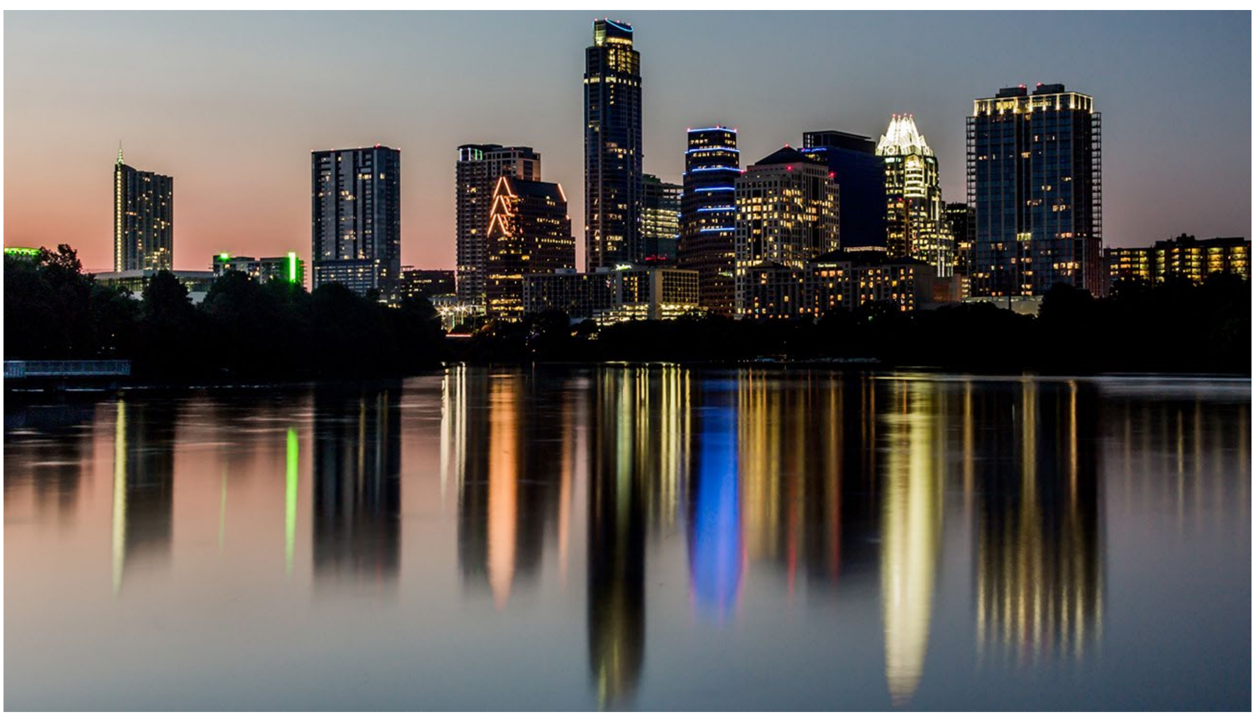
# Creative Action
# Raising Travis County Monitoring Report

July 22, 2026



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From: Patti Smith, CPA
Travis County Auditor

Date: July 22, 2026

Subject: Creative Action Raising Travis County Monitoring Report

In compliance with the Youth Development Services – After School Expansion Program Professional Services Agreement between Travis County and Creative Action, the Travis County Auditor's Office has completed a Raising Travis County monitoring visit on contractor Creative Action. We conducted our monitoring in accordance with the compliance requirements outlined in Youth Development Services – After School Program (Expansion) contract 4400007474 and applicable statutes governing the County Auditor's Office and those relating to state financial and accounting protocols. As a result of our monitoring, we are providing this report detailing our findings and recommendations.

## BACKGROUND

In 2024, Travis County voters approved Proposition A that generates approximately $75 million annually to expand access to childcare and out school time programs. Following this approval, Travis County Commissioners Court approved the inaugural Community Advisory Council for Raising Travis County (RTC), composed of 28 representatives with diverse skill sets that offer expertise and/or interest in childcare and out-of-school time and created the Raising Travis Couty Fund.

Travis County has an existing agreement with Creative Action to support their After School Program with Social Service funds. To align with Proposition A, Travis County developed a modification to the existing agreement with Creative Action to provide a short-term investment funded with

Raising Travis funds. This modification added new expansion clients to Creative Action's existing Out School Time services.

