



**SOUTH FLORIDA WORKFORCE INVESTMENT BOARD**

**FINANCE COMMITTEE MEETING**

**Tuesday, August 4, 2009  
10:00 A.M.**

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
  - A. April 2, 2009
  - B. April 16, 2009
  - C. June 18, 2009
3. Finance Reports
  - A. June 2009 Financial Report
  - B. June 2009 ARRA Financial Report
4. June 2009 Cash Reconciliation Report
5. Discussion – SER-Jobs for Progress, Inc. Fiscal Monitoring Report
6. Informational – Independent Audit Status (Sharpton, Brunson and Company, P.A.)

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2.A

**SFWIB - Finance Committee**

**August 4, 2009**

**Minutes of SFWIB Finance Committee Meeting  
April 2, 2009**

South Florida Workforce Investment Board  
 Finance Committee Meeting  
 April 2, 2009, 8:30 A.M.  
 South Florida Workforce Headquarters  
 7300 Corporate Center Dr., Suite 500, Miami, FL 33126

COMMITTEE MEMBERS IN ATTENDANCE	COMMITTEE MEMBERS NOT IN ATTENDANCE	OTHER ATTENDEES
1. Jeff Bridges, <i>Chairperson</i> 2. Bernardo Adrover 3. Willie Carpenter 4. Charles Gibson 5. Robert Datorre	6. Ramiro Inguanzo  <b>SFW STAFF</b> Beasley, Rick Alonso, Gustavo Glancy, Anne Kistner, Ken	Adrian, Raymond – <i>UNIDAD of Miami Beach</i> Cushon, Norman – <i>ARBOR E&amp;T</i> Fitzgerald, Neil - <i>Youth Co-Op, Inc.</i> Flores, Oscar – <i>ARBOR E &amp; T</i> Gaviria-Lopez, Beatrice – <i>Ser Jobs for Progress</i> Menendez, Mirizza - <i>UNIDAD of Miami Beach</i> Milian, Dalia – <i>City of Hialeah</i> Miliam, Delia – <i>City of Hialeah</i> Mitchell, Carlene – <i>MDCPS</i> Perez, Julio – <i>Transition, Inc.</i> Perez-Borroto - <i>Youth Co-Op, Inc.</i> Pichardo, Jorge – <i>Youth Co-Op, Inc.</i> Rodriguez, Maria – <i>Youth Co-Op, Inc.</i> Sanchez, Ophelia – <i>MRI</i> Sante, Alicia – <i>Youth Co-Op, Inc.</i>

Agenda items are displayed in the order they were discussed.

**2. Call to Order and Introductions**

Mr. Jeff Bridges called the meeting to order at 9:07 a.m. Introductions of those in attendance were provided. He noted that a quorum was achieved.

**3. Approval of Finance Committee Meeting Minutes of January 21, 2009, and February 26, 2009**

Mr. Bernardo Adrover moved approval of the meeting minutes of January 21, 2009, and February 26, 2009. The motion was seconded by Mr. Charles Gibson, and the motion carried.

**3A. Finance Reports for January 2009**

Mr. Rick Beasley, Executive Director introduced Mr. Gustavo Alonso, SFWIB Finance Director who presented the finance report for January 2009

The new report format is meant to capture adjustments made to the Board approved budget throughout the year. Adjustments may include:

- Funding changes made by the State,

- Board approved contract allocation and de-obligations, and
- Provider-requested transfers from Contract funds to Training and Support Services

### **January Adjustments**

#### **Expenses:**

- Headquarter: Reflects additional HQ allocations from the following programs:
  - REED = \$15,694.
  - UC = \$28,020.
- Adult Services: Reflects additional provider awards for the following programs:
  - REED = \$178,823
  - UC = \$319,258

Also, SER-Jobs was granted a one month extension on their contract pending appeals process and was awarded an additional \$131,928. Youth Co-Op voluntarily deobligated \$5,500 from their Reed allocation to transfer to the facility budget to cover additional parking at Little Havana.

- Refugee Services: Reflects a transfer of \$6,300 from contract funds to training and Support Services, as requested by the service provider.
- Youth Services: Reflects transfers of \$34,876 from contract funds to Training and Support Services, as requested by the service providers.
- Facility: Reflects additional Facility allocations for the following programs:
  - REED = \$31,141
  - UC = \$55,597
  - Voluntary Transfer from Youth Co-Op for parking at Little Havana totaling \$27,900:
    - \$5,500 from Reed Contract Amount
    - \$22,400 from WIA Adult Training and Support Services
- Training and Support Services: Reflects requests from service providers to transfer a portion of their Contract funds to Training and Support Services as well as a request from Youth Co-Op to transfer a portion of their allocation in this category to the facility budget (\$22,400), net effect totaling \$18,776.

