Office of the City Auditor

Performance Audit

Changes to PIAC Impacted Project Eligibility; Updates to Eligibility Review Needed

Finance, Governance and Public Safety Committee – December 3, 2024

Audit Team: Jonathan Lecuyer and Vivien Zhi

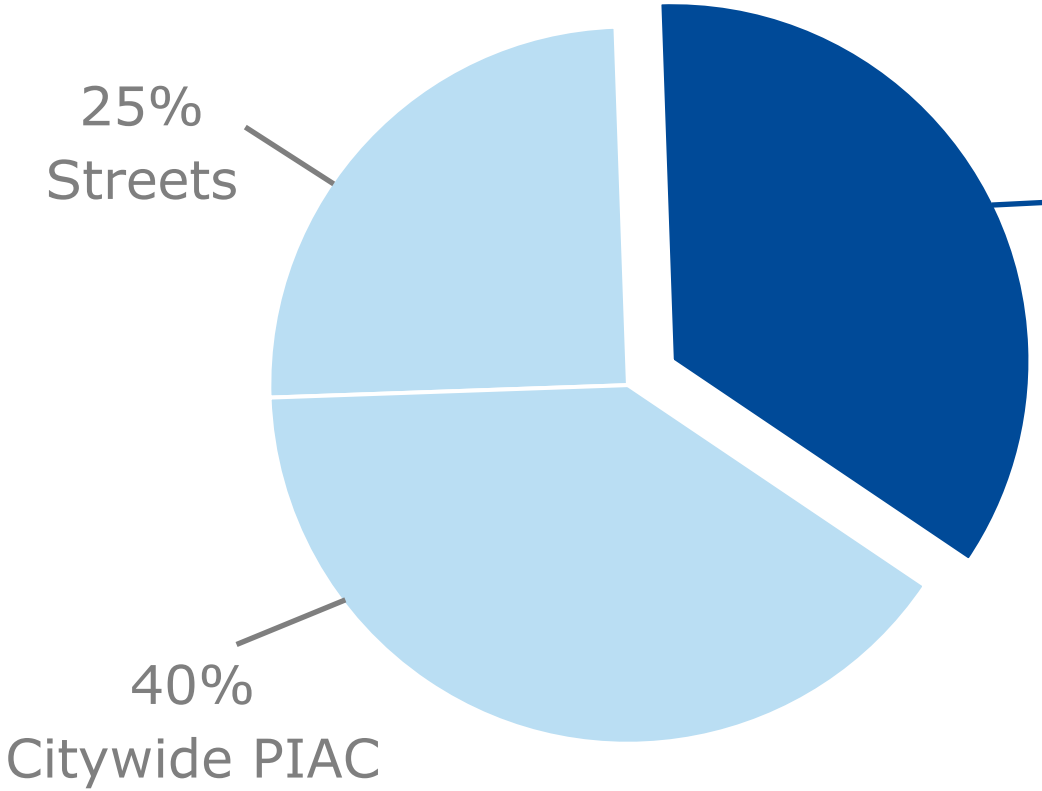
KANSAS CITY MISSOURI

Audit Objectives

- Does the city ensure PIAC projects meet eligibility requirements in the city code?
- Does the city have processes to monitor the use of PIAC funds awarded to non-capital improvement projects?

Background – Public Infrastructure Advisory Committee Funding

Required Allocation of 1% Sales Tax



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

= **$33 million FY25**

Most PIAC Projects Funded Fiscal Years 2019-2023 Met Eligibility Requirements

- Small number of approved PIAC projects did not meet eligibility requirements
- Eligibility issues included funding for private equipment or private property improvements
- Funds not yet expended returned to districts' PIAC contingency account

Voters Expanded PIAC Project Eligibility

2018 ballot language removed limitation that 100% of PIAC funds be used for public capital improvements and maintenance

2018 and Earlier
Only Capital Improvements

2019 and Later
Non-Capital Projects Now Allowed

City Has Not Addressed New Risks Created by Expanded Eligibility

- No guidelines for determining PIAC eligibility for non-capital improvement projects
- Some projects submitted without clear scope
- Law Department does not review all projects for eligibility
- Expanded eligibility not communicated to public

Non-Capital Improvement PIAC Projects Should Follow City Contracting Requirements

- City departments usually followed city contracting requirements for non-capital improvement projects
- We identified two projects that had contract monitoring issues
- Department directors and staff expressed uncertainty over how to handle PIAC funds and contactor's requests for reimbursements

Recommendations

Develop guidelines on types of non-capital improvement expenses and projects are eligible

Require a clearly defined scope of work prior to funding a project through the PIAC contingency fund council district memo process and all PIAC projects to be reviewed by Law Department

Communicate expanded PIAC eligibility based on city council guidelines

Ensure department follow city contracting requirements for non-capital PIAC projects

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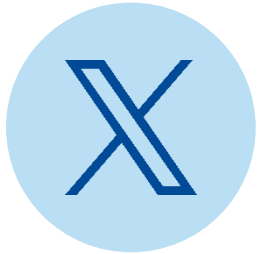

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