



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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**DARLENE GREEN**  
Comptroller

*Internal Audit Section*

**DR. KENNETH M. STONE, CPA**  
Internal Audit Executive

September 7, 2010

DaWayne Barnett, CFO  
MERS/MO Goodwill  
1727 Locust Street  
St. Louis, MO 63103

RE: Workforce Investment Act (WIA) (Project #2010-SLATE5)

Dear Mr. Barnett:

Enclosed is a report of the fiscal monitoring review of MERS/MO Goodwill, 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 MERS/MO Goodwill. Fieldwork was completed on July 13, 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  
Paul Kravitz, Chairperson



# CITY OF ST. LOUIS

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

**MERS/MO GOODWILL  
CONTRACT #112-10, #211-10 AND #212-10  
CFDA #17.258 AND #17.259**

**FISCAL MONITORING REVIEW  
JULY 1, 2009 THROUGH MARCH 31, 2010**

**PROJECT #2010-SLATE5**

**DATE ISSUED: SEPTEMBER 7, 2010**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

## TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
<b>INTRODUCTION</b>	
Background	1
Purpose	1
Scope and Methodology	2
Exit Conference	2
Management's Responses	2
<b>SUMMARY OF OBSERVATIONS</b>	
Conclusion	3
Status of Prior Observations	
A-133 Status	3
Summary of Current Observations	3
<b>DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES</b>	
	4

## INTRODUCTION

### **Background**

**Contract Name:** MERS/MO Goodwill

**Contract Numbers:** 112-10 Adult Program  
211-10 Youth Program  
212-10 Youth Program

**CFDA Numbers:** 17.258 and 17.259

**Contract Periods:** July 1, 2009 through June 30, 2010

**Contract Amounts:** \$ 53,016 (Contract #112-10)  
\$200,000 (Contract #211-10)  
\$148,453 (Contract #212-10)

Contract #112-10 provided Workforce Investment Act (WIA) Adult Program funds to MERS/MO Goodwill (Agency) for one case manager to work at the SLATE Career Center. This position served as a resource on pertinent workforce development issues and policies for jobseekers with disabilities who seek employment, skill development, job retention assistance, or career advancement.

Contract #211-10 provided WIA Youth Program funds to the Agency to provide services to 50 in-school at-risk youth. The program was focused on increasing academic achievement, staying in school, community service, and leadership development. Services including providing job development, additional tutoring, developing individualized ISS plans, and follow-up services

Contract #212-10 provided WIA Youth Program funds to the Agency to provide services to 25 youth. The program focused on placing targeted youth clients into Healthcare and Healthcare-related fields. Services included referrals to certification programs related to healthcare careers, particularly CNA courses, job readiness training, job development and placement, on-the-job training, and retention services.

### **Purpose**

The purpose of the review was to determine the Agency's compliance with federal, state and local 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 July 13, 2010.

### **Exit Conference**

The Agency was offered the opportunity for an exit conference on August 16, 2010, but the Agency declined.

### **Management's Responses**

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on August 30, 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-SLATE7, issued August 13, 2009, contained no observations.

### **A-133 Status**

The Agency expended \$500,000 or more in federal funds for the year ended December 31, 2009; therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report was dated March 24, 2010 and rendered unqualified opinions on the general purpose financial statements and the major federal awards. There were no material weaknesses or significant deficiencies identified on the general purpose financial statements and the major federal awards. There were no observations required to be reported in accordance with OMB Circular A-133.

The Agency qualified as a low-risk auditee.

### **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 improve accounting for bus passes purchased with federal funds

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

**Opportunity To Improve Accounting of Bus Passes Purchased With Federal Funds**

The Agency has line item budgets for bus passes for \$1,560.00 and \$4,000.00 for contract numbers 211-10 and 212-10 respectively. The Agency purchases the bus passes for the entire center and the case manager is responsible for distributing them to the programs 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 reconcile the bus passes purchased and on hand at a given time. Consequently, the accuracy of the inventory of the bus passes at the end of the review period could not be determined.

Sound internal controls require inventory of the bus passes are reconciled regularly to the passes purchased and distributed.

The Agency did not have a system of internal control in place to reconcile the beginning and the ending inventories of the bus passes.

The lack of proper tracking and reconciliation of the bus passes may result in their misappropriation.

**Recommendation**

It is recommended that the Agency:

- Maintain adequate records of the bus passes, by serial numbers, purchased and distributed.
- Have a duly authorized personnel sign and date all purchases and distributions.
- Reconcile on a periodic basis the physical inventory of the bus passes to the passes purchased and distributed.

***Management's Response***

*...Going forward, Youth-In [Coordinator] and Youth-Out [Director] will be responsible for the receipt and distribution of bus passes. They will keep possession of the bus passes and issue passes to the case managers as requested. The case managers will be required to submit a signed receipt with the number of passes handed out and the client signature showing receipt of the pass. Any passes not issued will be returned to inventory.*

*These two individuals will also perform a monthly reconciliation of all bus passes issued and on hand at month end. This reconciliation will be submitted to accounting for further review and included in the supporting documentation.*