#### **Explanation of Significant Budget Variances**

- Refugee Services (page # 11) is under anticipated projections by 38.24%. This variance can be attributed to some service partners not drawing down 100% of their funds because they did not produce the contracted unit of service for the contract that ended 9/30/08.
- Training and Support Services is significantly low, 27.06% vs. 58.33% (page 3). This is a category that is always closely monitored due to the constant low expenditure rates. Historically, expenditure rates increase significantly at the end of the fiscal year.

### **3B. Finance Reports for February 2009**

Mr. Alonso presented the finance report for February 2009

The new report format is meant to capture adjustments made to the Board approved budget throughout the year. Adjustments may include:

- Funding changes made by the State,
- Board approved contract allocation and de-obligations, and
- Provider-requested transfers from Contract funds to Training and Support Services

#### **February Adjustments**

##### **Revenue:**

- AWI- Reflects an additional \$358,310 in award dollars received from the State for REA and a \$13,633 decrease in Unemployment Compensation (July-December) funding that was under utilized, net effect of \$344,677.

- Carry forward- Reflects adjustment from budgeted carry forward amount and actual carry forward now that the audit is complete totaling \$1,749,508.
- Reed Act - Reflects additional \$44,532 in award dollars received from the State.

**Expenses:**

- Adult Services: Reflects additional SER-Jobs allocation for the remainder of the fiscal year totaling \$596,497.
- Refugee Services: Reflects a transfer of \$4,325 from Training and Support Services back to the contract, as requested by the service provider.
- Youth Services: Reflects transfers of \$19,250 from contract funds to Training and Support Services, as requested by the service providers.
- Training and Support Services: Reflects requests from service providers to transfer a portion of their Contract funds to Training and Support Services or vice versa (see above, Refugee and Youth Services) totaling \$14,925.

**Explanation of Significant Budget Variances**

- Refugee Services (page # 11) is under anticipated projections by 43.20%. This variance can be attributed to some service partners not drawing down 100% of their funds because they did not produce the contracted unit of service for the contract that ended 9/30/08. The expenditure rate for the new contract period beginning in October 08 is also low.
- Training and Support Services is significantly low, 33.90% vs. 66.67% (page 3). This is a category that is always closely monitored due to the constant low expenditure rates. Based on historical analysis, expenditure rates increase significantly in April, May and June.

**4. SFWIB Accounting Policy and Procedures**

Annually, SFWIB staff reviews and updates the SFWIB Accounting Policies and Procedures to reflect changes suggested by the Agency for Workforce Innovation (AWI) Internal Control Questionnaire and other procedural changes implemented to improve the internal control environment.

1. Section III.A. INTERNAL Control, Pages 13 & 14
  - Changed to reflect controls suggested by AWI in their Internal Control Questionnaire
2. Section IV.B. CASH RECEIPTS – OSMIS DRAW REQUESTS, Pages 20 & 21
  - Changed to reflect current job responsibilities among the Accounting staff.
3. Section IV.C. OTHER CASH RECEIPTS, Page 22
  - Changed to require daily deposit of cash receipts
4. Section IV.F. RECONCILIATION OF CASH, Pages 26 & 27
  - Changed to require that Bank reconciliations be included in the Finance Committee agendas
5. Section IV.H. INTEREST, page 29
  - Changed to update procedures to returning interesting income to AWI as per instructions received from AWI grants management.
6. Section V.B. BUDGETING – MONITORING, Pages 30 & 31
  - Changed to reflect new financial reporting methodology in which both the original and adjusted budgets are reflected in the monthly financials.
7. Section VII.A. PURCHASING, Pages 36 to 38
  - Various changes to improve the internal controls over the procurement process and to require that the Executive Director approve all purchase requests.
8. Section VII.B. ENCUMBRANCES, Page 39
  - Various changes to correct procedures in line with current practices.
9. Section VII.C. ACCOUNTS PAYABLE, Pages 40 to 42
  - Various changes to clarify the approval process for purchase orders ant to annual budget appropriations.

10. Section XII.A. MONTH-END CLOSING PROCEDURES, Pages 60 to 62

- Various changes to specify the due dates for the monthly closing process.

Mr. Alonso noted that most changes were procedural, and not policy issues.

One item to note is that the Finance committee will now review bank reconciliations. He added as well that there were many changes to the procurement process. The onus is now on the Executive Director and the Board.

Mr. Roberto Datorre moved approval of the revisions of the SFWIB Accounting Policy and Procedures. Mr. Willie Carpenter seconded the motion and the motion carried.

