DocuSign Envelope ID: A19FA41A-B365-4044-A7CE-E2F153D0A83C

Travis County Auditor's Office Subrecipient Risk Assessment Results – Young Women's Christian Association of Greater Austin

Fiscal Year 2023

DocuSign Envelope ID: A19FA41A-B365-4044-A7CE-E2F153D0A83C

TRAVIS COUNTY
AUDITOR'S OFFICE

PATTI SMITH, CPA
COUNTY AUDITOR

TRAVIS COUNTY
700 LAVACA
P.O. BOX 1748
AUSTIN, TX 78767
(512) 854-9125
FAX: (512) 854-9164

To: Pilar Sanchez, County Executive
Health & Human Services

From: Patti Smith, CPA
Travis County Auditor

Date: January 30, 2023

Subject: Young Women's Christian Association of Greater Austin – Subrecipient Risk Assessment Results

Travis County obtained Community Development Block Grant CARES Act (CDBG-CV) federal grant funds to prepare for, respond to, and/or prevent COVID-19. The County, acting as a pass-through entity, granted YWCA (Young Women's Christian Association of Greater Austin) CDBG-CV funds to provide tele-mental health services to the community. Through this program, this entity offers care coordination and counseling services through online means by working with an on-site therapist, external resources, and community organizations. Eighty percent of the clients served by the program are at or below 80% of the median family income.

When the County remits federal grant funds to another organization to carry out the federal award, that organization may be considered a subrecipient by the federal government depending on the details of the County's relationship with that organization. Travis County is required to comply with applicable Code of Federal Regulations (CFR) for its subrecipients. Specifically, the County must comply with 2 CFR §200.332 (b), which requires the County to perform a risk assessment and evaluate internal controls for federal grant subrecipients. The County is required to use these risk assessment results to develop a monitoring plan for the subrecipients.

The Risk Evaluation & Consulting Division (REC) of the Travis County Auditor's Office has completed a risk assessment of grant subrecipient Young Women's Christian Association of Greater Austin; the following report details our findings for this risk assessment.

RISK RATINGS

For subrecipient risk assessments, REC utilizes a five-level risk rating scale from very low to very high to quantify risks based on 11 criteria. The ratings for these criteria are then used to assign an overall risk rating of low, medium, or high to the subrecipient. We determined the overall risk

DocuSign Envelope ID: A19FA41A-B365-4044-A7CE-E2F153D0A83C

rating for Young Women's Christian Association of Greater Austin to be medium. Details about the risk criteria rated very high are provided in the Areas of Concern paragraph below. See Attachment A for a summary of the individual risk ratings of the 11 criteria.

AREAS OF CONCERN

In this section, we report on risk criteria rated very high. We noted the following for Young Women's Christian Association of Greater Austin:

State/Federal Agency Monitoring During the Past 3 Years
Young Women's Christian Association of Greater Austin has not been subject to federal or state monitoring during the last three fiscal years.

Documented Procedures
The County and its subrecipients are required to adhere to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), which include the requirement for documented procedures. We performed a high-level review of the procedures for procurement, record retention, cost principles, and real property submitted by Young Women's Christian Association of Greater Austin and noted the majority of the procedures were insufficient because:

- Most of the procurement procedures were not provided.
- The procedure(s) consisted of policies rather than procedures.
- The procedure(s) did not address the CFR requirements.

Policies are the entity's business rules or, in this case, their CFR requirements. Procedures are the steps to be taken to ensure adherence to policy. Note that we only evaluated the submitted procedures and not their actual implementation by the entity.

RECOMMENDATIONS FOR IMPROVEMENT

Grant monitoring is a critical component of grant management because it allows for oversight of compliance with grant requirements and helps ensure that adequate controls are in place to improve accountability of federal funds. While lack of federal or state monitoring in the past three years does not mean compliance or internal control issues exist, it creates a significant unknown when assessing risk of an organization.

The concern about documented procedures reported above is significant because the County is a pass-through entity. If the subrecipient is found to be noncompliant, the federal government will also consider the County to be noncompliant. We recommend that Young Women's Christian Association of Greater Austin review their current documented procedures and make improvements as necessary to ensure the procedures are compliant with 2 CFR 200.

DocuSign Envelope ID: A19FA41A-B365-4044-A7CE-E2F153D0A83C

FINANCIAL OBSERVATIONS

The following observations are based on the September 30, 2021 audited financial statements provided by Young Women's Christian Association of Greater Austin.

Financial Statements

- Annual revenues totaled $2,198,214. Revenues were comprised of contributions and public support (54.4%), grant revenue (35.7%), and other revenue (9.9%). Expenditures totaled $1,461,790, resulting in an excess of revenues over expenditures of $736,424.

