



CITY OF KILLEEN

KILLEEN VOLUNTEERS, INC. AUDIT

REFOCUSING THE CITY'S PUBLIC/NON-PROFIT PARTNERSHIP ON KVI'S CORE MISSION

Audit Report #19-02

A Report to the City of Killeen Audit Committee

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EXECUTIVE SUMMARY



AUDIT REPORT HIGHLIGHTS

Why Was This Audit Conducted?

The City Auditor requested in February 2019 that the Audit Committee approve the addition of the KVI audit to the FY 2019 Audit Plan. The purpose of the audit was to review the City's public/non-profit partnership with KVI with regard to the agency's mission, and make recommendations to management, as appropriate.

The City Auditor appreciates the cooperation of KVI volunteers and City staff in the completion of this audit.

Killeen Volunteers, Inc. Audit

Mayor and Council,

I am pleased to present this audit of the City's partnership with Killeen Volunteer's, Inc.

Objectives and Scope

The objective of the audit was to assess the effectiveness of the City's use of Killeen Volunteer, Inc. (KVI) volunteer resources based on KVI's core mission. The scope included KVI-related management decisions from inception through FY 2018.

Audit Results

KVI was created in 1993 with a mission focus of beautification and addressing community needs through volunteerism. With regard to beautification, KVI's Keep Killeen Beautiful has amassed a considerable list of accomplishments in its 25-year-plus existence; however the KVI operation as a whole has suffered under the strains of mission creep, as successive administrations have expanded the agency's program portfolio beyond the boundaries of its original mandate. More importantly, the expansion of KVI's workload into non-mission areas comes at the expense of underserved areas that could benefit from KVI's volunteer resources, such as downtown revitalization and the City's chronically understaffed animal shelter operation. KVI's drift from its core mission lies in part due to the City's failure to clearly define the purpose and parameters of its public/non-profit partnership with KVI. Management has already taken steps to clarify its partnership with KVI through an interagency agreement. Management should take advantage of this opportunity by helping KVI to shed itself of its non-mission related programming, and refocus on its founding purpose.

What Was Recommended

The City Auditor recommended that management coordinate with the KVI Board to conduct a review of all programs currently under KVI. In addition, management should continue its effort to develop and implement an interagency agreement with KVI.

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INTRODUCTION

The City Auditor conducted this performance audit of Killeen Volunteers, Inc. pursuant to Article III, Chapter 40 of the City Charter, as Amended May 11, 2013, and in accordance with the City Auditor's Annual Audit Plan, approved by the Audit Committee, November 20, 2018, and amended on February 7, 2019.

This audit was proposed to the Audit Committee in February 2019, as an addition to the FY 2019 Audit Plan. The Killeen Volunteers, Inc. (KVI) audit was conducted for several reasons: (1) both KVI and the City's Volunteer Services Division had recently undergone a change in leadership; (2) an audit conducted by the previous internal auditor had found multiple internal control deficiencies related to KVI's bookkeeping activities; and (3) the City Manager requested that the City Auditor conduct a review of KVI, based on concerns expressed to him regarding KVI's non-profit operation.

The objective of the audit was to assess the effectiveness of the City's public/non-profit partnership with KVI, with regard to the agency's mission. The scope included KVI-related management decisions from inception through FY 2018.

