

FINANCIAL MONITORING REPORT

PY24

Subcontractor Name: Gamm Incorporated
Programs Monitored: WIOA Adult, Dislocated Worker, Youth, TANF Skill-up, Job League
Monitoring: Quarter 1: Desktop – Month end 9-30-2024
Quarter 2: On-site – January 28, 2025; Period: 7-1-2024 to month end 12-31-2024
Quarter 3: Desktop – Month end 3-31-2025
Quarter 4: Desktop – Month end 4-30-2025
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 Gamm Incorporated's financial operations for the period July 1, 2024 through April 30, 2025, 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 2 areas of concern.

Area of Concern –1: Financial Reporting - Dislocated Worker

For the period ending 12/31/2024, (50% of the program year), the Dislocated Worker program is reporting just a 25% expenditure level with outstanding participant obligations included. For Gamm to be on target to meet an 80% expenditure level by June 30, 2025, programs should be at 40% at 12/31/2024. In addition, the DW agency-to-participant cost ratio at 72% (A) to 28%(P) is high. The goal is not to exceed 70% for agency/operational expenses.

Corrective Action: Gamm staff needs to keep a close watch on Dislocated Worker services and program activity. Gamm should consider transferring funds to the adult program.

Area of Concern – 2: Policy Updates

With the recent updates to Uniform Guidance 2 CFR 200 on 10-1-2024, it will be necessary for Gamm to revise their Policy and Procedures Manual. Policies that will need updated include Financial Management and Accounting -Audit Guidelines and Standards at 2 CFR 200.501 and 200.512; Inventory Control – limits for defining equipment at 200.313 and supplies at 200.314(a); Personally Identifiable Information (PII) to ensure cybersecurity measures are taken at 200.303(e); Procurement to include using small business, minority businesses, women's business enterprises, veteran-owned businesses and labor surplus firms when possible at 200.321; definition of small purchases at 200.320(2);priority to environmentally sustainable products and services at 200.323(b);

Corrective Action: Please provide the WDB with an updated copy of Gamm's Policy and Procedures Manual no later than June 30, 2025.

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: Gamm’s Cost Allocation Plan has some minor edits that need to be made to either eliminate duplication or properly identify the programs funded by the WDB of North Missouri.

III. Prior Year Corrective Action Status

The final financial monitoring report for PY23 contained no Compliance Findings and 4 Areas of Concern. The Areas of Concern were in the areas of low expenditures for Dislocated Worker, Youth and Job League; Low youth expenditures for out-of-school youth; Policy updates needed for Financial Management & Accounting, Cost Allocation, Procurement and Inventory; and Data system reporting for timeliness of e-verify reporting.

Follow-Up: Gamm provided an updated Policy and Procedures manual to address the policy concerns noted. An acceptance letter was issued October 10, 2024.