

WCCNM YDI Service Provider Risk Assessment for WIOA Youth & CHANCES

General Assessment

(Yes responses indicate risk)

1. Is the entity new to operating or managing state and/or federal funds (has not done so within the past five years)?

Yes_____ No X_____ N/A_____

Comments: The MRCOG has provided oversight of the WCCNM WIOA Title (Adult/Dislocated Worker and Youth programs) since 2003.

2. Is this program new for the entity (*managed for less than three years*)?

Yes_____ No X_____ N/A_____

Comments:

3. Has there been high staff turnover or agency reorganization that affects this program?

Yes_____ No X_____ N/A_____

Comments:

4. Are the staff assigned to the program inexperienced with the program (*worked with the program for less than two funding cycles*)?

Yes_____ No X_____ N/A_____

Comments:

5. Has the entity been untimely in the submission of:

a. applications Yes_____ No X_____ N/A_____

b. amendments Yes_____ No X_____ N/A_____

c. fiscal reporting Yes_____ No X_____ N/A_____

d. draw downs Yes_____ No X_____ N/A_____

e. budgets/revisions Yes_____ No X_____ N/A_____

Comments:

6. Has the entity been timely in responding to program/fiscal questions?

Yes X_____ No_____ N/A_____

Comments:

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7. Is the program unusually complex (*e.g., program, funding, matching requirements*)?

Yes ___ No X ___ N/A ___

Comments: The WIOA Title I, One-Stop Operator and all program partners programs combined do create a complex system of constantly changing and evolving programs with each requiring USDOL and state regulatory oversight and compliance. The MRCOG has successfully managed the Central Region Workforce activities since 2003.

8. Have any other entities (program offices, auditors, staff employed by the entity, etc.) alerted us of potential risk areas?

Yes ___ No X ___ N/A ___

Comments: The WIOA Youth and CHANCES programs are both WIOA Title I programs. Youth Development, Inc. (YDI) is the subrecipient contractor for both WIOA Youth and the CHANCES grant.

The MRCOG AE is currently conducting the WIOA Youth monitoring and CHANCES grant monitoring for PY24. Monitoring activities to-date do not indicate any programmatic risks or deficiencies. The CHANCES grant monitoring was completed in May 2024 and no program risks were identified.

9. Does the entity have effective procedures and controls?

Yes X ___ No ___ N/A ___

Comments: WIOA Youth and CHANCES grant service providers develop and maintain all program procedures required to comply with USDOL and State regulatory requirements.

10. Other areas of general assessment risk (entity-specific)

Legal Assessment

(Yes responses indicate risk)

1. Does the agency/entity have or previously had a lawsuit(s) filed against them?

If yes, list all pending and/or previous lawsuits with detailed information regarding who filed the lawsuit, the reason for filing and the final judgment rendered.

Yes ___ No X ___ N/A ___

Comments:

2. Is agency/entity currently or previously been suspended or debarred?

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Yes ____ No X ____ N/A ____

If yes, explain. _____
(Attach additional sheet if needed).

Comments:

3. Have any organization staff been jailed, convicted of a felony or are currently under criminal investigation?

Yes ____ No X ____ N/A ____

Comments: The USDOL requires CHANCES Grant program to be staffed by individuals with lived justice involved experiences. As such the CHANCES case managers may have a history of incarceration and/or justice involvement. The WIOA Youth staff do not fall under this requirement.

4. Other areas of legal assessment risk (entity-specific)

Monitoring/Audit Assessment (Yes responses indicate risk)

1. Have more than last three funding cycles passed since the entity had an on-site monitoring visit?

Yes ____ No X ____ N/A ____

Comments:

2. Were there findings/violations in the prior visit?

Yes X ____ No ____ N/A ____

Comments: In 2023 YDI's accounting department converted to a new accounting system. In March 2024, the WCCNM Fiscal Agent received YDI's Independent Auditor's Report for 2022 and 2023. SJT Group performed the audit, which stated "In our opinion, YDI complied, in all material respects, with the types of compliance requirements referred to in the OMB Compliance Supplement that could have a direct material effect on its major Federal program for year ended June 2023". The MRCOG AE/FA is currently conducting YDI Youth program monitoring for PY24. To date, no findings or violations have been identified.

3. Has it been more than one year since the recipient received a single audit? (no single audit=higher risk)

Yes ____ No X ____ N/A ____

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If Not, Why Not?

4. Has it been more than one year since the program audited was as a major program?

Yes ___ No X ___ N/A ___

Comments:

If no, then were there findings?

Yes ___ No X ___ N/A ___

What were the number and extent of findings/violations in prior visit (more violations/more severe=higher risk), and does the entity have a corrective action plan for correcting the finding?

Comments: The NMDWS conducted WCCNM/MRCOG WIOA Youth program monitoring for PY21, PY22, and PY23 during PY24. All concerns identified in the NMDWS monitoring report have been addressed.