**5. Recommendation to Accept American Recovery and Reinvestment Act 2009 Stimulus Funding**

Mr. Willie Carpenter moved approval to authorize staff to accept American Recovery and Reinvestment Act of 2009 Funding, as set forth in the item to include the requirement to have quarterly review meetings to review the spending. Mr. Roberto Datorre seconded the motion and the motion carried.

**6. Recommendation to Accept American Recovery and Reinvestment Act 2009 Stimulus Budget**

Mr. Beasley noted that when the plan is approved by the full board, then the budget will be submitted for approval. Fifty percent must be spent on training.

Mr. Adrover inquired as to the ages of the un-employed in our area. Mr. Beasley said that he was not able to get the information by zip code. He expects to get the data by ethnicity and also by census tract.

Mr. Adrover noted that Miami-Dade and Monroe counties have lower un-employment than the other areas of the state.

Mr. Beasley asked who we are not counting by using census tract numbers.

Mr. Datorre commented that many people lost jobs and they are now under-employed.

Mr. Carpenter inquired about the formula used regarding the \$165Million. Mr. Beasley responded that he would bring the information to the next meeting.

The meeting adjourned at 10:00am.



**2.B**

**SFWIB - Finance Committee**

**August 4, 2009**

**Minutes of SFWIB Finance Committee Meeting  
April 16, 2009**

South Florida Workforce Investment Board  
 Finance Committee Meeting  
 April 16, 2009, 8:00 A.M.  
 Doubletree Miami Mart/Airport Hotel and Exhibition Center  
 711 NW 72<sup>nd</sup> Avenue, Salon E, Miami, FL 33126

COMMITTEE MEMBERS IN ATTENDANCE	COMMITTEE MEMBERS NOT IN ATTENDANCE	OTHER ATTENDEES
7. Jeff Bridges, <i>Chairperson</i> 8. Robert Datorre 9. Ramiro Inguanzo	10. Bernardo Adrover 11. Willie Carpenter 12. Charles Gibson  <b>SFW STAFF</b> Alonso, Gustavo Uptgrow, Madalyn	Acedo, Maleidy – <i>Youth Co-Op, Inc.</i> Cambronne, Robert – <i>Youth Co-Op, Inc.</i> Milian, Delia – <i>City of Hialeah</i> Pichardo, Jorge – <i>Youth Co-Op, Inc.</i>

Agenda items are displayed in the order they were discussed.

**4. Call to Order and Introductions**

Mr. Jeff Bridges called the meeting to order at 8:20 a.m. Introductions of those in attendance were provided. He noted that a quorum was not achieved.

**5. Approval of Finance Committee Meeting Minutes of April 2, 2009**

Due to lack of a quorum the minutes were not approved.

**6. SFWIB 2009-2010 Budget Discussion**

Mr. Bridges noted that as a quorum was not achieved, the SFWIB 2009-2010 budget discussion was tabled to the next meeting of the Committee.

**7. Recommendation as to Approval of American Recovery and Reinvestment Act 2009 Budget**

Mr. Bridges asked Gustavo Alonso, SFWIB Finance Director to present the item.

Mr. Alonso began with the attachment: “Budget-Funding and Allocations Assumptions, May 1, 2009 to June 30, 2010.”

There was discussion concerning the background for the assumptions, and how the funds may be spent.

Mr. Alonso noted that the assumptions were prepared by the Executive Director, Rick Beasley and staff, and aligned with the vision for the organization.

He added that after headquarter (Programs & Administration), Training & Support Services, and Career Center Facility Costs are deducted, the balance of approximately \$12.4 Million, is distributed to contracts and AWI staff.

Mr. Roberto Datorre asked when the funds must be spent and is a plan in place.

Mr. Alonso responded that a request is to be brought before the Board later in the day requesting that the Miami-Dade County School Board provide the youth services. There is no recommendation to release an RFP.

Mr. Roberto Datorre asked if there would be recommendations regarding funding for other programs?

[Rick Beasley arrived.]

Mr. Beasley responded that the providers of adult services would receive funds proportionally to their current funding.

Staff distributed the "Accelerate South Florida: 2009 American Recovery and Reinvestment Act Action Plan.

Mr. Beasley presented the report and noted that SFWIB is in good shape, with some adjustments necessary. There are approximately 2,600 youth registered on the SFW website for the summer program. He added that there will be a tracking system before the program begins.

There was discussion regarding estimating the preparedness of the providers, and suggestions such as distributing a survey.

Mr. Bridges asked if there were any questions on the budget. Hearing none, the meeting was adjourned.

The meeting was adjourned at 9:00am.



