In-District PIAC Projects Took Longer Than Expected, Need Goals and Improved Reporting

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Honorable Mayor and Members of the City Council:

Our audit of the city's PIAC program focuses on project timeliness and the effective use of PIAC funds. Residents expressed concerns about PIAC timeliness and status to the Office of the City Auditor and suggested we audit this program.

Most PIAC projects did not meet department timeliness estimates. An effective program delivers the intended projects while an efficient project is one completed in a manner that minimizes the waste of resources. Not delivering approved PIAC projects is an ineffective use of PIAC funds.
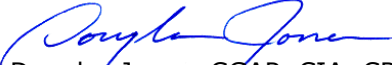
City departments did not establish timeliness goals for completing PIAC projects at the start of the audit. We contacted departments for timeliness estimates to complete PIAC projects with different project phases. Department estimates for timeliness is a good start, but adopting estimates for timeliness into goals will help hold departments accountable and give councilmembers information on the types of projects that most effectively use PIAC funds.

Information in eBuilder, the project management system used by departments, is not always accurate or in a format capable of report summarization. eBuilder project information is an important tool for the City Council because it is used to generate quarterly reports for the council. City Council and management need accurate project information to make informed decisions about how city resources are used.

Transparency and process improvements can help demonstrate the effective use of PIAC funds, including formalizing the project reviews and close-out processes. In addition, staff should ensure contingency fund transfers meet city code requirements for use of contingency funds and develop an external reporting system and its written procedures to periodically communicate PIAC project status to the public.

We make recommendations to set goals to measure, and report PIAC project timeliness to the City Council; improve eBuilder project data accuracy; and strengthen PIAC project transparency and processes to help demonstrate the effective use of PIAC funds.

The draft report was sent to the director of Finance on March 22, 2024, for review and comment. Her response is appended. We would like to thank staff from Finance, Public Works, Parks and Recreation, and Water Services Departments for their assistance and cooperation during this audit. The audit team for this project was Vivien Zhi and Jonathan Lecuyer.

Douglas Jones, CGAP, CIA, CRMA
City Auditor

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Introduction

Audit Objective

Is the city effectively using the PIAC process and funds to complete in-district infrastructure improvements?

Our audit of the city's PIAC program focuses on project timeliness and the effective use of PIAC funds. To answer our objective, we analyzed PIAC project data in eBuilder and financial data in PeopleSoft. We contacted city departments for their estimated completion times for a PIAC project by type and phase. We then compared the actual PIAC project completion time to departments' estimates.

We conducted this audit in accordance with Government Auditing Standards.

See Appendix A for more information about the audit objective, scope, methodology, and compliance with standards.

Background

Public Infrastructure Advisory Committee (PIAC) In-District Process

In 2018, Kansas City, Missouri voters approved continuation of the 1% sales tax to fund a capital improvements program for public needs. City Code[1] requires the city fund an amount equal to at least 35% of the total 1% sales tax receipts towards neighborhood conservation, maintenance and improvements divided equally among council districts. The City Council has final approval on projects funded.

Exhibit 1: 1% Sales Tax Required Allocation[1]

25% Streets

40% Citywide PIAC

35% In-district PIAC funds split between 6 Council Districts

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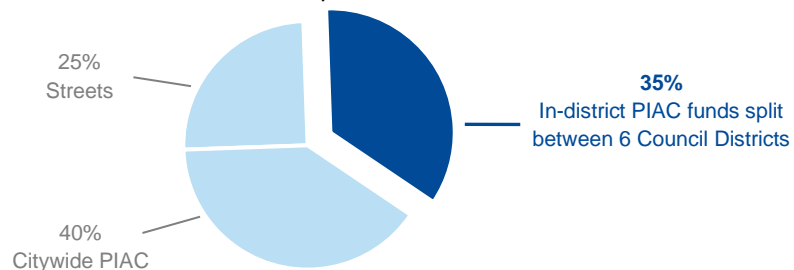
[1] Code of Ordinances, Kansas City, Missouri, Sec. 68-450.

Each year by August 31st, the PIAC program allows residents to apply for project funds throughout the city. The PIAC committee reviews project funding applications and makes recommendations to the City Council for consideration and approval in the next fiscal year's budget. In April, the applicants are notified whether the council funded their projects and funds for the selected projects become available after May 1st.

PIAC Project Management

The Finance Department's Office of Management and Budget administers the PIAC program. Departments, primarily Public Works, Parks and Recreation, and Water Services, are responsible for planning, constructing, monitoring, and contracting for the projects. Departments generally use eBuilder to manage PIAC projects. eBuilder is a computer application that allows project managers to track project progress, set project timelines, and track project costs. Staff also use PeopleSoft, the city's financial information system, to track project financial information.

Between fiscal year 2019 and 2023, the PIAC in-district budget process funded 713 projects totaling about $119.5 million. (See Exhibits 2 and 3.) Unused council district allocated funds are credited put into the district's contingency fund account. These contingency funds may be spent on future projects determined by their city councilmembers.

