

Date: October 6, 2006

To: Christopher Brady, City Manager
Bill Follette, Interim Assistant to the City Manager
Patricia Sorensen, Community Services Manager

From: Gary Ray, Acting City Auditor *GR*

Subject: Mesa Arts Center, Adult Class Program Cost, Audit Follow-up

On February 2, 2006, we issued our Final Audit Report and two Corrective Action Plans from our audit of the Art Studios Adult Class Program Cost. Also included was the Mesa Arts Center response. They agreed with our recommendations, and said they would implement them June 1, 2006. In accordance with our practice of conducting follow-up reviews 8 – 12 months after issuing a report, we recently performed a brief review to determine whether changes were implemented as planned and whether new procedures are being followed. As a result of this review, we determined that the recommended changes have not been implemented.

Corrective Action Plan #1 addressed complete and accurate data entry. Rob Schultz, Arts Administrator, stated that the primary data entry employees are receiving on-going RecTrac training through a recently formed RecTrac committee. However, a cursory review of the summer and fall class session data in RecTrac showed some of the same incomplete and inaccurate data found in our initial audit. We also recommended tracking and allocating employee time by specific Work Order for those employees that spend time on different programs or projects. Mesa Arts Center agreed to start tracking employee and supervisor time by specific Work Order in the Payroll system on June 1, 2006. Our review revealed no change in Payroll entry as of August 31, 2006, and no new Work Orders for tracking time by programs or projects.

Corrective Action Plan #2 addressed the calculation and presentation of adult program cost and cost recovery. We recommended a consistent format for calculating cost and cost recovery, with direct costs clearly defined. Rob Schultz stated that the Community Services Department now has a standard format for reporting cost recovery for each program within the department. We reviewed those draft reports on the arts classes, and while a line item for printing is included in the direct cost section, all actual amounts have not been charged there. We confirmed with staff

that the printing and postage costs for the class catalog have not been charged as a direct cost of the arts classes, rather charged as campus-wide Marketing overhead. In addition, the Personal Services amount does not include all employee time that is directly related to the arts classes.

Based on our follow-up review, we conclude that the agreed to recommendations have not been implemented, inaccurate data is still being input into RecTrac, and cost recovery calculations for the Arts Classes may not be accurate.

If you have any questions, or if we can be of further assistance, please don't hesitate to call me.

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