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# **CITY OF SAN ANTONIO**

## **OFFICE OF THE CITY AUDITOR**



Audit of Pre-K 4 SA

Grant Program

Project No. AU22-037

August 8, 2022

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor

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## Executive Summary

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As part of our annual Audit Plan approved by City Council, we conducted an audit of Pre-K 4 SA, specifically the agreements between the San Antonio Early Childhood Education Municipal Development Corporation and nine independent school districts. The audit objectives, conclusions, and recommendations follow:

**Determine if awarded City grants are monitored and if the award process is adequate to ensure appropriate use of grant dollars.**

Pre-K 4 SA has created a thorough grant application and review process to evaluate the awardee's ability to explain and demonstrate their capacity to meet Pre-K 4 SA's vision of a high-quality program. Awarded City grants are being monitored and all but one awardee is meeting standard grant review practices.

Pre-K 4 SA provided uniform reporting measures for 8 of 9 grantees to include annual inspections of the facilities, monthly performance metrics, and quarterly feedback. Additionally, monthly invoices for the 8 grantees undergo review and approval by Pre-K 4 SA staff prior to authorizing reimbursement. However, we identified opportunities for improvement around the contract monitoring process and monthly reporting requirements.

We recommend that Pre-K 4 SA:

- Ensure all awardees are subject to the same financial and operational obligations as dictated by agreement and program terms,
- Ensure formal guidelines are created to establish Gardendale's operational and fiscal oversight in relation to the current grant agreement.

Pre-K 4 SA Management agreed with the audit findings and have developed positive action plans to address them. Management's verbatim response is in Appendix B on page 6.

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## Background

Pre-K 4 SA's initiative began in August 2013 and is designed to serve 3,700 four-year old prekindergarten students annually. In November 2020, voters reauthorized a 1/8 cent sales tax totaling approximately \$42 million annually to fund the Pre-K 4 SA initiative. Pre-K 4 SA aims to change the trajectory of kindergartners by inspiring students to develop a love for learning.

To do so, Pre-K 4 SA utilizes the HighScope curriculum. HighScope includes learning objectives, effective adult interaction strategies, and assessment measures that help programs ensure a high-quality experience for all learners. Additionally, Pre-K 4 SA offers a safe bus program, extended learning hours and parent café, tuition assistance, meals/snacks by a licensed nutritionist, safe/secure facilities, Family Engagement Team, etc.

Currently, Pre-K 4 SA manages four Education Centers that accommodate 2,000 students. The remaining 1,700 students benefit through public ISD/Charter Schools and Accredited Private/Parochial Schools that receive a portion of a \$2.7 million Competitive Education Grant. For 2021, grantees applied for funding by creating a strategic plan that underwent review and approval by two separate boards.<sup>1</sup> The purpose of this grant is to make a strategic investment in local programs that create a comprehensive, high-quality early learning system across the City. Grant funding will assist grantees in two fundamental areas. The first is to increase access to current programs by helping centers extend the length of their school day or serve additional students. The second is to improve educational quality by providing materials, equipment, and services for teachers, students, and families. See table below for a comprehensive listing of current grantees and their associated awards.

Schedule of Grant Awards		
Grantee	2021/2022 Award	% of Total Award
East Central ISD	\$665,257.00	27%
Edgewood ISD (Gardendale)	\$547,509.00	22%
Southwest ISD	\$247,770.00	10%
Northeast ISD	\$219,062.00	9%
Harlandale ISD	\$196,005.00	8%
Blessed Sacrament	\$191,960.00	8%
South San Antonio ISD	\$168,000.00	7%
St. Mary Magdalen	\$142,575.00	6%
San Antonio ISD	\$71,862.00	3%
Grand Total:	\$2,450,000.00	

Source: Pre-K 4 SA Grant Agreements

<sup>1</sup> The Pre-K 4 SA Grants Evaluation Committee and the Pre-K 4 SA Board of Directors. See also "A. Grantee Application Process" on page 3 of report body.

## Audit Scope and Methodology

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The audit scope was from contract year 2021 to February 2022.

To gain an understanding of implemented controls and grant monitoring, we interviewed Pre-K 4 SA staff, performed walkthroughs and conducted reviews of operational and financial reporting techniques.

Testing criteria included City Administrative Directives, compliance with program obligations and grant agreements.

We assessed internal controls relevant to the audit objective. This included a review of high-level areas such as the presence and implementation of policies and procedures, authorization practices, grantee selection and scoring, grantee inspection and oversight.

Our testing included verifying that internal contractual compliance controls had been implemented. Compliance was tested by reviewing grantee's 2021 and 2022 operational and fiscal reporting. Monthly reports were reviewed for performance, reimbursement, spenddown, and other program initiatives. Quarterly reporting was reviewed for Pre-K 4 SA oversight and program feedback. Annual grantee inspections were evaluated for completeness. The grantee application and selection process were reviewed for completeness and scoring.