5. Other factors of monitoring/risk assessment (entity-specific)

Financial System Assessment (No responses indicate risk)

1. Does the state require the use of a uniform financial management/accounting system?

Yes X ___ No ___ ___ N/A ___ (If "Yes" proceed to Question 3)

Comments:

2. Does the entity have a financial management system in place to track and record the program expenditures? (Example: QuickBooks, Visual Bookkeeper, Socrates Media, Peachtree or a Custom Proprietary System)

Yes X ___ No ___ ___ N/A ___

Comments:

3. Does the accounting system identify the receipts and expenditures of program funds separately for each award?

Yes X ___ No ___ ___ N/A ___

Comments:

4. Will the accounting system provide for the recording of expenditures for each award by the budget cost categories shown in the approved budget?

Yes X ___ No ___ ___ N/A ___

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Comments:

5. Does the entity have a time and accounting system to track effort by cost objective?

Yes X No _____ N/A _____

Comments:

6. Are time distribution records (time studies) maintained for all employees when his/her effort cannot be specifically identified to a particular program cost objective?

Yes X No _____ N/A _____

If “No,” does the entity have an approved alternative system to account for time distribution, and when was it approved?

Comments:

7. Does the entity have an indirect cost rate that is approved and current?

Yes X No _____ N/A _____ (If “Yes,” who approved the rate?)

Comments: United States of Department of Health and Human Services

8. Are the Federal base dollars of this indirect cost rate calculation comparable to other organizations of similar size, purpose and budget?

Yes X No _____ N/A _____

Comments:

9. Other items of financial system assessment (entity-specific)

In 2023 YDI’s accounting department converted to a new accounting system. In March 2024, the WCCNM Fiscal Agent received YDI’s Independent Auditor’s Report for 2022 and 2023. SJT Group performed the audit, which stated “In our opinion, YDI complied, in all material respects, with the types of compliance requirements referred to in the OMB Compliance Supplement that could have a direct material effect on its major Federal program for year ended June 2023”.

Overall Fiscal Assessment **(Yes responses indicate risk)**

1. Is this grant large in terms of percentage of overall funding for the entity?

Yes _____ No X N/A _____

Comments:

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2. Is there an unusual level of discretion in monetary decisions?

Yes ____ No X N/A ____

Comments:

3. Has the entity frequently been untimely in the drawn down of funds?

Yes ____ No X N/A ____

Comments:

4. Are there variations between expenditures and the budget?

Yes ____ No X N/A ____ (*large variations=higher risk*)

Comments:

5. Has the entity returned (lapsed) significant unspent funds?

Yes ____ No X N/A ____

Comments:

6. Does the entity have a large amount of budget carryover?

Yes ____ No X N/A ____

Comments:

7. Are the entity's fiscal statistics outside of tolerance or trends (*e.g., much more expenditures on supplies than average*)?

Yes ____ No X N/A ____

Comments:

8. Other items of overall fiscal assessment (entity-specific)

The MRCOG AE/FA and the WCCNM Finance Standing Committee monitors and oversees all YDI inc. fiscal activities and should continue to monitor YDI as they work to provide timely reconciliations and financial statements.

Financial Stability Assessment

The assessment of financial stability of an entity will vary depending upon the type of entity being assessed. If the entity is a public entity (e.g., school district, public university, municipality, local air authority, etc.) the Public Entity criteria below may be used to assess financial stability. Non-public entities should be assessed using the Non-Public/Not-For-Profit/Community Base Organizations criteria.

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Financial Stability Assessment: Public Entities

(Yes responses indicate risk)

1. Has the State or other authority placed the entity in a special financial status (e.g., financial watch, fiscal emergency, high risk, etc.)?

Yes ___ No X ___ N/A ___

Comments:

2. Has the entity ever used special loan or funding programs to meet its cash needs?

Yes ___ No X ___ N/A ___

Comments:

3. Has the entity had difficulties raising local revenue (e.g., taxes, levies, etc.)?

Yes ___ No X ___ N/A ___

Comments:

4. Has the State or other authority placed special financial conditions on the entity's award?

Yes ___ No X ___ N/A ___

Comments:

5. Do the financial reports show an insufficient fund balance after meeting its obligations?

Yes ___ No X ___ N/A ___

Comments:

6. Has the entity had difficulty meeting matching/maintenance of effort requirements?

Yes ___ No X ___ N/A ___

Comments:

7. Do the entities financial reports indicate cash flow problems?

Yes ___ No X ___ N/A ___

Comments:

8. Do the financial reports indicate possible supplanting issues?

Yes ___ No X ___ N/A ___

Comments:

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9. Do the entity's financial reports indicate a large number of corrections or journals?

