



SOUTH FLORIDA WORKFORCE INVESTMENT BOARD

FINANCE COMMITTEE MEETING

Thursday, December 6, 2007

Noon

South Florida Workforce Investment Board Headquarters
7300 Corporate Center Drive
5th Floor - Conference Room 3
Miami, Florida 33126

AGENDA

1. Call to Order and Introductions
2. Approval of Finance Committee Meeting Minutes
 - August 3, 2007
 - August 9, 2007
 - October 12, 2007
3. October 2007 Finance Report
4. Audit Update
5. Financial Monitoring Reports



2.

SFWIB Finance Committee

December 6, 2007

**MINUTES OF SFWIB FINANCE COMMITTEE-
AUDIT SERVICES RFQ PUBLIC REVIEW SESSION
AUGUST 3, 2007**

South Florida Workforce Investment Board
Finance Committee-Audit Services RFQ Public Review Session
August 3, 2007 at 10:00 A.M.
South Florida Workforce Investment Board Headquarters
7300 Corporate Center Drive, 5th Floor - Conference Room 3

<p>COMMITTEE MEMBERS IN ATTENDANCE None</p> <p>COMMITTEE MEMBERS <u>NOT</u> IN ATTENDANCE</p> <ol style="list-style-type: none"> 1. Jeff Bridges, Chair 2. Mayra Buttacavoli, Vice-Chair 3. Bernardo Adrover 4. Willie Carpenter 5. Roberto Datorre 	<p>OTHER SFWIB MEMBERS IN ATTENDANCE None</p> <p>SFW STAFF</p> <p>Garcia, Christine Glancy, Anne Kistner, Ken Pierre, Linda Quinones, Dulce</p>	<p>OTHER ATTENDEES</p> <p>Duguela, Jeff, Management Resources Mendez, M., Unida</p>
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Agenda items are displayed in the order in which they were discussed.

1. Call to Order and Introductions

The Finance Committee members were not present, although SFW staff persons and RFQ Review Committee members Ms. Christine Garcia, and Ms. Dulce Quinones were present.

2. Approval of the June 14, 2007, and July 3, 2007 Finance Committee Meeting Minutes

There was no quorum, and the Minutes were not approved.

3. External Independent Audit Services RFQ Technical Proposal Review

The review committee members present: Christine Garcia, and Dulce Quinones read their ratings into the record.

Ms. Quinones noted that a potential conflict exists with Nelson Caballero, a partner with Alberni, Caballero & Castellanos, LLP, as he is also a partner with South Florida Tech, which is and SFW training agent.

Mr. Ken Kistner read into the record the ratings of Jeff Bridges, Bernardo Adrover, Willie Carpenter, and Roberto Datorre.

Mr. Kistner noted that Mr. Datorre had not rated Sharpton, Brunson & Company, Inc., as they are the auditor for the Miami Beach Community Development Corporation. Mr. Kistner also noted that Bernardo Adrover had not rated the proposal from Verdeja & de Armas, LLP, as he has a conflict.

4. Three Years of Service Providers' Budgets

This item was not discussed.

5. June 2007 Finance Report

This item was not discussed.

Mr. Kistner noted that the Committee would meet again on August 9, 2007 for the Audit Services presentations.

The meeting adjourned at 10:30 A.M.



2.

SFWIB Finance Committee

December 6, 2007

**MINUTES OF SFWIB FINANCE COMMITTEE
AUDIT SERVICES PRESENTATIONS
AUGUST 9, 2007**

South Florida Workforce Investment Board
Finance Committee Audit Services Presentations
August 9, 2007 at 10:00 A.M.
South Florida Workforce Investment Board Headquarters
7300 Corporate Center Drive, 5th Floor - Conference Room 3

COMMITTEE MEMBERS IN ATTENDANCE	OTHER SFWIB MEMBERS IN ATTENDANCE	OTHER ATTENDEES
1. Jeff Bridges, Chair 2. Bernardo Adrover 3. Willie Carpenter 4. Roberto Datorre COMMITTEE MEMBERS NOT IN ATTENDANCE None	None SFW STAFF Beasley, Rick Glancy, Anne Kistner, Ken Pierre, Linda Quinones, Dulce	Casancio, Nelson, AC&C Castellanos, Elias, AC&C Caballeros, Nestor, AC&C Alberní, Pedro L., AC&C Llerena, Luis, CBT Mac Ginley, Donovan, McGladrey & Pullen, LLP Felsmann, Bob, McGladrey & Pullen, LLP Nelson, Adam, McGladrey & Pullen, LLP Loeffler, Tim, McGladrey & Pullen, LLP

Agenda items are displayed in the order they were discussed.

1. Call to Order and Introductions

Mr. Bridges called the meeting to order and noted that a quorum was achieved.