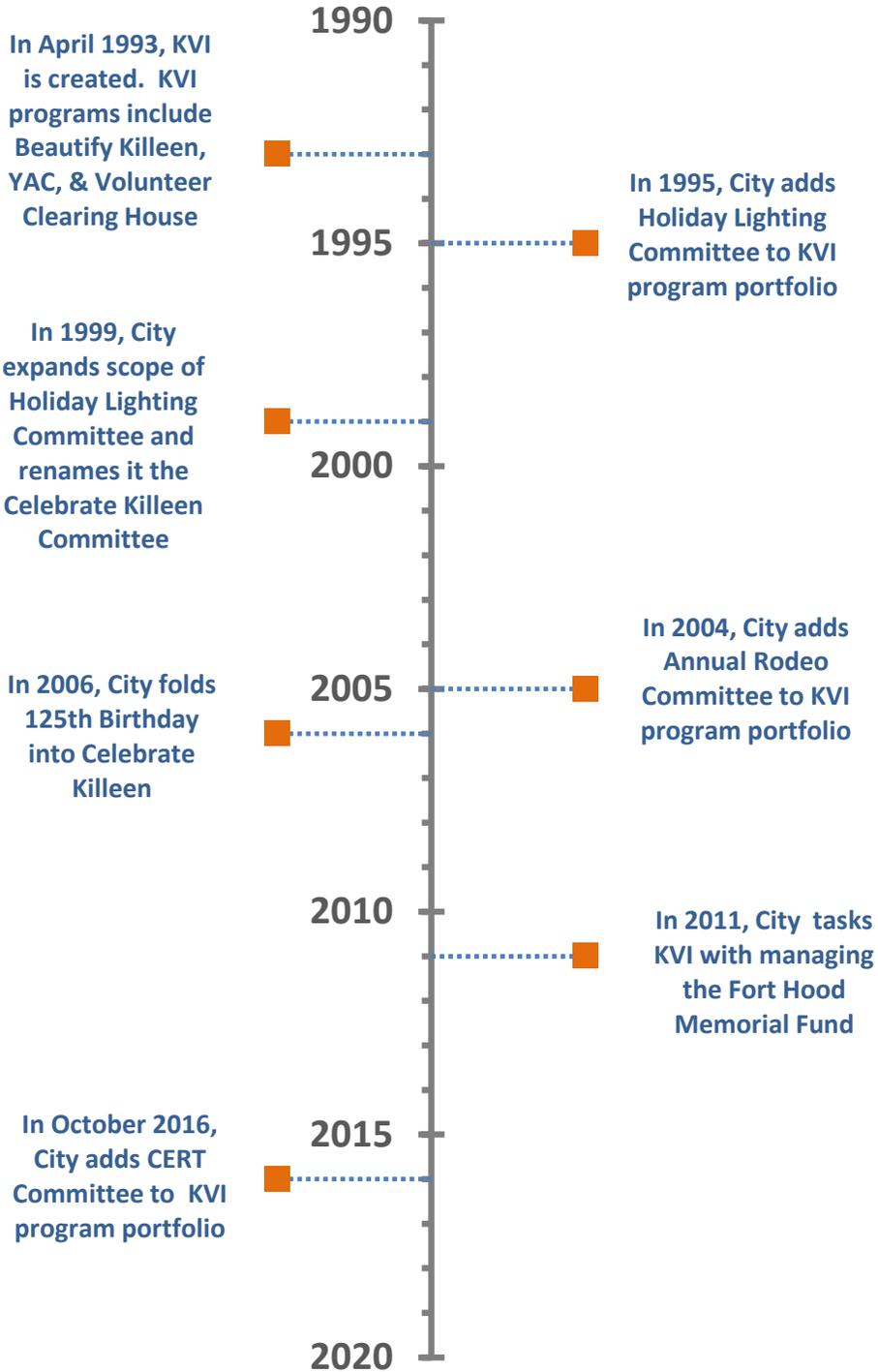
Background

On April 27, 1993, City Council passed Resolution 93-41, authorizing the City Manager to submit the appropriate documents to the state and federal government for the creation of a 501(c)(3) non-profit volunteer organization. The resolution designated the name of the non-profit entity as "Killeen Volunteers, Incorporated" (KVI). Its mission is to "mobilize people and resources to address community needs and enhance quality of life through volunteerism." The resolution further defined KVI's mission elements as beautification and volunteer efforts. Toward that end, the KVI's original programs included Beautify Killeen; Volunteer Clearing House, the recruiting arm for KVI; and the Youth Advisory Commission, which was created by City Council prior to KVI's existence, then folded into KVI.

KVI Expansion

The roughly two-decade period ending October 2016 saw a continual expansion of KVI's program portfolio, beginning with the Holiday Lighting Committee in August 1995. By October 2016, KVI's program inventory included its original three programs, as well as the following programs: Holiday Lighting, Holiday Under the Stars, the Christmas Parade, the Celebrate Killeen Festival, Rodeo Killeen, the Fort Hood November 5 Memorial fund, and the Community Emergency Response Team (CERT).

KVI Timeline from 1993 to 2016



Organizationally, KVI consists of a Board of Directors, which oversees KVI's program committees. Currently, the program committees are: (1) Keep Killeen Beautiful (formerly Beautify Killeen); (2) Youth Advisory Commission (YAC); (3) Volunteer Killeen (formerly Volunteer Clearing House); and (4) Celebrate Killeen, which includes the Christmas Parade, Holiday Under the Stars, the Celebrate Killeen festival, and Rodeo Killeen. The City's Volunteer Services Division functions as the liaison between KVI and the City.



