

FINANCIAL MONITORING REPORT

PY23

Subcontractor Name: Green Hills Regional Planning Commission
Programs Monitored: WIOA Adult, Dislocated Worker, Youth, TANF Skill-up & One-Stop Operator
Monitoring: Quarter 1: Desktop – October 30, 2023 (period: PY & month ending 9-30-2023)
Quarter 2: Desktop – January 23, 2024 (period: month ending 12-31-2023)
Quarter 3: On-Site – February 27, 2024 (period: month ending 1-31-2024)
Quarter 4: Final Written Report (period: month ending 4-30-2024)
Monitor: Jeanie Griffin, Fiscal Manager

I. Executive Summary and Scope of the Monitoring

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Section 2 CFR 200.329, requires the monitoring of activities under Federal awards to assure compliance with applicable Federal requirements. The Workforce Innovation and Opportunity Act (WIOA) Section 184 (a)(4), also mandates the monitoring of each local area within the State to ensure compliance with OMB's Uniform Guidance.

The WDB conducted a financial monitoring of the Youth Alliance's financial operations for the period July 1, 2023 through April 30, 2024, in fulfillment of the requirements of the Uniform Guidance, WIOA, and other applicable Federal and State regulations. Financial monitoring is not an audit and due to the limited scope of the monitoring, may not disclose all systems' weaknesses. The results presented in this report are based on the areas reviewed by WDB staff. The United States Department of Labor, the Missouri State Auditor's Office or any other applicable federal or state body may conduct reviews and have different conclusions, opinions, and/or results.

The purpose of the monitoring review is to obtain reasonable assurance that the subrecipient is in compliance with statutes, regulations, and terms and conditions of the sub-award. Reasonable assurance is the level of confidence or comfort based on professional judgment obtained through interviews, understanding the operations, and testing performed to assess the performance of the subrecipient. The results presented in this report are based on the areas reviewed by the WDB.

The scope of the financial monitoring utilized guidelines established in Uniform Guidance, 2 CFR 200.300 – 200.303 Standards for Financial Management Systems, 2 CFR 200.305(b) (8) Interest Earned on Advances, 2 CFR 200.307 Program Income, 2 CFR 200.313 Equipment, and 2 CFR 200.317-324 Procurement, WIOA, OWD, and the U.S. Department of Labor Employment and Training Administration (ETA).

The financial content areas and processes monitored include the following, as applicable:

Desktop in conjunction with monthly billing reimbursement

- Budget/Expenditure Levels; Agency-to-Participant Cost Ratio
- Cash Receipts
- Time Allocation
- ALL Participant Payments for the reporting period

On-site review items listed above as well as:

- Financial Management/Reporting Systems
- Review of all Financial Policies and Procedures, Accounting system, Separation of duties, personnel policies, organizational chart, completion of the fiscal functions and internal control questionnaire,
- Insurance Coverages/Bonding
- Accrued Leave
- Review of all staff wages and agency operational expenses for the reporting period
- Bank Statement and Reconciliation tracking
- Excess Cash Reporting

- Program Income/Stand-In Costs/Leveraged Resources Review
- Interest Earned on Advances; pledged security agreement
- Procurement
- Inventory
- Salary/Bonus Limitations
- E-Verify
- Participant Service Levels/Mojobs reconciliation
- ICR Compliance
- Audit Resolution
- Prior Year/Quarter Monitoring

II. Results of Financial Monitoring Review

The WDB rates issues discovered during financial monitoring review at two levels of severity: compliance findings and areas of concern, as defined below. In addition, opportunities have been identified and are also included below.

Compliance Findings - Compliance findings (findings) are items that disclose areas of significant non-compliance with WIOA, federal regulations, workforce development issuances or guidance, and material weaknesses in internal controls. Findings require written corrective action plans by either accepting the WDB's recommendation or proposing and receiving approval for an alternate course of action. Regulatory compliance monitors will provide citations from WIOA, federal regulations, or OWD issuances and procedures to identify specific areas of non-compliance and will explain the corrective measures necessary for resolution.

- The results of our monitoring did not disclose any compliance findings.