Exhibit 2: PIAC Funded Projects by Council District Fiscal Year 2019-2023

Council District[2]	Number of Projects	Amount
1	84	$19,505,369
2	81	17,898,721
3	132	17,988,693
4	174	20,260,828
5	130	21,974,462
6	112	21,840,493
Total	**713**	**$119,468,566**

Source: Kansas City, Missouri Adopted Budget Fiscal Years 2019-2023.

[2] Council district boundaries changed August 1, 2023, which is outside of our review period. Our review period is from May 1, 2018 to April 30, 2023.

Exhibit 3: PIAC Funded Projects by Project Type Fiscal Year 2019-2023

Project Type	Number of Projects	Amount
Street/Roadway Improvements	191	$34,543,225
Sidewalks, curbs, and gutters	183	34,199,620
Park Facility Improvements	126	16,903,385
Stormwater Drainage/Flooding	56	$10,264,338
Parks-Trail	33	6,521,000
Street Lighting and Traffic Lights	31	2,603,225
Monuments and fountains	23	1,761,960
Sports Fields	23	4,220,246
Parks-Street/Roadway	19	4,213,345
Parks-Sidewalk, Curbs, and Gutters	8	503,934
Neighborhood Revitalization	5	850,000
Community Centers	5	573,650
Municipal Building Improvements	4	1,237,638
Swimming Pool	3	442,000
Bridges	2	600,000
Parks-Bridges	1	31,000
Total	**713**	**$119,468,566**

Source: Kansas City, Missouri Adopted Budgets Fiscal Year 2019-2023.

Findings and Recommendations

Goals Needed to Assess Effectiveness of PIAC Project Management

Most PIAC Projects Did Not Meet Department Timeliness Estimates

The Public Improvement Advisory Committee (PIAC) program could deliver projects in a more effective and efficient manner. An effective program delivers the intended project, while an efficient program is one that completes projects in a manner that minimizes the waste of resources. To evaluate efficiency, we compared department timeliness estimates for PIAC projects to the actual time it took to complete projects by type and phase.

Fifteen percent of the 707 projects[3] originally funded with PIAC were cancelled, on hold, inactive, or of unknown status. (See Exhibit 4.) 43 percent of projects did not meet the department's timeliness estimates. Of the late projects, 177 are still in progress. Only 36 percent of projects were completed within departments' estimated timeframe. Another 50 projects remain on time, but their status is not finalized because they are not yet completed.

Exhibit 4: Number and Percent of PIAC Projects Not Meeting Department Time Estimates

7%
Active projects on-time, not yet completed

| 103 | Past- Complete 125 | Past- Active 177 | 50 | Meeting- Complete 252 |

707 Total Projects[3]

15%
Canceled, Hold, Inactive, or Unknown

43%
Complete and active projects past department estimates

36%
Projects completed within department estimates
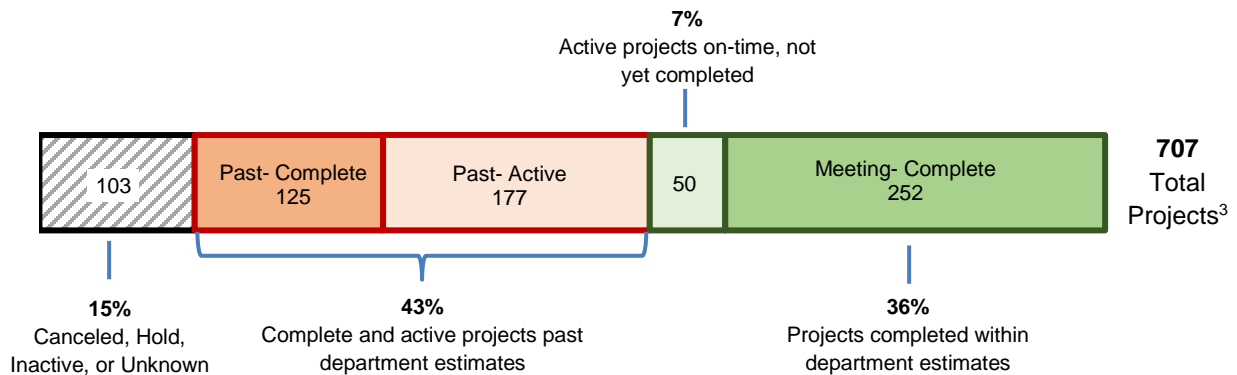
Sources: eBuilder Project Data, Department Timeliness Estimates, and City Auditor's Office Analysis.

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[3] We excluded six projects from our analysis because PIAC funds were not used to complete these projects even though they were funded by PIAC initially.

