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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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Aug. 22, 2006

Ms. Joyce Sonn, Program Director
Youth, Education and Health in Soulard
1901 S. 11th St.
St. Louis, Missouri 63104

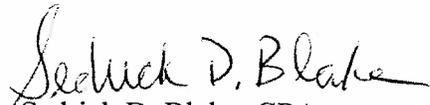
RE: Fiscal Monitoring Report of Youth, Education and Health in Soulard
(#2006-SLATE 11)

Dear Ms. Sonn:

Enclosed is a report of our fiscal monitoring review of Youth, Education and Health in Soulard (Contract #215-06) for the period July 1, 2005 through March 31, 2006. 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 Youth, Education and Health in Soulard. Our fieldwork was substantially complete on June 26, 2006.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and an agreement with St. Louis Agency on Training and Employment (SLATE) to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact Dwayne Crandall at 613-7257.

Sincerely,


Sedrick D. Blake, CPA
Internal Audit Executive

Enclosure

cc: Honorable Darlene Green, Comptroller
Edward T. Jones, Director, St. Louis Agency on Training and Employment



CITY OF ST. LOUIS

ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)

*YOUTH, EDUCATION AND HEALTH IN SOULARD
CONTRACT #215-06*

FISCAL MONITORING REVIEW

JULY 1, 2005 THROUGH MARCH 31, 2006

PROJECT #2006-SLATE11

DATE ISSUED: AUGUST 22, 2006

*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
YOUTH, EDUCATION AND HEALTH IN SOULARD
CONTRACT #215-06
FISCAL MONITORING REVIEW
JULY 1, 2005 THROUGH MARCH 31, 2006

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CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT
YOUTH, EDUCATION AND HEALTH IN SOULARD
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JULY 1, 2005 THROUGH MARCH 31, 2006

INTRODUCTION

Background

Contract Name: Youth, Education and Health in Soulard

Contract Number: 215-06

Contract Period: July 1, 2005 through June 30, 2006

Contract Amount: \$168,300.00

This contract provides St. Louis Agency on Training and Employment (SLATE) funds to Youth, Education and Health in Soulard for its youth program. The program provided the following services; attainment of basic skills, work readiness or occupational skills training, and General Education Diploma (GED). Also, the program assisted youth to obtain unsubsidized employment. The program was designed to service twenty-three (23) out-of-school youth over the course of the regular fiscal year. There was one (1) out-of-school youth and fourteen (14) carry-ins as of December 2005, which was during the period of our review.

Purpose

The purpose of our review was to determine Youth, Education and Health in Soulard's compliance with federal, state and local SLATE requirements for the period July 1, 2005 through March 31, 2006, and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding Youth, Education and Health in Soulard internal controls relating to the grant administered by 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 substantially complete on June 26, 2006. Management's responses were received on August 22, 2006 and have been incorporated into this report.

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DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES

Conclusion

Youth, Education and Health in Soulard did not fully comply with federal, state, and local SLATE requirements.

Status of Prior Observations

There were no observations noted during the Agency's most recent fiscal monitoring report dated June 2, 2005.

A-133 Status

The Agency's A-133 audit report for the nine (9) months ending June 30, 2005 had no material audit findings or questioned costs relating to federal award programs. The auditor's report expressed an unqualified opinion on the general purpose financial statements and on the report on compliance with requirements applicable to all major federal awards programs. Youth, Education and Health in Soulard was not determined to be a low risk auditee.

The Agency's A-133 audit report for the year ended September 30, 2004 expressed an unqualified opinion on the general purpose financial statements and a qualified opinion on the report on compliance with requirements applicable to all major federal awards programs. It appears the Agency had a finding regarding a material weakness with the financial statements as follows:

- The Agency's Bookkeeper committed fraudulent activities (**Resolved**)
- The Agency's Bookkeeper did not perform timely reconciliations of account balances (**Resolved**)
- Management did not provide the necessary oversight to detect fraudulent activities on a timely basis (**Resolved**)

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist Youth, Education and Health in Soulard in fully complying with federal, state, and local SLATE requirements.

1. Payroll Reimbursement Exceeded Contract Budget Requirements
2. Not All Timesheets had Supervisor's Approval

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

1. Payroll Reimbursement Exceeded Contract Budget Requirements

In accordance with contract #215-06, page 5 paragraph 18, the Budget Section states, "No more than the specified amount as stated in the Budget Section ... 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 spending activities in order to avoid over-expenditure of any line item and take appropriate action to avoid over-expenditures."

Our review of payroll expenditures for the month of December 2005 found the following concerns:

- The Job Developer position was paid gross wages of \$2,040.00. SLATE's percentage of gross wages was 80%; therefore, the reimbursement from SLATE should have been \$1,632.00. However, the agency requested and was reimbursed \$2,532.08, a difference of (\$891.08) overpayment.
- The Bookkeeper position was paid \$2,492.90 in gross wages for December 2005. SLATE's percentage of gross wages was 50%; therefore, the SLATE reimbursement should have been \$1,247.45. However, the Agency only requested and was paid \$1,226.38, a difference of \$21.07 under-payment.
- The total over-payment to the agency was \$870.01 (\$891.08 – \$21.07).

The agency submitted an inaccurate reimbursement report to SLATE in December 2005, which was not in compliance with the contract #215-06 Budget Section, and may cause the Job Developer's line item to be over-expended when the contract ends.

Youth, Education and Health in Soulard's December 31, 2005 reimbursement report had questioned costs in the amount of \$870.01.

Recommendation

We recommend the Agency comply with contract #215-06 and submit accurate reimbursement reports. Also, review prior reimbursement reports to determine if any additional questioned cost exists. Then submit a check to SLATE in the amount of \$870.01 for December 31, 2005 questioned cost plus any additional amount over-expended.

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

**1. Payroll Reimbursement Exceeded Contract Budget Requirements
(continued)**

Management's Response

We will be sending a check in a week or two for the \$870.01 overpayment on our SLATE contract #215.06.

2. Not All Time Sheets Had Supervisor's Approval

According to Youth Education and Health in Soulard (YEHS) Accounting Manual (Page 3 Section 4-Payroll - Bi-Weekly) paragraph 1, it states, "All salaried employees use time sheets to record attendance and hourly employees use time cards. All time sheets and time cards are signed by the employee and are approved by her/his supervisor." However, during our review of timesheets for the month of December 2005, we found timesheets for the following two (2) employee's that were not signed or dated by the supervisor:

- Bookkeeper – for pay periods ending 12/9/05 and 12/31/05, and
- Job Developer – for pay period ending 12/9/05

The supervisors did not consistently follow the procedure for approval of timesheets established by the Agency.

It appear YEHS did not comply with the established procedure for approval of timesheets. Since administrative control procedures were not consistently followed, inaccurate time reports could have been submitted to SLATE and reimbursed in error.

Recommendation

We recommend the Agency follow the procedures established in their Accounting Manual by ensuring supervisors sign and date employee timesheets to document their Review and approval of employee hours worked.

Management's Response

The issue of the time sheets not being signed was just an over-sight. We are setting up a checklist to make sure all time sheets get to the correct supervisor for signature before they are put in the employee file.