Areas of Concern - Areas of concern (concerns) are items that may or may not be compliance-based but may impede effectiveness and efficiency of providing services to individual and business customers. Concerns are suggestions to management and do not generally require a response unless specifically indicated. Resolved findings and accompanying corrective actions may be included in this category. Concerns, although resolved, may rise to a level of severity that is subject to follow-up during subsequent review. Regulatory compliance monitors may offer suggestions or guidance to assist the entity in making improvements or may make a referral for further technical assistance.

- The results of our monitoring disclosed five areas of concern.

Area of Concern – 1: Financial Reporting – Dislocated Worker

Expenditures for the Dislocated Worker program for the period ending April 30, 2024, is reported at 51%. This rate takes into account any unpaid participant obligations. In order for GHRPC to meet their 80% expenditure level by 6/30/2024, they need to be at 67% now.

Corrective Action: None at this time. GHRPC has requested an additional transfer of \$20,000 from Dislocated Worker to Adult. With this transfer, GHRPC should be in a better position to reach their expenditure goals by program year end.

Area of Concern – 2: Financial Reporting – Youth

The **Agency to Participant Cost Ratio** for the Youth program for the period ending April 30, 2024 is reported at 72%(A) to 28% (P). This exceeds the ideal goal of 70% (A) / 30% (P) that the WDB would like to see. The ratio that is currently contracted for the Youth budget is 50% (A) /50% (P).

Corrective Action: GHRPC needs to monitor this area of concern and work to ensure more funding is spent on customers to achieve an adequate agency to participant cost ratio by program year end.

Areas of Concern – 3: Policy Updates

GHRPC's Accounting and Financial Manual needs to be updated. The copy provided does not show an approved date by the Board. There are various highlighted sections which are in draft form. While this document has been updated and presented to the Board, there are several areas in which the policy does not describe the actual

practice. In addition, GHRPC does not have a policy to address the procedures for safeguarding personally identifiable information (PII). Policies on Credit Card, Reporting of Fraud, Abuse and Waste Procedures and Record Retention Policy are outdated. GHRPC should review policies annually for any updates needed. If no updates are needed, a review date should be noted.

Corrective Action: Please provide an updated copy of the Accounting and Financial Manual, as well as updated policies on credit card, reporting of fraud, abuse and waste procedures, and record retention that have been reviewed and approved by the Board no later than June 30, 2024. GHRPC may want to consider incorporating the credit card, reporting of fraud, abuse, and waste procedures and record retention policies into the Accounting and Financial Manual to eliminate several documents.

Area of Concern – 4: Data System Reporting

While investigating the differences between those individuals listed on the tracking sheets with those active enrollments as listed in mojobs, it was discovered that a Youth was paid an incentive of \$100 for obtainment of a credential but did not have an activity open nor documentation to support the incentive paid.

Corrective Action: GHRPC needs to provide documentation as to how this concern will be corrected. If a change request is not approved by DHEWD, this will result in a disallowed cost and funds will need to be repaid to the Youth program.

Area of Concern – 5: Cost Allocation Plan

GHRPC's Cost Allocation Plan is outdated. Policy needs to be reviewed annually for any updates or corrections needed. Furthermore, the Accounting and Financial Manual includes a section on cost allocation that creates a duplicate set of procedures that could easily be consolidated.

Corrective Action: Please provide an updated copy of the Cost Allocation Plan once it has been reviewed and approved by the Board. GHRPC might want to consider adding this policy to the Accounting and Financial Manual to avoid separate documents.

Opportunities - Opportunities are items the WDB has suggested for revision to strengthen internal controls, improve financial processing efficiencies or other processes. These pertain to effectiveness issues and do not require a written response.

- The WDB has no additional opportunities to add.

III. Prior Year Corrective Action Status

The final financial monitoring report for PY22 contained 1 Area of Concern. The concern was in the area of financial reporting for having a work experience expenditure rate below the 20% minimum requirement for the Youth program.

Follow-Up: GHRPC did not meet the 20% work experience expenditure rate for the youth program by year end. While GHRPC has fallen just below the 20% mark for the WE expenditure rate for quarter 2 and 3 of this year, as of 4/30/2024, GHRPC is meeting the rate which is reported at 21%.