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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

June 19, 2007

Tom Jones, Executive Director
St. Louis Agency on Training and Employment (SLATE)
1017 Olive, 3rd Floor
St. Louis, MO 63101-1323

RE: Fiscal Monitoring Review of MERS/Missouri Goodwill
(Project #2007-SLATE 28)

Dear Mr. Jones:

For the period reviewed, MERS/Missouri Goodwill did not comply with the SLATE's policy guidelines requiring the agency to reimburse medical insurance for the employee only. We reviewed fifteen pay periods, Whereas the Agency requested reimbursement for medical insurance at \$280.47 per pay period. According to the Agency's Insurance plan, this is the cost of employee and spouse which is \$495.66 per month or \$228.77 per period. The contract budget has a total of \$5,947.92 for medical insurance which is also \$228.77 per pay period. The difference between the reimbursed amounts is \$50.70. This is a total question cost of \$775.00. The additional information in the detailed schedule shows documentation for all 26 pay periods. We agree that the Agency should only repay \$391.68 to the SLATE program. The Agency's exceeded contract budgets limits by overcharging salaries by a cost of \$391.68.

We are recommending the Agency reimburse the Comptroller's Office \$391.68 by July 18, 2007. We are also recommending that if the Agency does not resolve this matter by July 18, 2007, \$391.68 be taken from the Agency's next request for reimbursement.

If you have any questions, please call Charles Schroeder at (314) 589-6089.

Respectfully,

Sedrick D. Blake, CPA
Audit/Fiscal Executive

Enclosure

cc: John Zakibe, Deputy Comptroller
Kim Neske, Fiscal Manager, SLATE
Judith Holstein, Accountant II, Federal Grants Section



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June 19, 2007

C. Dawayne Barnett, CFO
MERS/ Missouri Goodwill Industries
1727 Locust Ave.
St Louis, MO. 63103

RE: Fiscal Monitoring Report of MERS/Missouri Goodwill Industries (Project #2007-SLATE 28)

Dear Mr. Barnett:

Enclosed is a report of our fiscal monitoring review of MERS/Missouri Goodwill, (Contract #112-07) for the period July 1, 2006 through January 31, 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 MERS/Missouri Goodwill. Our fieldwork was completed on April 06, 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 to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact Charles Schroeder at 589-6089.

Sincerely,

Sedrick D. Blake, CPA
Audit/Fiscal Executive

Enclosure

cc: Tom Jones, Director, St. Louis Agency on Training and Employment (SLATE)



CITY OF ST. LOUIS

ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)

*MERS/MISSOURI GOODWILL INDUSTRIES
WORKFORCE INVESTMENT ACT (WIA)
ADULT PROGRAM CFDA #17.258*

*CONTRACT #112-07
DOCUMENT #53995*

FISCAL MONITORING REVIEW

JULY 1, 2006 THROUGH JANUARY 31, 2007

PROJECT #2007-SLATE28

DATE ISSUED: JUNE 19, 2007

*Prepared by:
The Internal Audit Section*

OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)
MERS/MISSOURI GOODWILL INDUSTRIES
CONTRACT #112-07
DOCUMENT #53995
FISCAL MONITORING REVIEW
JULY 1, 2006 THROUGH JANUARY 31, 2007

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**CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)
MERS/MISSOURI GOODWILL INDUSTRIES
CONTRACT #112-07
DOCUMENT #53995
FISCAL MONITORING REVIEW
JULY 1, 2006 THROUGH JANUARY 31, 2007**

INTRODUCTION

Background

Contract Name: MERS/Missouri Goodwill Industries

Contract Program: Adult Program CFDA #17.258

Contract Number: 112-07

Contract Period: July 1, 2006 through June 30, 2007

Contract Amount: \$302,921.00

The contract provided Workforce Investment Act funds through the St. Louis Agency on Training and Employment (SLATE) to MERS/Missouri Goodwill Industries for the adult worker program. The contract provided funds for the recruitment of clients and shall enroll at least 100 adults in job seeking skills, job development/placement services, and follow-up.

Purpose

The purpose of this fiscal monitoring review was to determine MERS/Missouri Goodwill Industries' (Document #53995) compliance with federal, state and local SLATE requirements for the period July 1, 2006 through January 31, 2007. We will make recommendations for improvements if necessary.

Scope and Methodology

We made inquiries regarding MERS/Missouri Goodwill Industries' expenditures relating to the grant administered by SLATE, tested evidence supporting the reports the agency submitted to SLATE and performed other procedures considered necessary. Our fieldwork was completed on April 6, 2007.

CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)
MERS/MISSOURI GOODWILL INDUSTRIES
CONTRACT #112-07
DOCUMENT #53995
FISCAL MONITORING REVIEW
JULY 1, 2006 THROUGH JANUARY 31, 2007

CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

MERS/Missouri Goodwill Industries did not fully comply with federal, state, and local SLATE requirement.

Status of Prior Observations

The agency's most recent fiscal monitoring report dated March 30, 2006 identified one observation.

- Inadequate Documentation of Recruitment and Short Term Services (**Resolved**)

A-133 Status

The report for the December 31, 2005 year end was dated May 5, 2006. The report gave unqualified opinions on the general-purpose financial statements and the report on major federal awards. There were no reportable conditions on the federal awards, but there were two findings on the general-purpose financial statements. These findings were not considered material weaknesses. The Agency qualified as a low-risk auditee. IAS reviewed the report on November 28, 2006 and recommended that the report be accepted.

Summary of Current Observations

We made recommendations for the following observation, which if implemented, could assist MERS/Missouri Goodwill Industries in fully complying with federal, state, and local SLATE requirements.

- The Agency exceeded contract budgets limits by overcharging medical insurance.

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JULY 1, 2006 THROUGH JANUARY 31, 2007

DETAILED OBSERVATIONS, RECOMMENDATIONS, AND
MANAGEMENT'S RESPONSES

The Agency Exceeded Contract Budgets Limits by Overcharging Medical Insurance

The contract SLATE has with MERS/Missouri Goodwill Industries reimburses medical insurance for the employee only.

For the period of review there were 15 pay periods. The Agency requested reimbursement for medical insurance at \$280.47 per pay period. According to the Agency's Insurance plan, this is the cost of employee and spouse which is \$495.66 per month or \$228.77 per pay period. The contract budget has a total of \$ 5,947.92 for medical insurance which is also \$228.77 per pay period. The difference between the reimbursed amount and the contract amount is \$50.70. This is a total questioned cost of \$775.

This can result in erroneous financial reporting, and overcharging the grant could result in questioned costs or denial for reimbursement.

Recommendation

We recommend the Agency repay the \$775 to the SLATE program. It should submit a check for \$775 payable to the Comptroller's Office – Federal Grants, 1114 Market St., Room 608, and St. Louis, MO 63103. The check should also reference Fund #1162, Account #5659530, and Center #1215712. .

Management Response

...MERS Goodwill has provided a detailed schedule for your review. Within this schedule, you will find that SLATE is due \$391.68. We will forward a check no later than June 30, 2007.

Auditor's Response

The additional information in the detailed schedule shows documentation for all 26 pay periods. We agree that the Agency should only repay \$391.68 to the SLATE program.