On average, it took 541 days to complete a PIAC funded project.[4] (See Exhibit 5.) During the period reviewed, 377 out of 707 total projects or project phases funded by PIAC were completed.[5]

Exhibit 5: Average Days to Complete PIAC Projects by Project Type

Project Type	Avg Days to Complete	Project No.
Sidewalks, curbs, and gutters	573	138
Street/Roadway Improvements	499	78
Park Facility Improvements	558	66
Street Lighting and Traffic Lights	389	22
Parks-Trail	571	19
Parks-Street/Roadway	628	14
Stormwater Drainage/Flooding	568	12
Sports Fields	597	9
Monuments and fountains	549	6
Parks-Sidewalk, Curbs, and Gutters	346	5
Community Centers	379	4
Bridges	797	2
Municipal Building Improvements	528	1
Swimming Pool	59	1
Total	**541**	**377**

Sources: eBuilder Project Data, Departments, and CAO analysis.

The effective and timely use of PIAC funds is important. The city has many competing infrastructure needs. Each year, the public submits over 800 PIAC project requests. This represents tens of millions of dollars more in funding needs than the city has available. Awarding PIAC funds to projects that do not meet timeliness expectations, or are inactive, on hold, cancelled, or of unknown statuses is not an effective and efficient use of PIAC funds.

City Had Not Established Timeliness Goals

City departments had not established timeliness goals for completing PIAC projects before the start of this audit. The Government Finance Officers Association (GFOA) recommends that all government organizations identify, track, and communicate performance measures to monitor project progress and outcomes.[6] Measuring project timeliness against established goals will help management, the City Council, and the public stay informed about

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[4] We used the first day of the fiscal year (May 1) a project was funded as the starting date.

[5] Not all PIAC funding was for construction. Some of the funds were for project design, study, home buyouts, etc.

[6] Best Practices: Performance Measures, GFOA, March 31, 2018, p. 1.

PIAC program performance and take corrective actions as needed. We asked Public Works, Parks and Recreation, Water Services, and General Services for timeliness estimates to complete PIAC projects with different project phases. The departments' reported timeliness goals are included in Appendix B.

Department estimates for project timelines are a good start, but the estimates need to be refined. Some of the estimates for similar project phases vary from department to department. For example, Public Works estimated that completing the right-of-way acquisition phase for street and roadway improvement projects should take 3 to 12 months. Parks and Recreation estimated it should take 12-21 months to complete the same project phase.

Departments need to establish estimates for timeliness and adopt these into goals. This will help hold departments accountable. Departments should use the data from this audit to map out the process to determine how long it takes to complete a PIAC project to evaluate its reasonableness. Setting initial goals for projects and measuring how individual projects perform against those goals can help staff evaluate the effective use of funds. This information can also help identify trends in the timeliness of project types awarded to better inform what PIAC projects are selected.

Recommendation   To ensure management, the City Council, and the public stay informed about PIAC program performance, project progress and outcomes, and to help ensure timely use of PIAC funds, the director of finance should coordinate with departments to establish and report on PIAC project timeliness goals.

Accurate Data Needed to Monitor the Effective Use of Funds

Information in eBuilder, the project management system used by departments, is not always accurate or in a format capable of report summarization. eBuilder is used to generate quarterly reports for the council on the status of projects, expenditures to date and completion dates. City Council and management need accurate project information to make informed decisions about how city resources are used.

Departments' use of eBuilder varies and eBuilder support staff recently became centralized in the Information Technology Division. Ensuring accurate and updated standardized information is entered in eBuilder will help councilmembers obtain accurate and updated project statuses.

eBuilder project completion date and project status fields are not always accurate. Project managers should record project milestone estimates and actual dates in the eBuilder date fields. Instead of using date fields, project managers sometimes record project completion dates and project updates in the "project status notes" field or other project text fields for the project completion date. (See Exhibit 6.) Administrative staff cannot use the text fields to summarize completion times. To calculate the time from funding to completion, we manually updated 95 out of 377 completed projects that had conflicting notes and dates fields.

Exhibit 6 is one example of the project completion date in the project status note field, but not in the 'schedule' tab's date field shown in exhibit 7.

Exhibit 6: eBuilder Project Detail Screenshot (27th & Jarboe Project)
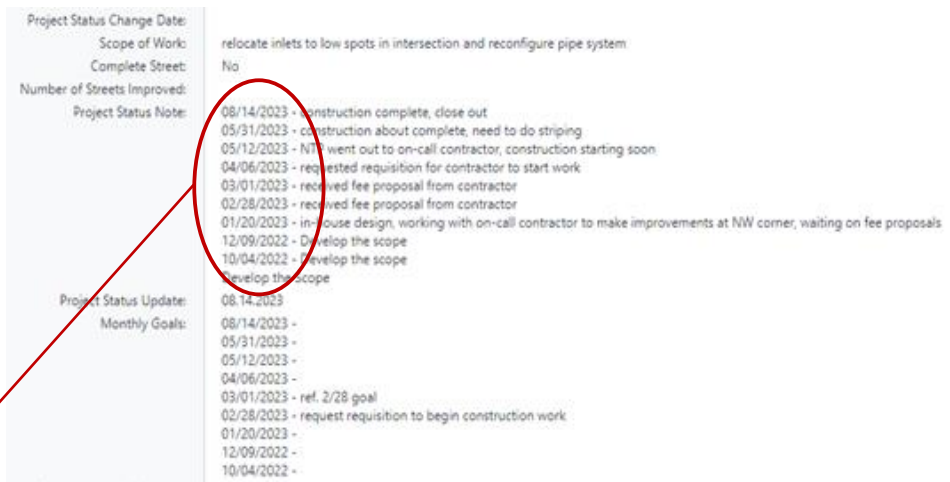
The project completion date was included in the project status note but not updated in the schedule tab in eBuilder.

