 Responsibilities for this process should be clearly defined. The process should be initiated with sufficient time for agencies to receive and expend funds during the year that they were intended for. In addition, formal performance monitoring measures should be developed and used to evaluate the performance of granted agencies.

5.1 If the City of Tempe is committed to fund CAP services, it would be more efficient to fund CAP directly and enter into a related collaborative contractual agreement with the CAP provider. This would remove them from the administrative process of Agency Review, and actual funds available for other agencies would be more transparent and realistic. Administrative time related to processing of applications, panel reviews and interviews, compilations of scores, etc. could be eliminated from the TCC Agency Review process for CAP funding.

5.2 A comprehensive system to evaluate the performance of the CAP service provider should be developed and monitoring responsibility assigned within the City of Tempe.

6.1 Informal agreements with no specific assignment for monitoring run the risk of payment for unnecessary or undelivered services. Any future collaborative efforts where funding is exchanged for services rendered should be through contractual terms with mutual agreements and consequences for non-delivery of services.

7.1 The City should work with TCC to establish measures to evaluate their performance. These measures should be evaluated annually. First, it is important is to look at TCC's Mission and Vision and determine if it correlates to the vision of the City with regard to meeting Human Social Service needs. Second, measures should clearly evaluate the effectiveness of their programs and determine if they meet their purpose and mission. Expectations of deliverables and a collaborative management structure is necessary. In addition, financial measures should be established and assessed.

7.2 More emphasis on fundraising with purpose by TCC could prove beneficial to facilitate the expansion of programming support and development of initiatives. A fundraising plan with specific goals can be beneficial and additional funding can serve to have a more significant impact on the needs of the Tempe community.

SUMMARY OF AUDIT RECOMMENDATIONS

Opportunities for Comprehensive Service Delivery Enhancement

9.1 The City of Tempe should maintain a collaborative partnership with a 501(c)3 nonprofit organization to optimize the impact on the Human Social Service needs of the community.

10.1 The City of Tempe should centralize the delivery of Human Social Services and establish a clearly defined vision, mission and purpose. A comprehensive strategic plan should also be developed to address the needs of the Tempe community without duplication and identify and fulfil gaps in service. The City could become the information service provider – a centralized one-stop information shop that can direct individuals, families, and organizations where and/or who to contact to apply for services. This would provide a centralized focus and a voice with visibility and accountability. A centralized structure could provide a governance umbrella and also facilitate strategic evaluation and reflection.

10.2 Should the City establish a centralized Human Social Services Department, consideration should be given to maintaining Kid Zone and the multigenerational use facilities in the Community Services Department. A collaborative cross-department partnership effort to facilitate effective and efficient human social service programs within their structures is essential. Housing Services is truly a social service program and should be included with the centralized Human Services Department. Pros and cons of the placement of CDBG, including service delivery, administrative functions, and joint reporting requirements should be weighed and considered as to where it best fits in the organization. Neighborhood Services should also be assessed as to pros and cons of inclusion in a centralized Human Social Services department.

10.3 The City of Tempe and TCC should work together to rebrand TCC as the non-profit arm of the City. Different models should be explored that consider the transfer of TCC positions into the City and confirmed with regard to legalities in accordance with IRS rules pertaining to 501(c)3 organizations.

10.4 The Agency Review process should be reviewed as to pros and cons of administering the function within a centralized City department. The use of volunteers in the evaluation process could still be facilitated. Once the needs of the community are assessed, the most significant needs should be prioritized and related RFPs issued based on needs. The City could contract directly with providers and establish an effective monitoring process. Smaller agencies could be encouraged to unite to develop larger proposals with more impact to serve specific needs. The Agency Review process should be made public as the grants are funded through the use of public funds. This could also alleviate misinformation and miscommunication and provide greater transparency in the entire process.

SUMMARY OF AUDIT RECOMMENDATIONS

The Agency Review Process

11.1 A more formal, focused needs assessment should be performed and developed into a quantitative assessment. This could facilitate more effective allocation of funds to the most essential needs or gaps within the community.