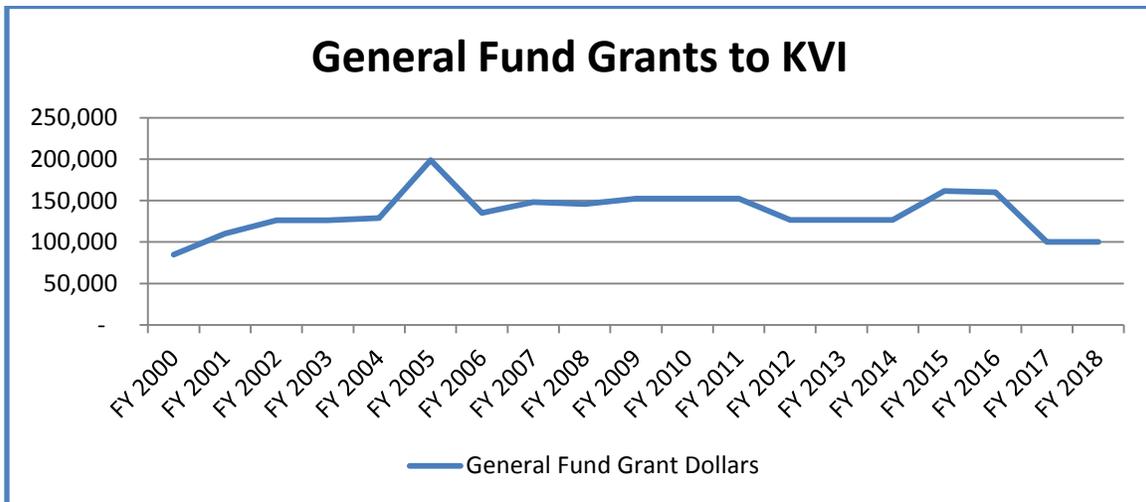
Funding Sources

KVI does not have a fundraising committee. Instead, KVI has relied historically on the City of Killeen for the overwhelming majority of its funding. For FY 2018, approximately 85 percent of total funding came in the form of grants from the City's General Fund and Hotel Occupancy Tax Fund. The remainder of the funding, according to KVI's Statement of Revenues and Expenditures, came from ticket sales, rentals, fees, and sponsorships.

General Fund

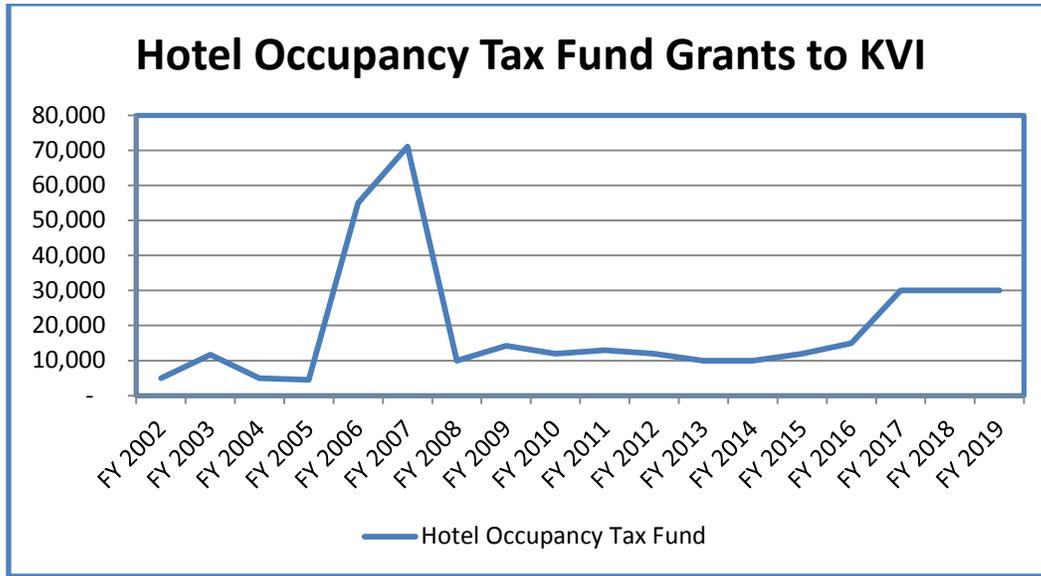
KVI's primary source of income comes from the City's General Fund. Annually, the City transfers a lump sum at the beginning of the fiscal year, which the City identifies as "Grant to Non-profit Corp" in its financial management system. It should be noted that while the City identifies its General Fund disbursement to KVI as a "grant," there are no terms or conditions attached to the grant.

Annual amounts transferred from the General Fund over the past 20 years have ranged from a low of \$84,620 in FY 2000, to a high of \$198,616 in FY 2005. The City has transferred \$100,000 annually for fiscal years 2017, 2018, and 2019.



