



CONSENT CALENDAR

Office of the City Auditor

July 25, 2000

TO: Honorable Mayor and
Members of the City Council

FROM: Ann-Marie Hogan, City Auditor

Subject: REPORT ON COMMUNITY AGENCY CONTRACT ADMINISTRATION
AND MONITORING

RECOMMENDATION:

That Council request the City Manager report back to Council by early January 2001 regarding progress made in implementing the auditors' recommendation in the attached report. An advance copy of this report should be submitted to the auditors according to the City Clerk's agenda review guidelines.

BACKGROUND:

The attached report:

- Identifies all City contracts that provide community agencies funding during fiscal year 2000 (as reported by City department directors).
- Estimates the direct labor cost for departments to award, administer, and monitor community agency expenditure contracts during fiscal year 2000.
- Identifies employee suggestions for improving City administration and/or monitoring of community agency expenditure contracts. Suggestions are from staff working in these areas.

Almost all of the information in the report was obtained from questionnaires completed by City staff that administer and/or monitor community agencies that receive funding from the City. The information in the report was obtained primarily to plan a community agency contract audit that will be performed in fiscal year 2001. By providing City management and Council with the information that we obtained, we hope to stimulate discussions that will lead to improvements in the administration and monitoring of community agency expenditure contracts.

The report recommends that the City Manager hold meetings with all contract administrators and monitors involved with community agencies that receive funding from the City. At these meetings, it was recommended that contract administration and monitoring concerns be discussed, and resulting policy and procedure improvements be implemented.

According to staff estimates, departmental cost for community agency contract administration ranges from 3% to 20% of the dollars granted to the agency, or from \$1,567 to \$12,036 per contract. Administrative costs were estimated at \$782,334 for 209 contracts, valued at \$11,670,307. An average cost of \$3,743, or 7%, for an average contract value of \$55,838, was reported. These costs did not include administrative services from other departments, such as Legal, Risk Management, or the City Manager's office.

FINANCIAL IMPLICATIONS:

We believe that City staff will identify and implement community agency contract administration and monitoring improvements that will result in better services and improved accountability from community agencies.

If recommendations to increase staff resources devoted to agency monitoring are brought forward, the Council will need to evaluate the cost and benefit of resources given directly to the agencies compared to staff time spent in efforts to ensure more effective service delivery.

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Approved by:

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