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State Auditor

A Legislative Summary Document Regarding Commission on the Arts

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The Commission on the Arts (Commission) exceeded the travel cap for appropriation year 2000 by \$19,538 (22 percent over the cap) and exceeded the 2001 cap by \$48,622 (56 percent over the cap).

Prepared for the 78th Legislature
by the State Auditor's Office

January 2003

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This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.

Commission on the Arts

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Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

An Audit Report on Internal Control and Financial Processes at the Commission on the Arts and the Funeral Service Commission

(Report No. 02-056, June 2002)

The Commission on the Arts (Commission) lacks key controls to ensure that grantees spend funds as intended and that grants are awarded promptly and properly. For example:

- For most of the Commission's monitoring files we tested, we found no evidence that the Commission verified that grantees spent funds in accordance with agency policy. The Commission's policies require agency staff to test internal controls (for example, to review grantee transactions for appropriate authorization). However, none of the 19 files tested, representing grants totaling \$746,648, contained documentation of internal control testing.
- The Commission's average grant processing time is 10.5 months, compared with an average of 7 months in similar states. The Commission should consider streamlining procedures to reduce processing time and cost. For example, the Commission brings peer panelists from across the state to Austin to listen to presentations and review applications. This delays the approval process by an estimated 1.5 months and costs the Commission at least \$22,000 annually in travel reimbursements.
- The Commission does not have written procedures for determining amounts awarded to grantees. As a result, it has awarded certain grantees more than they requested. It also lacks a written methodology for redistributing unused grant funds. The Commission estimates that grantees returned \$80,000 in unused funds in fiscal year 2001.

Status of Audit Recommendations¹ as of November 30, 2002 (unaudited)

The Commission has reported the following:

Implemented	5
Partially implemented	2
Total recommendations	7

¹ From management letter No. 02-340

Most Recent Performance Measure Certification

Fiscal Year 1998–Fiscal Year 2003

The results of *An Audit Report on Internal Control and Financial Processes at the Commission on the Arts and the Funeral Service Commission* (Report No. 02-056, June 2002) for this entity are summarized below:

Period	Goal/Strategy		Measure	Certification Results
2001	C.1.1	Distribute Direct Grants	Number of Communities of Less Than 50,000 People Receiving Assistance	Inaccurate
2001	C.1.1	Distribute Direct Grants	Number of Minority Applicants Funded	Factors Prevented Certification
Total Measures Certified Without Qualification ^a				0/2 (0%)
Data Reliability Percentage (Certified and Certified with Qualification)				0/2 (0%)

^a The percentage of unqualified certifications is presented because it is used in determining an entity's eligibility for performance rewards as established in the General Appropriations Act [77th Legislature, Article IX, Sec. 6.31(d)(2)].

Commission on the Arts

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Category	Definition
Certified	Reported performance is accurate within +/- 5 percent, and controls appear adequate to ensure accurate collection and reporting of performance data.
Certified with Qualification	Reported performance is within +/- 5 percent, but the controls over data collection and reporting are not adequate to ensure the continued accuracy of performance data.
Factors Prevented Certification	Actual performance cannot be determined because of inadequate controls and insufficient documentation.
Inaccurate	Reported performance is not within +/- 5 percent of actual performance, or there is an error rate of at least 5 percent in the supporting documentation.
Not Applicable	A justifiable reason exists for not reporting performance.

Travel Expenditures

Travel Expenditures by Appropriation Year (unaudited)			
	2000	2001	2002
In-State Travel	\$ 88,496	\$ 107,110	\$ 114,825
Out-of-State Travel	18,277	27,704	14,435
Foreign Travel	0	480	0
Other Travel Costs	(142)	421	49
Total Travel Expenditures	\$ 106,630	\$ 135,714	\$ 129,309
Limit on Travel Expenditures Cap)	87,092	87,092	18,277 ^a
Expenditures in Excess of Cap	\$ 19,538	\$ 48,622	\$ 0

^a Caps apply to total travel in appropriation years 2000 and 2001, but caps apply only to out-of-state travel and foreign travel in appropriation year 2002. Caps, calculated by the Comptroller of Public Accounts, have been adjusted for any increases requested by the Commission and approved by the Legislative Budget Board in accordance with the General Appropriations Act.

Source: Uniform Statewide Accounting System (USAS) as of November 30, 2002. Amounts are subject to change as agencies continue to record additional expenditures or adjustments.