



SOUTH FLORIDA WORKFORCE INVESTMENT BOARD
Thursday, June 19, 2014
9:30 A.M.

AUDIT COMMITTEE MEETING

June 19, 2014
8:00 A.M.

Double Tree by Hilton Miami Airport Hotel
Convention Center, 2nd floor
711 NW 72nd Avenue
Miami, Florida 33126

AGENDA

1. Call to Order and Introductions
2. Approval of Meeting Minutes
 - A. December 19, 2013
 - B. April 24, 2014
3. Recommendation as to Approval to Select BCA Watson Rice, LLP to perform the Financial Statement and Compliance Audits for the Fiscal Year Ending on June 30 2014.
4. Information – Fiscal Monitoring Activity Report



AUDIT COMMITTEE

AGENDA ITEM NUMBER: 2A

DATE: April 24, 2014 at 8:00AM

AGENDA ITEM SUBJECT: MEETING MINUTES

December 19, 2013 at 8:00am
 Camillus House
 1603 NW 7th Avenue, Building D
 Miami, Florida 33136

COMMITTEE MEMBERS IN ATTENDANCE	COMMITTEE MEMBERS NOT IN ATTENDANCE	OTHER ATTENDEES
1. Piedra, Obdulio, <i>Chairperson</i> 2. Gibson, Charles A., <i>Vice Chairperson</i> 3. Bridges, Jeff 4. Datorre, Roberto 5. Montoya, Rolando 6. Zewadski-Bricker, Edith	7. Adrover, Bernardo 8. Carpenter, Willie 9. Chi, Joe SFW STAFF Beasley, Rick Alonso, Gustavo Garcia, Christine	Perez, Pablo – <i>Advance Science Institute</i> Perez, Pablo J. – <i>Advance Science Institute</i> Rodriguez, Yeset – <i>Advance Science Institute</i> Thomkins, Robert – <i>TCBA Watson Rice, LLP</i>

Agenda items are displayed in the order they were discussed.

1. Call to Order and Introductions

Audit Committee Chairman Obdulio Piedra called the meeting to order at 8:30am, asked those present to introduce themselves and noted that a quorum of members had not been achieved.

2. Approval of the Audit Committee’s October 17, 2013

Dr. Rolando Montoya moved the approval of October 17, 2013 meeting minutes. Motion seconded by Mr. Charles Gibson; Motion Passed Unanimously

[Mr. Datorre arrived]

3. Information –October 2013 Financial Report

Mr. Piedra introduced the item and SFWIB Finance Assistant Director, Gustavo Alonso further presented. He additionally reviewed with the Committee the allocation and process for training vouchers.

Mr. Datorre requested additional information regarding SFW's training program. Executive Director Rick Beasley provided details.

Mr. Piedra inquired about the reconciliation amount of \$13 million.

Mr. Montoya asked whether SFW uses a cash or accrual system. Staff responded a cash system process.

Mr. Gibson inquired about obligate dollars for ITAs.

Dr. Montoya recommended providing a separate report showing committed dollars for ITAs.

Mr. Gibson inquired about special projects currently pending.

Ms. Zewadski-Bricker inquired about other regions' processes for ITA vouchers.

Note that a vote was taken on an information item:

Dr. Montoya moved the approval of the Financial Statements. Motion seconded by Mr. Charles Gibson; **Motion Passed Unanimously**

4. Information - Cash Reconciliation for November 2013

Mr. Piedra introduced the item.

No further questions or discussions.

[Mr. Jeff Bridges arrived]

5. Information - Audit & Monitoring Activity Report

Mr. Piedra presented the item, then introduced Mr. Robert Thompkins of TCBA Watson Rice, LLP, who appeared before the Committee and presented.

Mr. Gibson inquired about the term, "self-grantee" and "non-compliance". Staff explained.

Mr. Bridges asked whether there are different "non-compliance" levels. Mr. Beasley further explained.

A recommendation had been made to set deadlines for providers to submit individual audit reports. This is to ensure there are no findings that would potentially impact SFW's audit.

Mr. Piedra asked whether there's a process in place for receiving audit reports.

Mr. Gibson advised the Committee that SFW's fiscal year might be different from its contractors. Mr. Bridges recommended requesting most recent audit reports, preferably those recently completed within the last 120 days.

Mr. Piedra congratulated Mr. Beasley and staff for another year of clean audit.

Note that a vote was taken on an information item:

Mr. Gibson moved the approval of the Audit Monitoring Activity Report. Motion seconded by Mr. Jeff Bridges; **Motion Unanimously**

6. Recommendation as to Approval of the PY2012-13 Fiscal Audit

Mr. Piedra presented the item.

