

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**

Cape Girardeau, Missouri

=====

June 30, 2022

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**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI
Cape Girardeau, Missouri**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors Workforce Development Board of Southeast Missouri Cape Girardeau, Missouri

Qualified Opinion

We have audited the accompanying financial statements of Workforce Development Board of Southeast Missouri (the "Organization"), which comprise the statement of financial position – regulatory basis as of June 30, 2022, and the related statement of activities – regulatory basis, functional expenses – regulatory basis and cash flows – regulatory basis for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of Workforce Development Board of Southeast Missouri as of June 30, 2022, and the respective changes in the regulatory basis net assets and cash flows for the year then ended in accordance with the financial reporting practices prescribed or permitted by the Missouri Department of Economic Development (Division of Workforce Development) as described in Note 1.

Basis for Qualified Opinion

We did not obtain sufficient appropriate audit evidence regarding the reporting and allocation of expenses by program and the resulting program receivables and deferred revenue because of the lack of reconciliation procedures exercised over the reporting and allocation of expenses by program. We were unable to obtain sufficient appropriate audit evidence about the reporting and allocation of expenses by program and the resulting program receivables and deferred revenue by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1, these financial statements were prepared in conformity with the financial reporting practices prescribed or permitted by the Missouri Department of Economic Development (Division of Workforce Development), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Missouri Department of Economic Development (Division of Workforce Development). Our opinion is not modified with respect to that matter.

INDEPENDENT AUDITOR'S REPORT
Workforce Development Board
of Southeast Missouri

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting practices prescribed or permitted by the Missouri Department of Economic Development (Division of Workforce Development), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the financial reporting practices prescribed or permitted by the Missouri Department of Economic Development (Division of Workforce Development) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with the financial reporting practices prescribed or permitted by the Missouri Department of Economic Development (Division of Workforce Development), we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT
Workforce Development Board
of Southeast Missouri

Supplementary Information

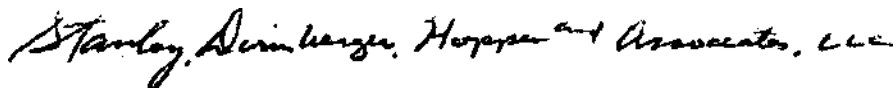
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Restriction of Use

This report is intended solely for the information and use of the Board of Directors and management of Workforce Development Board of Southeast Missouri, the Missouri Department of Economic Development (Division of Workforce Development), and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.



STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC
Certified Public Accountants

Cape Girardeau, Missouri
December 28, 2023

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

STATEMENT OF FINANCIAL POSITION - REGULATORY BASIS

JUNE 30, 2022

ASSETS:

| | |
|---------------------|-----------------------|
| Cash | \$ 68,065 |
| Accounts Receivable | 110,874 |
| Deposits | <u>1,350</u> |
| TOTAL | <u>\$ 180,289</u> |

LIABILITIES AND NET ASSETS:

Liabilities:

| | |
|----------------------|-------------------|
| Accounts Payable | \$ 109,133 |
| Accrued Expenses | 22,422 |
| Compensated Absences | 25,327 |
| Unearned Revenue | <u>9,714</u> |
| Total Liabilities | <u>\$ 166,596</u> |

Net Assets:

| | |
|----------------------------|------------------|
| Without Donor Restrictions | \$ 13,693 |
| With Donor Restrictions | <u>-</u> |
| Total Net Assets | <u>\$ 13,693</u> |

| | |
|-------|-------------------|
| TOTAL | <u>\$ 180,289</u> |
|-------|-------------------|

The accompanying notes are an integral part of these financial statements.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

STATEMENT OF ACTIVITIES - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2022

REVENUES:

| | |
|------------------------------|---------------------|
| Federal Grants and Contracts | \$ 2,507,053 |
| Interest and Other Revenue | <u>3,227</u> |
| Total Revenues | <u>\$ 2,510,280</u> |