2. Approval of Finance Committee Meeting Minutes of June 14, 2007 and July 3, 2007

Roberto Datorre moved approval of the minutes of the June 14, 2007 Finance Committee meeting. The motion was seconded by Bernardo Adrover and approved.

Bernardo Adrover moved approval of the minutes of the July 5, 2007 Finance Committee meeting. The motion was seconded by Willie Carpenter and approved.

3. External Independent Audit Services RFQ Oral Presentation Proposal Review

Mr. Beasley informed the Committee that as Executive Director, he would not participate in the review process as he would be involved in the appeal process, should the need arise.

The companies each gave a 15 minute presentation to the Committee. The presenters were called in alphabetical order.

Alberní, Caballero, Castellanos, LLP

Ms. Quinones noted that Nelson Caballero is a partner in South Florida Tech, one of South Florida Workforce's training agents, which could be a conflict.

McGladrey & Pullen, LLP

There was discussion concerning the high fees, considering that the company had been the audit company for SFW for years. The feeling was that the fees should be lower.

[Bernardo Adrover left the meeting. There was still a quorum present.]

Sharpton, Brunson & Company, P.A.

Mr. Datorre reiterated his conflict of interest with Sharpton, Brunson & Company, LLC as they are the audit company for Miami Beach Community Development Corporation.

The issue of Sharptom & Brunson having been the audit fir for Workforce One during the time the \$2Million fraud was perpetrated by a staff member. Mr. Sharpton noted that audits do not necessarily detect fraud activities. It was also noted that the fraud also happened when an international firm was their auditor. He noted that their company has hired a certified fraud examiner.

Verdeja & De Armas, LLP

There was concern expressed that Verdeja & De Armas, LLP might not be experienced enough because after their proposal was submitted to SFW they partnered with Morrison, Brown, Argiz, & Farra, LLP, including Frank Carollo, a past SFW Member, and Chairperson.

Watson Rice, LLP

The consensus was that this company lacked the necessary experience.

The overall consensus of the Committee was that based on the scores of the proposals and the presentations, Alberni, Caballero, Castellanos, LLP was their first recommendation, with the stipulation that written documentation and financial statements are received to show that Mr. Caballero's 20% partnership in South Florida Tech is not a conflict of interest, and receipt of a written opinion from the Miami-Dade County Attorney. All information is to be submitted by close of business Monday. The Members of the Finance Committee are to be notified of the results.

If the information is not received, and is not sufficient, the second choice, Sharpton, Brunson & Company, Inc. would be selected.

4. Three Years of Service Providers' Budgets

This item was not discussed.

5. June 2007 Finance Report

This item was not discussed.

The meeting adjourned at 11:30 A.M.



2.

SFWIB Finance Committee

Decemeber 6, 2007

***MINUTES OF SFWIB FINANCE COMMITTEE
MEETING OCTOBER 12, 2007***

South Florida Workforce Investment Board
 Finance Committee Meeting
 October 12, 2007 at Noon
 South Florida Workforce Investment Board Headquarters
 7300 Corporate Center Drive, 5th Floor - Conference Room 3

COMMITTEE MEMBERS IN ATTENDANCE	OTHER SFWIB MEMBERS IN ATTENDANCE	OTHER ATTENDEES
1. Jeff Bridges, Chair 2. Bernardo Adrover	Edward Margolis	Milian, Delia, City of Hialeah
COMMITTEE MEMBERS NOT IN ATTENDANCE	SFW STAFF	Milian, Dalia, City of Hialeah
3. Willie Carpenter	Beasley, Rick	Sante, Alicia, Youth Co-Op, Inc.
4. Roberto Datorre	Glancy, Anne	Rodriguez, Maria, Youth Co-Op, Inc.
	Kistner, Ken	Vidal, Monica, Community Coalition, Inc.
	Pierre, Linda	
	Alonso, Gustavo	

Agenda items are displayed in the order they were discussed.

1. Call to Order and Introductions

Mr. Bridges called the meeting to order and noted that a quorum had not been achieved.

2. Approval of Finance Committee Meeting Minutes of August 3, 2007 and August 9, 2007

The minutes were not approved due to the lack of a quorum.

3. August 2007 Finance Report

Mr. Beasley reviewed the August 2007 finance report and noted that SFWIB was over obligated in the amount of \$1.2Million.

4. Funding Reduction/Deobligation Analysis

Mr. Beasley presented the item, and there followed much discussion as to possible solutions, and methods to put in place to prevent the over obligation in the future.

Mr. Adrover requested that in the future the report include the percent of change of Career Center deobligation amounts.

5. Recommendation as to the Approval of the Revised SFWIB FY 2007-2008 Budget

Mr. Beasley provided the report and proposed steps to be taken. A lengthy discussion was held as to solutions and the need to establish fixed costs. One major concern expressed was that the Career Centers would not be able to perform if funding were to be reduced.

