

FINANCIAL MONITORING REPORT

PY24

Subcontractor Name: Youth Alliance
Programs Monitored: WIOA Adult, Dislocated Worker, Youth, TANF Skill-up, Job League
Monitoring: Quarter 1: Desktop – Month end 9-30-2024
Quarter 2: Desktop – Month end 12-31-2024
Quarter 3: On-Site: February 18, 2025 – Period: 7-1-2024 to 1-31-2024
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 Youth Alliance'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 disclose 3 Compliance Findings.

Finding – 1: Financial Management - See 2 CFR 200.302 (2-4)

Billings submitted to the WDB have consistently been late for several months over the last year. Billings to the WDB regularly are missing adequate support documentation, have included several coding errors, have included duplicate payments made to vendors, have included payments processed for the incorrect amount, or have been calculated incorrectly. This has resulted in 3 disallowed costs to date. These disallowed costs have been resolved either by repayment to the WIOA program from unrestricted funds or deductions from a subsequent payment owed, or refund from the vendor. In addition, reimbursements made to participants are not being processed in a timely manner. Payments reviewed indicate the delay is not with the customer but rather with approval and processing delays. Some of these issues were noted as an area of concern in last year's monitoring report.

Corrective Action: Please provide a written response as to what measures YA will take to ensure billings submitted to the WDB are on time, accurate, contain proper and correct support documentation, are correctly authorized and correctly allocated.

Finding – 2: Cost Allocation – See 2 CFR 200.403 (c, d, g)

Allocated costs reviewed for the month of January resulted in costs not consistently being allocated to programs receiving their benefit or were allocated to programs without a prescribed method in place. Documentation was not provided to support participants served by programs which is the allocation method for Job Center programs per policy. Documentation reviewed indicates Job Center (WF) costs are allocated evenly between adult/dw or evenly between ad/dw/skillup.

Corrective Action: Please provide a response as to what steps YA will take to ensure that an adequate and consistent method for allocating costs is used and that YA's Cost Allocation Plan is updated to reflect all types of cost and methods used.

Finding – 3: Financial Management -See 2 CFR 200.302:

January's bank statement shows 21 checks that are more than 60 days outstanding. 5 are 60 days; 3 are 90 days and 13 are 100 days to 17 months old. Outstanding checks total \$1,377.44 and are primarily payments to participants, although one payment is to the Executive Director dated 6/30/2024. This was an Area of Concern noted in last year's monitoring and is being updated to a Finding.

Corrective Action: Please provide copies of bank reconciliations to show what steps were taken to void, reissue or clear any checks outstanding. YA's bank reconciliations procedures need to be revised to address how outstanding checks will be handled, ensuring compliance with the State of Missouri's Unclaimed Property guidelines. The WDB would recommend at least 90 days for checks to be investigated, and action taken.

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 3 areas of concern.

Area of Concern – 1: Internal Controls

Upon review of the Fiscal Functions worksheet, YA's Organizational Chart and communications with staff, former Accounting Director, Judy Jacobs is assisting YA with reconciling bank statements, recording receipts as well as assisting with cost allocation determinations. It was noted that Judy has been employed by YA to work a limited number of hours to assist the Director of Accounting/HR with financial dues, but is not listed on YA's Organizational chart.

Corrective Action: Please provide an updated copy of the Organizational Chart to include this staff person with their Job Title.

Area of Concern – 2: - Financial Reporting

January's bank reconciliation was not done in a timely manner. YA's Cash Management policy indicates bank accounts will be reconciled no later than 14 days. January's bank statement was not reconciled for 17 business days after month end. The reconciliation is not initialized or dated by the preparer. In addition, 3 checks totaling over \$1,000 did not have a second signature as required by YA's policy.

Corrective Action: Please provide a response as to what steps the agency will take to ensure compliance. Provide an updated copy of YA's Policy #13 on Bank Reconciliations to reflect the job title of the staff responsible for the reconciliation and that the preparer will initial and date in addition to the approver.

Area of Concern – 3: - E-Verify

YA employed one new staff that was not e-verified until 18 days from 1st day of employment. Requirement is 3 business days.

Corrective Action – Please ensure appropriate YA staff are made aware of the E-Verify reporting requirements and ensure compliance.

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, unless noted.

- During our monitoring, 1 opportunity was noted.

Comment – 1: Policy Updates:

YA provided a draft copy of the Financial Policy Manual to include proposed updates to various policies due to recent changes with Uniform Guidance. Those policies include Internal Control, PII, Procurement, Capital Assets (Equipment) and Annual Audit.

Corrective Action: Please provide a copy to the WDB once the YA Board has approved these changes.

III. Prior Year Corrective Action Status

The final financial monitoring report for PY23 contained 1 Compliance Findings and 4 Areas of Concern. Compliance Finding was in the area of Financial Management/Budget Control in that reported obligations and expenditures exceeded the funding available for the youth program. The Areas of Concern included: 1) low expenditure rate for the Job League program; 2) Policy updates; 3) Source documents for participant payments and 4) Financial Management in regards to checks outstanding up to a year.

Follow-Up: YA provided a written response to the Compliance finding and concerns noted. An Acceptance letter was issued October 11, 2024.

Source documentation for participant expenses and checks outstanding over a year continue to be an area of concern this year and therefore has been upgraded to Findings in this year's.