EXPENSES:

| | |
|-------------------------|---------------------|
| Administrative Services | \$ 92,766 |
| Program Services | <u>2,429,820</u> |
| Total Expenses | <u>\$ 2,522,586</u> |

CHANGE IN NET ASSETS \$ (12,306)

NET ASSETS, BEGINNING OF YEAR 25,999

NET ASSETS, END OF YEAR \$ 13,693

The accompanying notes are an intergral part of these financial statements.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

STATEMENT OF FUNCTIONAL EXPENSES - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Program Services</u> | | | | <u>Total Programs</u> | <u>Administrative</u> | |
|---------------------------------|-------------------------|--------------------------|-------------------|-------------------|-----------------------|-------------------------------|---------------------|
| | <u>Adult</u> | <u>Dislocated Worker</u> | <u>Youth</u> | <u>Other</u> | | <u>Management and General</u> | <u>Total</u> |
| Expenses: | | | | | | | |
| Personnel Expenses: | | | | | | | |
| Wages and Payroll Taxes | \$ 290,485 | \$ 308,417 | \$ 320,615 | \$ 144,653 | \$ 1,064,170 | 40,628 | \$ 1,104,798 |
| Employee Benefits | 33,143 | 35,189 | 36,580 | 16,504 | 121,416 | 4,635 | 126,051 |
| Other Expenses: | | | | | | | |
| Administrative Expenses | 6,631 | 7,041 | 7,319 | 3,302 | 24,293 | 927 | 25,220 |
| Dues and Memberships | 1,003 | 1,065 | 1,107 | 500 | 3,675 | 140 | 3,815 |
| Insurance Expenses | 12,602 | 13,381 | 13,910 | 6,276 | 46,169 | 1,763 | 47,932 |
| Job Center Staffing | 1,000 | 1,061 | 1,103 | 498 | 3,662 | 140 | 3,802 |
| Miscellaneous Expenses | 5,400 | 5,733 | 5,960 | 2,689 | 19,782 | 755 | 20,537 |
| Office Expenses | 37 | 39 | 41 | 19 | 136 | 5 | 141 |
| Participant Tuition and Support | 256,517 | 272,353 | 283,124 | 127,738 | 939,732 | 35,877 | 975,609 |
| Professional Fees | 334 | 354 | 368 | 166 | 1,222 | 47 | 1,269 |
| Rent Expense | 13,095 | 13,903 | 14,453 | 6,521 | 47,972 | 1,832 | 49,804 |
| Repairs and Maintenance | 6,338 | 6,730 | 6,996 | 3,156 | 23,220 | 887 | 24,107 |
| Supplies and Equipment | 14,465 | 15,358 | 15,966 | 7,203 | 52,992 | 2,023 | 55,015 |
| Telephone and Internet | 6,103 | 6,479 | 6,736 | 3,039 | 22,357 | 854 | 23,211 |
| Travel and Meetings | 11,804 | 12,533 | 13,029 | 5,878 | 43,244 | 1,651 | 44,895 |
| Utilities | 4,307 | 4,573 | 4,753 | 2,145 | 15,778 | 602 | 16,380 |
| Total Expenses | \$ 663,264 | \$ 704,209 | \$ 732,060 | \$ 330,287 | \$ 2,429,820 | \$ 92,766 | \$ 2,522,586 |

The accompanying notes are an integral part of these financial statements.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

STATEMENT OF CASH FLOWS - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2022

OPERATING ACTIVITIES:

| | |
|--|-------------------------|
| Change in Net Assets | \$ (12,306) |
| Adjustments to Reconcile Change in Net Assets to Net Cash (Used by) Operating Activities: | |
| Accounts Receivable, (increase) | (47,842) |
| Deposits, decrease | 3,900 |
| Accounts Payable and Accrued Expenses, increase | 26,023 |
| Compensated Absences, (decrease) | (7,299) |
| Unearned Revenue, increase | <u>127</u> |
| Net Cash (Used by) Operating Activities | \$ (37,397) |
| Cash - Beginning of Year | <u>105,462</u> |
| Cash - End of Year | <u><u>\$ 68,065</u></u> |

The accompanying notes are an integral part of these financial statements.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Workforce Development Board of Southeast Missouri (the “Organization”) was incorporated in 2000 under Revised Missouri Statutes Chapter 355, which is the General Not for Profit Corporation Law. The purpose of the Organization is to provide services to develop, establish, and maintain a skilled, diverse, motivated, and adaptable workforce.