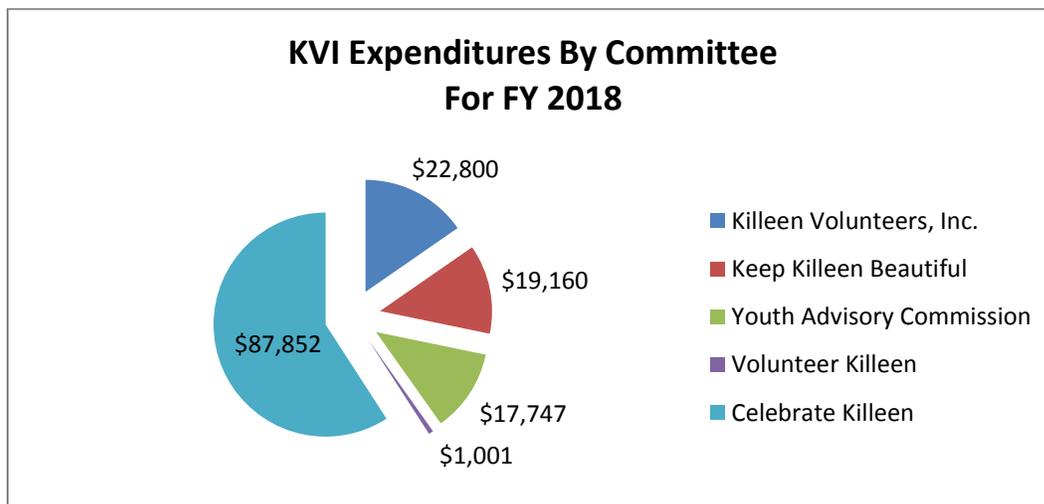
Hotel Occupancy Tax Fund

In addition to the General Fund grants, KVI usually receives income from the Hotel Occupancy Tax (HOT) Fund through grants awarded by the Killeen Arts Commission. Grants from the HOT Fund have ranged from a low of \$4,500 in FY 2005, to a high of \$71,040 in FY 2007. Unlike the General Fund grants, which are budgeted on an annual basis, Arts Commission grants must be applied for, and are awarded on a competitive basis. Further, Arts Commission grants have specific terms and conditions that grantees must meet, in order to receive funding. Finally, Arts Commission grants are funded on a reimbursement basis, as opposed to the General Fund grants, which are provided in a lump sum at the beginning of the fiscal year. KVI has received grants from the HOT Fund on an annual basis since FY 2002. For fiscal years 2017, 2018, and 2019, KVI applied for and received \$30,000, which included \$15,000 for the Celebrate Killeen festival and \$15,000 for Holiday Under the Stars.



Expenditures by Committee

The KVI Treasurer maintains ledgers for tracking KVI expenditures by committee. As shown in the chart below, the Celebrate Killeen Committee accounted for the majority of KVI expenditures for FY 2018, representing approximately 60 percent of total expenditures for the year. As previously stated, the Celebrate Killeen Committee includes Holiday Under the Stars, the Christmas Parade, Rodeo Killeen, and the Celebrate Killeen festival.



Prior Audits

The former City Auditor conducted an audit of KVI's books in FY 2013. The bulk of the findings revolved around KVI's use of QuickBooks to track its expenditures, and discrepancies between QuickBooks entries and KVI's bank statements. As of FY 2018, KVI had discontinued the use of QuickBooks.

Statement of Compliance with Audit 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 objective.

FINDINGS AND RECOMMENDATIONS

City management's effort to develop an interagency agreement with KVI offers an opportunity to refocus KVI on its founding mission.

Killeen Volunteers, Inc. (KVI) was established in 1993; its mission, to address community needs and enhance the quality of life for Killeen's citizens through volunteerism, with a focus on beautification. With regard to its beautification efforts, KVI's Keep Killeen Beautiful (KKB) program has amassed a considerable list of accomplishments in its 25-year plus existence, including tons of trash and recyclables removed from City parks, highways, and neighborhoods; hundreds of trees planted; funding of the City's Highway 190 and 195 gateway monuments through TxDOT grants; and cost avoidance estimated in the millions of dollars based on the thousands of volunteer hours contributed by members the community. However, KVI's all-volunteer organization has suffered under the strains of mission creep over the past two and half decades, as successive administrations have expanded the agency's program portfolio beyond the boundaries of its original mandate. This is due in part to the fact that City never clearly defined its public/non-profit partnership with KVI. As a result, the City's approach to KVI has at times been inconsistent with KVI's founding mission. More importantly, the expansion of KVI's workload into non-mission areas has come at the expense of underserved areas that could benefit from KVI's volunteer efforts, such as downtown beautification/revitalization and the City animal shelter's chronically understaffed operation. Management has already taken steps to clarify its relationship with KVI through a formal interagency agreement, which is currently in the early draft stages. As part of that process, the City should work with KVI to determine the proper home for its non-mission-related programs, with a view towards refocusing KVI on its founding purpose.

The Line Between City and Non-profit

KVI's enabling legislation, Resolution 93-41, called for the creation of an "independent, non-profit entity." However, for much of its existence, KVI has been almost entirely dependent upon the City to fund its operations. More importantly, up until recently, KVI had relied heavily on city staff to help manage its day-to-day operations. City

employees served as committee chairpersons and sat on the KVI Board of Directors. Volunteer Services Directors prepared IRS Forms 990 for the non-profit, prepared grant applications, collected money on KVI's behalf, and even had access to KVI bank accounts. The City's web page for its Volunteer Services division reflected little, if any distinction between the City and KVI, as shown below.



Source: www.killeentexas.gov

While the imbedding of city staff in KVI's day-to-day operations enhanced the coordination between the two entities, it also blurred the lines between the city government and the non-profit agency. Further, it masked the impact of the City's decades-long expansion of KVI's program portfolio on its all-volunteer, part-time staff.

