

# **2016-17 Financial Compliance Monitoring Report**

## **CareerSource Florida**

**Bureau of Financial Monitoring and Accountability**  
**Florida Department of Economic Opportunity**

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# 2016-17 Financial Compliance Monitoring Report CareerSource Florida

Period Reviewed: July 1, 2016 – February 28, 2017

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## I. MONITORING RESULTS

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The Bureau of Financial Monitoring and Accountability (FMA) performed financial monitoring procedures based on the DEO 2016-17 Financial Monitoring Tool, modified based on CareerSource Florida's (CSF) operations. 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 2016-17 Financial Monitoring Tool, modified based on CSF operations:

<b>2016-17 Monitoring Results</b>				
<b>Category</b>	<b>Current Year Findings</b>	<b>Current Year Issues of Non-Compliance</b>	<b>Current Year Observations</b>	<b>Current Year Technical Assistance Provided</b>
1.0 – Prior Year Corrective Action Follow-Up	-	-	-	-
2.0 – Internal Control Environment	-	-	-	-
3.0 – OSMIS Reporting and Reconciliation	-	-	-	-
4.0 – General Ledger and Cost Allocation Statistics	-	-	-	-
5.0 – Payroll and Personnel Activity Report (PAR) Testing	-	-	-	-
6.0 – ETA Salary and Bonus Cap	-	-	-	-
7.0 – Purchasing	-	-	-	-
8.0 – Contracting / Contract Monitoring	-	-	-	-
9.0 – Subawarding / Subrecipient Monitoring	-	-	-	-
10.0 – Property Management	-	-	-	1
11.0 – Disbursement Testing	-	-	3	-
Implementation of the Uniform Guidance Regulations	-	-	-	-
<b>TOTAL</b>	-	-	3	1

## II. OBSERVATION

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### Observation #1

Category: Disbursement Testing

Condition: A food and beverage payment and fine was unintentionally charged to Admin/Operations Indirect and was allocated to federal funding sources when the indirect cost rate and cost allocation plan were applied. However, CSF corrected the expense during the fiscal year to reflect payment from private funds.

Criteria: 2 CFR 200.438 states “Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.”

2 CFR 200.441 states “costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable...”

Effect: CSF unintentionally charged unallowable costs to federal funds.

Recommendation(s): DEO recommends CSF implement the following actions to prevent unintentional charges to federal funds:

- Review disbursements charged to federal and state funds for allowability prior to completing expense approvals and disbursements.
- Review general ledger for unallowable costs that may have been charged to federal or state programs.

### Observation #2

Category: Disbursement Testing

Condition: CSF employs both state employees and non-state employees. One travel disbursement for a state employee working at CSF exceeded the \$150 per night hotel rate for a CSF sponsored/organized meeting.

Criteria: The Department of Financial Services Agency Addresses Memo (AAM) No. 43 2015-16 dated June 17, 2016 states:

“In addition, each travel voucher or Purchasing Card charge that seeks payment for lodging associated with a meeting, conference, or convention organized or sponsored by an agency may not exceed the traveler’s daily room rate of \$150. For clarification,

- An agency is deemed to have sponsored a meeting, conference or convention if they contributed money for the meeting, conference, or convention. Money provided for a traveler’s registration fee or for an Agency’ membership fee to the organization hosting the conference or convention is not deemed as sponsorship.

- An agency is deemed to have organized a meeting, conference, or convention if they are involved in selecting the location or planning the activities to be conducted.”

DEO Travel Manual effective July 1, 2016 section VII Lodging Expenses states:

“D. Hotel expenses over the daily room rate of \$150 require justification and approval prior to traveling. Travel for meeting, conferences, or conventions that were organized or sponsored by a state agency, including DEO, CareerSource Florida, a Local Workforce Development Board (LWDB), or any other partner entity or sub recipient of DEO may not exceed \$150 per night.”

Effect: Costs exceeding the State of Florida travel restrictions of \$150 per night hotel rate were incurred and paid by CSF.

Recommendation: DEO recommends CSF implement the following actions to ensure compliance with Chapter 2016-62, Laws of Florida:

- Confirm sponsored or organized meetings, conferences, or conventions do not include room rates exceeding the \$150 per day restriction.
- Verify compliance with lodging rate restrictions before authorizing the state employee to incur travel expenses.

### **Observation #3**

Category: Disbursement Testing

Condition: Three disbursements out of the thirty disbursements selected for testing did not include the entity-wide distribution used for the expense. The entity-wide distribution is the calculated percentage used to allocate, or split, costs between administration and programs and is based on FTE's. Subsequent to testing, support for the distribution was provided which supported the expense allocation.

Recommendation: DEO recommends CSF include the appropriate distribution percentage on the expense documentation to support the general ledger entries.

## **III. TECHNICAL ASSISTANCE**

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### **Technical Assistance #1**

Category: Property Management

CSF has temporarily relocated its office while the new office space is being renovated. In the meantime, CSF has purchased some equipment for the new office and after moving into the new location, CSF plans to dispose of some of its current equipment. As a reminder, CSF should exercise care to adequately document and record the purchase and disposal of any equipment to fully comply with 2 CFR 200.313 and its internal policies.