The Organization has a jurisdiction of 13 Southeast Missouri counties for administering Workforce Innovation and Opportunity Act programs. The Organization has on its Board of Directors 26 individuals from those 13 counties, all of which are appointed by the Chief Elected Official and certified by the Governor. These members are appointed from the business sector. The counties comprising the Organization’s jurisdiction include Bollinger, Cape Girardeau, Dunklin, Iron, Madison, Mississippi, New Madrid, Pemiscot, Perry, St. Francois, Ste. Genevieve, Scott, and Stoddard. The Board of Directors is also comprised of 6 Workforce Partner members and 6 Worker Representatives.

Basis of Accounting and Presentation – The financial statements are prepared under the accrual basis of accounting in accordance with the accounting practices prescribed by its funding sources, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accounting practices of the Organization are designed to account for activity in compliance with the terms of the grant agreements, budgets approved by funding sources, and funding sources’ prescribed cost principles. Programs that are ending are extended 90 days for the Organization to report and reconcile all expenses.

The cost of equipment purchased by subcontractors with grant funds or directly by the Organization with grant funds is charged to expense in the period of purchase rather than being depreciated over their useful life. The equipment acquired is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the equipment purchased with grant funds. The disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

The Organization also records certain prepaid expenses and any subsequent adjustments to those expenses (such as workers comp insurance and related audits) in the year paid even though they may extend beyond the current year ending June 30. These payments are recorded in this manner to coincide with the grant reporting which provides funding upon payment and incurrence of a contractual obligation by the Organization.

Budgets – Contract length budgets are adopted for each individual contract. Budget categories are established to provide compliance with cost guidelines of the WIOA.

Cash – Cash includes all monies in banks and highly liquid investments with a maturity of less than three months. The Organization maintains one checking account, a money market account, and various other business checking accounts associated with specific programs.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenues, Accounts Receivable and Deferred Revenue – Under the regulatory basis of accounting, revenues are recognized when earned. For job development contracts, revenues are considered earned when the related expenditure is incurred. Receivables have been recorded for revenue earned but not yet received. Revenue received in advance is deferred as unearned revenue until a corresponding expense is incurred.

Expenses – Certain administrative expenses of the Organization are allocated to programs based on the number of active participants of a program in relation to the total number of active participants served. For purposes of classification, all expenses incurred by subcontractors and reimbursed by the Organization, regardless of functionality, are considered program services.

Net Assets – The Organization is required to report information regarding its financial position and activities according to two classes of net assets depending upon the existence or nature of any imposed restrictions: without donor restriction and with donor restrictions. The classification of net assets with donor restrictions includes grant awards when the funds are restricted to specific programs as defined in the awards.

Income Taxes – Workforce Development Board of Southeast Missouri was incorporated under the laws of the State of Missouri as a not-for-profit organization. It has applied to the Internal Revenue Service and has received initial approval that it is exempt from taxes under Internal Revenue Code Section 501(c)(3). The Organization is required to file federal Form 990, "Return of Organization Exempt from Income Tax". The tax returns of the Organization are subject to examination by the respective taxing authorities, generally for three years after they are filed. The returns for the years ended after and including June 30, 2020 are still considered open years subject to possible examination.