2.C

**SFWIB - Finance Committee**

*August 4, 2009*

**Minutes of SFWIB Finance Committee Meeting  
June 18, 2009**

South Florida Workforce Investment Board  
 Finance Committee Meeting  
 June 18, 2009, 8:00 A.M.  
 Doubletree Miami Mart/Airport Hotel and Exhibition Center  
 711 NW 72<sup>nd</sup> Avenue, Salon E, Miami, FL 33126

<b>COMMITTEE MEMBERS IN ATTENDANCE</b>	<b>COMMITTEE MEMBERS NOT IN ATTENDANCE</b>	<b>OTHER ATTENDEES</b>
13. Bernardo Adrover, <i>Chairperson</i> 14. Gibson, Charles <b>ADDITIONAL SFWIB MEMBERS IN ATTENDANCE</b> 15. West, Alvin	16. Bridges, Jeff 17. Carpenter, Willie 18. Datorre, Robert 19. Inguanzo, Ramiro <b>SFW STAFF</b> Beasley, Rick Alonso, Gustavo Uptgrow, Madalyn	Adderly, Kevin Cela, Jose Conrad, Martha, CPA, Law, Redd, Crona & Munroe, P.A. Ferguson, Thomas Howell Vickers, Nisha, CPA, Law, Redd, Crona & Munroe, P.A.

Agenda items are displayed in the order they were discussed.

**8. Call to Order and Introductions**

Mr. Bernardo Adrover, Finance Committee Chair, called the meeting to order at 8:16 a.m. Introductions of those in attendance were provided. He noted that a quorum was not achieved.

**9. Approval of Finance Committee Meeting Minutes of April 2, 2009 and April 16, 2009**

Due to lack of a quorum the minutes were not approved.

**3A. April 2009 Financial Report**

Mr. Alonso presented the report on the un-audited financial report for the period July 1, 2008 through April 30, 2009.

Mr. Alonso began with the notes that accompany the report.

The new report format is meant to capture adjustments made to the Board approved budget throughout the year. Adjustments may include:

- Funding changes made by the State,
- Board approved contract allocation and de-obligations, and
- Provider-requested transfers from Contract funds to Training and Support Services

**April Adjustments**

**Revenue (Funding):**

- DCF Revenues- Reflects an additional \$3,145,707 in enhancements for the Refugee Grant, accepted by the Board on 4/16/09.

**Expenses (Allocations):**

1. Headquarter Costs: Reflects:
  - A \$745,707 allocation from the Refugee grant, and



- A \$62,834 allocation from the Disability Navigator program.
- 2. Facility Costs: Reflects \$33,000 allocation from Disability Navigator funds.
- Training and Support Services: Reflects additional award of \$2.4 Million for On the Job Training for the Refugee program participants.

#### **Explanation of Significant Budget Variances**

- Refugee Program expenditures (page # 11) are under budget by 13% (83% vs 70%). This variance can be attributed to various service partners not drawing down 100% of their allotted funds for the contract that ended 9/30/08.
- Training and Support Services expenditures (page 3) are under budget by 44%. This variance can be attributed to:
  - The new OJT Refugee allocation that was approved by the Board on 4/16/09 totaling \$2.4M, which the service providers have until 9/30/09 to expend,
  - A low expenditure rate of 49% for funding streams other than the Refugee program. Historically, training and support service expenditures increase significantly in May and June.

#### **3B. April 2009 American Recovery and Reinvestment Act (ARRA) Financial Report**

Mr. Alonso presented the report on the un-audited ARRA financial report for the month ending April 30, 2009.

#### **4. Informational - April 2009 Cash Reconciliations**

Mr. Alonso presented cash reconciliations for the month ending April 30, 2009.

#### **5. Review of the 2008/2009 Financial Monitoring Report**

Mr. Alonso noted that participating via telephone were: Nisha Vickers, CPA, and Martha Conrad, CPA (the team leader), from the firm of Law, Redd, Crona & Munroe, P.A.

Thomas Howell Ferguson (THF) was engaged by the Agency for Workforce Innovation (AWI) to perform its financial monitoring review of SFWIB with during the period May 19, 2009 – May 22, 2009. The consulting service was with their sub-contracted firm of Law, Redd, Crona & Munroe, P. A.

Ms. Vickers noted that there were no findings and no observations in their report of the financial review of SFWIB.

Mr. Adrover congratulated Mr. Beasley and staff, and asked is how many RWBs also had no findings or observations. Ms. Vickers responded that there were probably five regions also without any findings or observations.

Ms. Vickers noted that it was not an audit, but a consulting service to fulfill AWI's financial monitoring requirements.

Mr. Alvin West asked how this monitoring relates to an audit. Ms. Vickers replied that when and audit is conducted, other monitoring reports are requested so as to possible previous areas of concern.