We did not rely on computer-processed data to determine if awarded City grants are monitored and if the award process is adequate to ensure appropriate use of grant dollars. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the result of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

## Audit Results and Recommendations

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### A. Grantee Application Process

Pre-K 4 SA has created adequate controls to oversee the distribution of award dollars.

For year 2020, applicants were required to complete and submit an initial Request for Proposal. The application consisted of a thorough questionnaire that required applicants to complete a program self-assessment, proposed project and strategic plan, program narrative, timeline, and budget. Year 2021 required returning applicants to evaluate their progress by completing a self-assessment prior to fund renewal.

Applications undergo two separate program reviews prior to funding approval. First, a committee composed of approximately five individuals with an interest in Pre-K 4 SA complete an initial review of applications to assess program and funding intentions. A presentation of the selected applicants will then be shown to a separate Board of Directors for a final selection, scoring, and granting of funds.

The Board is composed of 11 key citizens that have been appointed by district city leaders. Each board member holds a diverse background within the community and has a common interest in the education of our youngest generations.

### Recommendations

None.

### B. Grantee Oversight

Gardendale Elementary, 1 of 9 grantees, does not provide routine operational and fiscal grant reporting.

On February 19, 2019, a cooperative partnership between Pre-K 4 SA and Gardendale of the Edgewood Independent School District (EISD) was formed to allow Pre-K 4 SA to operate an independent learning center on the campus of Gardendale. The agreement provides Pre-K 4 SA with the sole authority over matters involving academic curriculum and the instructional program to provide educational services for the district. Gardendale program staffing may also include Pre-K 4 SA personnel. Therefore, despite receiving grant funding, Pre-K 4 SA has managed Gardendale as a 5<sup>th</sup> stand-alone entity.

The Pre-K 4 SA Public School Grant Agreement states that grantee shall be reimbursed for costs incurred in accordance with the approved budget. Grantees are to submit monthly invoices for approval and reimbursement request. However, Gardendale does not submit monthly reimbursement requests to the grant monitoring team. Rather, all purchases are approved and made directly by Gardendale program personnel.

Additionally, grant monitoring personnel are to conduct quarterly reviews that evaluate a program's status and offer performance feedback. Feedback is based on annual inspections and reported monthly program metrics such as enrollment, attendance, staffing ratios, personnel training, family events, and funding spenddown. Gardendale is also exempt from this requirement with performance oversight managed internally.

Policies and procedures lack in clearly defining Gardendale's program oversight, reporting, or monitoring expectations as it relates to the current grant agreement. Inconsistent monitoring and reporting activities affect the integrity of grant compliance and fiscal transparency.

## **Recommendations**

The Director of Pre-K 4 SA should ensure:

- All awardees are subject to the same financial and operational obligations as dictated by agreement and program terms,
- Formal guidelines are created to establish Gardendale's operational and fiscal oversight in relation to the current grant agreement.

## Appendix A – Staff Acknowledgement

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Gabe Trevino, CISA, Audit Manager  
Denise Trejo, Auditor in Charge



## Appendix B – Management Response



### CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

June 15, 2022

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor  
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of the Pre-K 4 SA Grant Program

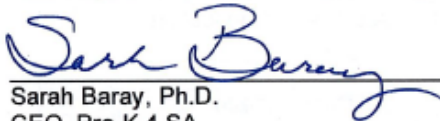
The Pre-K 4 SA Department appreciates the audit of our Grant Program. Pre-K 4 SA has reviewed the audit report and concurs with the recommendation to develop a specific grant oversight process for Gardendale, which is a unique partnership supported through the Grant Program. Pre-K 4 SA has developed the Corrective Action Plan below corresponding to the report recommendation.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	<p><b>Grantee Oversight</b> <i>SSAS/K111</i></p> <p>The Director of Pre-K 4 SA should ensure:</p> <ul style="list-style-type: none"> <li>All awardees are subject to the same financial and operational obligations as dictated by agreement and program terms,</li> <li>Formal guidelines are created to establish Gardendale's operational and fiscal oversight in relation to the current grant agreement.</li> </ul>	4	Accept	Joe De La Rosa, Grants Manager	12/31/2022

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p><b>Action plan:</b>            To ensure all awardees are subject to the same financial and operational obligations, Pre-K 4 SA will solely utilize the program terms and agreement, per the Senate Bill 1882 (SB 1882) partnership agreement with Edgewood Independent School District, versus the program terms and agreement of the Competitive Grants process. Operational and fiscal oversight will follow the same policies and procedures that all Pre-K 4 SA Educational Centers are currently subject to, and formal guidelines will be developed for Gardendale to document operational processes to ensure compliance with the SB 1882 agreement.</p> <p>Anticipated completion is 12-31-22.</p>				

We are committed to addressing the recommendation in the audit report and the plan of action presented above.

Sincerely,

  
 Sarah Baray, Ph.D.  
 CEO, Pre-K 4 SA

12 July 2022  
 Date

  
 Alex Lopez  
 Assistant City Manager  
 City Manager's Office

7/13/2022  
 Date