Use of Estimates – The preparation of financial statements prepared in conformity with the accounting practices prescribed by its funding sources, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent Events – The Organization has evaluated the existence of subsequent events through December 28, 2023, which represents the date the financial statements were available to be issued.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet expenses over a 12-month period, the Organization factors in all expenses directly related to its ongoing mission as well as the services undertaken to support the mission. The Organization anticipates collecting sufficient revenue to cover expenses. Refer to the statement of cash flows – regulatory basis which identifies the sources and uses of the cash. As of June 30, 2022, the following financial assets could readily be available within one year of the statement of financial position date for operational needs:

| | |
|------------------------------|-------------------|
| Cash and Cash Equivalents | \$ 68,065 |
| Accounts Receivable | <u>110,874</u> |
| Financial Assets at Year End | \$ <u>178,939</u> |

3. CASH

The Organization maintains their cash balance in one financial institution. Grant agreements require that all deposits with financial institutions be collateralized in an amount at least equal to the uninsured deposits. At June 30, 2022, the Organization's deposits were fully insured by FDIC insurance and pledged securities.

4. COMPENSATED ABSENCES

Vested or accumulated vacation leave that is expected to be liquidated with available resources is reported as a liability. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. The estimated liability for accrued vacation as of June 30, 2022 was \$25,327.

5. PENSION PLAN

The Organization provides a defined contribution retirement plan (the "Plan") for employees of the Organization. The Plan is administered through the Principal Mutual Life Insurance Company. The Organization is required to contribute an amount equal to 3% of employee's wages. Plan provision and contribution requirements are established and may be amended by the Board of Directors of the Organization. Employer contributions for the fiscal year ended June 30, 2022 was \$15,412.

6. FUNCTIONAL EXPENSES

The Organization classifies all expense reimbursements to subcontractors as program expenses. Expenses incurred in support of the career centers are also recorded as program expenses. The Organization does not engage in a significant amount of fundraising activities.

In addition to the subcontractor expense reimbursements and career center expenses, the Organization does directly incur program and administrative expenses. For the year ended June 30, 2022, the allocation of these direct expenses are allocated by program and administrative as a function of the program revenue received with an adjustment for identified administrative expenses funded by specific program revenues.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

7. COMMITMENTS AND CONTINGENCIES

The Organization receives the majority of its revenue from Workforce Innovation and Opportunities Act grants administered by the State of Missouri Division of Workforce Development Board. As of and for the year ended June 30, 2022, approximately 76% of Organization revenues were from Workforce Innovation and Opportunities Act grants. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of expected funds for the next fiscal year.

State and federal grants require the fulfillment of certain conditions as set forth in the instrument of the grants. Failure to fulfill the conditions could result in the requirement that certain funds be returned to the grantors. Management deems this contingency remote, however, since by accepting the grants and their terms, it has accommodated the objective of the Organization to the provisions of the grants.

The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Organization maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Organization.

8. LEASE COMMITMENTS

The Organization is committed under a lease agreement for building and office space. The lease is considered month to month. The Organization also pays rent for each of their three (3) regional career centers. These agreements are also generally month to month. Total rent expense for the year ended June 30, 2022 was \$49,804.

9. SUBSEQUENT EVENTS

Effective October 1, 2022, the Organization has determined it beneficial to contract the operational portion of all programs with a subcontractor. The Organization will provide oversight responsibilities for all grant funds that are passed-thru to the subcontractor.