#### **6. Informational – SER-Jobs for Progress, Inc.**

Mr. Rick Beasley, SFWIB Executive Director, provided the report.

As per contractual obligations, Service Partners or Contractors are required to have performed an annual certified public accountant's opinion and related financial statements in accordance and compliance with the State of Florida requirements and the U.S. Office of Management and Budget (OMB) Circulars A-122 and A-133. The independent audit reports are to be submitted within the

earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency.

SER-Jobs for Progress, Inc. independent audit report was to be submitted to SFWIB on or before March 31, 2009; as of June 10, 2009, SFWIB has not yet received the report; thus, SER is in breach of contract.

Mr. Jose L. Cela, SER's President, notified SFWIB via e-mail on Tuesday, March 31, 2009, the estimated time of submission of the report to be within 30 to 60 days. On June 10, 2009, a reminder e-mail was sent to Mr. Cela indicating the report has not yet been submitted nor have SFWIB heard from SER regarding this matter. Mr. Cela responded via e-mail on June 10, 2009, that a letter with details on the subject would be submitted by the close of business June 11, 2009 to SFWIB.

Mr. Beasley noted that this is a federal issue, not just an SFWIB issue.

Mr. Adrover asked for a recommendation to take to the full Board. Mr. Beasley replied that there are many concerns and he would meet with the SER-Jobs for Progress, Inc. Chair before a recommendation is submitted.

Mr. West asked whether SFWIB is operating according to OMB, and what is SFWIB's obligation.

Mr. Kevin E. Adderly, Partner, Sharpton, Brunson & Company, P.A., noted that as grantor agency responsibility to find out what is happening, and an extension may be approved. In his opinion SFWIB is performing in concurrence with the OMB circular.

Mr. Beasley noted that the financial stability and internal controls of the organization are important to know before an organization is funded by SFWIB.

Jose Cela apologized and noted that their previous audits have been provided, and this began with their auditor regarding whether or not a line of credit would be extended, which it was to give the auditor time to complete audit. The audit firm wanted to see what the financial institution would do.

He added that the financial institution wants the audit to approve the line of credit, and the auditor wants to hear from the bank before releasing the audit.

**8. Recommendation as to Approval to Allocate Welfare Transition Non-Custodial Parent Funds**

Mr. Rick Beasley, SFWIB Executive Director, provided the report, and it was the consensus of the Members present to forward the item to the full Board.

**9. Recommendation as to Approval to Renew Professional Services Agreement with Sharpton, Brunson & Company, P.A.**

It was the consensus of the Members present to recommend the renewal of the Professional Services Agreement with Sharpton, Brunson & Company, P.A. for an amount not to exceed \$130,000 and to forward the item to the full Board.

**7. Recommendation as to Approval of SFWIB 2009-10 Budget/Allocations**

Mr. Rick Beasley, SFWIB Executive Director, provided the report, and it was the consensus of the Members present to forward the item to the full Board.

Mr. Beasley requested approval to use shift stimulus funding by \$1.3million to increase allocations to the Career Centers.

It was the consensus of the Members present to forward the item to the full Board.

Mr. Adrover asked if there was any new business. Hearing none the meeting was adjourned at 9:26am.



3.A

**SFWIB – Finance Committee**

*August 4, 2009*

**June 2009 Financial Report**

**BACKGROUND**

The un-audited financial report for the months ending June 30, 2009 will be reviewed.

*Attachments*



**3.B**

**SFWIB – Finance Committee**

***June 18, 2009***

**June 2009 ARRA Financial Report**

**BACKGROUND**

The un-audited ARRA financial report for the month ending June 30, 2009 will be reviewed.

*Attachments*



4.

**SFWIB – Finance Committee**

***August 4, 2009***

**June 2009 Cash Reconciliation**

**Informational**

**BACKGROUND**

Based on the Internal Control Procedures recommended by the State, the Finance Committee at its April 2, 2009, meeting requested a monthly cash reconciliation report be provided to the Committee.

The cash reconciliations for the month ending June 30, 2009 will be reviewed.

*Attachments*



5.

**SFWIB – Finance Committee**

**August 4, 2009**

**SER-Jobs for Progress, Inc.**

## Discussion Item

### BACKGROUND

The SFWIB staff conducts financial monitoring of the Region's Service Partners. At the SFWIB meeting of February 26, 2009, and due to breach of contract, poor financial condition and various internal control issues identified in the monitoring report, SFWIB Board approved the recommendations of the Executive Committee meeting on January 6, 2009, whereby SER-Jobs for Progress, Inc. was required to submit a copy of all cancelled checks before SFWIB reimburses SER for any items.