In addition to existing sources of information, the following should be included in the analysis:

- City of Tempe Council strategic priorities
- Surveys of existing service recipients through partner agencies regarding community strengths and challenges, types of services that they need, types of services that they use, and their existing satisfaction with services (See Observation #2)

A final needs assessment can then be utilized to allocate limited finite resources where there is the greatest need and/or to reconcile the excess of agency program requests for funding to finite resources available through a more objective process.

12.1 A community survey that includes expansion of targeted populations to include social service recipients and agency partners with a more comprehensive set of questions seeking opinions regarding community strengths and challenges, types of services that are needed, types of services that are used, and satisfaction with existing services would better serve the Community Needs Assessment process.

13.1 Only persons already familiar with and having scored the initial application should be involved in the interview scoring process to ensure consistency in all aspects of the review process.

14.1 Persons with conflicts should not be involved in any scoring or decision-making related to entities with which they have a conflict. Conflict of Interest situations can be prevented or circumvented with the assistance of strong, clearly communicated policies and procedures, including an effective internal control structure that prevents and detects potential or real situations.

15.1 Individuals with specific industry field expertise should be recruited to observe and respond to panels for general clarification questions and other human social service population specific questions that arise. Assurances should be made as to the objectivity of the industry experts and that no actual or perceived conflicts of interest exist.

16.1 Volunteer participants should be surveyed annually as a source of continuous improvement to the Agency Review process.

17.1 A comprehensive analysis of the performance of agencies funded in the prior year, including a detailed analysis of the extent to which all stated goals that were originally assessed and granted funds based upon were met, should be compiled and provided to interview panels for their review and assessment of current returning applicants.

17.2 Funding decisions should be based on all information available. In the final review process of reconciling funding recommendations to available resources, there is an opportunity to make the final decisions more objective and defensible through a final weighted score based on critical needs of the community. Decisions should be transparent and based on quantitative measures where there are opportunities to do so.

18.1 Funding decisions should be based on current merits of proposed programs reviewed collectively. Final decisions should be based on established consistently applied criteria. The opportunity to bring objectivity into the process through results of a needs assessment and weighting of scores based on community needs should be pursued.

19.1 Information on evaluation criteria, scoring and ranking processes should be made available to applicants. The Agency Review process should be transparent with all decisions adequately supported and defensible.

20.1 The existing appeals process could be enhanced by involvement of an independent resolution officer or board to assess appeals and complaints regarding Agency Review decisions. The funds that are granted are public funds and the process warrants due diligence. An effective appeals process that includes an independent review of the facts and decisions made can facilitate assurance of fair treatment in the process.

21.1 Performance measures should be closely scrutinized at the initial stages of the application review process. Agencies should be required to clearly identify measurable performance indicators.

SUMMARY OF AUDIT RECOMMENDATIONS

The Agency Review Process (Continued)

21.2 During the agency monitoring process, quarterly reports should be promptly assessed to ensure that what the agencies say will be measured will actually be measured. Ambiguous, unclear, or difficult to measure goals should be avoided and/or clarified long before the end of a funding period.

22.1 Quarterly reports should be effectively monitored in accordance with contractually required reporting dates. Status reports should be documented for all agencies along with any remedial action taken.

22.2 Contractual agreements should be enforced including repercussions for late and non-reporting of agency status.

23.1 Site visits currently conducted by TCC Board, community and staff member groups may be more effective if performed prior to awarding agency funding and used as a component in the overall scoring process.

23.2 Effectively targeted site monitoring throughout the year should be performed on a systematic basis and adequately documented to identify potential and existing issues that may interfere with effective program delivery. This can provide a proactive mechanism to offer assistance to agencies on a timely basis should the need arise. A checklist should be developed to facilitate productive site visits.

In addition, site monitoring plans should be based on a risk assessment, as certain recipients likely will require closer scrutiny in light of considerations such as:

- Size of the sub-recipient award.
- Award size relative to the sub-recipient's total budget.
- Award complexity, sensitivity of the work and/or extensiveness of the governing regulations.
- Prior experience with the sub-recipient, e.g. a new sub-recipient, an inexperienced sub-recipient, a history of non-compliance, having new personnel, or having new or substantially changed systems.
- Degree of external oversight by auditors or sponsoring agencies.
- Sophistication of the sub-recipient's systems and administrative operations.