The impact of that decades-long expansion became apparent when City management acted to separate City staff from KVI's operations as of FY 2019. While this was an appropriate action on management's part, it nonetheless generated considerable frustration among KVI's all-volunteer, part-time staff, who suddenly found the City, once fully integrated into KVI's operation, now holding itself at arm's length. A number of KVI volunteers resigned, including the chairman of the Celebrate Killeen Committee and the entire CERT group, all of whom

cited frustration with what they considered a dysfunctional environment.

Interagency Agreement

This long simmering problem stems in part from the City's failure to clearly define its partnership with KVI through some form of interagency agreement. At a minimum, the agreement would clearly delineate responsibilities between the two entities, and provide a process for developing programming based on the needs of the community, in accordance with KVI's core mission.

In the absence of such a policy framework, the City's approach to KVI's program development has been inconsistent. Past management decisions appear at times to have been based more on expediency than on a mission-focused, needs-driven approach. As a result, KVI has largely drifted over the past two and half decades without a clear sense of purpose, other than to serve as the City's repository for random programs.

Management has already taken steps to clarify its relationship through an interagency agreement, which is currently in the early draft stages. The agreement should define the City's partnership with KVI, based on the non-profit's enabling legislation. For example, City Council Resolution 93-41 defined KVI as an "independent entity," implying that the non-profit would, at some point be a self-sustaining operation. Why then, after 25-plus years in existence is the City still funding its operation, and why does KVI have yet to establish a fundraising committee? Most importantly, the process offers the City and KVI an opportunity to realign the agency's activities with its core mission.

Program Review

In order to streamline the process, both management and the KVI Board of Directors should review the non-profit's program portfolio to determine which programs align with KVI's mission, and which programs do not. The following is a brief discussion of the various programs currently housed under KVI, how they came to be under KVI, and how well they align with KVI's founding mission.

Keep Killeen Beautiful

Keep Killeen Beautiful (KKB) was one of the original programs created under KVI, and it addresses the agency's core mission element of beautification. KKB is an affiliate of Keep Texas Beautiful and Keep America Beautiful. As an affiliate of Keep Texas Beautiful and Keep America Beautiful, KKB participates in a number of national, state, and local events, including: (1) Don't Mess with Texas Trash-off; (2) Texas and National Arbor Days; (3) the Adopt a Roadside and Park Program; (4) Christmas Tree Recycling; and (5) Spring and Fall Waterway Cleanup. In addition, KKB volunteers provide assistance to City staff during City-hosted activities throughout the year.



Source: Killeen Communications Dept. and Internet

Over its 25-year-plus history, KKB volunteers have removed tons of trash and recyclables from City streets, parks, and highways. Volunteers have also planted hundreds of trees, including the Brad Arrington Trail of Trees on Lowes Blvd. In 2007, KKB secured matching funds through a TxDOT cost-sharing program for the landscaping and construction of the Highway 190/Interstate 14, "Welcome to Killeen" gateway monument. In 2011, KKB applied for a Texas Department of Transportation grant under the Government Community Achievement Award and was awarded \$290,000. The grant money was used to enhance the landscaping at the southern entrance to the City with a gateway monument on State Highway 195.

Holiday Lighting Committee

In August 1995, the Holiday Lighting Committee became the first new program committee added to KVI's portfolio following its creation.



Source: Communications Department

Holiday lighting activities were previously coordinated by the City and the Greater Killeen Chamber of Commerce. According to City Council Resolution 95-85R, the Holiday Lighting Committee was provided an initial budget of \$10,000 and tasked with "long term master planning for holiday lighting projects and events" that would encourage both the business community and citizenry to participate in the festive holiday spirit." The creation of the Holiday Lighting Committee represented KVI's first foray into event planning for the City.

Following completion of the City's downtown street scape project in 2014, City management returned a portion of the holiday lighting function to the City when Community Development was tasked to

design and implement holiday lighting for the downtown area. However, management chose to leave the budget for the decorating project under KVI. Under this arrangement, city employees order decorations, city maintenance crews put up and take down decorations, and invoices for purchases are forwarded to KVI for payment.

The arrangement is problematic on several fronts. The downtown decorating project is clearly a city activity, planned and performed by city staff. By running the purchases through KVI, departments are circumventing the City's internal purchasing process. Further, these expenditures, while not significant, represent operating costs to the respective departments, and therefore should be included in the departmental budgets, not KVI's budget. Finally, the use of KVI's volunteer staff to pay invoices and track expenditures for city-related functions is neither an effective, nor an efficient use of volunteer staff time.

Youth Advisory Commission

The Killeen Youth Advisory Commission was created by City Council under Resolution 93-20, in March 1993, and as such predates the creation of Killeen Volunteers, Inc. City Council's creation of its YAC is similar to that of other City Councils in Texas that have created their own youth advisory council/board, including Belton, Temple, Georgetown, University Park, and Bryan.



