



CITY OF ST. LOUIS

**ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)
WORKFORCE INVESTMENT ACT (WIA)**

**MERS/GOODWILL
CONTRACT #222-13
CFDA #17.259**

FISCAL MONITORING REVIEW

JULY 1, 2012 THROUGH JUNE 30, 2013

PROJECT # 2013-SLATE06

DATE ISSUED: NOVEMBER 15, 2013

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

CITY OF ST. LOUIS
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INTRODUCTION

Background

Contract Name: MERS/GOODWIL

Contract Number: 222-13

CFDA Number: 17.259

Contract Period: July 1, 2012 through June 30, 2013

Contract Amount: \$482,336

The contract provided Workforce Investment Act (WIA) funds to MERS/Goodwill (the Agency) to provide services to out of school youth, benefits planning, vocational rehabilitation, testing for basic skills deficiency, leadership and interviewing skills, follow-up and, other employment support programs in the St. Louis Area.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local St. Louis Agency on Training and Employment (SLATE) requirements for the period July 1, 2012 through June 30, 2013, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grants administered by SLATE. Evidence was tested supporting reports the Agency submitted to SLATE and other procedures were performed as considered necessary. Fieldwork was completed on August 29, 2013.

Exit Conference

An exit conference was conducted at the Agency on October 18, 2013. The Agency was represented by the CFO and the Accounting Manager; the Internal Audit Section (IAS) was represented by the Auditor-In-Charge.

Management's Responses

Management's response to the observation and recommendation noted in the report was received on November 12, 2013 and has been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state, and local SLATE requirements.

Status of Prior Observations

The agency's previous fiscal monitoring report, Project# 2012-SLATE06, issued July 25, 2012, contained no observations.

A-133 Status

The Agency did expend more than \$500,000 in federal funds for its fiscal year ended December 31, 2012; and therefore was required to have an A-133 Audit.

The report was dated July 24, 2013 rendered unqualified opinions on the general-purpose financial statements and major federal award programs. There were no instances of noncompliance material to the financial statements or significant deficiencies related to the major federal awards.

The Agency qualified as a low-risk auditee.

Summary of Current Observations

Opportunity to ensure financial reports are filled out properly

Opportunity To Ensure Financial Reports Are Filled Out Properly

Twelve out of twenty three vouchers were signed improperly. The Auditor observed that the transactions were authorized, processed and reviewed by separate people but the last form was improperly signed and approved by the same person.

OMB A-123 Section II (Standards) Sub section C (Control Activities) states “Control activities include policies, procedures and mechanisms in place to help ensure that Agency objectives are met.”

The Agency did not have controls to ensure that one person does not sign the form as the preparer and the approver.

Failure to ensure that one person does not sign the form as the preparer and the approver increases the risk that errors or misappropriations of assets may occur and may not be detected in a timely manner.

Recommendations

It is recommended that the Agency establish and implement written control procedures to ensure that one person does not sign the form as the preparer and the approver.

Management’s Response

MERS/Missouri Goodwill Industries (MGW) agrees with your observation that the transactions were authorized, processed and reviewed by separate people except for the last form. This form was signed both as prepared and approved by the Grant Accounting Manager. This form should not have been signed by the same person.

MGW recognized this error in April 2013 and accordingly, all forms were appropriately signed since April 2013. Effective 11/1/13, all forms that have a prepared and approved lines, the approved by line shall only be the President/CEO, CFO or Assistant Chief of Staff/COO has signatories. This policy/procedure will be included in our “Operations Manual”.



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

1520 Market St., Suite 3005
St. Louis, Missouri 63103-2630
(314) 657-3490
Fax: (314) 552-7670

DR. KENNETH M. STONE, CPA, CGMA
Internal Audit Executive

November 15, 2013

FILE COPY

David Kutchback, Chief Executive Officer
MERS/Goodwill
1727 Locust
St. Louis, MO 63103

RE: Workforce Investment Act (WIA) (Project #2013-SLATE06)

Dear Mr. Kutchback:

Enclosed is a report of the fiscal monitoring review of MERS/Goodwill, a not-for-profit organization, WIA program, for the period July 1, 2012 through June 30, 2013. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of MERS/Goodwill. Fieldwork was completed on August 29, 2013.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the St. Louis Agency on Training and Employment (SLATE) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Sincerely,

Dr. Kenneth M. Stone, CGMA, CPA
Internal Audit Executive

Enclosure

cc: Michael K. Holmes, Executive Director, SLATE
Dawayne Barnett, CFO, MERS/Goodwill
David Hankins, Accounting Manager/Grants, MERS/Goodwill