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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

September 1, 2009

Aaron Reeves, Chief Financial Officer
Robert Fulton Development, Inc.
5508 Martin Luther King Drive
St. Louis, MO 63112

RE: Workforce Investment Act (WIA) (Project #2009-SLATE6)

Dear Mr. Reeves:

Enclosed is a report of our fiscal monitoring review of Robert Fulton Development, Inc., a not-for-profit organization, for the period of July 1, 2007 through November 30, 2008. 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 Robert Fulton Development, Inc. Fieldwork was completed on February 26, 2009.

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) 622-4723.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone
Internal Audit Executive

Enclosure

cc: Michael Holmes, Director, SLATE
Kim Neske, Fiscal Manager, SLATE



CITY OF ST. LOUIS CITY OF ST. LOUIS

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

**ROBERT FULTON DEVELOPMENT, INC.
CONTRACT #233-08 AND #233-09
CFDA #17.259**

FISCAL MONITORING REVIEW

JULY 1, 2007 THROUGH NOVEMBER 30, 2008

PROJECT #2009-SLATE6

DATE ISSUED: SEPTEMBER 1, 2009

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT
WORKFORCE INVESTMENT ACT (WIA)
ROBERT FULTON DEVELOPMENT, INC.
FISCAL MONITORING REVIEW
JULY 1, 2007 THROUGH NOVEMBER 30, 2008**

TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	1
SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	
	3-6

INTRODUCTION

Background

Contract Name: Robert Fulton Development, Inc.

Contract Numbers: 233-08 and 233-09

CFDA Number: 17.259

Contract Periods: March 10, 2008 through June 30, 2008 (Contract #233-08)
July 1, 2008 through June 30, 2009 (Contract #233-09)

Contract Amounts: \$41,868 (Contract #233-08)
\$50,000 (Contract #233-09)

The St. Louis Agency on Training and Employment's (SLATE) contracts provided Workforce Investment Act (WIA) funds to Robert Fulton Development, Inc. (Agency) to operate their youth outreach programs. The purposes of these programs were to provide academic assistance, career planning, development of effective college applications, and standardized test preparation to St. Louis City youth between the ages of 16-21.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local SLATE requirements, for the period of July 1, 2007 to November 30, 2008, and make recommendations for improvements, as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by SLATE. Evidence supporting the reports the Agency submitted to SLATE was tested and other procedures were performed, as considered necessary. Fieldwork was completed on February 26, 2009.

Exit Conference

The Agency was offered the opportunity for an exit conference on August 10, 2009; however, it was declined.

Management's Responses

The Agency was offered the opportunity to submit a management's responses to the observations noted in the report on August 10, 2009; however, as of the date of this report, the Agency has not responded.

SUMMARY OF OBSERVATIONS

Conclusion

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

Status of Prior Observations

This is the Agency's first fiscal monitoring review. Therefore, there are no prior observations.

A-133 Status

According to a letter from the Agency, dated December 20, 2007, it did not expend \$500,000 or more in federal funds for the year ended December 31, 2007, and was not required to have an A-133 audit.

Summary of Current Observations

Recommendations have been made for the following observations, which, if implemented, could assist the Agency in fully complying with federal, state and local SLATE requirements.

1. Opportunity to maintain clients' files
2. Opportunity to meet program objectives
3. Opportunity to maintain a written procurement policy
4. Opportunity to maintain minutes of Board of Directors' meetings

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

1. Opportunity to Maintain Client Files

Eligibility of the Agency's clients who participated in the Agency's WIA program could not be verified.

The Agency did not make client files available for review. Client files were needed in order to determine each program participant's eligibility and compliance with WIA requirements. During the initial site visit, the Agency did not have the files available, and an appointment was made for a return visit to review the files. However, during the return visit, instead of the client files, the Agency only provided participant's intake questionnaires. Additional information from the files concerning program participants' registration with Selective Service was requested. The Agency did not provide the requested information.

SLATE guidelines states that all data, that is necessary to the monitoring process, must be maintained and made available for review.

The Agency did not have internal controls in place to ensure its compliance with the SLATE guidelines for WIA programs.

Lack of access to requested information may result in noncompliance with federal, state, and local SLATE requirements, and the suspension or termination of the Agency's WIA grant agreement.

Recommendation

It is recommended that the Agency maintain individual, program participant files on-site and available for review, in order to determine its compliance with the WIA eligibility requirements.

Management's Response

The Agency was offered the opportunity to submit a management's response on August 10, 2009; however, as of the date of this report, the Agency has not responded.

2. Opportunity to Meet Program Objectives

The Agency did not meet the program objectives of the WIA contracts with SLATE.

Contract 233-08

According to the Financial Reimbursement Report Supplement for the reporting period ending June 30, 2008, the Agency enrolled only nine (9) participants in the program with one (1) placed in subsidized employment.

The contract required the recruitment of 8 youths per month. If the Agency had met that objective, it would have served at least 32 participants.

Contract 233-09

SLATE contract 233-09 was a continuation of the services provided in contract 233-08. The goal of the Agency was to recruit 28 participants into the education and job readiness programs offered by partner organizations, within the contract period of July 1, 2008 to June 30, 2009. The Financial Reimbursement Report Supplement for the reporting period ending October 31, 2008 did not have any enrolled participants in the program from July 1, 2008 to October 31, 2008.

The Agency did not have controls in place to ensure its compliance with the requirements of the WIA contract agreements.

The Agency's inability to meet program objectives may result in the suspension or termination of its WIA contract agreements with SLATE.

Recommendation

It is recommended that the Agency re-evaluate their recruitment strategy and work towards meeting its program objectives.

Management's Response

The Agency was offered the opportunity to submit a management's response on August 10, 2009; however, as of the date of this report, the Agency has not responded.

3. **Opportunity to Maintain a Written Procurement Policy**

The Agency did not maintain a written procurement policy.

The Agency indicated that it did not have a written procurement policy because it did not engage in the purchase of large items with federal monies. Any large purchases were made from Friendly Temple Church's funds.

The SLATE WIA contract agreement state, "Contractee agrees to adhere to policies issued by the State Division of Workforce Development and SLATE for procurement and property management."

Agency did not comply with the WIA contract agreement's procurement and Property Management policies.

Non-compliance with requirements of the WIA contract agreement may result in the suspension or termination of contract agreement.

Recommendation

It is recommended that the Agency maintain a written procurement policy in order to comply with the requirements of the WIA contract agreement.

Management's Response

The Agency was offered the opportunity to submit a management's response on August 10, 2009; however, as of the date of this report, the Agency has not responded.

4. Opportunity to Maintain Minutes of Board of Directors' Meetings

The Agency did not keep written minutes of its Board of Directors' (Board) meetings.

Having written minutes of the Board's meetings is evidence that there is Board oversight of the Agency's operations. The level of Board oversight cannot be determined or reviewed if there are no records to indicate what was discussed at each Board meeting.

The Agency did not have internal controls in place to ensure that the minutes of the Board's meetings were documented and maintained.

Important operational decisions, made at these meetings, may not be followed up because there was no documentation of such decisions. This may also result in the Agency not meeting the objectives of the grant agreement.

Recommendation

It is recommended that the Agency maintain written minutes of all Board meetings. Written minutes should include such things as who attended the meeting, what time the meeting started and ended, and a detailed and chronological description of what was discussed and by whom. Final drafts of meeting minutes should be approved by the Board for accuracy of the content.

Management's Response

The Agency was offered the opportunity to submit a management's response on August 10, 2009; however, as of the date of this report, the Agency has not responded.