

FINANCE DEPARTMENT
CONTROLLER'S OFFICE
July 3, 2014

CITY OF OAKLAND

150 FRANK H. OGAWA PLAZA, SUITE 6353
OAKLAND, CALIFORNIA 94612



Ms. Gay Plair Cobb, CEO
Oakland Private Industry Council
1212 Broadway, S#300, Oakland, CA 94612

RE: **Fiscal Monitoring Report**

Dear Ms. Cobb:

This is to advise you of the result of our on-site fiscal monitoring of the Oakland Private Industry Council (OPIC) on June 6, 2014 in connection with its Department of Labor Workforce Investment Act (WIA) grant contract with the City of Oakland described below:

<u>Program</u>	<u>Period</u>	<u>Amount</u>
WIA – East Neighborhood	7/01/13 – 6/30/14	\$215,000
WIA – Comp. Career Center	7/01/13 – 6/30/14	\$1,945,000
WIA – Comp. Career Center (Carry Forward)	7/01/12 – 6/30/13	\$418,237

A fiscal monitoring is not an audit. It is less in scope, detail and objective. The following areas were covered by the review:

- Accounting system and procedures including internal control structure;
- Contract compliance;
- Compliance with Federal, State and Local laws and regulations;
- Test-check of selected records/documents relating to contract transactions;
- Accuracy of cost classification and allocation; and
- Adequacy of insurance coverage.

Review of financial statements submitted during the on-site monitoring, showed that OPIC maintains a set of books in accordance with generally accepted accounting principles. We tested paid reimbursement invoices for the month of April 2014 and determined that all costs claimed were adequately documented and properly authorized. Likewise, all OPIC reimbursement request were submitted directly to the WIB Program Staff that undertake the review of cost allowability, line items cost against approved line items budgets including documentary support and approval and then forward them to Finance Department that will determine funds availability based on approved grant contract and adequacy of supporting documents. Random review of payroll records including the supporting timesheets and approvals of some OPIC personnel was made to test the accuracy of amounts charged against the personnel line items cost in the approved budget of the grant contract funded by the various

WIA formula funding streams (adult, dislocated worker/rapid response and youth) disclosed no infraction to the terms of the agreement.

Federal and State payroll tax returns were filed and paid through March 31, 2014. General Liability and Worker's Compensation insurance are adequate and enforced through the end date of the contract.

The following finding/observation is noted during the site fiscal monitoring

Finding #1 : FY2013 Single Audit Findings.

OPIC's single audit report for the year ended June 30, 2013 pursuant to the provision of OMB Circular A-133 disclosed the following two audit findings that does not involved any question cost or non-compliance with the terms and conditions of their grant contracts funded by WIA funds.

2013-01 Financial Statement Findings:

Condition

- Schedule of impound account balances did not agree to the balance reported per trial balance.
- Grants receivable balances of two funds were either overstated or understated.
- Certain grant revenues were recorded in the wrong revenue accounts.

Auditor's Recommendation:

OPIC management adheres to the monthly and year end closing procedures to ensure that non standard journal entries are adequately researched, properly supported and timely reviewed. Management should also enhance the general ledger codes/accounts for which grants and expenditures can be clearly identifiable and attributable to the various revenue sources or programs.

Status at the time of monitoring:

- OPIC submitted their ITA quarterly trial balance (3/31/2014) report that tally with the tally with their quarterly schedule of ITA accounts.
- The errors cited above were immediately corrected and to avoid similar errors, the fiscal department created additional separate general account codes for each ITA funds (151 for Alameda County; 152 for Contra Costa County; and 153 for the City of Richmond).

2013-02 Non-Compliance on Matching Cost Provision on Measure Y Grant:

Condition

OPIC erroneously recorded grants receivable equal to 20% of the grant revenue representing the matching cost required under the Measure Y grant agreement.

Auditor's Recommendation:

OPIC should establishes procedures whereby provisions of Grant Agreement are reviewed to ensure compliance .

Status at the time of monitoring

OPIC Fiscal Department established a quarterly review process whereby new grant agreements is reviewed by the Accounting Manager, Contract Administrator and the Fiscal Director to ensure compliance of grant contract provisions.

Finding #2: Furniture, Equipment and Supplies Inventory Records

OPIC was unable to provide us with their furniture, equipment and supply inventory records contrary with OPIC's Accounting Manual on property/equipment policies and procedures and federal guidelines in the procurement/purchase of furniture, equipment and supplies that should be booked as fixed assets and reconcile to their general ledger. 29 CFR 95.35 provides the standards for supplies. Subrecipient must maintain sufficient records to determine the amount of unused supplies on hand at the termination of the award. The subrecipient must compensate the DOL for its share of the residual inventory if the inventory is \$5,000 or more in aggregate value upon termination or completion of the award and if the supplies are not needed for any other Federally sponsored programs or projects. Also, 29 CFR 95.34 provides the standards for equipment. The subrecipient must meet the following minimum management standards a) Equipment records must be maintained including the description, identification number, funding source, title holder and acquisition date. b) Physical inventory of the equipment must be taken and the results reconciled with the record at least once every two years. c) Control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the equipment and keep the equipment in good condition. Any loss, damage, or theft shall be investigated immediately.

Recommendation:

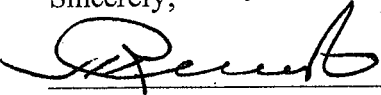
A physical inventory of all nonexpendable property should be conducted annually and reconciled to the fixed assets records and the general ledger to show that OPIC's furniture, equipment and supplies purchases benefits the project objectives pursuant to their grant guidelines. In response, OPIC's Fiscal Director plan to conduct an immediate physical inventory count of their furniture, equipment and supplies inventory and booked it accordingly.


We request that a written response to each findings listed above be submitted together with all supporting documentation within fifteen (15) days from the date of this report.

We want to thank Mr. Victor Chumbe and his staff for their cooperation and assistance during the review.

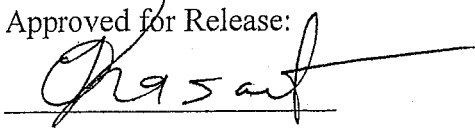
If you have any questions regarding this report, please call me at (510) 238-7495 or e-mail me at fkiocho@oaklandnet.com. Thank you.

Sincerely,


Felipe Kiocho, Accountant III


Andy Yang, Accountant II

Approved for Release:


Osborn Solitei, Controller

Cc: John Bailey, WIB-WIA Executive Director
Al Auletta, WIB-WIA Manager
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