Yes ___ No X ___ N/A _____

Comments:

10. Has the entity provided adequate supporting documentation for draws and reporting requirements?

Yes X ___ No ___ ___ N/A _____

Comments:

11. Other items of financial stability assessment (public entity-specific)

Financial Stability Assessment: Non-Public/Not-For Profit/ Community Base Organizations

The purpose of this section is to use the Financial Statements of the entity/organization to determine its financial health. If independently audited financial statements are not available, the organization's Chief Financial Officer should be asked to prepare and certify a financial statement. Generally Accepted Accounting Principles require organizations to maintain the following information:

- Financial Statements:
 - a. Balance sheet or statement of financial position
 - b. Income statement or statement of operations
 - c. Statement of cash flows
 - d. Other statements, such as:
 - i. Retained earnings statement
 - ii. Industry-specific statements
- Notes to the Financial Statements, such as:
 - a. Accounting policies
 - b. Related party transactions
 - c. Subsequent events
 - d. Contingent liabilities
 - e. Details about debt and equity investments, inventories, fixed assets and depreciation, long-term debt and capital stock
 - f. Disclosures as needed in other areas (e.g., leases, pensions or income taxes)

The Balance Sheet Statement can answer these questions:

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1. Can the organization pay its bills?

Yes X No _____ N/A _____

Comments:

2. Is there cash left over after the organization pays its bills?

Yes X No _____ N/A _____

Comments:

Specifically Answer:

a) What is the organization's debt trend?

Answer: YDI's debt trend is down.

b) What is the "current ratio"? (Current Assets ÷ Current liabilities)

Note: A 1 ÷ 1 ratio means that the organization can just pay its bills.

Answer: 1.42 (\$4,144,892/\$2,924, 977)

(c) What is the "Acid Test Ratio"?

The formula is:

Current Assets – Inventories

Liabilities N/A

Note: The current asset – current liabilities ratio provides you with a working capital index. This ratio measures the immediate debt paying ability of an organization. A 1.0 to 1.01 acid-test ratio is usually considered adequate because it indicates that for every dollar of debt there is one dollar of assets that can be converted into cash on short notice to meet current obligations.

(d) What is the organization's Debt to Equity Ratio?

The formula is:

Total Liabilities ÷ Total Equity _

Note: The "debt to equity ratio" provides information on what the organization owns.

Answer: 1.48 (\$5,917,816/\$4,004,650)

3. Statement of Cash Flows

The Statement of cash flows shows cash "coming in and going out" and can help answer important questions, like:

- What generated the entity's increase (or decrease) in cash balance?

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Answer: Cash received from Grants & Contracts & Financing Notes Payable is down,
Line of Credit is up

- How did the entity utilize the cash provided by operations?

Answer: Cash paid out to employees, Interest & Line of Credit payback

- How did the entity finance any fixed asset purchases or long-term investments?

Answer: Some cash used to purchase Property Furniture & Equipment

- What uses did the entity make of cash generated by borrowing or by issuing stock?

Answer: Paying back Interest on notes and line of credit

- If a entity operated at a loss, how was it able to pay its bills?

Answer: YDI did not operate at a loss.

- If an entity operated at a profit, why didn't the cash balance increase?

Answer: Cash balance and liabilities were lower.

- Can cash flow support future needs such as debt requirements?

Answer: Yes

(a) Has the organization operated at a loss for the current or past periods?

Yes___ No__X___ N/A_____

Comments:

(b) Is debt growing or declining?

Growing___ Declining_X___

4. Notes to the Financial Statement and Report of the Independent Auditor

The notes and “management letters” contain information and disclosures important to the understanding of the financial statements. The notes may seem lengthy and detailed, but some of the real story may be gleaned from a careful reading of these notes.

(a) Do the notes to the financial statements or management letters disclose potential financial problems at the organization (e.g., pending lawsuits, outstanding judgments, major loans to or from officers, etc.)?

Yes___ No_X___ N/A_____

Comments:

No unqualified audit opinion was expressed.

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(b) Do the loan notes reflect (including loans from officer) indicating poor financial health (e.g., unusually high interest rates, unusual repayment provisions, etc.)?

Yes ___ No X N/A ___

Comments:

(c) Does the independent audit report for the most recent fiscal year contain an unqualified audit opinion?

Yes ___ No X N/A ___

If not, what kind of opinion did the auditor express? Why did the entity not receive an unqualified opinion?

Answer: SJT's March 2024 Audited Financials gave no opinion on deficiencies based on audit outcome being considered low risk. YDI's June 2023 Audit Report, received on March 2024, is available upon request.

5. Other non-public entity financial stability assessment (entity-specific)

Programmatic Assessment

Similar to the sections above, the programmatic risk assessment should include items that assess risks in meeting program requirements and objectives. The examples below are geared toward Department of Education assessments. However, agencies using this tool should review their applicable programmatic requirements found in statute, rule and supplements to develop specific risk criteria.

1. Did the entity meet Annual Measurable Achievement Objectives?

Yes X No ___ N/A ___

Comments:

2. Does the entity have a system in place for participant notification?

Yes X No ___ N/A ___

Comments:

3. Did the entity meet notification requirements?

Yes X No ___ N/A ___

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Comments:

4. Other criteria which are required by applicable statute/rule.

YDI and its affiliated workforce programs follow all Federal (USDOL) and State (NMDWS) applicable statutes and rules.