



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA  
Internal Audit Executive

FILE COPY

January 9, 2013

Richard Hardin, Controller  
Jefferson College  
1000 Viking Drive  
Hillsboro, MO 63050

RE: Workforce Investment Act (WIA) (Project #2013-SLATE01)

Dear Mr. Hardin:

Enclosed is a report of the fiscal monitoring review of Jefferson College, WIA Program, for the period July 1, 2010 through March 31, 2012. 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 Jefferson College. Fieldwork was completed on November 14, 2012.

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 City of St. Louis, 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) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA, CGMA  
Internal Audit Executive

Enclosure

cc: Michael K. Holmes, Program Manager, SLATE  
Kim Neske, Fiscal Manager, SLATE



# CITY OF ST. LOUIS

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

**JEFFERSON COLLEGE  
CONTRACT #410-11 AND #410-12  
CFDA #17.269**

**FISCAL MONITORING REVIEW**

**JULY 1, 2010 THROUGH MARCH 31, 2012**

**PROJECT #2013-SLATE01**

**DATE ISSUED: JANUARY 9, 2013**

**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)**  
**JEFFERSON COLLEGE**  
**FISCAL MONITORING REVIEW**  
**JULY 1, 2010 THROUGH MARCH 31, 2012**

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## INTRODUCTION

### Background

**Contract Name:** Jefferson College

**Contract Numbers:** 410-11 and 410-12

**Contract Periods:** July 1, 2010 through June 30, 2011 (410-11)  
July 1, 2011 through June 30, 2012 (410-12)

**CFDA Number:** 17.269

**Contract Amounts:** \$179,000 (410-11)  
\$435,532 (410-12)

These contracts provided Workforce Investment Act (WIA) funds to Jefferson College (Agency) to promote the training of students in specialized career paths such as Healthcare, IT, and Green credentials.

### 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, 2010 through March 30, 2012 and make recommendations for improvement 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 November 14, 2012.

### Exit Conference

The Agency was offered the opportunity for an exit conference on December 3, 2012, but the Agency declined.

## 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 report, Project #2011-SLATE3 issued April 21, 2011 noted no observations.

### A-133 Status

The Agency expended \$500,000 or more in federal funds for the fiscal year ending June 30, 2011; and therefore was required to have an A-133 audit.

The report was dated December 28, 2011 and rendered unqualified opinions on both the general purpose financial statements and compliance for major federal award programs. There were instances on noncompliance material to the financial statements or significant deficiencies related to the major federal awards.

The Agency qualified as a low risk auditee.

### Summary of Current Observations

Recommendations were 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 request reimbursements for only allowable expenditures (questioned cost \$620.00)
2. Opportunity to document all requested reimbursements (questioned cost \$385.02)

## DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

### 1. Opportunity To Request Reimbursement For Only Allowable Expenditures (Questioned Cost \$620.00)

A review of the expenditures for the month of April and June 2011 was performed and it was observed that equipment purchased in June was requested for reimbursement. A review of the budget summary and discussion with SLATE revealed that equipment was not an allowable expenditure under the contract. This resulted in questioned cost of \$620.00.

Section 50 (4) of the contract requires that the financial reimbursement request follow the total budget summary. If the contract is split between cost categories, the reimbursement must be broken down by the same categories. The budget summary for contract 410-11 did not allocate expenditures for equipment.

It appears the Agency did not have procedures in place to ensure that expenditures requested for reimbursement were allowable under the contract terms.

Requesting reimbursements for expenditures that are not part of the budget summary may result in unallowable costs. The Agency risks having to repay the funds not spent in accordance with the terms of the contract agreement.

#### **Recommendation**

It is recommended that the Agency repay the questioned cost of \$620.00. It is also recommended that the Agency implement control procedures, such as training to staff on allowable expenditures or a supervisory review, to ensure that all expenditures are allowable and in accordance with the contacts.

#### ***Management's Responses***

*On December 3, 2012, the Agency was provided with our observations and recommendations and a response was requested by December 17, 2012; however, as of the date of this report, the Agency has not responded.*

## **2. Opportunity To Document All Requested Reimbursements (Questioned Cost \$385.02)**

A review of expenditures for contract 410-11 and 410-12 was performed to ensure that costs reimbursed were allowable under the terms of the contracts. It was observed for contract 410-11 that 2 out of 27 items reimbursed for the month of June 2011 had inadequate supporting documentation, totaling \$182.63.

In addition, contract 410-12 had inadequate supporting documentation for 6 out of 28 items reimbursed for the month of August totaling \$202.39. The inadequate documentation included journal entries, spreadsheets, and documented entries from an automated accounting system to support the amounts requested for reimbursement. This resulted in a total questioned cost of \$385.02.

Section 22 of the contract requires that the Agency maintain records and accounts that are necessary to assure the proper accounting for billing and receipt of all contract funds.

It appears the Agency did not establish controls to ensure that expenditures requested for reimbursement were properly supported.

The Agency risks delays in payment or unallowable expenditures if the reimbursements are not properly supported and/or documented.

### **Recommendation**

It is recommended that the Agency repay the questioned cost of \$385.02. It is also recommended that the Agency provide proper supporting documentation for all expenditures requested for reimbursement, and perform a supervisory review to ensure that all expenditures are properly supported.

### ***Management's Responses***

*On December 3, 2012, the Agency was provided with our observations and recommendations and a response was requested by December 17, 2012; however, as of the date of this report, the Agency has not responded.*