SER's financial condition has deteriorated since the last monitoring. Interim financial statements as of 3/31/09 showed the following:

#### 3/31/09

<b>Negative Working Capital</b>	(\$421,738)
Current Ratio	1:0.51
Debt to Equity Ratio	148.44 %
Days Cash on Hand	46
<b>Negative Net Assets</b>	(\$296,507)

SER was found to be in breach of the executed contracts as follows:

Article II, Section E, Item 5 – SER included the same cancelled checks to evidence payment of audit costs during different month's contract invoices submitted to SFWIB, resulting in the submittal of incorrect and incomplete proof of expenditures.

Article II, Section E, Item 10 – SER failed to correct some deficiencies noted during prior monitoring.

Article I, Section E, Item 5 and Article II, Section E, Item 12 – SER submitted the independent audit report late, not in compliance with the time frame required by OMB A-133. The independent audit report due on 3/31/09 was submitted late on 7/1/09.

Article IV, Section M – SER prepared checks to its audit firm but did not remit payments. The expenditures, however, were submitted to SFWIB for reimbursement. The elapsed time between the checks issued date and the date checks were paid by the bank, ranged between 121 to 253 days, not in compliance with the requirements of the executed contracts whereby only expenditures incurred and paid shall be submitted to SFWIB for reimbursement.

Cash flow problems have since escalated. The established line of credit in the amount of \$500,000 has been reduced to \$300,000 by its financial institution; \$200,000 has been converted to a term loan payable in 60 months and payments for staffing fees to Talent Tree Crystal, Inc. in the amount of \$93,872 and EmpHire Staffing, Inc. of \$78,097 which had not previously been paid. SER has now a fix monthly payment of these debts in the amount of approximately \$13,923.

SER has informed SFWIB the Statement on Auditing Standard (SAS) 94 report has not yet been issued by the auditors.



6.

**SFWIB – Finance Committee**

***August 4, 2009***

**Independent Audit Status – Sharpton,  
Brunson and Company, P.A.**

**Informational**

**BACKGROUND**

The Board at its June 18, 2009, meeting approved the renewal of the Professional Services Agreement for the period July 1, 2009 to June 30, 2010, with Sharpton, Brunson & Company, P.A. to provide External Independent Auditing Services

Sharpton, Brunson & Company, P.A. will conduct the audit in accordance with auditing standards generally accepted in the United States of America; “Governmental Auditing Standards” issued by the Comptroller General of the United States; the provisions of the Single Audit Act, OMB Circular A-133 and OMB’s Compliance Supplement, and the Agency for Workforce Innovation (AWI), AWI FG 05-019, Audit and Audit Resolution Responsibilities, dated August 12, 2005 (revised).

The proposed audit time frame is as follows:

Audit Start	8/1/2009
Fixed Asset Inventory	9/30/2009
Planning	10/15/2009
Fieldwork	11/15/2009-1/31/2010
Audit completion	2/15/2010
Exit conference with the Finance Committee	2/28/2010
Report mailed to appropriate agencies	3/15/2010

Attached for the Committee’s review is the Statement of Work for Sharpton, Brunson, & Company, P.A.

*Attachment*

**Exhibit A**  
**STATEMENT OF WORK**  
**PY'09-10**

**I. Introduction**

The Contractor shall perform an audit of the SFWIB's financial statements as of and for the year ending June 30, 2009. The Parties agree and understand that the financial statements shall be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

The Contractor shall also perform the audit of the SFWIB as of June 30, 2009 to satisfy the audit requirements required by the Single Audit Act and the U. S. Office of Management and Budget (OMB) Circular No. A-133, and the attached Agency for Workforce Innovation (AWI), AWI FG 05-019, Audit and Audit Resolution Responsibilities, dated August 12, 2005 (revised).

The Contractor shall also conduct onsite internal control reviews of selected functional areas. Internal controls refer to a group of processes designed and put in place by an organization to help them achieve (1) reliable financial reporting, (2) effective and efficient operations, and (3) compliance with applicable laws and regulations. SFWIB's goal in providing for the reviews is to improve accountability in the organization. The internal control review results should:

- Provide baseline information about the entity's current internal control structure
- Identify internal control structure strengths
- Identify internal control structure weaknesses
- Provide recommendations and best practices to improve internal controls.

Work by the Contractor is subject to the Contractor satisfactorily completing communication with and review of the working papers of the previous auditors. The Contractor shall notify SFWIB promptly if the Contractor becomes aware of anything during that communication or review which results in Contractor not being able to continue this engagement.