The consensus was to forward the report to the full Board.

5. Revised August 2007 Finance Report

Mr. Beasley presented to report.

Mr. Beasley agreed to let the Committee know if and when funds are received from the Children's Trust.

Mr. Bridges noted that the consensus was to forward the revised budget, and the revised finance report to the full Board. Mr. Bridges requested that the revised documents be forwarded to him and the Committee.

Mr. Beasley introduced Gustavo Alonso, SFWIB Comptroller.

The meeting adjourned at 1:30 P.M.



3.

SFWIB – Finance Committee

December 6, 2007

October 2007 Finance Report

BACKGROUND

The un-audited finance report for the months ending October 31, 2007, will be reviewed.

Attachments



4.

SFWIB – Finance Committee

December 6, 2007

Audit Update

Informational

BACKGROUND

The auditors as part of their review noted that there were grant with deferred revenue balances and an escrow account for Workmen’s Compensation’s deductibles that dated back to prior administrations. These need to be cleared prior to the audit completion.

The grant with deferred revenue balances contained cash advance funds from the State of Florida that had not been fully utilized. SFWIB staff spoke with the Agency for Workforce Innovation (AWI) and it was suggested that these funds be returned to the State. These funds will be returned to the State prior to the audit completion.

The escrow account contained Workmen’s Compensation deductibles from various Service Providers which will be refunded prior to the audit completion.



5.

SFWIB – Finance Committee

December 6, 2007

Financial Monitoring Reports

BACKGROUND

The SFWIB staff conducts financial monitoring of the Region’s Service Partners. Attached for the Committee’s review are the Executive Summaries of the Service Partners reviewed.

Attachments



**Office of Continuous Improvement
Administrative Monitoring**

**Easter Seals South Florida, Inc.
November 29, 2007**

Contract Number:	WS-YS-ISK-PY'06-03-02
Contract Amount:	\$279,916
Contract Period:	July 1, 2006 to June 30, 2007
Contract Number:	WS-SP-PY'06-02-02
Contract Amount:	\$224,171
Contract Period:	July 1, 2006 to June 30, 2007
Contract Staff:	Madalyn Uptgrow, Contracts Administrator
Monitoring Staff:	Frances González-Lago, Contracts Compliance Monitor Dulce Quiñones, Contracts Compliance Supervisor
Prior Audit Dates:	Desk Review 3/30/07 and Administrative Monitoring 1/25/07
Type of Agency:	Non-profit

I. EXECUTIVE SUMMARY

The Office of Continuous Improvement (OCI) has performed an administrative monitoring review of Easter Seals South Florida, Inc. (Easter Seals or Contractor). The majority of the findings identified during the prior year monitoring have been corrected. The following deficiencies were identified during the current review, as summarized below:

- OCI noted weaknesses within the accounts payable cycle. Expenses were being submitted for reimbursement to South Florida Workforce Investment Board (SFWIB) prior to payment to vendors, not in compliance with the requirements set forth in the executed contracts. Invoices were being remitted to vendors late, consequently incurring late fees which are unallowable costs. Expenditures were not adequately documented with original receipts or invoices, prior year costs were submitted for reimbursement, and local travel and telephone expenses for an employee budgeted under administrative costs were submitted for reimbursement under program costs. As a result, a total of \$397.17 is being disallowed and must be returned to SFWIB.
- Unallowable costs were not consistently identified and recorded as such in the accounting system. OCI identified a total of \$341.32 in late fees and sales taxes that were not recorded as unallowable costs. These costs were submitted for reimbursement to SFWIB. **These are**

repeat findings. It should be noted late fees did not appear attributable to cash flow problems, but rather to a weak and ineffective accounts payable system coupled with the lack of a systematic approach for payment process.

- Original invoices did not consistently indicate amounts, percentages allocated to each funding source and the general ledger account number being posted to.
- The process for the preparation of reimbursement packages was also found to be weak and in need of improvement; expenditures were submitted to SFWIB for reimbursement for budget line items whose funds had been depleted. **This is a repeat finding.**
- Bank reconciliations included outstanding staled dated checks (issued over six (6) months).
- Internal controls related to credit card transactions were found to be inadequate. Credit card transactions included unallowable costs, and sampled transactions did not have supporting documentation.
- There was a discrepancy of \$13,978 between the program director's salary as indicated in the Youth with Disabilities and In-School Youth budgets. The Youth with Disabilities budget was submitted to SFWIB indicating an incorrect salary amount for the program director's salary of \$87,275 instead of \$73,297.
- The budgeted salaries of five (5) sampled positions did not correspond to the salaries indicated in the payroll register. The differences were mainly attributed to merit increases budgeted, yet had not been given to employees.
- The current payroll recordkeeping process appears cumbersome and inadequate. There was no separate time sheet maintained for each employee allocated to the youth programs to indicate the distribution of activity, such as program or funding source, for which the employee actually worked during the period covered.
- The existing procurement policies and procedures did not include requirements as set forth in the executed contracts.

