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Comptroller

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October 11, 2006

Brad Lambert, Executive Director
Connections to Success
1431 N Kingsland Dr.
St. Louis, Missouri 63133

RE: Special Fiscal Monitoring Report of Connections to Success,
(Project #2007-SLATE 2)

Dear Mr. Lambert:

Enclosed is a report of our special fiscal monitoring review of Connections to Success Contract #115-06 for the period July 1, 2005 through June 30, 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 Connections to Success. Our fieldwork was completed on September 22, 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 Charlie Schroeder 589-6089.

Sincerely,

Sedrick D. Blake

Sedrick D. Blake, CPA
Internal Audit Executive

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

Enclosure

CITY OF ST. LOUIS

ST. LOUIS AGENCY ON TRAINING AND EMPLOYEMT (SLATE)

CONNECTIONS TO SUCCESS
CONTRACT #115-06

FISCAL MONITORING REVIEW

JULY 1, 2005 THROUGH JUNE 30, 2006

PROJECT #2007-SLATE2

DATE ISSUED: OCTOBER 11, 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
CONNECTIONS TO SUCCESS
CONTRACT #115-09
SPECIAL FISCAL MONITORING REVIEW
JULY 1, 2005 THROUGH JUNE 30, 2006

TABLE OF CONTENTS

Description	Page(s)
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
CONCLUSION AND SUMMARY OF OBSERVATIONS	
Conclusion	2
Summary of Current Observation	2
Management's Response	3
Attachment	

CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT
CONNECTIONS TO SUCCESS
CONTRACT #115-09
SPECIAL FISCAL MONITORING REVIEW
JULY 1, 2005 THROUGH JUNE 30, 2006

INTRODUCTION

Background

Contract Name: Connections to Success

Contract Number: #115-06

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

Contract Amount: $84,418.90

The contract provided Workforce Investment Act funds through the St. Louis Agency on Training and Employment (SLATE) to Connections to Success for the adult worker program. The contract provided reimbursements for each of five activities. The Agency was reimbursed when it completed each activity.

Purpose

The purpose of our review was to determine whether the Agency's actual costs equaled or exceeded the funds SLATE provided for the adult worker program for the period July 1, 2005 through June 30, 2006 and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding Connections to Success 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 September 22, 2006. Management's response was received on October 10, 2006 and included in the report.

CITY OF ST. LOUIS
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JULY 1, 2005 THROUGH JUNE 30, 2006

CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

The Agency's expenditures to operate the adult worker program exceeded the reimbursements received from SLATE. The expenditures included payroll costs for four employees and operating expenses that totaled $81,088. The Agency was reimbursed $64,109 from SLATE. The Agency's expenditures exceeded the amount reimbursed by $16,979.

Because this was a per performance contract, the Agency's did not maintain time reports. Therefore, we could not determine the actual time expended on the program or for each activity within the program. However, based on the original budget, the expenditure per category exceeded the amount reimbursed in three out of the five activities.

Activity	Actual Cost	Units of Service 2006/5	Rate/ Actual 2006/5	Contracted Rate 2006/5	Variance (under) 2006/5 over	Reimbursement by Activity
Recruitment	10,995.31	28	392.69	408.82140	**(16.13)**	11,447.00
Short Term Services	16,798.90	28	599.96	624.60710	**(24.65)**	17,489.00
Job Development/Placement	42,835.14	19/3	2,254.48	1,340.89290 1,174.96670	**913.59** **1,079.51**	29,001.87
Follow up 30 Days	5,108.54	19/2	243.26	163.01790 125.65000	**80.25** **163.02**	3,348.64
Follow up 90 days	5,349.93	15/3	297.22	163.01790 125.65000	**134.20** **171.57**	2,822.22
	$ 81,087.82					$ 64,108.72
				Amount	**of Excess**	**$ (16,979.10)**

Summary of Current Observation

The Agency did not maintain time reports for this program. This made it impossible to ascertain the actual amount of time spent on each activity.

Recommendation

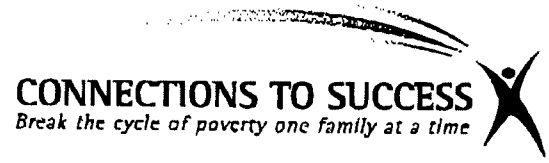
If the Agency is awarded an adult worker contract in the future, it should maintain time reports as required by SLATE.

Management's Response

...What actions/corrections have been or will be taken

We concur with the recommendations of maintaining time reports in addition to project allocation methods on future projects with SLATE...

Note: See Attachment for Agency's complete response to the Observation.