Source: eBuilder.

Exhibit 7: eBuilder Project Schedule Screenshot (27th & Jarboe Project)

Task Name	Duration	Start	Finish	% Com...
SW W 27th St and Jarboe St	13.86 months	Nov 21, 2022	Jan 10, 2024	0
Overall Project Schedule	13.87 months	Nov 21, 2022	Jan 10, 2024	0
DP Contracting	18.57 weeks	Nov 21, 2022	Mar 30, 2023	0
Develop Scope/RFQP	130 days	Nov 21, 2022	Mar 30, 2023	0
Bid Phase	5.71 weeks	Mar 30, 2023	May 9, 2023	0
Contract Execution by City (POE P...	40 days	Mar 30, 2023	May 8, 2023	0
Bid Phase Complete (Milestone)	0 days	May 9, 2023	May 9, 2023	0
Construction	6.23 months	May 9, 2023	Nov 12, 2023	0
Construction NTP	0 days	May 9, 2023	May 9, 2023	0
Conduct Preconstruction Confere...	days	May 9, 2023	May 15, 2023	0
Construction	90 days	May 16, 2023	Aug 13, 2023	0
Punch List & Corrections	60 days	Aug 14, 2023	Oct 12, 2023	0
Substantial Completion (Milestone)	0 days	Oct 13, 2023	Oct 13, 2023	0
Final Punch List Work	30 days	Oct 13, 2023	Nov 11, 2023	0
Final Completion (Milestone)	0 days	Nov 12, 2023	Nov 12, 2023	0
Project Close Out	60 days	Nov 12, 2023	Jan 10, 2024	0

Source: eBuilder screen shot.

Not updating dates in the schedule can result in the City Council not receiving accurate information. For example, the Minor Park Pickle Ball Courts project start date and end date in eBuilder are 4/6/2022 and 4/7/2022, respectively. (See Exhibit 8.) Department staff reported this project was completed on 6/8/2023. This date was not in eBuilder. When department staff provided councilmembers with a project report, it showed the incorrect eBuilder date. (See Exhibit 8.)

Exhibit 8: eBuilder Project Schedule Screen (Minor Park Pickleball Courts)

Source: eBuilder.

Exhibit 9: Project Status Report Presented to Council with Wrong Completion Date (Minor Park Pickleball Courts)

Source: eBuilder Generated Report Received from Parks.

Additionally, eBuilder PIAC project status is not always accurate. eBuilder contains a field to track the status of PIAC projects. In our review of project timelines, we identified 23 project statuses that were not correctly updated by staff. For example, one project to install speed humps was noted as cancelled in eBuilder because of insufficient neighborhood support. However, we found an invoice in PeopleSoft stating speed humps were installed and funded with PIAC money.

Financial information in eBuilder is not always synced with PeopleSoft. Finance Department staff reported an issue with financial information in eBuilder not syncing with PeopleSoft, the city's official financial record. During our review of project timeliness, we reviewed a sample of seven projects in eBuilder and found six did not match financial information in PeopleSoft.

According to Finance staff, departments are responsible for reconciling project financial information in eBuilder to PeopleSoft because eBuilder and PeopleSoft are not integrated. If the financial information in these two systems is not reconciled, the system produces an exception report.

Councilmembers should receive accurate information on project status and available funds. The Finance Department uses eBuilder information to run reports of project status for council presentation. As a result, the financial information included in the reports can be inaccurate. For example, in the March 2023 presentation to the City Council, the eBuilder report showed expenditures of $0 for the Tony Aguirre Community Center Interior Improvements Project. However, PeopleSoft showed the city paid vouchers totaling $76,643 prior to March 2023.

The city has not standardized how to use eBuilder and manage discrepancies between PeopleSoft and eBuilder. A project management system such as eBuilder is only useful when users are trained and directed to use its full capability. Information Technology Division staff reported providing monthly eBuilder training to Public Works and Water Services project managers. Finance department staff reported the original implementation of eBuilder to integrate it with PeopleSoft was never completed. Additionally, although multiple departments began using eBuilder around 2013, Public Works provided system support. In 2024, eBuilder system support was centralized in the Information Technology Division under the General Services Department. This move could help more evenly distribute eBuilder support resources to all departments using this system.