Source: Killeen YAC Facebook

When City Council created KVI, later that same year, the YAC was moved out from under City Council and placed under KVI. The reasoning behind this move is not entirely clear. While there is most certainly a volunteer component to the YAC, its primary function, according to its enabling legislation is to serve as a liaison between the City Council and the City's youth on matters affecting youth. That being the case, it is not clear how moving YAC out from under City Council and placing it under KVI serves to facilitate interaction between the City's youth and City Council. To the contrary, it adds a layer of bureaucracy between the two.

The City's YAC liaison acknowledged that YAC's interaction with City Council members has been less than what it could be, and expressed an interest in creating more opportunities for YAC members to interact with the City's leaders. Toward that end, the Executive Director of Recreation Services has proposed moving the YAC back under the City, as a function of Recreation Services. The KVI Board President concurs with this proposal.

Celebrate Killeen

In March 1999, Resolution 99-28R called for the expansion of the Holiday Lighting Committee to include events occurring throughout the year. These events included the Christmas Parade, Holiday Under the



Source: Internet

Stars, and the Celebrate Killeen spring festival, previously known as the Festival of Flags. The expanded committee was renamed the Celebrate Killeen Committee.

The creation of the Celebrate Killeen Committee represented a further departure from KVI's core mission of beautification and volunteer efforts, into the realm of event planning for the City's annual events. It also represented a significant expansion of KVI's operations. Celebrate Killeen Committee expenditures for FY 2018 were greater than all of the other committees combined, accounting for 60 percent of KVI's total expenditures.

Further, the City's approach to outsourcing its event-planning function has lacked consistency. While the resolution refers to "events occurring throughout the year," Celebrate Killeen consists only of Christmas-themed events (with the exception of downtown holiday lighting) and the Celebrate Killeen spring festival. All other events, the fall festival, Easter-themed events, Barktoberfest, etc., are handled by the Recreation Services Department.

It is not clear why certain events are deemed Celebrate Killeen events and others are not. Nor is it clear why the non-profit agency is uniquely suited for handling these select events. The potential benefit of KVI's non-profit status in attracting sponsorships for the Celebrate Killeen events has been largely unrealized. Sponsorship donations for FY 2018 amounted to less 5 percent of total expenditures. By contrast, the Rodeo Killeen operation is fully funded by corporate and other sponsors. As a result, the overwhelming majority of funding for Celebrate Killeen events comes from the City, from its General Fund and HOT Fund. The City is therefore giving money to KVI that it would otherwise be spending on its own, on the same events. Indeed, given City staff's significant level of involvement in KVI under past administrations, one could argue that the City had essentially been outsourcing its event-planning function to itself.

Finally, the significant level of volunteer resources required to manage these select events for the City begs the question, what mission-related activities has KVI forgone to provide these services, i.e., what is the opportunity cost of using KVI's limited resources to plan the City's Celebrate Killeen events.

Rodeo Killeen

In November 2004, Resolution 04-158R authorized the placement of Rodeo Killeen as a subcommittee of KVI's Celebrate Killeen, following the City's termination of its lease arrangement with the Killeen Riding and Roping Club, who had previously managed the rodeo event. Typically, rodeo associations operate under their own non-profit. Guidestar, a national database of non-profit organizations lists approximately 1,000 non-profit rodeo organizations throughout the country, with gross receipts ranging from several thousand dollars to over a hundred million.



While Rodeo Killeen is classified as a subcommittee of Celebrate Killeen, it is essentially an independent entity operating under the umbrella of KVI. The rodeo is fully funded by sponsors and event revenue, and therefore requires no financial support from KVI, and only minimal support from the Killeen Civic and Conference Center. Indeed, through its proceeds, the rodeo association has, over the years paid for repairs to the city-owned rodeo facilities, as well as invested in a number of capital improvements.



Source: Communications Dept.

The Rodeo Committee maintains its own checking account. However, because the rodeo is a subcommittee of KVI it does not have authorized access to its online checking account. Instead, the KVI treasurer provides monthly bank statements to the Rodeo Committee treasurer for reconciliation purposes. The committee's inability to monitor daily activity in its own account is an internal control weakness in that it heightens the risk that fraudulent activity may not be detected in a timely manner. The KVI Board President indicated that KVI and Rodeo Killeen are working to resolve this issue with the bank.

Ultimately, the best long-term solution would be for Rodeo Killeen to establish its own 501(c)(3) non-profit agency, similar to that of other rodeo associations in the State of Texas, and across the country. This would not only simplify operations for both KVI and Rodeo Killeen, but would also enhance transparency and accountability.

Fort Hood November 5 Memorial Fund

The formal dedication ceremony for the Fort Hood November 5

Memorial pavilion was held on March 11, 2016.

The design and location of the memorial, which is dedicated to the memory of the lives lost in the Fort Hood shooting, was authorized by City Council in June 2010.