## EXAMINATION METHODOLOGY

Our monitoring methodology was based on a review of office records and on verbal and written representations from Creative Action. This review encompassed an evaluation of all supporting documentation submitted with reimbursement requests, and a verification of compliance with the requirements outlined in the Youth Development Services – After School Program (Expansion) contract. Regarding the written and verbal representations made by Creative Action, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge

## SCOPE OF EXAMINATION

The scope of the monitoring visit included an assessment of Creative Action's overall contract compliance for the period of June 1, 2025, through January 31, 2026. The assessment included a review of the adequacy and effectiveness of the overall system of controls in place as required by Youth Development Services – After School Program (Expansion) contract (4400007474).

## SUMMARY OF FINDINGS & RECOMMENDATIONS

During our review of Creative Action, we noted areas of concern with eligibility, staff qualifications, class sizes, insurance requirements, disbursements, and reporting.

## ATTACHMENT

**Attachment A:** This attachment contains the details of our findings for this monitoring visit, including the significance of the areas of concern, recommendations to office management, and responses by office management.

## EXAMINATION TEAM

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Kim Bennink, Senior Auditor
Ely Allen, Lead Auditor
Travis Lee, Staff Auditor
Bailey Alvarez, Staff Auditor
Frank Williams, Staff Auditor
Conner Wanees, Staff Auditor

## CLOSING

This report is intended solely for the information and use of your office and the Commissioners' Court. We appreciate the cooperation and assistance received from the management and staff of the Creative Action during this examination. Please contact us if you have any questions or concerns regarding this report.

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Raising Travis County File

# ATTACHMENT A- FINDINGS AND RECOMMENDATIONS

## 1. Contract Noncompliance – Eligibility

Attachment A of the contract outlines several eligibility requirements. Students were eligible for the County-funded project if they were enrolled in a School Partner Site, resided at a Community Partner Site, were in grades kindergarten through eight, or received a contractor-approved financial aid request.

We reviewed client files provided for the Raising Travis County (RTC) funded program, including the School Year Program held at two local school campuses (Winn Elementary and Marshall Middle School), the School Year Program held at the Community Partner Site Thurmond Heights Apartments operated by the Housing Authority of the City of Austin (HACA), the Summer Program operated at various locations in the Austin area, and the Summer Program operated at the Thurmond Heights Apartments. The following seven of 102 (7%) clients received a 100% scholarship but were not eligible:

- Client J. L. participated in the School Year Program at Marshall Middle School but resides in Williamson County.
- Client J. L. participated in the School Year Program held at Thurmond Heights Housing Complex but was in pre-kindergarten.
- Client K. B. participated in the Summer Program at Thurmond Heights Apartments but was not a resident of the apartment complex nor was she a resident of Travis County.
- Client C. D. participated in the Summer Program at Thurmond Heights Apartments but was not a resident of the apartment complex. No household size or income information was documented, so eligibility for scholarship funding could not be verified.
- Client C. M. participated in the Summer Program at Thurmond Heights Apartments but was not a resident of the apartment complex. No household size or income information was documented, so eligibility for scholarship funding could not be verified.
- Client N. P. participated in the Summer Program at Thurmond Heights Apartments but was not a resident of the apartment complex. No household size or income information was documented, so eligibility for scholarship funding could not be verified.
- Client G. P. participated in the Summer Program at Thurmond Heights Apartments but was not a resident of the apartment complex. No household size or income information was documented, so eligibility for scholarship funding could not be verified.

Significance:

Statement of Work Section 3, Client Eligibility, states *the Contractor shall apply the following eligibility criteria to individuals in order to receive Services in the Program*:

*School Year Program*

| Eligibility Requirement | Description of Criteria | Verification Method |
|---|---|---|
| *Grade Level* | *Must be enrolled in kindergarten through eighth grade* | *Program registration records* |

*Summer Program*

| Eligibility Requirement | Description of Criteria | Verification Method |
|---|---|---|
| *Age* | *Must be between five and fourteen years old* | *Program registration records* |

*Scholarship Program*

| Eligibility Requirement | Description of Criteria | Verification Method |
|---|---|---|
| *Residency* | *Must reside in Travis County* | *Program registration records with address mapped to a location in Travis County* |
| *Income Level* | *Must reside at Community Partner Site or be Contractor Approved for Financial Aid at a 50% to 100% subsidy level* | *Program registration records or residency of Program Client or parent/legal guardian at the Community Partner Site or have completed a Financial Aid Request Form which includes the following components: qualification for a free or reduced lunch, household size and annual household income* |

Recommendation:
We recommend Creative Action establish an eligibility verification process to ensure all required documentation is collected and reviewed before approving services. This process should include verification of School Year enrollment and grade level, and for the Summer Program, confirmation of age and eligibility. The Scholarship Program should include income, household size, and residency. Creative Action should implement a standardized eligibility checklist, periodic file reviews, and staff training on contract requirements. For youth served at Community Partner Sites who do not reside at the site, Creative Action should ensure household size, income, and residency documentation is obtained. If pre-kindergarten eligibility is needed, Creative Action should initiate a contract amendment to cover this additional service.