Recommendation

To ensure project information is entered correctly in eBuilder and financial information in eBuilder is synced with PeopleSoft, the director of Finance should coordinate with the Information Technology Division to develop procedures and training for consistent use of eBuilder by departments for PIAC quarterly reporting.

Transparency and Process Improvements Help Demonstrate the Effective Use of Funds

Quarterly Financial Reviews of Projects Help Monitor Fund Use

PIAC staff established a process to monitor project fund use, but a few canceled projects were not closed by this process. GFOA recommends financial officials monitor capital project financial and project activity on a regular basis.[7] In 2021, PIAC staff established a new process to review the status of PIAC projects for financial close out.

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[7] Best Practices: Capital Project Monitoring and Reporting, GFOA, October 31, 2007, p. 4.

To do this, PIAC staff generates a list of every PIAC project receiving PIAC funding in PeopleSoft. Department project managers review the list and identify closed, canceled, or completed projects. PIAC staff then sends a consolidated list of the closed, canceled, and completed PIAC projects to councilmembers of the affected district. Councilmembers can then review this list prior to the PIAC staff moving any remaining money to the council district's contingency fund.

$10.9 million

transferred to council districts' contingency fund from completed, closed, and canceled projects.

Most recent financial closeouts followed the established new closeout process. Based on the new process, PIAC staff made three closeout transfers from quarterly financial reviews, March 2022, July 2022, and February 2023. These reviews resulted in the financial closeout of 265 projects and about $10.9 million moving from project accounts to districts' contingency funds.[8] Except for the March 2022 closeout transfer, closeout documentation for all transfers included the reason for closing out project fund accounts. Moving funds from inactive or completed projects helps the city more efficiently use idle funds, but it is important to document the reasons those funds are moved. For example, if a project is cancelled, the closeout should include the reason for the transfer.

Not all canceled PIAC projects have been through a financial closeout. As of September 2023, eBuilder showed 35 projects approved in fiscal years 2019 – 2023 have a "canceled" status; 14 of these canceled projects still have funds totaling$2.6 million in their project accounts. (See Exhibit 10.)

Exhibit 10: Funding Status of Cancelled PIAC Projects

Funding Status	Number of Canceled Projects
Partial funding transferred to another project and the remaining funding moved to district's contingency fund.	1
No information in PeopleSoft	4
Funding was closed out and moved to district's contingency fund.	7
Funding transferred directly to other projects.	9
Funding remains in the project account.	14

Source: eBuilder, PeopleSoft, and City Auditor's Office Analysis.

Recommendation

To ensure PIAC funds are effectively used, the director of finance should close PIAC projects with a status of cancelled and move any remaining funds to council districts' contingency fund.

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[8] Projects received funding from multiple districts resulted in multiple transfers to corresponding affect council districts.

After the audit began in July 2023, PIAC staff issued new written procedures for project managers to close or cancel PIAC projects. The procedures require project managers to notify affected councilmembers, the Finance Department, and the public about the cancellation or closing of a project. However, the new procedures do not instruct Finance Department staff to conduct the quarterly financial reviews of all projects or complete the project closeout. Adding the review and closeout procedures to the department's written procedures will help to ensure quarterly reviews and project closeouts are performed consistently and accurately.

Recommendation   To ensure PIAC projects are reviewed, and fund balances of completed and canceled projects are closed out and remaining funds are moved to the contingency fund timely and accurately, the director of finance should implement written procedures on the periodic review of PIAC projects and the closing of project funds that are cancelled or complete.

Staff should Ensure Projects Funded Through Council Contingency Follow City Code

PIAC staff established a reasonable process for contingency fund spending but have opportunities to strengthen the process. City Code authorizes councilmembers from a district to direct the city manager, in writing, to allocate up to $500,000 from their districts' contingency funds to eligible projects outside of the annual PIAC budget process.[9] PIAC staff has established a process that requires a memo with signatures from the two district councilmembers and the city manager before contingency funds are allocated to these projects.

Between fiscal year 2019 and 2023, councilmembers directed staff to transfer PIAC funds of $34,566,875 from contingency funds to fund 250 projects outside of the PIAC budget process. Some of these projects were new while others were existing projects that received additional funds. (See Exhibit 11.)

Exhibit 11: Projects and Funding Awarded Outside Annual PIAC Budget
Process

Council District	Funded Amount	Number of Projects
1	$5,615,436	40
2	7,048,510	41
3	9,478,398	60
4	2,351,494	27
5	7,395,778	55
6	2,677,259	27
Total	**$34,566,875**	**250**

Source: PeopleSoft and CAO Analysis.

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[9] Code of Ordinances, Kansas City, Missouri Sec 68-450(d)(1).

