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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

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SEDRICK D. BLAKE, CPA  
Audit/Fiscal Executive

August 9, 2007

Michelle Sanford  
Director, WorkforceChicago2.0  
Council for Adult and Experiential Learning (CAEL)  
55 East Monroe St., Suite 1930  
Chicago, IL 60603

RE: Fiscal Monitoring Report of CAEL (Project #2007-SLATE 24)

Dear Ms. Sanford:

Enclosed is a report of our fiscal monitoring review of CAEL (Contract #108-06) for the period November 1, 2005 through February 28, 2007. The scope of a fiscal monitoring review is substantially less than an audit and, as such, we do not express an opinion on the financial operations of Preferred Family Healthcare, Inc. Our fieldwork was complete on May 25, 2007.

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 Ishmael Ikpeama at 589-6113.

Sincerely,

A handwritten signature in cursive script that reads "Sedrick D. Blake".

Sedrick D. Blake, CPA, MBA  
Audit / Fiscal Executive

Enclosure

cc: Kim Neske, Fiscal Manager, SLATE



# CITY OF ST. LOUIS

*ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)*

*COUNCIL FOR ADULT AND EXPERIENTIAL LEARNING (CAEL)  
WORKFORCE INVESTMENT ACT (WIA)  
ADULT PROGRAM CFDA #17.258*

*CONTRACT 108-06  
DOCUMENT #52743*

*FISCAL MONITORING REVIEW*

*NOVEMBER 1, 2005 THROUGH FEBRUARY 28, 2007*

*PROJECT #2007-SLATE 24*

*DATE ISSUED: AUGUST 9, 2007*

*Prepared by:  
Internal Audit Section*



**OFFICE OF THE COMPTROLLER**  
HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS**  
**ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)**  
**COUNCIL FOR ADULT AND EXPERIENTIAL LEARNING (CAEL)**  
**CFDA# 17.258 – WIA ADULT PROGRAM**  
**CONTRACT #108-06 – DOCUMENT #52743**  
**FISCAL MONITORING REVIEW**  
**NOVEMBER 1, 2005 THROUGH FEBRUARY 28, 2007**

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**INTRODUCTION**

**Background**

**Contract Name:** Council for Adult and Experiential Learning

**Contract Program:** Adult Program CFDA #17.258

**Contract Number:** 108-06

**Contract Period:** November 1, 2005 through June 30, 2007

**Contract Amount:** \$250,000

This contract provides funds to CAEL to attempt to replicate the success of the WorkforceChicago2.0 and WorkforcePhiladelphia2.0 projects in a St. Louis region-specific initiative.

**Purpose**

The purpose of this fiscal monitoring review was to determine CAEL's (Contract #108-06) compliance with federal, state and local SLATE requirements for the period November 1, 2005 through February 28, 2007. We will make recommendations for improvements if necessary.

**Scope and Methodology**

We made inquiries regarding CAEL's internal controls relating to the grant administered by the St. Louis Agency on Training and Employment (SLATE), tested evidence supporting the reports the agency submitted to SLATE, and performed other procedures considered necessary. Our fieldwork was complete on May 25, 2007. Management's responses were received on July 17, 2007, and have been incorporated into this report.

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**CONCLUSION AND SUMMARY OF OBSERVATIONS**

**Conclusion**

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

**Status of Prior Observations**

This is the first fiscal monitoring review of CAEL conducted by the Comptroller's Office, Internal Audit Section, for SLATE.

**A-133 Status**

The Agency's A-133 audit for FYE June 30, 2006, dated October 5, 2006, expressed an unqualified opinion on the financial statements. No reportable conditions were disclosed during the audit of financial statements. No instances of noncompliance material to the financial statements which would be required to be reported in accordance with Government Auditing Standards were disclosed. No reportable conditions in internal control over major federal programs were disclosed. An unqualified opinion was rendered on compliance for the major federal award programs on all major federal award programs. The Agency did not qualify as a low-risk auditee as defined in OMB Circular A-133. The audit reported no findings in regard to the financial statements and no findings and questioned costs regarding the major federal award programs.

The Agency did not include funds expended from this grant, which began on November 1, 2005, in the Schedule of Expenditures of Federal Awards of the A-133 audit for FYE June 30, 2006. City records show the Agency expended \$87,504.45 between Nov. 1, 2005 and June 30, 2006. This resulted in a technical deficiency in the Agency's A-133 Audit Report. (See Observation #1, page 4 of this report.)

The City of St. Louis' Internal Audit Section reviewed the Agency's A-133 audit and recommended the audit be accepted once the SEFA is modified.

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**CONCLUSION AND SUMMARY OF OBSERVATIONS**

**Summary of Current Observations**

We made recommendations for the following observations, which if implemented, could assist CAEL in complying with federal, state and local SLATE requirements.

1. The Agency's A-133 was determined to be technically deficient.
2. The Agency is not in compliance with the monthly reimbursement request reporting compliance requirement.

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

**1. The Agency's A-133 was Determined to be Technically Deficient.**

OMB Circular A-133 requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. This SEFA should include the total federal awards expended for each individual federal program during the period. CAEL, in receipt of funds under CFDA# 17.258 (WIA Adult Program), omitted \$87,504.45 in expenditures of federal awards from the SEFA section of the A-133 audit for FYE June 30, 2006. The funds were received by CAEL as pass-through awards from SLATE and should have been included in the SEFA. When the Agency was contacted, the Agency acknowledged misclassifying the award as non-federal. The City of St. Louis' Internal Audit Section reviewed the A-133 audit report and recommended the audit be accepted once the SEFA is modified.

**Recommendation**

We recommend the Agency have their auditor amend the SEFA to include the amount of pass-through awards received from SLATE for the FYE June 30, 2006 (\$87,504.45).

**Management's Response**

*Our official response I believe should be that we missed the fact during our FY 2006 audit that the funds we were receiving from Slate were federal funds and should have been included in our single audit. To rectify this error we had our financial statements restated and will be including the funds in our upcoming FY 2007 Audit.*

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**DETAILED OBSERVATIONS, RECOMMENDATIONS AND**  
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**2. The Agency is not in Compliance with the Monthly Reimbursement Request Reporting Compliance Requirement.**

The SLATE contract specifies that monthly reimbursement requests, along with adequate supporting documents, should be submitted to SLATE’s Fiscal Manager no later than five business days following the end of each report period. CAEL submitted only three reimbursement requests for the period November 2005 through February 2007. This resulted in an average late submission of 99 days and documentation that was difficult to trace due to the drawn out time period.

**Recommendation**

We recommend the Agency submit monthly reimbursement requests in a timely manner for compliance with the contract agreement. Alternatively, we recommend the Agency contact SLATE and draw up a written agreement stating any modifications to the original contract, including revisions to the reimbursement request due date.

**Management’s Response**

*We will submit timely in the future, however, since these funds are now being managed locally, it is not at issue any longer.*