Under the revised Florida Single Audit Act, each non-state entity that expends a total amount of state financial assistance equal to or in excess of \$500,000 in an fiscal year of such non-state entity shall be required to have a state single audit for such fiscal year in accordance with the Florida Single Audit Act – section 215.97 of the Florida Statutes. For purpose of the Florida Single Audit Act, State financial assistance does not include Federal awards (direct or pass through) or State matching provided by State awarding agencies for Federal programs.

**II. Services**

The Contractor will conduct the audit in accordance with auditing standards generally accepted in the United States of America; "Governmental Auditing Standards" issued by the Comptroller General of the United States; the provisions of the Single Audit Act, OMB Circular A-133 and OMB's Compliance Supplement, and the attached Agency for Workforce Innovation (AWI), AWI FG 05-019, Audit and Audit Resolution Responsibilities, dated August 12, 2005 (revised). Those standards, circulars and supplement require that the Contractor plans and performs the Audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement whether caused by error, fraudulent financial reporting, or misappropriation of assets. Accordingly, a material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets, may remain undetected. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. As a result, an audit is not designed to detect errors or fraud that is immaterial to the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating



the overall financial statement presentation. The Contractor believes that the Contractor's audit will provide a reasonable basis for the Contractor's report.

In addition to the Contractor's report on the SFWIB's financial statements, Contractor shall also issue the following types of reports:

- A report on the fairness of the presentation of the SFWIB's schedule of expenditures of federal awards for the year ending June 30, 2008.
- Report on internal controls related to the financial statements, and major programs. These reports will describe the scope of testing of internal controls and the results of Contractor's tests of internal controls.
- Contractor shall report on compliance with laws, regulations and the provisions of contracts or grant agreements. Contractor shall report any noncompliance which could have a material effect on the financial statements, and any noncompliance which could have a direct and material effect on each major program.
- A schedule of findings and questioned costs.

The federal, state and local financial assistance programs that SFWIB has participated in and that are to be included as part of the single audit are as follows:

- |                             |                                                 |
|-----------------------------|-------------------------------------------------|
| - WIA Adult                 | - Veteran's Programs                            |
| - WIA Dislocated Worker     | - Florida reBuild                               |
| - Welfare Transition-TANF   | - Disability Navigator                          |
| - WIA Youth                 |                                                 |
| - Refugee                   | - Reemployment Eligibility and Assessment (REA) |
| - Wagner Peyser             | - Military Family Employment Program            |
| - FSET                      | - Welfare Transition Non-Custodial Parent       |
| - REED Act                  | - Trade Adjustment Act (TAA)                    |
| - Job Corps                 | - Unemployment Compensation Services            |
| - The Children's Trust      | -WIA Incentives                                 |
| -Wagner Peyser Incentives   | -ARRA WIA Adult                                 |
| -ARRA WIA Dislocated Worker | -ARRA WIA Youth                                 |
| -ARRA Wagner Peyser         | -ARRA Wagner Peyser Reemployment                |

Contractor's report on internal controls shall include any reportable conditions and material structural or operational weaknesses in the system of which Contractor becomes aware as a result of obtaining an understanding of internal controls and performing tests of internal controls consistent with requirements of the standards and circular identified above. Contractor's report on compliance matters shall address material errors, fraud violations of compliance obligations and other responsibilities required by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement or loan program questioned costs of which Contractor becomes aware, consistent with requirements of the standards and circulars identified above.

The Contractor will be required to provide the SFWIB with copies of the internal control testing work papers from the annual independent financial statement audit for retention in the SFWIB financial records. SFWIB will make these work papers available for review by AWI, upon request. The Contractor further agrees that upon request AWI will also be provided other audit work papers as needed.

The Contractor's work plan for the onsite internal control review should be consistent with established practices and applicable accounting standards for performing internal control reviews and should be customized after gaining an understanding of the organization. The minimal functional areas to be reviewed are described below:

## Finance Systems

The minimum finance areas to examine include:

- Receipts
- Payables and Disbursements
- Procurement (based on applicable federal/state/Miami-Dade County requirements)
- Utilization of financial reports to detect anomalies

## Access to Information Technology Systems

The processes in place to prevent unauthorized access to systems and to ensure the appropriate backup of data and record retention are to be included in the review.

## Operations

The internal control review must include the following incentive and participant programs, as applicable: gas cards, gift certificates and individual training accounts. Other programs such as these that are more susceptible to fraud should also be included.