FEDERAL COMPLIANCE SECTION

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

| Federal Grantor Pass - Through Grantor Program Title | Grant or Contract Number | Federal CFDA Number | Expenditures | Subrecipient Expenditures |
|--|--------------------------------|---------------------------|---------------------|------------------------------|
| U.S. Department of Labor: | | | | |
| Passed - Through Missouri Division of Workforce Development: | | | | |
| Workforce Innovation and Opportunity Act (WIOA) Cluster: | | | | |
| WIOA Adult Programs: | | | | |
| FY '21 WIOA Title I-B Adult | 10-11-11-20 | 17.258 | \$ 113,446 | \$ - |
| FY '22 WIOA Title I-B Adult | 10-11-11-21 | 17.258 | 472,989 | - |
| PY '21 WIOA Title I-B Adult | 10-11-11-21 | 17.258 | 109,639 | - |
| | | | <u>\$ 696,074</u> | <u>\$ -</u> |
| WIOA Youth Programs: | | | | |
| PY '20 WIOA Title I-B Youth | 10-11-11-20 | 17.259 | \$ 342,312 | \$ - |
| PY '21 WIOA Title I-B Youth | 10-11-11-21 | 17.259 | 380,000 | - |
| PY '21 WIOA Title I-B Youth - EO | 10-11-11-21 | 17.259 | 16,592 | - |
| | | | <u>\$ 738,904</u> | <u>\$ -</u> |
| WIOA Dislocated Worker Formula Grants: | | | | |
| FY '21 WIOA Title I-B Dislocated Worker | 10-11-11-20 | 17.278 | \$ 203,257 | \$ - |
| FY '22 WIOA Title I-B Dislocated Worker | 10-11-11-21 | 17.278 | 295,000 | - |
| PY '21 WIOA Title I-B Dislocated Worker | 10-11-11-21 | 17.278 | 106,970 | - |
| | | | <u>\$ 605,227</u> | <u>\$ -</u> |
| Subtotal for the Workforce Innovation and Opportunity Act (WIOA) Cluster: | | | <u>\$ 2,040,205</u> | <u>\$ -</u> |
| Passed - Through Missouri Division of Workforce Development | | | | |
| WIOA National Dislocated Worker Grant / WIA National Emergency Grant - SEMO Works Together | 10-11-11-19 | 17.277 | \$ 20,650 | \$ - |
| WIOA National Dislocated Worker Grant / WIA National Emergency Grant - Central MO Works Together | 10-11-11-19 | 17.277 | 689 | - |
| WIOA National Dislocated Worker Grant / WIA National Emergency Grant - COVID - PY '20 | 10-11-11-20 | 17.277 | 66,321 | - |
| WIOA National Dislocated Worker Grant / WIA National Emergency Grant - Missouri Apprentice Ready - FY '21 | 10-11-11-21 | 17.277 | 36,018 | - |
| | | | <u>\$ 123,678</u> | <u>\$ -</u> |
| Total U.S. Department of Labor | | | <u>\$ 2,163,883</u> | <u>\$ -</u> |

Continued

The accompanying notes are an integral part of this statement.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

| Federal Grantor Pass - Through Grantor Program Title | Grant or Contract Number | Federal CFDA Number | Expenditures | Subrecipient Expenditures |
|---|--------------------------------|---------------------------|----------------------------|------------------------------|
| U.S. Department of Health and Human Services | | | | |
| Passed - Through Missouri Department of Social Services: | | | | |
| Temporary Assistance for Needy Families - Summer Jobs - FY '22 | 20380042 | 93.558 | \$ 70,818 | \$ - |
| Temporary Assistance for Needy Families - Skill Up - FY '22 | 20380042 | 93.558 | 221,500 | - |
| Total U.S. Department of Health and Human Services | | | <u>\$ 292,318</u> | <u>\$ -</u> |
| U.S. Department of Education | | | | |
| Passed - Through Missouri Department of Social Services: | | | | |
| Rehabilitation Services Vocational Rehabilitation Grants to States | | 84.126 | \$ 359 | \$ - |
| Total U.S. Department of Education | | | <u>\$ 359</u> | <u>\$ -</u> |
| U.S. Department of Agriculture | | | | |
| Passed - Through Missouri Department of Social Services: | | | | |
| FY '22 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Skill Up | | 10.561 | \$ 50,492 | \$ - |
| Total U.S. Department of Agriculture | | | <u>\$ 50,492</u> | <u>\$ -</u> |
| Total Federal Expenditures | | | <u><u>\$ 2,507,052</u></u> | <u><u>\$ -</u></u> |

Concluded

The accompanying notes are an integral part of this statement.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Workforce Development Board of Southeast Missouri (the "Organization") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with the accounting practices prescribed by its funding sources, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cost of equipment purchased by subcontractors with grant funds or directly by the Organization with grants funds is charged to expense in the period of purchase. The Organization also records certain prepaid expenses and any subsequent adjustments to those expenses in the year paid, even though they may extend beyond the current year, to coincide with the grant reporting which provides funding upon payment and incurrence of a contractual obligation. Such expenditures are also recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS



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VICKI M. MCLEMORE
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors Workforce Development Board of Southeast Missouri Cape Girardeau, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Workforce Development Board of Southeast Missouri (the "Organization"), which comprise the statement of financial position – regulatory basis as of June 30, 2022, and the related statements of activities – regulatory basis, functional expenses – regulatory basis and cash flows – regulatory basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2023. In our report, as described in Note 1, the Organization prepares its financial statements in conformity with the financial reporting practices prescribed or permitted by the Missouri Department of Economic Development (Division of Workforce Development), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*
Workforce Development Board
of Southeast Missouri**

Report on Compliance and Other Matters

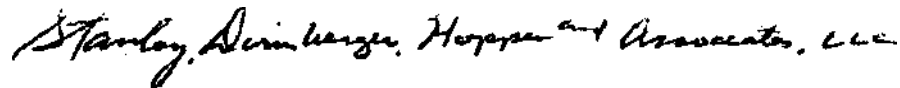
As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-02.

Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC
Certified Public Accountants**

Cape Girardeau, Missouri
December 28, 2023

STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Board of Directors
Workforce Development Board
of Southeast Missouri
Cape Girardeau, Missouri**

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Workforce Development Board of Southeast Missouri's (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the WIOA Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the WIOA Cluster for the year ended June 30, 2022.

Basis for Qualified Opinion on WIOA Cluster

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on the WIOA Cluster

As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with the requirements regarding the WIOA Cluster as described in finding number 2022-003 for Reporting. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
Workforce Development Board
of Southeast Missouri**

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT
Workforce Development Board
of Southeast Missouri

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

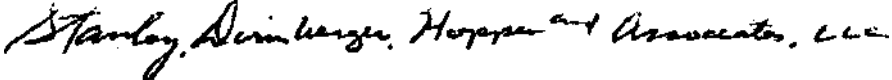
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC
Certified Public Accountants

Cape Girardeau, Missouri
December 28, 2023

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS:

| | |
|---|--------------------------|
| Type of auditors’ report issued: | Qualified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | <u> X </u> Yes ___ No |
| Significant deficiency(ies) identified? | ___ Yes <u> X </u> No |
| Noncompliance material to financial statements noted? | <u> X </u> Yes ___ No |

FEDERAL AWARDS:

| | |
|---|--------------------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | <u> X </u> Yes ___ No |
| Significant deficiency(ies) identified? | ___ Yes <u> X </u> No |
| Type of auditors’ report issued on compliance for major programs | Qualified |
| Any audit findings disclosed that are required to reported in accordance with 2 CFR section 200.516(a)? | ___ Yes <u> X </u> No |
| Identification of major programs: | |

| <u>CFDA Number</u> | <u>Name of Program (Cluster)</u> |
|--------------------|---------------------------------------|
| WIOA Cluster: | |
| 17.258 | WIOA Adult Programs |
| 17.259 | WIOA Youth Programs |
| 17.278 | WIOA Dislocated Worker Formula Grants |

| | |
|--|-----------------------|
| Dollar threshold used to distinguish between type A and type B programs? | \$ 750,000.00 |
| Auditee qualified as low-risk auditee? | ___ Yes <u> X </u> No |

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Internal Control over Financial Reporting:

Material Weakness:

Item 2022-001: Monthly Reconciliation Procedures

Condition: Unreconciled differences with general ledger accounts were again identified and a number of adjustments were required to correct the reporting of accounts. General ledger accounts during the year ended June 30 2022 were not being reconciled and reviewed in a timely manner.

Criteria: Proper internal controls require monthly reconciliation of general ledger accounts utilized by the Organization. Unreconciled differences should be resolved each month.