The fundraising project was spearheaded by *Slovanska Podporujici Jednota Statu Texas*



Source: Communications Department

(SPJST), an American fraternal order founded by Czech-Americans in the late 19th Century, and overseen by the November 5, 2009 Memorial Ad Hoc Committee chaired by former Mayor Timothy Hancock.

In 2011, city management decided that the Fort Hood Memorial Fund should be placed under KVI, rather than the City. Management's justification for this action was based on the need to use KVI's status as a 501(c)(3) non-profit to ensure that donations for the memorial were tax deductible. However, the Internal Revenue Service code allows deductions for charitable contributions to local governments if they serve a public purpose, which the memorial does. And, in fact, the City routinely accepts donations for various purposes, such as its Animal Services Unit. Finally, the memorial was built on city property, under the supervision of City Council's ad hoc committee. The City pays for water and electricity associated with the memorial out of the Killeen Civic and Conference Center (KCCC) budget, and city maintenance crews tend to its upkeep. The memorial is, in all appearances the responsibility of the city.

At this time, approximately three years after the memorial's dedication, KVI still manages the memorial fund, which is maintained in a joint account along with residual funds from the City's 125th Anniversary Celebration. The memorial fund balance is about \$25,000. According to KVI and KCCC staff, the funds are used periodically for incidental expenses, such as flag replacement. On such occasions, the Memorial Ad Hoc Committee Chairman will usually contact the KCCC Executive Director, who will in turn contact the KVI Board President for authorization to purchase the item. The item and

invoice are usually delivered to the KCCC, after which the Executive Director will then forward the invoice to the KVI Board President for payment.

As with the aforementioned Holiday Lighting example, KVI has been tasked with managing funds for what is essentially a city function. Accountability and efficiency would best be served by placing the responsibility for managing the residual fund balance under those responsible for maintaining the memorial. Management should consider coordinating with the KVI Board on transferring the residual balance of the November 5 Memorial fund to the KCCC. Since the funds are maintained in a joint account, the account should be reviewed either by Finance staff or the City Auditor beforehand to ensure only November 5 Memorial funds are transferred.

Community Emergency Response Team (CERT)

The CERT concept dates back to 1985, when the Los Angeles City Fire Department developed and implemented the first CERT. The Federal Emergency Response Agency (FEMA) adopted and implemented the CERT concept as a national program in 1993. According to FEMA, the program offers a "consistent, nationwide approach to volunteer training and organization that professional responders can rely on during disaster situations." CERT groups in Killeen have existed in one form or another for more than 10 years, although CERT program activity appeared to have fallen into a state of dormancy around the 2016 timeframe, according to staff.

In October 2016, Volunteer Services, at the direction of the Executive Director for Support Services, placed the CERT function under KVI, in an effort to revive the dormant function. While the effort appeared well-intended, the justification for the move was not clear. KVI's all-volunteer, part-time staff had neither the resources, nor the expertise to effectively cultivate the nascent CERT. Further, best practices regarding the successful implementation of a CERT program recommend that CERT activities be closely coordinated with local government's emergency management coordinator. At the time of the transfer, the City's emergency management coordinator position was vacant, and would remain so for several months. There is no evidence that the transfer was coordinated with the Fire Department's management team.

Not surprisingly, the CERT group expressed frustration with the move, stating that it negatively impacted its ability to fulfill its mission of providing support to the City's Emergency Management Services

function. In April 2019, the six active members of the CERT group resigned en masse from the KVI CERT subcommittee, and recommended that KVI's CERT program be dissolved.

Should the City desire to revive its CERT program at some point, it should be done in coordination with the City's Emergency Management Coordinator, in accordance with best practices. According to the former chairman of the CERT subcommittee, the CERT group had reached out to the City's Emergency Services Management Coordinator in the interest of reestablishing the CERT function in coordination with EMS.

Refocusing KVI on its Founding Purpose

The City's long-overdue examination of its public/non-profit partnership with KVI offers the opportunity to refocus KVI on its original mission. Rather than serving as a parking place for random programs and activities, KVI could become a marketplace for marshaling volunteer resources towards their most effective use. Keep Killeen Beautiful offers a glimpse of what KVI could accomplish if it were to redirect its volunteer efforts to address other underserved areas in the community, be it downtown revitalization, the homeless, senior citizens, citizens with special needs, animal services, etc. Two of these areas are discussed below.

Downtown Beautification/Revitalization



Source: Communications Department

In May 2012, City Council authorized the award of a construction contract to initiate the City's downtown streetscaping project for parts of 4th Street, Gray, 8th Street, and Avenues C and D, as part of a downtown revitalization effort.

The first phase of the project was completed in 2014. That same year, the Killeen Downtown Historic District was entered into the National Park Service's National Register of Historic Places. In September 2015, the City launched its North Killeen Revitalization Program to "promote the development and redevelopment of North Killeen."

Despite the early momentum, the City's downtown revitalization efforts have largely stalled in the five years since completion of its streetscaping project. Whether volunteer efforts at the grass roots level could have helped maintain that momentum is uncertain. However, best practices guidance under both national and local downtown revitalization programs do highlight the need for community involvement to build support for local governments' revitalization efforts.