Plan of Action Response:
We have added a verification question in our registration and financial assistance forms that ask explicitly if the Client resides in Travis County, as well as residency confirmation in a Housing Authority site. This was not in place for registration prior to the start of the school year as RTC

processes were still being communicated to Contractors. Overall, we have improved our eligibility review efforts through revisions to the registration paperwork and an internal tracking system that flags any factor for ineligibility. We are continually increasing the number of eligibility reviews by operations and enrollment team members.

We already submitted amendments for our contract to include pre-kindergarten students for FY27 School Year Programs.

In addition to explicit questions confirming HACA residency, we are working to register more families prior to the start of the programming, thus, better able to confirm residency before providing services (or not). We find that some families seek care for extended family members that may not reside in Travis County during the summer months. If a family wishes to register their child in a HACA program but does not reside at that complex, they will be asked to fill out the general financial assistance form to determine if they still meet income and all other eligibility requirements.

## 2. Contract Noncompliance – Staff Qualifications

We reviewed the applicable personnel files, identifying instances of noncompliance with the staffing qualification requirements outlined in the contract. Specifically, the minimum education and experience requirements were not met. Our review noted the following discrepancies:

- The Senior Director of Human Resources holds an Associate of Applied Science Degree in Hospitality. Their minimum requirement is a bachelor's degree in human resources, Business Administration, or a related field.

- Teaching Artist M. C. had six months documented teaching experience, although one year is the minimum requirement.

- Teaching Artist C. T. had six months documented teaching experience, although one year is the minimum requirement.

Significance:
Per the contract, Section 13.11.3, Qualifications, states:

> *"If specific qualifications (including licenses, certifications and permits) are set forth in job descriptions required by County or attached to any position related to providing services under this Contract, only personnel with the required qualifications will be assigned to fill functions unless a written waiver is granted by the County."*

In Statement of Work Section 7, Program Staffing, the job description for the Senior Director of Human Resources states: *"Bachelor's degree in Human Resources, Business Administration, or a related field. Minimum three (3) years' experience managing HR functions for full time and part time staff, non-profit experience preferred.*

In Statement of Work Section 7, Program Staffing, the job description for Teaching Artists states: *"One (1) year of teaching experience required. High school diploma or equivalent. Experience in the arts and an identified personal artistic discipline. Note: Contractor will provide on-going training youth development and individual support and supervision to Teaching Artists."*

Recommendations:
We recommend Creative Action implement controls to ensure all personnel assigned to contract-funded positions meet the required education and experience qualifications. This should include implementing a pre-hire verification process, conducting periodic internal reviews of personnel files, and providing training to program management on contract-mandated staffing standards.

Plan of Action Response:
We will amend our FY27 contract to reflect the required education and experience qualifications for the Senior Director of Human Resources and Teaching Artist positions. We will ensure that any future roles are reflected accurately in the work statement.

For candidates that we would like to hire, but may fall short of required education or experience due to the quality of our applicant pool, we will work with them to provide training or other experience to ensure they meet required qualifications within 3 - 6 months and request a waiver from Travis County if such a situation should occur.

## 3. Contract Noncompliance – Class Size

We reviewed the staffing for all the classrooms containing Travis County funded youth and compared the number of youths taught and the ages and actual grades of the youth to the requirements outlined in the contract. The contract requires a ratio of 1:15 for kindergarten and 1:18 for grades one through eight. We noted the following:

- The class taught by C. T. at Decker Elementary exceeded 15 students and included children enrolled in kindergarten.
- The class taught by R. A. at Ridgetop Elementary exceeded 15 students and included children enrolled in kindergarten.

Significance:
Per the Youth Development Services - After School Program Contract #4400007474, Attachment A, Program Work Statement Section 5 Client Eligibility states: *"clients must be in grades kindergarten through eight (8)."*

Attachment A, Program Work Statement Section 6 Service Delivery Subsection C, Service Provision states: "*Contractor will facilitate the program at the School Partner Sites and the Community Partner Site with Contractor employees ("Teaching Artists"). Contractor will ensure a Teaching Artist to client ratio of 1:15 for clients in kindergarten and 1:18 for clients in grades one (1) through eight (8)."*

Recommendations:
Creative Action should implement controls to ensure compliance with contractual class size limits. This should include establishing a class size monitoring process, conducting routine roster reviews to verify enrollment counts, and providing staff training on contractual capacity requirements. When enrollment demand exceeds allowable limits, Creative Action should develop procedures for waitlist management or add additional teachers.