This summary is intended to provide a brief overview of the findings contained in the report. It is not intended to be all-inclusive or explanatory of the conditions giving rise to our conclusions. The full report should be considered in developing a comprehensive understanding of the conditions described herein.



**Office of Continuous Improvement
Administrative Monitoring**

**Gulf Coast Jewish Family Services, Inc.
d/b/a Gulf Coast Community Care
November 29, 2007**

Contract Number:	WS-NCPEP-PY'06-01-00
Contract Amount:	\$600,000
Contract Period:	July 1, 2006 to June 30, 2007
Contract Staff:	Madalyn Uptgrow, Contracts Administrator
Monitoring Staff:	Frances González-Lago, Contracts Compliance Monitor Dulce Quiñones, Contracts Compliance Supervisor
Prior Audit Dates:	Desk Review 3/29/07 and Administrative Monitoring 10/13/06
Type of Agency:	Non-profit

I. EXECUTIVE SUMMARY

The Office of Continuous Improvement (OCI) has performed an administrative monitoring review of Gulf Coast Jewish Family Services, Inc. d/b/a Gulf Coast Community Care (Gulf Coast or Contractor). During the review, the following deficiencies were identified as summarized below:

- There was no system in place to consistently identify, record, and track unallowable costs; late fees were not consistently recorded as unallowable costs and were submitted for reimbursement to SFWIB. **This is a repeat finding.**
- OCI identified disallowed costs totaling \$1,183.70, of which \$40 were identified as unallowable costs. Disallowed costs included \$1,030.71 resulting from the incorrect percent allocation of an employee's salary, local travel, and cellular expenses and \$112.99 for which there was a lack of adequate supporting documentation. A total of \$1,145.66 is being disallowed and must be returned to South Florida Workforce Investment Board (SFWIB) with the reply to this report.
- OCI noted weaknesses within the accounts payable cycle. Original invoices did not consistently indicate approval for payments by supervisory personnel and were not consistently stamped "paid" as to avoid possible duplicate payment. **This is a repeat finding.** Invoices were being remitted to vendors late, consequently incurring late fees, which are unallowable costs. Late payments were not attributable to cash flow problems, but rather apparent weaknesses in the system.

- The internal controls related to credit card transactions are in need of improvement. Original receipts to support credit card transactions were not provided to OCI on sampled transactions. Unallowable costs, such as tips and sales taxes were identified, yet not recorded in the accounting system as such. These charges were not paid with SFWIB funds. **This is a repeat finding.**
- There were weaknesses noted in the reconciliation process of general ledger accounts. The outstanding balance shown in the aging accounts payable report did not agree with the balance of accounts payable shown in the interim financial statements as of 5/31/07.

The amount indicated in the trial balance for net fixed assets did not agree with the amount shown in the fixed asset and accumulated depreciation sub ledger. There was a difference of \$33,684.39 as of 5/31/07.

- The adjusted bank balances indicated in the operating bank account reconciliations did not agree with the amounts shown in the general ledger for the sampled months. There was a minor difference that was carried over without an explanation.
- There was no explanation or supporting documentation provided to OCI for adjustments shown in sampled bank reconciliations. Bank reconciliations included outstanding stale dated checks issued over ninety (90) days.
- The budget preparation process was found to be in need of improvement. The approved program budget categorized audit/legal expenses as an operating expense; instead of an administrative expense. Additionally, the approved budget indicated WIA Adult as the funding source for the NCPEP; however, the executed contract indicated TANF as the funding source. **These are repeat findings.**
- The budgeted salary of two (2) sampled positions did not correspond to the salaries indicated in the payroll register. The differences were mainly attributed to a merit increase that was not budgeted, yet given to an employee and the replacement of an employee originally in the budget at a lower salary.
- Policies and procedures related to fixed assets and the general inventory list for equipment purchased with SFWIB funds were not provided to OCI as requested.

Overall weak internal controls in the areas of budget preparation, the accounts payable cycle, fixed assets, credit card transactions, and the reconciliation of bank accounts were noted. Findings noted appear to originate from the absence of a systematic review process in the aforementioned areas of the organization coupled with weak supervision. Weak internal controls on various areas has contributed to deficiencies and repeat findings not corrected.

This summary is intended to provide a brief overview of the findings contained in the report. It is not intended to be all-inclusive or explanatory of the conditions giving rise to our conclusions. The full report should be considered in developing a comprehensive understanding of the conditions described herein.



