

2017-18 Financial Compliance Monitoring Report

CareerSource Florida

Bureau of Financial Monitoring and Accountability
Florida Department of Economic Opportunity

October 23, 2018

107 East Madison Street
Caldwell Building
Tallahassee, Florida 32399
www.floridajobs.org



2017-18 Financial Compliance Monitoring Report CareerSource Florida

Period Reviewed: July 1, 2017 – March 31, 2018

Table of Contents

I. INTRODUCTION AND MONITORING APPROACH	3
II. ENTRANCE/EXIT CONFERENCE.....	5
III. MONITORING RESULTS	6
IV. FINDINGS.....	7
V. ISSUES OF NON-COMPLIANCE.....	7
VI. OBSERVATIONS	7
VII. TECHNICAL ASSISTANCE.....	7
Technical Assistance #CSF-1-18	7
Technical Assistance #CSF-2-18	7

I. INTRODUCTION AND MONITORING APPROACH

As set forth in the following authoritative publications, annually the Department of Economic Opportunity (DEO) is required to perform monitoring of its subrecipients:

- Workforce Innovation and Opportunity Act (WIOA), Section 184
- 31 USC 7502(f)(2)(B), Single Audit Act Amendments of 1996, (Pub. L.104-156)
- 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 20 CFR 667, Administrative Provisions Under Title I of the Workforce Investment Act
- Federal granting agency regulations, including:
 - 29 CFR 95.21 and 97.20, Standards for financial management systems
 - 29 CFR 95.51 and 97.40, Monitoring and reporting program performance

The DEO, Bureau of Financial Monitoring and Accountability (FMA) uses its financial monitoring tool (tool) as a guide to conduct the monitoring. The tool was developed to provide the framework for monitoring activities performed by FMA as well as the criteria used to monitor. This tool was provided to CareerSource Florida.

The sample size and selections for each tool objective was based on, but not limited to, a risk assessment performed by FMA and reviews of the monthly general ledger and cost allocation statistics. The risk assessment includes factors such as the funding allocation to CareerSource Florida; results of prior monitoring and audit reports; personnel and staffing changes; and organizational structure.

Sample selections assist the monitors in the following:

- Gaining an understanding of the financial management systems processes and assess whether the policies and procedures provide for accurate, current and complete disclosure of the financial results of each grant program.
- Gaining an understanding of the internal control processes and assessing whether the internal controls reasonably assure compliance with federal laws, regulations, and program compliance requirements.
- Determining if the required reconciliations between the financial records and OSMIS/SERA have been appropriately performed on a timely basis and adequately documented.

- Determining if the cost allocations are accurate, supported and consistent with the cost allocation plan.
- Determining if payroll records are properly maintained for employees; if personnel activity reports (PAR) comply with applicable cost principles; and verify salary and benefit costs are charged/allocated to funding sources in accordance with the PAR and the cost allocation plan.
- Determining if salary and bonuses paid to employees and charged to ETA grant programs do not exceed the ETA Salary and Bonus Cap for the calendar year.
- Determining if purchasing/procurement transactions comply with the appropriate federal or state procurement laws, and the organization's procurement policies.
- Determining if contracting process and contract monitoring comply with federal and state requirements, and the organization's contracting policies.
- Determining if subawarding and subrecipient monitoring activities comply with federal requirements, and the organization's policies and procedures.
- Determining if property management activities comply with federal requirements and the organization's policies and procedures.
- Determining if non-payroll related disbursements are reasonable, necessary, allocable and properly recorded in the financial records.

This report was prepared at the conclusion of the Department of Economic Opportunity's (DEO) financial monitoring activities performed for CareerSource Florida, and included the annual on-site visit, which began on Tuesday, August 21, 2018.

The FMA monitoring team assigned to CareerSource Florida consisted of Chadwick Myrick, Winston Maxwell and Maureen Castaño.

II. ENTRANCE/EXIT CONFERENCE

Entrance Conference

An entrance conference was conducted on-site Tuesday, August 21, 2018, with the CareerSource Florida representatives Lisa McClain (Finance Director/Controller), the purpose of the entrance conference was to introduce the monitor, go over the purpose of the financial monitoring, identify the contact person with whom the monitor would communicate, discuss CareerSource Florida and DEO goals and expectations, establish a timeline for the financial monitoring and identify/obtain documents requested, but not received.

Exit Conference

An exit conference was conducted by on site on Wednesday, August 22, 2018 with CareerSource Florida representatives Lisa McClain (Finance Director/Controller). A summary of any observations or technical assistance to date was provided. This summary allowed for any corrective action and/or explanation to be presented in the monitoring report.

III. MONITORING RESULTS

FMA performed financial monitoring procedures based on the DEO 2017-18 Financial Monitoring Tool. The monitoring procedures performed included tests of transaction details, file inspections, and inquiries (1) to determine the status of recommendations from the prior year monitoring visit(s) and (2) to adequately support current year findings, other non-compliance issues and observations. Detailed information for these items is disclosed in the following section of this report.

Summarized below are the results of testing by category as detailed in the DEO 2017-18 Financial Monitoring Tool:

2017-18 Monitoring Results				
Category	Findings	Issues of Non-Compliance	Observations	Technical Assistance Provided
1.0 – Prior Year Corrective Action Follow-Up	-	-	-	-
2.0 – Internal Control Environment	-	-	-	-
3.0 – General Ledger and Cost Allocations	-	-	-	-
4.0 – Payroll and Personnel Activity Report (PAR) Testing	-	-	-	1
5.0 – ETA Salary and Bonus Cap	-	-	-	-
6.0 – Purchasing	-	-	-	-
7.0 – Contracting / Contract Monitoring	-	-	-	1
8.0 – Subawarding / Subrecipient Monitoring	-	-	-	-
9.0 – Property Management	-	-	-	-
10.0 – Disbursement Testing	-	-	-	-
11.0 – SERA Reconciliation	-	-	-	-
TOTAL	-	-	-	2

IV. FINDINGS

There were no findings during the monitoring period of July 1, 2017 – March 31, 2018.

V. ISSUES OF NON-COMPLIANCE

There were no other non-compliance issues during the monitoring period of July 1, 2017 – March 31, 2018.

VI. OBSERVATIONS

There were no observations during the monitoring period of July 1, 2017 – March 31, 2018.

VII. TECHNICAL ASSISTANCE

Technical Assistance #CSF-1-18

Category: Contracting

According to 2 CFR 200.326, Contract Provisions, the non-Federal entity's contracts must contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards.

During our testing, it was noted the Clean Air Act was not included in the contract with The North Highlands Group; however, there is a statement placed on all purchase orders stating the following: *"Compliance with federal regulations: All contracts involving Federal funds will contain certain provisions required by applicable sections 2 CFR Part 200, OMB Uniform Guidance for Federal Financial Assistance and are included by reference herein."*

The LWDB should review Appendix II to Part 200 to ensure the organization's contracts include the applicable provisions.

Technical Assistance #CSF-2-18

Category: Payroll and Personnel Activity Report (PAR) Testing

During the interview process of testing, one employee indicated that all hours worked were not accounted for on their timesheet for the payroll period tested.

DEO recommends CSF review its training process for timekeeping to ensure that employees who split their time between multiple grants account for all hours worked and track their time spent on each activity, so payroll expenses can be properly allocated.