

FINANCIAL MONITORING REPORT

PY23

Subcontractor Name: Gamm Incorporated
Programs Monitored: WIOA Adult, Dislocated Worker, Youth, TANF Skill-up, Job League
Monitoring: Quarter 1: Desktop – October 30, 2023 (period: PY & month ending 9-30-2023)
Quarter 2: On-site – February 1, 2024 (period: month ending 12-31-2023)
Quarter 3: Desktop – April 29, 2024 (period: month ending 3-31-2024)
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, Youth & Job League

For the period ending 4/30/2024, the Dislocated Worker, Youth and Job League programs are reporting low expenditures levels. In order for Gamm to meet the 80% expenditure goal by 6/30/2024, expenditure rates should be at the 67% mark. Dislocated Worker, to include any unpaid participant obligations, is reported at 45%; Youth, to include unpaid participant obligations, is reported a 60% expenditure level, and Job League is at 23%. Gamm requested to have Dislocated Worker funds transferred to Adult back in January, that has helped with expenditures for DW. Gamm was also successful in filling all 3 of their contracted Job League slots, however, due to the late enrollment date, none of the youth will be able to complete their 320 hours before program year end, which is May 31, 2024.

Corrective Action: Gamm staff needs to continue to work to ensure all customer obligations are being reported on the WDB's shared tracking sheet and work to increase expenditure rates by June 30, 2024 for these 3 programs.

Area of Concern – 2: Financial Reporting – Youth

For the period ending 4/30/2024, the Youth out-of-school expenditure requirement is reported at 42%, compared to the 50% minimum requirement currently approved by OWD. This has seen an increase over the last two quarters.

Corrective Action: Gamm staff needs to continue to monitor this to ensure the 50% minimum requirement is met by program year end.

Area of Concern – 3: Policy Updates

Gamm’s Financial Management and Accounting Policy, Cost Allocation Plan Policy, Procurement Policy and Inventory Policy need updates. Gamm has a Cost Allocation Plan, Policy G-3 that was approved by the Board of Directors June 28, 2023. In addition, Gamm has included within their Financial Management and Accounting Policy G-2 a section that describes a Cost Allocation Plan. The two are not consistent and would not need to be duplicated. The narrative within the financial management and accounting policy was taken from the WDB’s policy which does not represent the practice being used by Gamm to allocate costs. Gamm’s Procurement Policy needs updated to include the Methods of Procurement and thresholds outlined in 2 CFR 200.320 that has recently been updated (ie, micro-purchases, small purchases and sealed bids). Gamm’s Inventory Policy needs updated to include all the required tracking fields for property management (ie, manufacturer, % of federal participation, FAIN #, sale price and method of disposal). In addition, the policy need to identify how often inventory will be inspected and that authorization to purchase equipment with federal funds contracted by the WDB must be approved by the WDB prior to purchase.

Corrective Action: No later than June 30, 2024, please provide to the WDB an updated copy of all policies once they have been reviewed and approved by Gamm’s Board of Directors.

Area of Concern – 4: Financial & Data System Reporting

E-Verify for 5 of the 14 new youth employees for the year was beyond the 3-day reporting requirement. These youth were all transferred from the prior contractor (BRPC) to Gamm back in July, 2023.

Corrective Action: None.

Opportunities/Comments - Opportunities and/or comments 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.

- During our monitoring, 1 opportunity was noted.

Comment –1: It will be necessary for Gamm staff to review the VL liability at year end (6/30/2024) to determine what is needed to be expensed to workforce programs so that the leave liability is balanced with the bank account. Please provide the WDB with a copy of the leave report with the final year’s billing.

III. Prior Year Corrective Action Status

The final financial monitoring report for PY22 contained 3 Compliance Findings and 5 Areas of Concern. The Compliance Findings were in the areas of Policies for Internal Controls, Cost Allocation and the Accounting Procedures Manual, as well as unacceptable method for allocating costs. Concerns were in the areas of low expenditures for DW and Youth programs, high agency-to-participant cost ratio for the youth program, low out-of-school youth expenditure rate, low work experience expenditure requirement for youth and low service levels for the youth program.

Follow-Up: Gamm provided copies of updated policies for internal control and cost allocation to acceptable method for allocating costs to be in compliant with U.G. However, during this year’s review there are still some updates needed as the policy does not reflect the actual procedure Gamm is using. For the Areas of Concern, Gamm did not meet the 80% expenditure requirement for dislocated worker or youth, did not meet the 50% out-of-school expenditure requirement for youth, did not meet the 20% work experience requirement for youth and did not achieve an adequate agency-to-participant cost ratio for dislocated worker and youth as of June 30, 2023. While Gamm is still reporting low expenditure levels this year for DW and Youth as well as struggling a bit with the 50% expenditure requirement for youth, Gamm has shown considerable improvement and is currently meeting work experience requirements and maintaining an adequate agency-to-participant cost ratio.