**Office of Continuous Improvement
Administrative Monitoring**

**Lutheran Services Florida, Inc.
November 29, 2007**

Contract Number:	RET-DP-PY'06-08-00
Contract Amount:	\$1,420,988
Contract Period:	October 1, 2006 to September 30, 2007
Refugee Staff:	Arlene Diaz
Contract Staff:	Madalyn Uptgrow
Monitoring Staff:	Fernando Odio and Frances González-Lago Dulce Quiñones, Contracts Compliance Supervisor
Prior Audit Dates:	Desk Review 5/30/07 and Administrative Monitoring 5/4/06
Type of Agency:	Non-profit

I. EXECUTIVE SUMMARY

The Office of Continuous Improvement (OCI) performed an administrative monitoring review of Lutheran Services Florida, Inc. (LSF or Contractor). During the review, the following deficiencies were identified as summarized below:

- Budget variance reports did not reflect accurate figures; the amounts shown in the approved budget were not used or entered into the accounting system. There was no documented evidence variances were reviewed and analyzed by management. A budget variance report prepared by OCI using correct budget figures indicated variances over fifteen (15) percent for twenty-two (22) expense line items of which nine (9) were favorable and thirteen (13) were unfavorable.
- The budget narrative for telephone expenditures did not include cellular phone charges as part of telephone expenses, yet cellular phone costs were submitted for reimbursement.
- There was no system in place to consistently identify, record, and track unallowable costs. OCI identified \$601.28 of sales taxes, tips, and marketing gifts that were not recorded as unallowable costs. **This is a repeat finding.**
- OCI noted weaknesses within the accounts payable cycle, such as invoices being remitted late to vendors, invoices not consistently stamped "paid" as to avoid possible duplicate payment, and expenses recorded to incorrect general ledger accounts. **This is a repeat finding.**

- Bank reconciliations included reconciling items dating back to July 2006, which were not cleared until April 2007 and outstanding stale dated checks.
- Mileage reimbursement forms were not properly completed and documentation to support mileage claimed was not documented as required.
- Inventory lists were not submitted to the South Florida Workforce Investment Board by the required date set forth in the executed contract.

This summary is intended to provide a brief overview of the findings contained in the report. It is not intended to be all-inclusive or explanatory of the conditions giving rise to our conclusions. The full report should be considered in developing a comprehensive understanding of the conditions described herein.



**Office of Continuous Improvement
Administrative Monitoring**

**SER-Jobs for Progress, Inc.
October 17, 2007**

Contract Number: WS-CC-PY'06-04-02
(Career Centers: Miami Downtown (MDT) and North Miami Beach (NMB))

Contract Amount: \$2,724,299

Contract Period: July 1, 2006 to June 30, 2007

Contract Numbers: WS-YS-OSY-PY'06-05-01 WS-YS-SUM-PY'06-05-00

Contracts Amount: \$286,427 \$176,817

Contracts Period: July 1, 2006 to June 30, 2007 June 1, 2006 to August 31, 2006

Contract Number: RET-DP-PY'06-10-00

Contract Amount: \$290,000

Contract Period: October 1, 2006 to September 30, 2007

Contract Staff: Madalyn Uptgrow, Contracts Administrator

Monitoring Staff: Sulin Liu, Contracts Compliance Monitor
Fernando Odio, Contracts Compliance Monitor
Dulce Quiñones, Contracts Compliance Supervisor

Prior Audit Dates: Desk review 5/24/07 and Administrative monitoring follow-up 6/12/2006

Type of Agency: Non-profit

I. EXECUTIVE SUMMARY

The Office of Continuous Improvement (OCI) has performed an administrative monitoring review of SER-Jobs for Progress, Inc. (SER or Contractor). During the review, the following deficiencies were identified as summarized below:

- SER was found in breach of contract as indicated in Article II, Section E, and Items 2, 5, 6, 9, 10 and 13 of the aforementioned contracts. SER ineffectively or improperly used South Florida Workforce Investment Board (SFWIB) funds, failed to submit or submitted incorrect or incomplete proof of expenditures to support disbursement requests, failed to submit or submitted incomplete or incorrect detailed reports of expenditures, did not submit or submitted incomplete or incorrect required reports, attempted to meet Contractor's obligations through misrepresentation and material misstatement and failed to correct deficiencies noted during prior monitorings. OCI noted a pattern where SER consistently submitted incorrect data on budgets presented; submitted requests for reimbursement for line items not budgeted, prior year expenditures and continued to include unallowable costs in the reimbursement packages.

