

# **2018-19 Financial Compliance Monitoring Report**

## **CareerSource Florida**

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

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107 East Madison Street  
Caldwell Building  
Tallahassee, Florida 32399  
[www.floridajobs.org](http://www.floridajobs.org)



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Period Reviewed: April 1, 2018 – March 31, 2019

## Table of Contents

<b>I. INTRODUCTION AND MONITORING APPROACH .....</b>	<b>3</b>
<b>II. ENTRANCE /EXIT CONFERENCE.....</b>	<b>5</b>
<b>III. MONITORING RESULTS .....</b>	<b>6</b>
<b>IV. FINDINGS.....</b>	<b>7</b>
<b>V. OTHER NON-COMPLIANCE ISSUES .....</b>	<b>7</b>
Issue of Non-Compliance #CSF-19-01 .....	7
<b>VI. OBSERVATIONS .....</b>	<b>7</b>
<b>VII. TECHNICAL ASSISTANCE.....</b>	<b>8</b>
Technical Assistance #CSF-19-01 .....	8
Technical Assistance #CSF-19-02 .....	8
Technical Assistance #CSF-19-03 .....	8

## I. INTRODUCTION AND MONITORING APPROACH

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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 each LWDB; 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 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 grant programs subject to the Salary and Bonus Cap do not exceed the 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 the LWDB's contracting process and contract monitoring comply with federal and state requirements, and the organization's contracting policies.
- Determining if the LWDB's 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 DEO's financial monitoring activities performed for CareerSource Florida, and included the annual on-site visit, which occurred the week of April 22, 2019.

The FMA monitoring team assigned to the LWDB consisted of Maureen Castaño and Janice Hutchison.

## **II. ENTRANCE /EXIT CONFERENCE**

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### **Entrance Conference**

An entrance conference was conducted on-site April 22, 2019, with the CSF representatives Andrew Collins, COO/CFO, Lisa Wiggins, Director of Finance, and Jamaal Dickens, Director of Contracts. The purpose of the entrance conference was to introduce the monitors, go over the purpose of the financial monitoring, identify the contact persons with whom the monitors would communicate, discuss CSF and DEO goals and expectations, establish a timeline for the financial monitoring and identify/obtain documents requested, but not received.

### **Exit Conference**

An informal exit conference was conducted on-site with Lisa Wiggins, Director of Finance, on April 24, 2019 to discuss any observations and outstanding items to date. Before issuance of this report, a summary of issues of concern was discussed by telephone with CSF representative Andrew Collins, CEO/COO. 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 2018-19 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 2018-19 Financial Monitoring Tool:

2018-19 Monitoring Results				
Category	Repeat of Prior Year	Reference(s)		
1.0 – Prior Year Corrective Action Follow-Up	None	N/A		
Category	Findings	Issues of Non-Compliance	Observations	Technical Assistance Provided
2.0 – Internal Control Environment	-	-	-	1
3.0 – General Ledger and Cost Allocations	-	-	-	-
4.0 – Payroll and Personnel Activity Report (PAR) Testing	-	-	-	-
5.0 – Salary and Bonus Cap	-	-	-	-
6.0 – Purchasing	-	-	-	1
7.0 – Contracting / Contract Monitoring	-	-	-	-
8.0 – Subawarding / Subrecipient Monitoring	-	-	-	-
9.0 – Property Management	-	-	-	-
10.0 – Disbursement Testing	-	1	-	1
11.0 – SERA Reporting and Reconciliation	-	-	-	-
<b>TOTAL</b>	-	1	-	3

## IV. FINDINGS

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There were no findings during the monitoring period of April 1, 2018 – March 31, 2019.

## V. OTHER NON-COMPLIANCE ISSUES

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### Issue of Non-Compliance #CSF-19-01

#### Category: 10.0 Disbursement Testing

**Condition:** During our testing, we noted for selected Sample Item 33, CSF purchased items for personal use with federal funds.

**Criteria:** 2 CFR 200.445 Goods or Services for personal Use

(a) Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

**Effect:** Disallowed Costs incurred against federal funds.

**Recommendation:** DEO recommends CSF reverses the charges to federal funds and either have the employees reimburse the funds or charge to allowable funding source. DEO further recommends that all expenses for items of personal use be reviewed and ensure they are charged to an allowable funding source.

**Corrective Action Taken:** A general ledger transfer was performed and posted to June 2019 books to transfer and reclass the \$319.88 cost from federal/state funds to non-federal, non-state funds. The corresponding cash transfer was also performed. All documentation to support this posted transferal and reclass was provided to DEO.

## VI. OBSERVATIONS

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There were no observations during the monitoring period of April 1, 2018 – March 31, 2019.

## VII. TECHNICAL ASSISTANCE

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### Technical Assistance #CSF-19-01

#### Category: 2.0 Internal Control Environment

**Condition:** During our review of the Internal Control Questionnaire, it was discovered that the request for review of self-assessment by CEO and certification by Board Chair was not complete.

**Recommendation:** DEO recommends CSF review all changes to monitoring procedures and complete all requests that may occur from year to year by the applicable due date.

### Technical Assistance #CSF-19-02

#### Category: 6.0 Purchasing Testing

**Condition:** During our review of purchasing, it was discovered that conflict of interest (COI) forms were not filled out before entering into the sponsorship agreement with Florida Makes, Inc.

**Recommendation:** DEO recommends CSF ensures COI forms are filled out to reflect an analysis of any conflicts with employees or Board members is conducted before entering into purchase agreements.

### Technical Assistance #CSF-19-03

#### Category: 10.0 Disbursement Testing

**Condition:** During our review of travel, it was discovered that justification for hotel costs in excess of \$150/ night was not provided.

**Recommendation:** DEO recommends CSF reviews all travel policies within the Reference Guide for State Expenditures as required by the DEO/CSF Partnership Agreement.