- Assets totaled $1,614,891 and liabilities totaled $568,400, resulting in net assets of $1,046,491. There were donor restrictions on $31,292 of the net assets.

Financial Ratios

Ratios of Concern:

- The contributions and grants ratio is 90.0% [(contributions + grant revenue)/total revenue], which is substantially more than the average of 47% for nonprofits of similar size. This ratio measures the organization's reliance on voluntary support, so high values indicate less diverse revenue sources and greater susceptibility to downturns in the economy.

- The fundraising expense ratio is 3.2% (fundraising expenses/total expenses), which is larger than the average of 2.2% for nonprofits of similar size. Generally, donors prefer revenues be spent on program expenses rather than administrative costs such as fundraising, so a lower fundraising expense ratio is considered better to those considering donation to the nonprofit.

Ratios Within Acceptable Limits

- The days cash on hand ratio is 113 days (cash + cash equivalents)/[(total expenses – depreciation expense)/365 days], which is above the average of 99 days for nonprofits of this size. This calculation measures the number of days of expenses that can be covered from existing cash and cash equivalents.

- The current ratio is 5:4 (current assets/current liabilities), with 1:1 being the minimum recommended. This ratio measures the nonprofit's ability to pay short term obligations (due within one year) with current assets. If the first number is less than one, it indicates the organization would not have sufficient funds to be able to pay all their current debts if they all became due at once.

- Unrestricted net assets as a percentage of total expenses is 69.4%, meaning expenses could be paid with net assets for 253 days (69.4% x 365 days). The Government Finance Officers Association recommends having a minimum of two months, putting Young Women's Christian Association of Greater Austin well above this threshold.

- The savings indicator ratio is 50.4% [(revenues - expenses)/total expenses], which is substantially more than the average of 4.3% for nonprofits of this size. This ratio measures the net revenues that are retained by the organization as a percentage of expenses.

DocuSign Envelope ID: A19FA41A-B365-4044-A7CE-E2F153D0A83C

- The fundraising efficiency ratio is $25.66 [total contributions (other than government grants)/fundraising expenses], which is significantly more than the average of $11.45 for nonprofits of this size. This ratio measures the dollar amount of contributions raised for each dollar spent on fundraising.

- The program efficiency ratio is 80.4% (program expense/total expenses), which is less than the average of 85.2% for nonprofits of similar size . Ideally, the ratio is at least 75%, but less than 90%. Although it is important to invest in infrastructure to ensure there is a strong administrative support system for program activities, sufficient funds must be available to pay program expenses.

RISK ASSESSMENT TEAM

Amanda Muehlberg, CPA, Financial Analyst V
Ely Allen, Financial Analyst II

CLOSING

This report is intended solely for the information and use of County departments and offices involved with processing CDBG-CV grant funds and the Commissioners Court. Please contact us if you have any concerns or questions regarding this report.

DocuSigned by:
David Jungerman
5B5801D13DFE48D...

David Jungerman, CIA
Chief Assistant County Auditor II
Risk Evaluation & Consulting Division

DocuSigned by:
Patti Smith
53FF54208085470...

Patti Smith, CPA
Travis County Auditor

DocuSign Envelope ID: A19FA41A-B365-4044-A7CE-E2F153D0A83C

REPORT DISTRIBUTION

Amy Clark Meachum, Judge, 201st Judicial District
Jan Soifer, Judge, 345th Judicial District
Andy Brown, County Judge
Jeff Travillion, Commissioner, Precinct 1
Brigid Shea, Commissioner, Precinct 2
Ann Howard, Commissioner, Precinct 3
Margaret Gomez, Commissioner, Precinct 4
Jessica Rio, County Executive, Planning & Budget Office
Lawrence Lyman, Division Director, Health & Human Services
Risk Assessment File

DocuSign Envelope ID: A19FA41A-B365-4044-A7CE-E2F153D0A83C

ATTACHMENT A - RISK ASSESSMENT RATINGS

Risk Assessment Criteria and Ratings	Rating
1. Financial impropriety involving the subrecipient reported in the media	Very Low
2. Amount of grant award for this project/program	Low
3. Experience managing any type of grant funds	Very Low
4. Grant experience: dollar amount of grant revenue for most recent fiscal year.	Very Low
5. Single Audit	Medium
6. Financial statement audit	Very Low
7. Financial records and reporting	Low
8. State/federal agency monitoring during the past 3 years	Very High
9. Personnel experience and/or turnover	Medium
10. Internal Control Questionnaire	Low
11. Documented procedures 2 CFR 200	Very High
Overall Risk Rating	Medium