In Hillsville, Virginia, for example, a group of citizen volunteers formed the Friends of Hillsville 501(c)(3) non-profit group to augment local government's efforts to revitalize its historic downtown district. The group's goal, according to one of its founding members is to organize at least one event per month to attract more foot traffic to the downtown area to support the town's revitalization efforts.



Source: Internet

The City of Killeen has recently taken steps to revive its revitalization campaign through the creation of a Downtown Coordination Team. The Team's purpose is to coordinate the efforts of City departments "to provide more visible and consistent basic services to help facilitate the success of the Historic District and the greater downtown." As a volunteer organization dedicated to addressing the needs of the community, KVI could play an important role in revitalization by organizing events, such as farmers markets, street fairs, etc., to help rekindle public interest in the downtown area.

Animal Services Volunteer/Foster Program

The City's Animal Services Unit has historically had difficulty in recruiting sufficient numbers of volunteers to assist in the shelter's day-to-day operations, as well as to provide foster homes for injured animals, or puppies and kittens awaiting spay/neuter operations.

According to the former Animal Services Manager, volunteer activity for the month of April 2019 totaled 21 hours, which the manager estimated to be about 10 percent of what you would expect to see in a shelter the size of Killeen's. The chronic shortage of volunteer resources has exacerbated the operational challenges already faced by the shelter, which lost two animal control officer positions in FY 2018.



Source: Communications Department

Volunteers play a critical role in freeing up animal control officers to respond to citizens' calls, by helping to answer phones, clean kennels, and transport animals to and from animal hospitals. In addition, volunteers' interaction with animals helps to keep them socialized, thereby increasing their chances for adoption.

There is no evidence to suggest that the City has ever approached KVI to determine what, if anything the non-profit agency could do to address Animal Services' ongoing need for volunteers.

Recommendation:

The City Auditor recommends the City Manager or designee to:

1. Develop and implement an interagency agreement with KVI with a view towards refocusing the non-profit on its legislative intent. The agreement should include, at a minimum, the following elements:
 - ▶ Clear delineation of responsibilities;
 - ▶ Financial policies and practices;
 - ▶ Community needs-driven process for developing and implementing new programs.

2. Conduct a program review with the KVI Board of Directors to determine which programs currently housed under KVI should remain under KVI, and which programs should be moved to a more appropriate venue.

OTHER MATTERS

KVI Equipment

KVI has equipment stored in connexes and storage rooms throughout the City, including Conder Park, the Recycling Center, the Special Events Center, and several rooms at the Community Center. The storage of assets in multiple, widely dispersed locations is not only inefficient, it increases the risk that the loss of items may not be detected in a timely manner. Given that there appears to be no logistical need for these assets to be stored in such a fashion, management should consider consolidating KVI's assets in a central location that is adequately controlled, but sufficiently accessible to KVI volunteer staff.

VIEWS OF RESPONSIBLE OFFICIALS

Management was provided copies of the draft report for review and comment prior to issuance of the final report. Management agreed with the findings and recommendations. Their comments and observations are reflected throughout the body of this report.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objective of the audit was to assess the effectiveness of the City's public/non-profit partnership with KVI, with regard to the agency's mission.

Scope and Methodology

The scope of the audit included KVI-related management decisions from KVI's inception in FY 1993 through FY 2018.

To address the audit objective, the City Auditor:

- ▶ Reviewed City Council Resolution creating KVI, and subsequent City Council Resolutions expanding the scope of KVI operations.
- ▶ Reviewed financial data in the City's financial management system regarding city funds disbursed to KVI from the General Fund and Hotel Occupancy Tax Fund.
- ▶ Reviewed financial data obtained from KVI for FY 2018 and FY 2019.
- ▶ Reviewed invoices for select KVI events.
- ▶ Interviewed current and former KVI officials and City staff.
- ▶ Researched and identified best practices regarding downtown revitalization recommended by national and state main street programs.

Statement of Compliance with Audit 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.

MANAGEMENT RESPONSE

CITY OF KILLEEN - CITY AUDITOR Killeen Volunteers, Inc.

Rec No.	Recommendation	Lead Department(s)	Agree/Partially Agree/Do Not Agree/Comment	Estimated Implementation Date
1.	<p>Develop and implement an interagency agreement with KVI with a view towards refocusing the non-profit on its legislative intent. The agreement should include, at a minimum, the following elements:</p> <ul style="list-style-type: none"> ▶ Clear delineation of responsibilities; ▶ Financial policies and practices; ▶ Community needs-driven approach for developing and implementing new programs. 	Recreation Services	Agree	In progress
2.	<p>Conduct a program review with the KVI Board of Directors to determine which programs currently housed in KVI should remain under KVI, and which programs should be moved to a more appropriate venue.</p>	Recreation Services, Community Development	Agree	In progress