Effect: Because general ledger accounts, and specifically asset and liability accounts, were not being reconciled on a routine and timely basis, unreconciled differences were identified and required correction. The potential for inconsistencies and errors is increased without proper reconciliation procedures. The resulting lack of reconciliation procedures also contributed to the qualification of the opinion on the financial statements.

Recommendation: The Organization must implement processes and procedures to ensure general ledger accounts, and specifically asset and liability accounts, are reconciled monthly and in a timely manner. Unreconciled differences must be investigated and corrected in the month of reconciliation.

Views of Responsible Officials and Planned Corrective Actions: The Organization agrees with the finding. Unfortunate circumstances existed prior to the departure of two key employees within the Organization that significantly impacted the daily financial reporting and processing capabilities of the Organization. The Organization however, made a concerted effort to ensure that it met Federal program reporting compliance standards. Subsequent Federal program monitoring procedures for programs during the fiscal year ended June 30, 2022 were conducted with the Organization successfully passing. The Organization subsequently has changed their financial reporting and processing procedures that has improved the overall internal control over financial reporting and compliance. Additionally, effective October 1, 2022, the Organization became a 100% pass thru agent of all Federal programs and thereby significantly reducing the financial reporting and processing requirements.

Noncompliance Material to the Financial Statements:

Item 2022-002: Material Noncompliance:

Refer to the material weakness identified and discussed at item 2022-001. The lack of internal control over the reconciliation of general ledger accounts is a material noncompliance over financial reporting.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Department of Labor:

Internal Control over a Major Program

Item 2022-003: WIOA Cluster

Material Weakness: The Organization was not in compliance with the “Reporting” compliance requirement given the deficiency identified and discussed in finding 2022-001 regarding the Organization’s general ledger accounts not being reconciled and reviewed in a timely manner. Without proper control over the reconciliation of general ledger accounts, including the timeliness of such reconciliations, the control over allowable costs and the reporting of allowable costs could be compromised. The Organization must improve procedures to ensure monthly reconciliation of general ledger accounts are being performed and done so in a timely manner.

The extent, if any, of questioned costs is not determinable.

Refer to finding 2022-001 for the views of responsible officials and planned corrective actions.

Internal Control over Compliance

Item 2022-004: Monthly Reconciliation Procedures

Material Weakness: As discussed in finding 2022-001, the Organization’s general ledger accounts were not being reconciled and reviewed in a timely manner. Unreconciled differences were identified and adjustments were required. Without proper control over the reconciliation of general ledger accounts, including the timeliness of such reconciliations, the control over allowable costs and the reporting of allowable costs could be compromised. The Organization must improve procedures to ensure monthly reconciliation of general ledger accounts are being performed and done so in a timely manner.

Refer to finding 2022-001 for the views of responsible officials and planned corrective actions.

**WORKFORCE DEVELOPMENT BOARD
OF SOUTHEAST MISSOURI**
Cape Girardeau, Missouri

**SCHEDULE OF RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENT FINDINGS

Significant Deficiencies:

2021-001: Monthly Reconciliation Procedures

Condition: Unreconciled differences with certain balance sheet accounts were identified and a number of adjustments were required to correct accounts. Additionally, it was noted that balance sheet accounts, other than cash accounts, were not being reconciled and reviewed in a timely manner.

Criteria: Proper internal controls require monthly reconciliation of all balance sheet accounts utilized by the Organization. Unreconciled differences should be resolved each month.

Recommendation: The Organization should implement processes and procedures to ensure all balance sheet accounts are reconciled monthly and in a timely manner. Unreconciled differences must be investigated and corrected in the month of reconciliation.

Current Status: Upgraded to a material weakness for the year ending June 30, 2022. See finding at 2022-001.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Department of Labor and U.S. Department of Health and Human Services:

Item 2021-002: Internal Control over Compliance

Significant Deficiency: As discussed in finding 2021-001, the Organization's balance sheet accounts, other than cash accounts, were not being reconciled and reviewed in a timely manner. Unreconciled differences were identified and adjustments were required. Without proper control over the reconciliation of all balance sheet accounts, including the timeliness of such reconciliations, the control over allowable costs and the reporting of allowable costs could be compromised. The Organization must improve procedures to ensure monthly reconciliation of all balance sheet accounts are being performed and done so in a timely manner.

