



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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DARLENE GREEN
Comptroller

Internal Audit Section

Carnahan Courthouse Building
1114 Market St., Room 642
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

DR. KENNETH M. STONE, CPA
Internal Audit Executive

August 13, 2010

Priscilla Block, Executive Director
St. Louis ArtWorks
3547 Olive Street, Suite 280
St. Louis, MO 63103

RE: Workforce Investment Act (WIA) (Project #2010-SLATE9)

Dear Ms. Block:

Enclosed is a report of the fiscal monitoring review of St. Louis ArtWorks, a non-for-profit organization, WIA Program for the period July 1, 2009 through March 31, 2010. 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 St. Louis ArtWorks. Fieldwork was completed on June 25, 2010.

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 sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,


Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Michael Holmes, Executive Director, SLATE
Kim Neske, Fiscal Manager, SLATE
Sarah Smith, Chair



CITY OF ST. LOUIS

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

**ST. LOUIS ARTWORKS
CONTRACT #227-10
CFDA #17.259**

FISCAL MONITORING REVIEW

JULY 1, 2009 THROUGH MARCH 31, 2010

PROJECT #2010-SLATE9

DATE ISSUED: AUGUST 13, 2010

**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)
WORKFORCE INVESTMENT ACT (WIA)
ST. LOUIS ARTWORKS
FISCAL MONITORING REVIEW
JULY 1, 2009 THROUGH MARCH 30, 2010

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INTRODUCTION

Background

Contract Name: St. Louis ArtWorks

Contract Number: 227-10

CFDA Number: 17.259

Contract Period: July 1, 2009 through June 30, 2010

Contract Amount: \$120,000

Contract #227-10 provided Workforce Investment Act (WIA) funds to St. Louis ArtWorks (Agency) for their Creative Futures Program. The purpose of this program was to provide year-round, after-school and summer employment to 12 apprentices in the field of art. Utilizing a three-session model and supplement work sessions with individual assessments, case management, special workshops, speakers, and field trips

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local St. Louis Agency on Training and Employment (SLATE) requirements for the period July 1, 2009 through March 31, 2010, 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 was tested supporting the reports the Agency submitted to SLATE and other procedures were performed, as considered necessary. Fieldwork was completed on June 25, 2010.

Exit Conference

The Agency was offered the opportunity for an exit conference on August 4, 2010, but the Agency declined.

Management's Responses

The management's responses to the observations and recommendations identified in the draft report were received on August 12, 2010. These responses have been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

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

Status of Prior Observations

The Agency's previous fiscal monitoring project, Project #2009-SLATE10, issued November 25, 2009 contained one observation:

- Opportunity to review and approve all timesheets (**Resolved**)

A-133 Status

According to a letter received from the Agency, it did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2009, and was not required to have an A-133 audit.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented could assist the Agency in fully complying with federal, state, and local SLATE requirements.

- Opportunity to reconcile inventory purchased with federal funds

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

Opportunity To Reconcile Inventory Purchased With Federal Funds

According to the contract, the Agency was budgeted for \$3,505.00 in client transportation costs for the 12 participants in the form of bus passes. The Executive Director is in charge of purchasing the bus passes and the Program Counselor is in charge of distributing the passes to participants. Each participant is required to sign an acknowledgement sheet, which is kept in a centralized location, each time the bus passes are distributed. It was noted that the Agency did not maintain records that tracked the incoming and outgoing inventory of the bus passes. Therefore, a reconciliation of the purchased bus passes against the inventory on hand was not possible.

Sound internal controls require inventory of assets to be logged in and out under dual control so that they may be reconciled on a regular basis.

The Agency did not have adequate controls in place to track the bus passes purchased from the grant funds.

Without proper tracking of assets, it is difficult to determine the accurate amount of bus passes that are in the inventory and may result in the misappropriation of said assets.

Recommendation

It is recommended that the Agency keep a log for the inventory of bus passes which:

- Consists of individual serial numbers for each bus pass
- Is dated and signed by dually authorized personnel at the time of receipt and/or disbursement of said assets
- Is reconciled to the physical inventory on a periodic basis

Management's Response

... To comply with the recommendation, ArtWorks has revised the log to include the number of books purchased, the date of purchase, the signature of the purchaser, and the serial numbers of each book purchased. This will ensure that all books purchased are appropriately logged in and out. The sign out portion of the log has also been revised to better reflect the recommendations made.

Finally, per the recommendation, the revised logs will be reconciled on a monthly basis.

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