- A total of \$29,480.63 reimbursed by SFWIB has been identified as disallowed costs; and \$1,004.42 is identified as unallowable costs. Disallowances resulted from finance costs of insurance premiums, sales taxes, late fees, prior year expenses, SAMS system security violations, misstatement and overstatement of time study report, submitted employees allocated to the incorrect program, improper allocation of prepaid insurance costs, and misstatement of local travel expenditure.
- SER appears to be in a state of financial emergency. Since the last monitoring SER has operated in a deficit. As of 3/31/07, its working capital was **negative \$101,556**; the current ratio has declined to 1:0.94, (a ratio less than one indicates difficulty in meeting obligations) and the debt to equity ratio increased 1.89 percent from 6/30/06. The independent audit report as of 6/30/06 indicated SER paid \$20,713 in interest expenses. SER has a \$500,000 unsecured line of credit that expires on August 23, 2007, bearing an interest rate of prime plus 2%. The outstanding balance as of June 30, 2006 was \$139,200.00 and as of March 31, 2007 \$448,400.00.
- The Cost Allocation Plan (CAP) submitted to SFWIB did not include all programs operated by the agency. The CAP was found to be deficient and not in compliance with requirements. It did not indicate corresponding funding streams, justification to selected allocation methods, frequency of updating data regarding program and administrative expenditures, and was not properly documented in compliance with Article IV, Section G of the executed contracts and the Final Guidance on Cost Allocation Plans issued by Agency of Workforce Innovation (AWI).
- The budget process was found to be fragmented, incoherent and consistently included over allocations. Deficiencies were noted in the overall preparation of the budgets. SER misrepresented facts to SFWIB by budgeting an employee who performed both administration and program duties (54 percent versus 46 percent) in program year 2006-2007 solely as programmatic costs, by over allocating employees' salaries, by inconsistently presenting annual salaries of employees in different program budgets, and by presenting inconsistent annual expenses estimates in different program budgets. The approved budgets contained errors in the annual salary percent allocation of full time equivalent (FTE) employees. Because of the incorrect salary percent allocation, fringe benefits were consequently overstated by \$22,415.10.
- Budget variance reports for various programs were not system generated; instead they were maintained in an Excel spreadsheet. The agency-wide budget figures were inaccurate.
- Internal controls regarding financial reporting, checks and balances and specifically, the accounts payable cycle were found to be weak, ineffective and inadequate; therefore, the reliability of the financial reports could be questionable. **Several deficiencies noted were repeat findings.** Blank checks were not properly controlled. Invoices were not entered into the accounting system in a timely manner; invoices were not paid based on originals, were not consistently approved by supervisory personnel and were not consistently stamped "paid" to avoid duplicate payments. Payments, including employees' insurance coverage premium, were consistently remitted to vendors late. **This is a repeat finding.**
- SER did not consistently record unallowable costs to its established unallowable cost expense account as required, not in compliance with requirements outlined in OMB Circular A-122. This deficiency was also noted by the external auditors. **This is a repeat finding.**

- OCI noted inappropriate accounting treatment of capital leases; improper adjustments processed regarding prior year's revenue receivable, general ledger postings, and voided checks not identified in the accounting system. SER did not submit the accounts receivable aging report as requested by OCI.
- A pattern was noted whereas prior years' expenses, mostly for support services rendered during 2004 to 2006, were reversed upon receipt of SFWIB's reimbursement. Support services checks were repeatedly voided then replaced, including one (1) check that had already been disallowed by OCI during the fiscal monitoring of program year 2004-2005. These reimbursements totaling \$1,678.00 are being disallowed.
- The bank reconciliations for the operating account included an outstanding check for \$15,000 in three (3) consecutive months, as a reconciling item. Management indicated the amount in question was a pending payment for a software purchased in the year 2000; however, management declined to provide supporting documentation to evidence the transaction. Bank reconciliations were still being prepared manually. Journal entries were vague and lacked details.
- SER failed to adhere to the procurement requirements as stated in Article IV, Section D of the aforesaid contracts regarding equipment lease transactions. The lease contracts submitted for review to OCI were signed by various staff members other than the President or a Board of Directors member, without evidence of authorization.
- **Repeat findings** were also noted as follows: overstatement of travel mileage, incomplete personnel files, background checks not done, and inaccurate timesheets. One (1) employee was found to have two sets of timesheets showing two different programs' allocations for the same pay period.
- Inventory records were inaccurate and outdated not in compliance with requirements.
- SER did not have written policies regarding access to public records, record retention or protocols for safeguarding computer-based documents and records.
- The external auditors cited significant deficiencies relating to general computer and financial application controls.

This summary is intended to provide a brief overview of the findings contained in the report. It is not intended to be all-inclusive or explanatory of the conditions giving rise to our conclusions. The full report should be considered in developing a comprehensive understanding of the conditions described herein.