Via Fax 5 pages

October 9, 2006

TO: **Charlie Schroeder**

FROM: **Brad Lambert**

RE: **Response to Draft Report**

We have reviewed the Fiscal Monitoring Draft Report received via e-mail on October 9, 2006 and offer the following additions per your response format.

Whether or not you concur with the observation

We do not dispute the observation regarding time reports. However, we do believe sufficient documentation was provided to demonstrate project costs.

Attachment "A" reflects bid vs. actual for the eleven categories of cost. The bid breakdown was based on serving 23 participants. The actual number included in the contract was increased to 28. Based on this change, the time allocation of the Project Manager and Job Developer were both increased. This increase is further broken down in Attachment "B".

All other costs were very much in line with bid estimates and were all substantiated by project cost reports, payroll reports, invoices and cancelled checks.

What actions/corrections have been or will be taken

We concur with the recommendation of maintaining time reports in addition to project allocation methods on future projects with SLATE.

Any other appropriate explanations, comments, and/or mitigation circumstances, if any

Efforts were made to mitigate cost increases in the project. For example, consultant costs for workforce readiness training were eliminated and performed by the Project Manager and Job Developer. Also, no travel and meeting expenses were billed to the project.

In summary, the WIA adult contract model provides many challenges in working with ex-offenders just returning to the community. For many participants returning from years of incarceration, fulltime private sector employment is a daunting short term goal. In these situations, part time employment together with continuing education and/or related skills building programs have proven to be a better first step. Also, many face challenges

with mental illness and substance abuse and require treatment in the early months of re-entry further complicating fulltime employment. These circumstances contributed to our being able to only bill $64,108.72 of the available $75,610. Unfortunately, this compounded the cost overruns suffered by the project.

We would welcome the opportunity to join others in a dialogue about how the WIA adult program might be modified to reflect various populations and specific needs and challenges.

Thank you for allowing us to present these observations.

Attachment "A" continued

Narrative

- Salaries increased because of the following:

  1. Estimate based on serving 23 clients. Final contract was for 28 with no price adjustment.
  2. Project Manager provided instruction for work readiness eliminating consultant.

- Benefits reflect actual costs for taxes, workers comp and health insurance based on actual salaries.
- No staff travel was paid
- Telephone was billed at 10% of actual cost
- Rent was billed at 10% of actual cost
- Supplies billed at 20% of actual cost
- No consultant or consultant costs were billed to project
- Postage was billed at 10% of total cost
- Accounting was billed at 10% of actual cost
- Meeting expense included in supplies

"Attachment A"

SLATE Cost Summary
'05 – '06 Contract

Cost Analysis

		Bid	Actual
Salaries -	Project Manager - $ 38,000 x 10% =	$3,800	7,506.75
	Job Developer - 35,000 x 25% =	8,750	17,365.44
	Case Manager - 35,000 x 100% =	35,000	28,769.18
	Admin/clerical - 24,000 x 10% =	2,400	1,333.84
		49,950	54,975.21
Benefits -	17.65% x $49,950 = (Includes FICA, WC & Health)	8,817	12,819.61
Travel -	Reimbursable local miles of staff =	500	0
Telephone -	10% of Pagedale telephone costs =	1,080	1,066.00
Rent/Utilities –	10% of Pagedale rent/utilities =	7,920	7,719.00
Supplies -	20% of total =	1,750	2,197.00
Consultant -	Work Readiness Class =	3,000	0
Consultant Travel –	To/Fr classes =	343	0
Postage -	10% of total =	200	287.00
Accounting -	10% of total =	1,500	2,024.00
Meeting expense –	10% of total	550	0
	Total	**$ 75,610**	**$81,087.82**

"Attachment B"

SLATE
Salary Cost Allocation by Category

Recruitment

PM -	30% x $7,506.75 =	$2,252.03
JD -	15% x $17,365.44 =	2,604.82
CM -	10% x $28,769.18 =	2,876.92
	Total =	**$7,733.77**

Work Readiness

PM -	55% x $7,506.75 =	$4,128.71
JD -	20% x $17,365.44=	3,473.09
CM -	15% x $28,769.18 =	4,315.38
Admin -	10% x $1,333.84 =	133.38
	Total =	**$12,050.56**

Job Placement

PM -	10% x $7,506.75 =	$ 750.68
JD –	65% x $17,365.44 =	11,287.53
CM -	60% x $28,769.18 =	17,261.51
Admin -	50% x $ 1,333.84 =	666.92
	Total =	**$29,966.64**

Follow-up

PM -	5% x $7506.75 =	$ 375.33
CM -	15% x $28,769.18 =	4,315.37
Admin -	40% x $ 1,333.84 =	533.54
	Total =	**$ 5,224.24**

Total = $54,975.21