Upon completion of the onsite internal control review procedures, the Contractor will prepare and submit a draft report to the SFWIB Executive Director. Internal Control reports will be provided pursuant to Attestation Standard 201 “Agreed-upon Procedures Engagements”. Minimum components of the report will include the following:

- Executive Summary
- Procedures Performed
- Observations and Recommendations – Current procedures, strengths, weaknesses and recommendations
  - Financial
  - Information Technology
  - Operations
  - Other
- Conclusion

The SFWIB shall be responsible for (1) the preparation of the SFWIB’s financial statements, (2) establishing and maintaining effective internal controls over financial reporting and safeguarding assets, and for informing Contractor of all significant deficiencies in the design or operation of such controls of which it has knowledge, (3) properly recording transactions in the records, (4) identifying and ensuring that the SFWIB complies with the laws and regulations applicable to its activities, and for informing the Contractor about all known material violations of such laws or regulations, (5) the design and implementation of programs and controls to prevent and detect fraud, and for informing Contractor about all known or suspected fraud affecting the SFWIB involving management, employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements, (6) informing Contractor of any information of which management has knowledge of any allegations of fraud or suspected fraud affecting the SFWIB received in communications from employees, regulators, or others, (7) making all financial records and related information available to Contractor, (8) for adjusting the financial statements to correct material misstatements, 9) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and 10) submitting the reporting package. At the conclusion of Contractor’s audit, Contractor will request certain written representations from management about the financial statements and matters related thereto. Contractor will also require that management affirm to Contractor that the effects of any uncorrected misstatements aggregated by Contractor during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The SFWIB shall be responsible for informing the Contractor of management’s views about the risks of fraud within the SFWIB, and its knowledge of any fraud or suspected fraud affecting the SFWIB. The Contractor will

also determine that certain matters related to the conduct of the audit are communicated to the SFWIB, including (1) fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (2) illegal acts that come to Contractor's attention (unless they are clearly inconsequential), (3) disagreements with management and other serious difficulties encountered in performing the audit, and (4) various matters related to the SFWIB's accounting policies and financial statements.

During the course of the Contractor's engagement, Contractor may accumulate records containing data, which should be reflected in the SFWIB's books and records. The SFWIB shall determine that all such data, if necessary, will be so reflected. Accordingly, the SFWIB will not expect the Contractor to maintain copies of such records in Contractor's possession.

The assistance to be supplied by SFWIB personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with the management staff. The timely and accurate completion of this work is an essential condition to Contractor's completion of the audit and issuance of Contractor's audit report.

The Contractor shall assist in drafting the SFWIB's financial statements and propose adjustments to the trial balance, which are reviewed and approved by management. The draft and the adjustments are the responsibility of management.

The two overarching principles of the independence standards of the "Government Auditing Standards" issued by the Comptroller General of the United States provide that management is responsible for the substantive outcomes of the work and, therefore, has a responsibility and is able to make any informed judgment on the results of the services described above. Accordingly, the parties agree to the following:

1. Management shall be accountable and responsible for overseeing the draft of the financial statements and trial balance adjustments.
2. The SFWIB will establish and monitor the performance of the draft of the financial statements and trial balance adjustments to ensure that they meet management's objectives.
3. The SFWIB will make any decisions that involve management functions related to the draft of the financial statements and trial balance adjustments and accept full responsibility for such decisions.
4. The SFWIB will evaluate the adequacy of services performed and any findings that result.

Professional standards and Contractor's policies require that Contractor perform certain additional procedures whenever Contractor's reports are included, or Contractor is named as accountants, auditors, or "experts" in a document used in a public or private offering of debt securities. Accordingly, the SFWIB agrees that it will not include Contractor's reports, or otherwise make reference to Contractor, in any public or private securities offering without first obtaining Contractor's consent. Any request to consent is also a matter for which separate arrangements will be necessary. After obtaining Contractor's consent, the SFWIB also agrees to provide Contractor with printer's proofs or masters of such offering documents for Contractor's review and approval before printing, and with a copy of the final reproduced material for Contractor's approval before it is distributed.

If SFWIB intends to publish or otherwise reproduce the financial statements and make reference to Contractor's name, SFWIB agrees to provide Contractor with printers' proofs or masters for Contractor's review and approval before printing. SFWIB also agrees to provide Contractor with a copy of the final reproduced material for Contractor's approval before it is distributed. Contractor's fees for review and approval of such proofs or

masters, and any related services to be provided to the SFWIB in connection therewith, will be established with the SFWIB at the time such services are determined to be necessary or appropriate.

It is agreed by the SFWIB and Sharpton, Brunson & Company, P.A. or any successors in interest that no claim arising out of services rendered pursuant to this Agreement by or on behalf of the SFWIB shall be asserted more than two years after the date of the last audit report issued by Sharpton, Brunson & Company, P.A., unless otherwise required by State or federal law.

In accordance with Government Auditing Standards, a copy of Contractor's most recent peer review report has been provided to the SFWIB.

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