A small number of contingency fund transfers did not meet city code requirements for use of contingency funds.
Contingency fund transfers for 35 of 250 projects did not follow all city code requirements. (See Exhibit 12.) Some of these projects were funded before the current PIAC staff took over the responsibilities.

Exhibit 12: Reasons Contingency Fund Transfers Did Not Meet Code Requirements

City Code Requirements	# of Approved Projects
No documentation of city manager's authorization.	12
Funding exceeded $500,000.	8
Email attached. Not authorized by the two councilmembers and the city manager.	5
Funds directly transferred between two projects.	4
No memo, wrong memo or other documentation attached.	3
At least one councilmember did not sign.	2
Amount stated in the memo does not match the amount transferred.	1

Source: PeopleSoft Financials, City Code Sec 68-450(d)(1) and City Auditor's Office Analysis.

The PIAC contingency funding transfer process helps ensure funds are used in accordance with program requirements. Not following these processes leaves these funds open to the risk that they may not be used properly.

Project funding transferred directly between two projects.
City code authorizes councilmembers to spend funds from their districts' PIAC contingency accounts when both councilmembers from the district agree in writing. Four memos directly transferred funds from one project account to another instead of the district's contingency fund. The transfer memos do not explain reduction of one project to fund an increase in another project. City code does not authorize transfers between project accounts. Project funds should be reverted to the contingency before transferring to other projects. Transferring funds directly from one project to another reduces transparency and does not meet city code PIAC requirements.

Recommendation

To ensure the transparency of funding PIAC projects outside of the annual PIAC process, the director of finance should not approve projects for the use of PIAC contingency funds that do not follow the process developed to comply with requirements in City Code Sec. 68-450(d)(1).

PIAC Project Status Should be Communicated to the Public

The city can improve external communication of PIAC project statuses with the public. The city's PIAC program is a publicly driven process. Once PIAC requests are approved and funded by the City Council, the public has a reasonable expectation to know the status and progress of PIAC projects. Programs with external stakeholders should designate appropriate methods to communicate information with external stakeholders such as the status of funded projects.[10] Such efforts can improve financial accountability, enhance operational effectiveness, and promote public confidence in city government.[11]

The public cannot easily access information about the status of funded PIAC projects. PIAC staff create quarterly reports for councilmembers' districts, but these are not publicly available. When the public asks about a project, PIAC staff direct them to contact project managers to receive information on project statuses. The only publicly available information on how in-district PIAC funds are allocated is in past adopted budgets.

The public also does not have easily accessible information on PIAC projects funded outside the budget process. councilmembers may fund PIAC projects outside the city's budget process. From Fiscal Year 2019-2023 councilmembers awarded contingency funds totaling $34.5 million to 250 projects. The city does not publicly report City Council PIAC contingency award amounts, the project types, or their outcomes.

PIAC staff recently issued a policy that requires project managers to inform a PIAC project requester of project cancellation. The city awarded, on average, 143 PIAC projects per year between Fiscal Year 2019-2023, plus numerous additional projects funded directly from the contingency accounts. Because of the number of projects awarded and the public nature of the program addressing individual requests may not be efficient. A more readily available dashboard or quarterly update system may be better suited.

Without a consistent way to access PIAC project statuses, both the public, and even councilmembers had concerns that PIAC projects seemed take too long to complete. Establishing effective communication is important for the city's PIAC program success.[12] It helps the public know their project is moving forward or if not, why not.

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[10] *Standards for Internal Control,* United States Government Accountability Office, September 2014, 15.07, p. 63.
[11] Best Practices: Capital Project Monitoring and Reporting, GFOA, October 31, 2007, p. 1.
[12] Note, dashboards and quarterly reporting require improvements to the type and accuracy of the data discussed in the previous sections.

Recommendation   To ensure the public and City Council are aware of PIAC project status, the director of finance should develop an external reporting system and its written procedures to periodically communicate or make available to the public the status of all projects receiving PIAC funding – through both the budget process and City Council contingency.

Recommendations

1. The director of finance should coordinate with departments to establish and report on PIAC project timeliness goals.

2. The director of Finance should coordinate with the Information Technology Division to develop procedures and training for consistent use of eBuilder by departments for PIAC quarterly reporting.

3. The director of finance should close PIAC projects with a status of cancelled and move any remaining funds to council districts' contingency fund.

4. The director of finance should implement written procedures on the periodic review of PIAC projects and the closing of project funds that are cancelled or complete.

5. The director of finance should not approve projects for the use of PIAC contingency funds that do not follow the process developed to comply with requirements in City Code Sec. 68-450(d)(1).

6. The director of finance should develop an external reporting system and its written procedures to periodically communicate or make available to the public the status of all projects receiving PIAC funding – through both the budget process and City Council contingency.

Appendix A: Objective, Scope and Methodology, and Compliance Statement

We conducted this performance audit of the Public Infrastructure Advisory Committee (PIAC) program under the authority of Article II, Section 216 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties.