Current Status: Upgraded to a material weakness for the year ending June 30, 2022. See finding at 2022-002.



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December 28, 2023

Stanley, Dirnberger, Hopper, and Associates, LLC
Certified Public Accountants
1441 N. Mount Auburn Road
Cape Girardeau, Missouri 63701

The Workforce Development Board of Southeast Missouri respectfully submits the following corrective action plan for the year ended June 30, 2022. The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Financial Statement Findings (Material Weakness):

Item 2022-001: Monthly Reconciliation Procedures

Condition: Unreconciled differences with general ledger accounts were again identified and a number of adjustments were required to correct the reporting of accounts. General ledger accounts during the year ended June 30 2022 were not being reconciled and reviewed in a timely manner.

Criteria: Proper internal controls require monthly reconciliation of general ledger accounts utilized by the Organization. Unreconciled differences should be resolved each month.

Effect: Because general ledger accounts, and specifically asset and liability accounts, were not being reconciled on a routine and timely basis, unreconciled differences were identified and required correction. The potential for inconsistencies and errors is increased without proper reconciliation procedures. The resulting lack of reconciliation procedures also contributed to the qualification of the opinion on the financial statements.

Recommendation: The Organization must implement processes and procedures to ensure general ledger accounts, and specifically asset and liability accounts, are reconciled monthly and in a timely manner. Unreconciled differences must be investigated and corrected in the month of reconciliation.

Views of Responsible Officials and Planned Corrective Actions: The Organization agrees with the finding. Unfortunate circumstances existed prior to the departure of two key employees within the Organization that significantly impacted the daily financial reporting and processing capabilities of the Organization. The Organization however, made a concerted effort to ensure that it met Federal program reporting compliance standards. Subsequent Federal program monitoring procedures for programs during the fiscal year ended June 30, 2022 were conducted with the Organization successfully passing. The Organization subsequently has changed their financial reporting and processing procedures that has improved the overall internal control over financial reporting and compliance. Additionally, effective October 1, 2022, the Organization became a 100% pass thru agent of all Federal programs and thereby significantly reducing the financial reporting and processing requirements.

Noncompliance Material to the Financial Statements:

Item 2022-002: Material Noncompliance:

Refer to the material weakness identified and discussed at item 2022-001. The lack of internal control over the reconciliation of general ledger accounts is a material noncompliance over financial reporting.

Federal Award Findings and Questioned Costs:

Internal Control over a Major

ProgramItem 2022-003: WIOA

Cluster

Material Weakness: The Organization was not in compliance with the “Reporting” compliance requirement given the deficiency identified and discussed in finding 2022-001 regarding the Organization’s general ledger accounts not being reconciled and reviewed in a timely manner. Without proper control over the reconciliation of general ledger accounts, including the timeliness of such reconciliations, the control over allowable costs and the reporting of allowable costs could be compromised. The Organization has improved procedures to ensure monthly reconciliation of general ledger accounts are performed and done so in a timely manner.

The extent, if any, of questioned costs is not determinable.

Refer to finding 2022-001 for the views of responsible officials and planned corrective actions.

Internal Control over Compliance

Item 2022-004: Monthly Reconciliation Procedures

Material Weakness: As discussed in finding 2022-001, the Organization’s general ledger accounts were not being reconciled and reviewed in a timely manner. Unreconciled differences were identified and adjustments were required. Without proper control over the reconciliation of general ledger accounts, including the timeliness of such reconciliations, the control over allowable costs and the reporting of allowable costs could be compromised. The Organization has improved procedures to ensure monthly reconciliation of general ledger accounts are performed and done so in a timely manner.

Refer to finding 2022-001 for the views of responsible officials and planned corrective actions.

Sincerely,

DocuSigned by:

C030154D7B584C3...
Gretchen Morse
President /COO