Plan of Action Response:
We have already revised the work statement for FY27 to allow for larger class ratios as needed. The maximum teacher/student ratio for childcare licensing minimum requirements is 1:26 for ages 5+, and 1:22 for age 4. We continue to aim for ratios of 1:18/1:15, respectively, however we are able to meet those daily class ratios even if our overall class roster is higher because students frequently are not in attendance every single day due to other clubs or general absences. We take those absences into consideration whenever we have a waitlist that would exceed a particular group above the 1:18 ratio. This allows us to maximize our ability to serve more families throughout the year, without losing program quality or wasting resources by overstaffing programs.

## 4. Contract Noncompliance - Insurance Requirements

There are several insurance requirements listed in Attachment D of the contract, including standards for the coverage and insurers, as well as requirements for each policy. We reviewed the insurance policies provided by Creative Action related to this contract, noting the following:

- Commercial General Liability Insurance – the contract requires the contractor to provide a Certificate of Insurance (COI) that includes blanket contractual liability and waiver of subrogation endorsement. The COI provided did not include these requirements.

- Umbrella Insurance - the contract requires the contractor to maintain a minimum limit of $5M in excess and follow the form of primary coverage. Creative Action's insurance policy has a limit of $1M in excess. In addition, the COI provided did not include a waiver of subrogation.

- Cyber Security Insurance – the contract requires the contractor to obtain an aggregate limit of $3M. Creative Action's insurance policy has an aggregate limit of $250K. In addition, the COI provided did not include a waiver of subrogation.

Significance:
Per the Youth Development Services- After School Program Contract #4400007474, Section 13.7.1, Requirements:

> "*Contractor will have and will require all Subcontractors providing services under this Contract to have, Standard Insurance sufficient to cover the needs of Contractor and/or Subcontractor pursuant to applicable generally accepted business standards and as set forth in Attachment D, "Insurance Requirements." Depending on services provided by Contractor and/or Subcontractor, Supplemental Insurance Requirements or alternate insurance options as set forth in Attachment D, "Insurance Requirements," may be imposed by County.*"

Attachment D, Insurance Requirements also states the following:

- *Commercial General Liability Insurance – Minimum Limit: $1M per occurrence for coverage A and B with a $2M policy aggregate*
  - *Blanket contractual liability for this Contract*
  - *Independent Contractor Coverage*
  - *Waiver of Subrogation*
- *Umbrella Insurance – Minimum Limit: $5M excess. Policy shall also include the following endorsements in favor of Travis County:*
  - *Waiver of Subrogation*
- *Cyber Security Insurance – Minimum Limit: $1M per occurrence with a $3M policy aggregate. Policy shall include the following endorsements:*
  - *Waiver of Subrogation*

The insurance requirements listed in the contract are essential for minimizing risk and protecting both Travis County and Creative Action from potential liabilities.

Recommendations:
We recommend Creative Action review and update the insurance policies required by Attachment D of the contract and submit the updated insurance policies to Travis County. In addition, we recommend Creative Action implement a process to regularly verify that all insurance renewal policies comply with contractual requirements.

Plan of Action Response:
Endorsements were requested in March for individual policies in compliance with grant requirements. Creative Action has provided the County with those endorsements as soon as they are received from the policy provider. This is still in progress and is updated as policy renewals occur at different times throughout the year.

Creative Action will request a waiver for the Umbrella Coverage minimum limit of $5,000,000. Our current policy has a blanket waiver for the waiver of subrogation and additional insured.

Creative Action will request a waiver for a $500,000 aggregate limit for the Cyber Insurance policy. Travis County was already granted a reduced limit when the policy was added in November 2025, and no compliance issues were noted at the time of that submission. Additionally, we will request a waiver for this policy as we cannot add a waiver of subrogation to the Cyber insurance policy.

Creative Action will request a waiver for any policy amount that exceeds what the Contractor can financially incur, currently and for future limits. County required levels of coverage can be financially prohibitive and inappropriate for the size and scope of our organization. Additionally, if an endorsement is not possible for a particular policy, a waiver will be requested stating that reason and any information needed from the insurer can be obtained.

At the start of each fiscal year, we will request and re-review insurance requirements for Travis County and make necessary updates or waiver requests, as applicable.