A performance audit provides "objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties with responsibility for overseeing or initiating corrective action, and contributing to public accountability."[13]

Why We Did This Audit

PIAC is part of the city's overall capital improvement plan for city infrastructure and facilities. In fiscal year 2024, $30 million ($5 million per district) was allocated to PIAC funding over 190 projects in the six council districts. The Office of Management and Budget in the Finance Department manages and coordinates PIAC activities. Departments (i.e., Public Works, Parks and Recreation, Water Services) are responsible for planning, constructing, and monitoring projects.

The number of parties involved in the program makes it a complex process and may be more prone to coordination and communication problems. Assessing the use of PIAC funds helps ensure public funds are spent effectively to meet citywide capital improvement needs. Residents also expressed concerns about the PIAC process to the Office of the City Auditor and suggested we audit this program.

Audit Objective

This report is designed to answer the following question:

- Is the city effectively using the PIAC process and funds to complete in-district infrastructure improvements?

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[13] Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2018), pp. 10, 11.

Scope and Methodology

Our audit of the city's PIAC program focuses on project timeliness and the effective use of PIAC funds. Our audit methods included:

- Downloading approved in-district PIAC projects between fiscal year 2019 and 2023 to summarize the number and amount of PIAC projects approved by the budget process.

- Downloading eBuilder project information as of September 15, 2023, and matching the projects in eBuilder and approved in-district PIAC projects to determine project status.

- Contacting staff at Public Works, Parks and Recreation, General Services, and Water Services to identify PIAC project timeliness estimates.

- Performing data validation and cleaning and reaching out to departments to get updated project status or completion dates when eBuilder information was unclear to ensure we could use the data for our purposes.

- Calculating elapsed time between when a PIAC project was funded to when it is completed and comparing to department's reported timeliness goals.

- Reviewing PeopleSoft PIAC in-district fund information to determine projects funded outside of annual PIAC budget process.

- Reviewing emails from the Finance Department regarding quarterly review and closing out project fund account to determine the current practice and number of projects and amounts closed out.

- Reviewing city code to identify the funding requirements for in-district PIAC projects.

- Interviewing Finance Department staff to understand the PIAC process and how PIAC project information is communicated to the Council and the public.

Statement of Compliance with Government Auditing Standards

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. No information was omitted from this report because it was deemed confidential or sensitive.

Scope of Work on Internal Controls

We assessed internal controls relevant to PIAC project timeliness goals, effective use of PIAC funds including review of completed and canceled projects and funding of projects outside of annual PIAC budget process, and internal and external communication of PIAC project to the City Council and the public. We identified internal control deficiencies related to these items. The details of these deficiencies are discussed in the body of the report.

Scope of Work on Data Reliability

We primarily worked with project data downloaded from eBuilder and financial data from PeopleSoft. We assessed the reliability of eBuilder data by conducting reasonableness testing. Departments did not consistently enter completion dates into the expected field but would update the 'notes' section or other project timeline fields. In some cases, we could not tell the status and requested additional information from the Department. We manually entered data based on that information to perform our analysis. Without this extra step, the data is not reliable for report summarization.

Appendix B: Department Project Time Estimates

Exhibit 13: Public Works Reported Project Timeliness Estimates

Project Categories	Project Phase	Completion Time Goal
Bridges – full reconstruction	Design	12 – 24 months (includes extra time, up to a year, to complete additional environmental tasks required by federal funding depending on bridge location)
	Right-of-Way	3 - 12 months (includes additional time for ROW approval and audit to meet new federal funding requirements, as well as having to proceed with any possible condemnations)
	Construction	12 – 24 months (small to large bridge)
Bridges – Deck rehab/replace	Design	3 – 12 months
	Construction	3 – 12 months
Street/Roadway Improvements	Study/Planning	6 – 12 months (not always included depending on the previous info and decisions made about that project corridor)
	Design	12 – 26 months (includes extra time, up to a year, to complete additional environmental tasks required by federal funding depending on project scope)
	ROW Acquisition	3 - 12 months (includes additional time for ROW approval and audit to meet new federal funding requirements, as well as having to proceed with any possible condemnations)
	Construction	12 – 26 months (depending on size)
Sidewalks, Curbs, and Gutters	Design	90-95% of the projects to be completed by 15-18months. Usually designed in-house
	Construction	90-95% of the projects to be completed by 15-18months.
Street Lighting	Design	For fully funded, all projects to be completed within the same fiscal year
	Construction	For fully funded, 90% of projects to be constructed within the same fiscal year.
Traffic Engineering	Design	90-95% of the projects to be completed by 6-8 months. Designed in-house
	Construction	90-95% of the projects to be completed by 10-12months.

