

FINANCIAL MONITORING REPORT

PY23

Subcontractor Name: Youth Alliance
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: Desktop – January 23, 2024 (period: month ending 12-31-2023)
Quarter 3: On-Site – April 30-May 1, 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 disclosed 1 compliance finding.

Finding – 1: Financial Management/Budget Control 2 CFR 200.302 (5) Comparison of expenditures with budget amounts for each federal award.

The shared tracking sheet for the Youth program does not match with the GL and CPR's. There are discrepancies in supportive services and work experience resulting in a total of \$18,997.60 not accounted for that has actually been paid. In addition, the tracking sheets are reporting unpaid participant obligations totaling \$71,346.87. With these unpaid obligations, the participant budget is showing a deficit of \$31,807.06. While reconciling Mojobs reports with the tracking sheets, it was discovered that there are 5 youth who were enrolled the first of April that are not listed on the tracking sheet. Comparing these 5 youth with the other 14 youth that were enrolled in April, their obligations would result in an additional \$3,500/student (\$17,500) that has not been accounted for on the tracking sheets bringing the overall deficit to \$49,307.06.

Corrective Action: Staff need to work to correct the discrepancies on the tracking sheets immediately. In addition, YA needs to provide a written response as to their plan to address the over obligation in the youth budget. The response needs to more accurately reflect anticipated expenditures through 6/30/2024. With these 19 youth (at a minimum) being carried over into the new year, YA needs to realize the impact this will cause in meeting new enrollment levels for the new program year.

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's disclosed four areas of concern.

Area of Concern – 1: Financial Reporting – Job League

Job League is reporting a 30% expenditure level for 92% of the program year. While YA has filled all their slots for the Job League program as well as 1 additional, expenditures have remained low all year. This is primarily due to the late

start date for most of the youth. None of the youth will reach their 320 hours before May 31, 2024 when the program year ends. In addition, there is a large balance of funds for staff/operational that will not be spent.

Corrective Action: Continue to make every effort to spend the remaining funds in the Job League program by May 31, 2024.

Areas of Concern – 2: Policy Updates

Several of YA's policies have not been updated since 2007. Even if no changes are necessary, policies need to be reviewed and updated by the Board. YA's policy on Procurement needs some updates to reference correct U.G. references and limits for small purchases; cash management policy does not include procedures for any payments processed by ACH; Bonding policy needs to indicate the limits required by the WDB; and Cost allocation needs to include procedures for allocating Job Center Costs where no direct benefit is known.

Corrective Action: Please provide copies of updated policies by June 30, 2024.

Area of Concern – 3: Source Documents – Participant Payments, Dislocated Worker, Youth, Job League
Source documents for expenditures for Dislocated Worker indicated that an ITA to Medcertify was overpaid by \$50. In addition, an ITA payment for \$4,550 to Warehouseman was duplicated. Payroll registers for youth indicated wages for pay period ending 4-15-2024 are off with the GL. Payroll registers for Job League for the period ending 4-15-2024 indicate wages for two youth were at the wrong rate of pay. In addition, tools purchased for \$560.10 for Job League participant does not contain adequate support documentation to justify the expense.

Corrective Action: Ensure adjustments are made to the GL and support documentation is provided with next month's billing to the WDB.

Area of Concern - 4: Financial Management

Review of March's bank statement and reconciliation process indicates 13 checks totaling \$6,366.70 outstanding beyond 60 days. One check is right at a year old, with 9 being 6 months or older.

Corrective Action: YA needs to investigate these checks to determine if they need to be voided and reissued or action taken to report as unclaimed property. Please provide a copy of the bank reconciliation once these items are resolved but no later than June 30, 2024.

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.

- During the course of our monitoring's, the WDB has not additional opportunities to add.

III. Prior Year Corrective Action Status

The final financial monitoring report for PY22 contained 2 Areas of Concern. The concerns were in the areas of low expenditures in the Job League program and 4 outstanding checks a year old.

Follow-Up: Copies of the bank reconciliation for the month of May 2023 was provided to resolve the outstanding checks. As for low expenditures for the Job League program, YA did not meet expenditure goals for the year. This year's Job League program started off slow as well. While YA was able to fill their 3 contracted slots, plus one additional one, the youth started to late in the year to meet their 320 worksite hours.