Office of Continuous Improvement
Administrative Monitoring

UNIDAD of Miami Beach, Inc.
November 29, 2007

Contract Number:	WS-CC-PY'06-06-01	Contract Number:	WS-YS-ISY-PY'06-05-02
Contract Amount:	\$1,149,955	Contract Amount:	\$569,500
Contract Period:	July 1, 2006 to June 30, 2007	Contract Period:	July 1, 2006 to June 30, 2007
Contract Number:	RET-DP-PY'06-11-01		
Contract Amount:	\$125,835		
Contract Period:	October 1, 2006 to September 30, 2007		
Contract Staff:	Madalyn Uptgrow, Contracts Administrator		
Monitoring Staff:	Frances González-Lago, Contracts Compliance Monitor Dulce Quiñones, Contracts Compliance Supervisor		
Prior Audit Dates:	Desk Review 4/4/07 and Administrative Monitoring 1/30/06		
Type of Agency:	Non-profit		

I. EXECUTIVE SUMMARY

The Office of Continuous Improvement (OCI) has performed an administrative monitoring review of UNIDAD of Miami Beach, Inc. (UNIDAD or Contractor). During the review, the following deficiencies were identified as summarized below:

- UNIDAD's Chief Financial Officer (CFO) left the agency in July 2006. A CFO was subsequently hired, yet was terminated after two months of employment. As a result, there was an overall lack of controls and supervision in the accounting department until February 2007 when a consultant was contracted to perform CFO duties.
- OCI identified disallowed costs totaling \$14,097.56, which included unallowable costs of \$222.63. The total that must be returned to South Florida Workforce Investment Board (SFWIB) with the reply to this report is **\$13,707.02**; this amount includes \$11,423.28 in administrative employees' salaries and fringe benefits allocated incorrectly to program costs in the Career Center and In-School Youth program budgets, duplicate costs submitted for reimbursement, expenditures not adequately documented, late fees, and sales taxes. Refer to **Exhibits A** and A-1 for details.
- There was no system in place to consistently identify, record, and track unallowable costs; late fees, sales taxes, and finance charges were not consistently recorded as unallowable costs and were submitted for reimbursement to SFWIB. **This is a repeat finding.**
- The budget preparation and review process appears to be inadequate given the significant variances noted between budgeted and actual expense amounts. There was no system in place to effectively monitor budget variances. **This is a repeat finding.** There were inconsistencies in salaries, position titles, percent

allocations, and annual costs for expense line items between the Career Center, In-School Youth, and Refugee budgets. The budget narratives did not indicate car allowance was included in total budgeted salaries for administrative employees.

- The cost allocation plan did not encompass methodologies used to allocate administrative expenses. There were no audit trails to indicate how the amounts processed to the general ledger were determined.
- The process for the preparation of reimbursement packages was found to be ineffective, inadequate, and in need of improvement; duplicate expenses were identified totaling \$1,215.86 during the sampled months reviewed and incorrectly reimbursed by SFWIB. UNIDAD submitted expenditures for reimbursement for line items that were not in the approved budget and line items without funds left in the budget.
- OCI noted weaknesses within the accounts payable cycle. Original invoices did not indicate approval for payments by supervisory personnel and were not consistently stamped “paid” as to avoid possible duplicate payment. **This is a repeat finding.** Liabilities were not recorded in the accounting system upon receipt. Invoices were being remitted to vendors late, consequently incurring late fees which are unallowable costs. Expenditures were allocated to the incorrect program or expense category.
- Bank reconciliations were not being done monthly. Two bank accounts have not been reconciled since October 2006. As a result, the actual cash position of the agency as shown in the balance sheet was not accurate.
- A review process was not in place to review transactions posted to general ledger accounts; specifically, accounts receivables, prepaid expenses and fixed assets. Also, there were no checks and balances in place for accountability of checks prepared by CompuPay, the payroll processing company.
- Internal controls related to credit card transactions were found to be weak and ineffective. Credit card transactions included unallowable costs, and supporting documentation was missing for sampled transactions. The purpose of expenditures was not consistently being documented.
- The agency did not adhere to procurement requirements indicated in the executed contract. Equipment expenditure was purchased by UNIDAD instead of SFWIB and was submitted to SFWIB for reimbursement as office supplies. The existing procurement policies and procedures did not reflect requirements set forth in the executed contracts. Purchase orders were not consistently prepared, where applicable.
- There were inconsistencies between program allocations shown on the employees’ time sheets, their actual duties, and the amounts allocated and processed to the general ledger.
- A quality control process was not in place to ensure the completeness, update, and timely follow up, where applicable, of personnel files.
- Although the agency’s policies and procedures regarding Nepotism, Access to Public Records, Records Retention, Data Backup, Credit Cards, and Fixed Assets policies were formulated as required by prior monitoring corrective action plan, they had not yet been approved by the Board of Directors.

This summary is intended to provide a brief overview of the findings contained in the report. It is not intended to be all-inclusive or explanatory of the conditions giving rise to our conclusions. The full report should be considered in developing a comprehensive understanding of the conditions described herein.