## 5. Disbursements- Disallowed Expenses

During our examination of support for all expenditures reimbursed to Creative Action for the period June 1, 2025, through August 31, 2025, and October 1, 2025, through January 31, 2026, we discovered the following:

- June 2025: Creative Action was unable to provide a receipt or proof of payment for a $23.54 Dollar Tree advertising expense and for an $8.43 sewing kit purchase.

- August 2025: Creative Action was unable to provide a receipt for a $0.99 Apple expense.

- October 2025: Creative Action spent $17.98 and $18.40 in sales taxes for a pair of purchases from T-Mobile.

Significance:

Per the Youth Development Services- After School Program Contract #4400007474, Section 10.2, Disallowed Expense:

> "*Contractor agrees that failure to meet the requirements of Section 10.1.1 – 10.1.3 may result in any transfer of funds being disallowed; as such, the disallowed amount not be paid by County. If County determines that payment has been made incorrectly for expenses in violation of this Section 10.0, Contractor agrees to refund such payment in full to County within twenty (20) days of written request by County for such funds.*"

Recommendations:

We recommend short paying Creative Action next reimbursement request to cover the unsupported and ineligible expenses in the amount $69.34. Creative Action should implement internal review procedures to ensure disallowed costs are identified and removed prior to submission. In addition, Creative Action should establish a process to ensure all required supporting documentation is properly maintained for the full retention period.

Plan of Action Response:

We will be more diligent with verifying that all expenses billed have the proper support documents. Finance staff is double-checking all expenses and receipts to ensure compliance with allowable expenses.

## 6. Inconsistencies Between Client Files and Contract Reporting

We reviewed all Raising Travis County client files, along with the FY 2025 third and fourth quarter Performance Reports and the FY2026 first quarter Performance Report submitted by Creative Action. During our review, we identified inconsistencies between the number of client files provided and the number reported. In addition, we determined that all client files did not contain the contractually required MESH surveys. These discrepancies are detailed below:

- FY 2025 Expansion Program – Creative Action submitted a list that included 46 clients served while the corresponding Performance Report stated 41 clients served.

- FY 2026 Expansion Program – Creative Action submitted a list that included 56 clients served while the first quarter Performance Report stated 58 clients were served at the 50% to 100% subsidy level.

- MESH assessments – Of the 56 client files reviewed, three client files for grades 5th through 8th and eight client files for 1st through 4th did not contain completed MESH assessments. As a result, outcomes related to youths' relational skills, resiliency skills, and community connectedness could not be accurately reported by Creative Action.

<u>Significance:</u>
The Youth Development Services - After School Program Contract #4400007474, Attachment A, Section 6 (b) Intake and eligibility determination process states: "*Contractor shall ensure the appropriate documentation of parental/guardian consent is obtained for Clients to participate in MESH survey.*"

In addition, Attachment A, Section 6, (d) Client/Service termination or Program exit states: "*Contractor will use the Mindsets, Essential Skills, and Habits ("MESH.") survey, to assess individual Client growth, and us aggregated MESH results to evaluate Program effectiveness.*

Inaccurate or unsupported reporting leads to questions on the reliability of Creative Action's performance data and may result in misstated service outcomes. These inconsistencies increase the risk of noncompliance with reporting requirements, limit the County's ability to assess program effectiveness, and may affect funding decisions tied to reported performance.

<u>Recommendation</u>:
Creative Action should implement procedures to ensure that all client documentation and reported performance data are accurate, complete, and fully supported. This should include establishing a client file review process to verify that required documents are obtained, maintained, and retained for three years as specified in the contract.

<u>Plan of Action Response:</u>
FY2025 Expansion Program list reflected an initial group of students prior to further screening for deduplication. Creative Action will ensure that a most recent client list is submitted and request a client file document from the Auditor team prior to the audit to ensure the client files are submitted as requested.

FY2026 Expansion Program submitted a list that was 2 students fewer than the Performance Report, however, the Expansion Program Clients total 49, and the Social Services Clients number 58. Creative Action will ensure that the Auditor team can easily separate the Clients for Social Services from the Expansion Clients. The inconsistency of the Client List submitted will be improved with a clearer document for providing the information to the Auditors.

MESH Assessments, according to our PMDT, is administered to all participants in Creative Action afterschool programming, and Expansion Program Clients are not pulled out as a subset of that data. This is in accordance with the contract and with fidelity to the MESH tool. However, we are utilizing a different survey tool starting in FY27 and are amending our contract to reflect the administration of that tool, maintaining fidelity to the process and the measurement of youth outcomes achieved by participation in the Creative Action program.