

2019-20 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



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Period Reviewed: April 1, 2019 – March 31, 2020

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I. INTRODUCTION AND MONITORING APPROACH

The Department of Economic Opportunity (DEO) must perform annual monitoring of its subrecipients, as required by:

- 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 (CSF).

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 CSF; 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 and understanding of the internal control processes assuring 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 DEO's Subrecipient Enterprise Resource Application (SERA) are 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 that 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 Salary and Bonus Cap for the calendar year.
- Determining if purchasing/procurement transactions comply with appropriate federal and state procurement laws and the organization's procurement policies.
- Determining if the contracting process and contract monitoring comply with federal and state requirements, and the organization's contracting policies.
- Determining if the 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 CSF, which included a desk audit for the 2019 – 2020 monitoring period due to COVID-19.

The FMA monitoring team assigned to CSF consisted of Chadwick Myrick and Janice Hutchison.

II. ENTRANCE / EXIT CONFERENCE

Entrance Conference

An entrance conference was conducted July 14, 2020 with the Lisa Wiggins (Controller/Director of Finance). The purpose of the entrance conference was to introduce the financial monitors and discuss the purpose of the financial monitoring.

Exit Conference

An exit conference was conducted by telephone on February 11, 2021 with Andrew Collins (COO/CFO). A summary of any issues were provided.

III. MONITORING RESULTS

FMA performed financial monitoring procedures based on the DEO 2019-20 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 noncompliance issues and observations.

Summarized below are the results of testing by category as detailed in the DEO 2019-20 Financial Monitoring Tool:

2019-20 Monitoring Results				
Category	Repeat of Prior Year	Reference(s)		
1.0 – Prior Year Corrective Action Follow-Up	No	Issue of Noncompliance #CSF-19-01 was resolved		
Category	Findings	Issues of Noncompliance	Observations	Technical Assistance Provided
Disbursement Testing	-	-	1	1
TOTAL	-	-	1	1

Definitions

Findings – Lack of compliance with federal or state laws, rules and regulations, administrative codes, or state guidance that may result in disallowed costs or impact the integrity of program operations.

Findings are expected to be responded to in the corrective action plan (CAP).

Noncompliance – Lack of compliance with federal or state laws, rules and regulations, administrative codes, or state guidance but may not result in disallowed costs or do not impact the integrity of program operations. Issues of Noncompliance are expected to be responded to in the CAP.

Observations – Informative statements or constructive comments to improve the delivery of services and to help ensure continued fiscal integrity of CSF. Observations are not expected to be responded to in the CAP.

Technical Assistance – Assistance provided by our team to the staff of CSF.

IV. FINDINGS

Findings

There were no Findings identified during the financial monitoring period of April 1, 2019 – March 31, 2020.

V. OTHER NONCOMPLIANCE ISSUES

Issues of Noncompliance

There were no Issues of Noncompliance identified during the financial monitoring period of April 1, 2019 – March 31, 2020.

VI. OBSERVATIONS

Observation #CSF-20-01

Category: 12.0 Disbursement Testing

Condition: In two Quick Response Training Contract disbursements, CSF reimbursed payments without all required information per the terms of the contract. The supporting documentation provided to DEO only included a certification roster including names of trainee completers. The supporting documentation did not include redacted social security numbers, job titles and dates of hire per the terms of the contract.

- Disbursement #3 - Quick Response Training Contract between CareerSource Florida (grant manager), Florida Southwestern State College (fiscal agent), and Scotlynn USA Division (contractor) - \$12,600.
- Disbursement #5 - Quick Response Training Contract between CareerSource Florida (grant manager), School Board of Hillsborough County, Florida (fiscal agent), and Nextech Systems, LLC (contractor) - \$37,800.

Criteria: Quick Response Contracts, Section VII – Requirements of Contractor states:

“d) Provide to CSF through our web-based platform, a trainee roster which shall specify name, social security number, job title and date of hire for calculation of performance measures and any other outcomes as specified in section 1008.39, Florida Statutes or deemed pertinent to CSF;”

Recommendation: DEO recommends that CSF ensures for all Quick Response Training contracts that all requirements of the contractor and the fiscal agent are satisfied per the terms of the contract prior to payment of service.

VII. TECHNICAL ASSISTANCE

Technical Assistance# CSF-20-01

Category: 12.0 Disbursement Testing

Condition: During DEO's review of disbursement sample 9, we noted a holiday graphic for email was created by Moore, Inc. under the Content and Asset Development task (Deliverable #1).

Criteria: According to 2 CFR 200.403, Factors affecting allowability of costs, the cost must (a), "Be necessary and reasonable for the performance of the Federal award..." and (b) consistent with policies and procedures.

GAO, Principles of Federal Appropriations Law, 4th ed., 2017 rev., ch. 3, § C.4.f(1), GAO-17-797SP, "The cost of seasonal greeting cards is a personal expense to be borne by the officer who ordered and sent them, and may not be charged to public funds."

Technical Assistance: To ensure CSF is not expending federal funds on disallowed costs, DEO recommends CSF use its unrestricted funds going forward to pay for holiday related graphic creations.