**Office of Continuous Improvement
Administrative Monitoring
Youth Co-Op, Inc.
November 29, 2007**

Contract Number: WS-CC-PY'06-07-00
(Career Centers: Little Havana, Perrine, West Dade, and Monroe)

Contract Amount: \$6,139,445

Contract Period: July 1, 2006 to June 30, 2007

Contract Numbers:	WS-YS-ISY-PY'06-06-00 (Dade and Monroe)	WS-YS-OSY-PY'06-06-00 (Dade and Monroe)
Contracts Amount:	\$685,391	\$974,319
Contracts Period:	July 1, 2006 to June 30, 2007	July 1, 2006 to June 30, 2007

Contract Numbers:	RET-DP-PY'06-12-00	WDS-NEG-PY'05-13-02
Contracts Amount:	\$2,312,654	\$220,000
Contracts Period:	October 1, 2006 to September 30, 2007	November 7, 2005 to December 31, 2006

Contract Staff: Madalyn Uptgrow, Contracts Administrator

Monitoring Staff: Sulin Liu and Fernando Odio, Contracts Compliance Monitors
Dulce Quiñones, Contracts Compliance Supervisor

Prior Audit Dates: Desk Review 11/27/2006 and Administrative Monitoring 12/20/2005

Type of Agency: Non-profit

I. EXECUTIVE SUMMARY

The Office of Continuous Improvement (OCI) has performed an administrative monitoring review of Youth Co-Op, Inc. (Youth Co-Op or Contractor). During the review, the following deficiencies were identified as summarized below:

- OCI noted weaknesses within the accounts payable cycle, financial reporting and overall lack of adequate supervision. Liabilities were not recorded in the accounting system upon receipt. Invoices were being remitted late to vendors. Original invoices did not consistently document approval for payment and stamped "paid" to avoid possible duplicate payments. Due to inadequate supporting documentation and prior year expenditures recorded as current year, the amount of \$906.85 has been disallowed and must be returned to South Florida Workforce Investment Board (SFWIB). Refer to **Exhibit A**, attached hereto and incorporated herein by reference, for details.

The Cost Allocation Plan (CAP) was not updated to reflect material changes to the allocation methodology as a result of the termination of resources sharing and operating newly contracted Monroe County programs. The CAP submitted to SFWIB did not include justification in the allocation method regarding shared costs of cell phones and printing costs.

- The October 2006 invoice packages for the Career Centers, Youth and NEG programs were not submitted for reimbursement to SFWIB by the required due date; consequently, Youth Co-Op incurred \$29,395.79 in late fees, which were reduced from the reimbursement amounts requested, by the SFWIB Finance Unit.
- OCI identified sale taxes paid for \$53.74 through credit card transactions that were not recorded as unallowable costs. In addition, Youth Co-Op incurred overdraft and uncollected funds fees for \$1,988 and \$206, respectively, which were recorded as bank charges instead of unallowable costs. It appears the current system to identify and record unallowable cost is not effective. It should be noted these expenditures were not allocated to SFWIB programs. **This is a repeat finding.**
- An unallowable cost account was incorrectly classified in the accounting system as a contra-revenue account instead of an expense account.
- There was no documented evidence to indicate management performed monthly reviews of financial and management reports. **This is a repeat finding.** As of 10/31/06, the trial balance indicated an out of balance condition in the amount of \$49,246.14. Additionally, a discrepancy of \$2,397.25 was noted between the agency-wide aged receivable schedule and the balance sheet.
- Adjustments reflected on the bank reconciliations were not adequately documented. This deficiency was also noted by the external auditors.
- Deficiencies for processing local travel expenditures were noted. Weaknesses identified included inconsistency in documenting approval for payments and lack of details on the travel reimbursement vouchers, such as origin, purpose and claiming mileage from the employee's home address. **This is a repeat finding.**
- A quality control process was not in place to ensure the completeness and update of personnel files.
- Timesheets were not consistently signed by the immediate supervisors. Instances of discrepancies between timesheets and payroll registers data for employee leave time were noted. **This is a repeat finding.**
- Related party transactions were not disclosed in the Self Assessment Tool submitted to SFWIB on 7/27/2005. The information was disclosed on the Tool subsequently submitted on 10/10/2006. Further, there was no documented evidence the vendor was selected through a competitive selection process in accordance to the agency's policies and procedures and contractual requirements.
- The agency's policies and procedures were found to be outdated. Youth Co-Op did not have a policy addressing access to public records.

This summary is intended to provide a brief overview of the findings contained in the report. It is not intended to be all-inclusive or explanatory of the conditions giving rise to our conclusions. The full report should be considered in developing a comprehensive understanding of the conditions described herein.