Exhibit 14: Water Department Reported Project Timeliness Estimates

Project Categories	Project Phase	Completion Time Goal
Storm Drainage/Flooding	Home Buyouts	3 to 6 months
	Design	6 months
	ROW	3 to 6 months
	Construction	6 to 12 months

Exhibit 15: Parks and Recreation Reported Project Timeliness Estimates

Project Categories	Project Phase	Completion Time Goal
Parks Facilities Improvements	Study/Planning	6-9 months (add another 3 months for contracting)
	Design	6-9 months (add another 3 months for contracting)
	Construction	9-18 months (add another 3 months for contracting)
Streets/Roadways	Study	6-9 months (add another 3 months for contracting)
	ROW	12-18 months (add another 3 months for contracting)
	Design	12-24 months (add another 3 months for contracting)
	Construction	12-24 months (add another 3 months for contracting)
Trails	Study	6-9 months (add another 3 months for contracting)
	Design	6-9 months (add another 3 months for contracting)
	Construction	9-18 months (add another 3 months for contracting)
Sidewalks, Curbs	Construction	6-9 months (add another 3 months for contracting)
Community Centers	Construction	9-18 months (add another 3 months for contracting)
Sports Fields and Swimming Pools	Construction	9-18 months (add another 3 months for contracting)
Monuments and Fountains	Design	6-9 months (add another 3 months for contracting)
	Construction	9-18 months (add another 3 months for contracting)

Appendix C: Director of Finance's Response

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KANSAS CITY MISSOURI

Inter-Departmental Communication

Finance Department

RECEIVED

APR 12 2024

CITY AUDITOR'S OFFICE

Date: April 12, 2024

To: Douglas Jones, City Auditor

From: Tammy Queen, Director of Finance

Subject: Response to Performance Audit: *In-District PIAC Projects Took Longer Than Expected, Need Goals and Improved Reporting*

1. *The director of finance should coordinate with departments to establish and report on PIAC project timeliness goals.*

Agree. The Finance Department is working with the Information Technology division of General Services to create key performance indicator reports in the City's project management system, eBuilder, that will report project timeliness and spending compared to budget by department. This change requires system updates in the project management system. City staff met with eBuilder representatives in February 2024 to discuss requirements. City staff is waiting on an estimated timeline and cost for the system enhancement with a goal of updates complete in time for Fiscal Year 2024-25 quarterly capital project City Council district update meetings.

Specific to standardized timeliness goals by project type, this audit includes Appendix B: Department Project Time Estimates. The Finance Department will facilitate, working through the CIP Technical Committee, a review of timelines outlined in this audit and develop a policy for standard reporting in quarterly capital City Council district updates.

2. *The director of Finance should coordinate with the Information Technology Division to develop procedures and training for consistent use of eBuilder by departments for PIAC quarterly reporting.*

Agree. The Finance Department will work in coordination with the Information Technology division of General Services to create formal procedures and training for departments to maintain timely information in the eBuilder system to ensure project information is complete and up to date for quarterly reporting. Training to date has been provided to major capital management departments as needed. We agree with the value in formalizing training material. The timeline for this to be complete is September 1, 2024.

3. *The director of finance should close PIAC projects with a status of cancelled and move any remaining funds to council districts' contingency fund.*

Agree. The Finance Department will update project procedures that anytime a department cancels a project, they send a memo at that time with explanation of the cancellation. This memo will be signed by the respective council members for transparency in the project status. The memo will also serve as support for the Finance Department to move funds from that project to the appropriate City Council contingency account. The timeline for this to be complete is September 1, 2024.

4. *The director of finance should implement written procedures on the periodic review of PIAC projects and the closing of project funds that are cancelled or complete.*

Agree. The Finance Department will create procedures outlining a periodic review, no less than semiannual, for departments to report status of PIAC projects. The procedures will outline for capital departments: 1) the process for project review and timeline; 2) what departments need to submit to the Finance Department for each PIAC project; and 3) how departments are to complete project closeout, if applicable. The procedures for the Finance Department will include timeline and process to move funds to council contingency for closed projects. The timeline for written procedures on review and closing of PIAC projects is to be complete is September 1, 2024.

5. *The director of finance should not approve memos for the use of PIAC contingency funds that do not follow the process developed to comply with requirements in City Code Sec. 68-450(d)(1).*

Agree. The Finance Department staff that approves transfer of PIAC funds received refresher training in March 2024 with record of training and a job aid available to ensure compliance with City Code Sec. 68-450(d)(1). This will also be formally outlined in the procedure update from Recommendations 3 and 4 above.

6. *The director of finance should develop an external reporting system and its written procedures to periodically communicate or make available to the public the status of all projects receiving PIAC funding – through both the budget process and City Council contingency.*

Agree. The Finance Department is working on integrating capital project data in the existing budget software that has the ability for the public to see the status of PIAC requests. The system will enhance quarterly reports through an existing interface with the City's financial system to provide accurate financial data for projects. A contract is currently being executed for system set up and data integration. The new system is anticipated to be live on September 1, 2024, for the new PIAC year.

cc: Brian Platt, City Manager
Krista Morrison, Budget Officer
Heather Bray, Financial Manager

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