

FINANCIAL MONITORING REPORT

(FY 2020)



FINANCIAL MONITORING CONDUCTED BY:

Wipfli LLP

FOR:

**Workforce Investment Board, Inc.
DBA
NEMO Workforce Development Board
111 E Monroe
Paris, MO 65275**

Date of Report: June 1, 2020

WIPFLI

June 1, 2020

The Honorable Glenn Eagan
Presiding Commissioner
Shelby County Courthouse
Post Office Box 186
Shelbyville, Missouri 63469

Corey Mehaffy, Chair
Northeast Workforce Development Board
GSG Growth Services Group, LLC
809 Fox Run
Moberly, Missouri 65270

Dear Commissioner Eagan and Mr. Mehaffy:

Wipfli LLP (Wipfli) has conducted a fiscal monitoring review of the NEMO Workforce Development Board's financial operations during the months of April and May 2020 on behalf of the Missouri Office of Workforce Development (OWD). In fulfillment of the requirements set out in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule (Uniform Guidance), the Workforce Innovation and Opportunity Act (WIOA or Public Law 113-128), and other applicable Federal and State regulations.

The aforementioned regulations, among other requirements, mandate the monitoring of activities under Federal awards. The scope of the financial monitoring review was designed to ascertain the degree of compliance with the referenced regulations to ensure accountability and integrity of OWD administered Federal programs; and to provide reasonable assurance that grant funds are spent in a manner that is reflective of its appropriate intent.

The attached report serves as official notification of the conclusions of the review. For the areas reviewed, no compliance findings and two (2) areas of concern were identified. In addition, during the monitoring Wipfli identified opportunities to strengthen internal controls and operating efficiencies. These opportunities are summarized in a separate section of the report.

Should you have any questions, please feel free to contact Tracey Brown at (573) 526-8222 or Denes Tobie at (608) 270-2929.

Sincerely,



Wipfli LLP

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I. Executive Summary

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) section 2 CFR 200.328, requires the monitoring of activities under Federal awards to assure compliance with applicable Federal requirements. The Workforce Innovation and Opportunity Act (WIOA) Section 184 (a)(4), also mandates the monitoring of each local area within the State to ensure compliance with the Uniform Administrative Requirements.

Wipfli conducted a financial monitoring of the NEMO Workforce Development Board financial operations for the period April 1, 2019 through March 31, 2020, in fulfillment of the requirements of the Uniform Guidance, WIOA, and other applicable Federal and State regulations. Wipfli completed the monitoring remotely in response to the COVID-19 pandemic and commenced the monitoring process with a virtual entrance conference to discuss the scope of the review with agency personnel. Wipfli concluded the remote monitoring with an exit conference to relay the preliminary results of the review.

Financial monitoring is not an audit and due to the limited scope of the monitoring, may not disclose all systems' weaknesses. The results presented in this report are based on the areas tested by Wipfli. The United States Department of Labor, the Missouri State Auditor's Office or any other applicable Federal or State body may conduct reviews and have different conclusions, opinions and or results.

In summary, this report does not contain any compliance findings and two (2) areas of concern.

Subrecipient Information

Subrecipient	NEMO Workforce Development Board
Subrecipient Mailing Address	111 East Monroe Paris, Missouri 65275
Subrecipient Location Address (If Different From Mailing Address)	Same as Mailing Address
Subrecipient Primary Fiscal Contact Person	Ms. Beth Whelan
Telephone	(660) 327-5125
Fax	(660) 327-5128
E-Mail	bewhelan@nemowib.org

II. Scope of the Financial Monitoring

The scope of Wipfli's financial monitoring included the following:

Date of exit conference	May 29, 2020
Sites visited	Due to the pandemic effects of the coronavirus (COVID-19) and government stay-at-home (shelter-in-place) directives, the financial monitoring was completed remotely.
Financial monitoring staff members who conducted the review	Financial monitoring was completed by Wipfli LLP, a contractor for OWD.
Names and titles of those in attendance at the exit conference	Diane Simbro, Executive Director Beth Whelan, Fiscal Officer
Purpose of the review	To obtain reasonable assurance the subrecipient is in compliance with statutes, regulations, and terms and conditions of the subawards.
Programs reviewed	Programs funded by the Missouri Office of Workforce Development
Time periods of data covered in the review	April 1, 2019 – March 31, 2020
Documents reviewed , if applicable	See Appendix

The purpose of the financial monitoring review is to obtain reasonable assurance the subrecipient is in compliance with statutes, regulations, and terms and conditions of the subawards. Reasonable assurance is the level of confidence or comfort based on professional judgment, obtained through interviews, understanding the operations, and testing performed to assess the performance of the subrecipient.

