



CITY OF ST. LOUIS

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

**EAST CENTRAL COLLEGE
CONTRACT #413-13
CFDA #17.269**

**FISCAL MONITORING REVIEW
JULY 1, 2012 THROUGH JUNE 30, 2013**

PROJECT # 2013-SLATE08

DATE ISSUED: SEPTEMBER 20, 2013

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER



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

FILE COPY

September 20, 2013

Dr. Jon Bauer, President
East Central College
1964 Prairie Dell Rd.
Union, MO 63084

RE: Workforce Investment Act (WIA) (Project #2013-SLATE08)

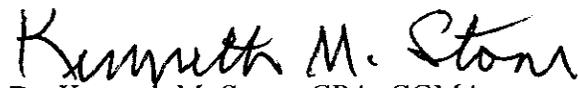
Dear Dr. Bauer:

Enclosed is a report of the fiscal monitoring review of East Central College, 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 East Central College. Fieldwork was completed on August 22, 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, CPA, CGMA
Internal Audit Executive

Enclosure

cc: Michael K. Holmes, Executive Director, SLATE
Kim Neske, Fiscal Manager, SLATE
Shirley Hofstetter, CPA, Director of Financial Services, East Central College

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INTRODUCTION

Background

Contract Name: East Central College
Contract Number: 413-13
CFDA Number: 17.269
Contract Period: July 1, 2012 through June 30, 2013
Contract Amount: \$ 597,287

This contract provides, Workforce Investment Act (WIA), funds to East Central College (Agency) to promote the delivery of advanced training in healthcare technology, green technology, and networking skills.

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 the reports the Agency submitted to SLATE and other procedures were performed as considered necessary. Fieldwork was completed on August 22, 2013.

Exit Conference

The Agency was offered an exit conference on, September 6, 2013, but the Agency declined.

Management's Responses

Management's response to the observation and recommendation noted in the report was received on September 9, 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-SLATE03, issued June 4, 2012, contained no observations.

A-133 Status

The Agency did expend more than \$500,000 in federal funds for its fiscal year ended June 30, 2012; and therefore was required to have an A-133 Audit.

The report was dated November 27, 2012 and 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 Observation

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state, and local SLATE requirements.

1. Opportunity To Improve Controls Over Payroll Reimbursement Requests, Questioned Cost \$9,074.31

**DETAILED OBSERVATIONS, RECOMMENDATIONS, AND
MANAGEMENT'S RESPONSES**

**1. Opportunity To Improve Controls Over Payroll Reimbursement Requests,
Questioned Cost \$9,074.31**

The payroll reimbursement request from the Agency to SLATE for June 2013 was reviewed. It was noted that the Agency costs billed to SLATE through June 2013 exceeded the grant budget as detailed in the chart below:

Description	Budget Amount	June 2013 Cost To Date	Budget Remaining
Retention Coordinator	\$52,847.36	\$53,641.40	(\$794.04)
Health Career Transitions Coordinator	\$26,000.00	\$31,211.78	(\$5,211.78)
Developmental Studies Coordinator	\$25,728.88	\$25,893.08	(\$164.20)
Learning Service Specialist	\$13,080.00	\$13,248.62	(\$168.62)
Learning Service Specialist	\$4,020.00	\$5,685.58	(\$1,665.58)
CNA Training	\$8,500.00	\$8,782.09	(\$282.09)
Health Software	\$9,350.00	\$9,725.80	(\$375.80)
Supplies	\$24,100.00	\$24,512.20	(\$412.20)
Total	\$163,626.24	\$172,700.55	(\$9,074.31)

Section 18 of the contract states "No more than the specified amount, as stated in the Budget Section which is attached and made a part hereof, may be spent for the per performance unit cost or by activity or the outlined cost categories and/or activities on a line by line basis as outlined in the contract budget, without prior written approval of the St. Louis Agency on Training and Employment. It shall be the Contractee's responsibility to monitor the spending activities in order to avoid over-expenditure of any line item, and to take the appropriate action to avoid over expenditures."

It appears that the Agency did not receive prior written approval of a budget revision from SLATE that covered the cost of the expenses.

It appears that the Agency did not have a system of internal control in place to monitor expenditures by budget line item and ensure requests for reimbursements comply with the terms and conditions of the grant agreement.

Inadequate internal control, of the budget, may increase inaccurate accounting records. In addition, the risk of fraud and potential loss of grant funds may increase.

Recommendation

It is recommended that the Agency establish a system of internal control to ensure its requests for reimbursements comply with the terms and conditions of the contract before they are submitted for reimbursement and to monitor expenditures by budget line item.

Management's Responses

Our response to your observation is as follows. We do concur with the observation. Personnel responsibility has been put into place to attempt to insure that the budget for each line item is not exceeded for each billing period. The line item overages occurred at the end of this grant period. The overages happened past the time when we could seek modification of our contract with the Fiscal Agency.

Modifications were requested and approved in December 2012 in an attempt to complete the final six-month period of the grant. However, due to several changes in staff during the last few months of the grant, the budget modifications were not adequate. The overages did occur in position-by position situations, but not in each category of the budget.