The scope of the financial monitoring utilized guidelines established in Uniform Guidance, WIOA, OWD, and the U.S. Department of Labor Employment and Training Administration (ETA). The financial content areas and processes monitored include the following, as applicable:

- Internal controls
- Accounting system and financial reporting
- Payment and cash management
- Match and leveraged funds
- Program income
- Allowable costs and cost classification
- Audits, monitoring, and resolutions

Our financial monitoring review did not cover any areas outside of the defined scope of this monitoring, and no significant non-compliance came to our attention.

III. Results of Financial Monitoring Review

OWD rates issues discovered during financial monitoring reviews at two levels of severity: compliance findings and areas of concern, as defined below.

Separately, opportunities are items noted during the financial monitoring where suggestions to strengthen internal controls, improve financial processing efficiencies, or incorporate best practices are made for the agency's consideration.

Compliance Findings

Compliance findings (findings) are OWD items that disclose areas of significant non-compliance with WIOA, federal regulations, workforce development issuances or guidance, and material weaknesses in internal controls. Findings require written corrective action plans by either accepting OWD's recommendation or proposing and receiving approval for an alternate course of action. Regulatory compliance monitors will provide citations from WIOA, federal regulations, or OWD issuances and procedures to identify specific areas of non-compliance and will explain the corrective measures necessary for resolution. The results of our monitoring disclosed no compliance findings.

Areas of Concern

Areas of concern (concerns) are OWD items that may or may not be compliance-based but may impede effectiveness and efficiency of providing services to individual and business customers. Concerns are suggestions to management and do not generally require a response unless specifically indicated. Resolved Findings and accompanying corrective actions may be included in this category. Concerns, although resolved, may rise to a level of severity that is subject to follow-up during subsequent review. Regulatory compliance monitors may offer suggestions or guidance to assist the entity in making improvements or may make a referral for further technical assistance. The results of monitoring disclosed two (2) areas of concern.

Concern #1: The Uniform Guidance (2 CFR 200.313(d)(2)) states a physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

During financial monitoring, Wipfli noted Property records are not reconciled to the general ledger, no assets are tracked with MIP, they are only tracked in the provided spreadsheet.

Recommendation: The agency should have policies, procedures and internal controls in place that ensure compliance with the Uniform Guidance and safeguarding equipment purchased with federal funds.

Concern #2: The Uniform Guidance (2 CFR 200.303) states the non-federal entity must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

During financial monitoring, Wipfli noted that cash requests were prepared by Ms. Whelan, but not reviewed and approved by another individual in the organization.

Recommendation: Prepare a policy and process in which an individual other than the person preparing cash requests will review and approve the cash request.

Opportunities

In planning and performing our monitoring, we considered the agency’s financial internal controls and processes for the purpose of performing monitoring procedures, but not for the purpose of expressing an opinion on the effectiveness of internal controls.

During the monitoring, Wipfli identified opportunities for the entity to consider in strengthening internal controls, improving processing efficiencies, or to incorporate best practices. These opportunities do not require a written corrective action plan.

1. Compile related policies into one manual. For example, combine all financial-related policies in a financial accounting manual and all personnel-related policies in an employee handbook or human resources manual. This will allow efficient search of policies and procedures.

2. The Uniform Guidance (2 CFR 200.305(b)(8)) states that advance payments of federal funds must be deposited and maintained in interest-bearing accounts, unless certain conditions apply.

Document the evaluation prepared to determine the use of a non-interest-bearing versus an interest-bearing checking account to support the decision to utilize a non-interest-bearing account for cash advance payments. This will help the entity comply with the federal grant regulations.

Prior Year Corrective Action Status

The prior financial monitoring was conducted in November 2018, with no identified findings and four (4) areas of concern. All prior year concerns were resolved as of the end of the current monitoring period. Communication from OWD in September 2019, communicated resolution of all prior monitoring concerns and related recommendations.

IV. APPENDIX

The entity provided specific documentation throughout the monitoring process, as requested. In general, selected documents reviewed during monitoring include the following, in addition to other documents requested to complete testing:

1. Financial reports, such as trial balances and detail general ledgers
2. Reports, such as obligation reports, financial reports, prior year monitoring report
3. Select policies and procedures – financial
4. Select policies and procedures – human resources/ personnel
5. Bank statements and reconciliations
6. Information regarding the entity's cost allocation method
7. Subrecipient agreements and monitoring records
8. Information regarding employee compensation and payroll transactions
9. Procurement records and disbursement transactions