Mr. Gibson recommended the approval of the PY2012-13 Fiscal Audit. Motion seconded by Mr. Bridges; **Motion Passed Unanimously**

7. Recommendation as to Approval to Implement ACH Capabilities and Revise Accounting Procedures

Mr. Piedra introduced the item and Mr. Alonso further presented.

Mr. Piedra recommended creating a policy for this item so that all contractors are aware that this is SFW's new way of doing business.

Both Mr. Piedra and Mr. Datorre agreed that service and training contractors will be required to have an ACH system too.

Dr. Montoya moved the approval to Implement an ACH capabilities, revise accounting procedures and as amended with the above recommendation. Motion seconded by Mr. Charles Gibson; **Motion Passed as Amended with Unanimous Consent**

There being no further business to come before the Committee, the meeting adjourned at 9:37am



AUDIT COMMITTEE

AGENDA ITEM NUMBER: 2A

DATE: June 19, 2014, 8:00AM

AGENDA ITEM SUBJECT: MEETING MINUTES

April 24, 2014 at 8:00am
 Doubletree by Hilton Miami Airport Hotel
 Convention Center, 2nd floor
 711 NW 72nd Avenue
 Miami, Florida 33126

COMMITTEE MEMBERS IN ATTENDANCE	COMMITTEE MEMBERS NOT IN ATTENDANCE	OTHER ATTENDEES
<ol style="list-style-type: none"> 1. Gibson, Charles A., <i>Vice Chairperson</i> 2. Bridges, Jeff 3. Datorre, Roberto 	<ol style="list-style-type: none"> 4. Adrover, Bernardo 5. Carpenter, Willie 6. Chi, Joe 7. Montoya, Rolando 8. Piedra, Obdulio, <i>Chairperson</i> 9. Zewadski-Bricker, Edith <p>SFW STAFF Beasley, Rick Alonso, Gustavo Garcia, Christine Gonzalez, Frances Quinones. Dulce</p>	<p>Picahardo Jorge – <i>Youth Co-Op, Inc.</i></p> <p>Rodanes, Carlos – <i>New Horizons</i></p>

Agenda items are displayed in the order they were discussed.

1. Call to Order and Introductions

Audit Committee Vice-Chairman Charles Gibson called the meeting to order at 8:24am, asked those present introduce themselves and noted that a quorum of members had not been achieved.

2. Approval of the Audit Committee’s December 19, 2013

Item Deferred, however, the Committee briefly reviewed the minutes for accuracy and scrivener’s errors.

No further questions or comments had been noted into record, so the Committee continued to the next item.

3. Information – Operational Audit – State of Florida Auditor General

Vice-Chairman Gus Alonso introduced the item and SFWIB Finance Assistant Director, Gus Alonso further presented.

Mr. Datorre requested a quick overview of the findings and Mr. Alonso briefly reviewed it and explained the four (4) findings identified.

[Mr. Jeff Bridges arrived]

Vice-Chairman Gibson inquired about the contracting process and Mr. Alonso further explained. Executive Director Rick Beasley appeared before the Committee and provided additional details on each of the findings.

There was continued discussion regarding the State of Florida Auditor General's office auditing this region specifically questioning the purpose of this audit and the purpose of duplicating to process of posting meeting minutes on CareerSource South Florida's website.

4. Information - CSSF Fiscal and Programmatic Monitoring Activity Reports

Mr. Gibson introduced the item and Mr. Alonso further discussed.

Mr. Gibson requested staff provided examples on the various error rates. SFWIB Quality Assurance Coordinator, Frances Gonzalez appeared before the Committee and explained. Mr. Bridges inquired about the 3% and Ms. Gonzalez further explained.

Mr. Datorre questioned City of Miami's current ratings.

Mr. Bridges asked whether providers are required to receive technical assistance training and Ms. Gonzalez responded, "Yes."

Mr. Datorre questioned whether reviews are done annually and Ms. Gonzalez responded, "Yes."

SFWIB Contract Compliance Supervisor Dulce Quinones also responded to the various questions.

5. Information – DEO Monitoring Reports

Mr. Alonso presented the item.

No further questions or discussions.

There being no further business to come before the Committee, the meeting adjourned at 9:22am



SFWIB AUDIT COMMITTEE

DATE: 6/19/2014

AGENDA ITEM NUMBER: 3

AGENDA ITEM SUBJECT: APPOINTMENT OF BCA WATSON RICE, LLP.

AGENDA ITEM TYPE: RECOMMENDATION

RECOMMENDATION: SFWIB Staff recommends to the Audit Committee to recommend to the Board to Select BCA Watson Rice LLP to perform the Financial and Compliance Audits for the Fiscal Year ending on June 30, 2014.

STRATEGIC GOAL: Strong, Timely Reporting Standards for End User Customers and Providers of Services

STRATEGIC PROJECT: Raise the Bar/ One-Stop Performance Consistency

BACKGROUND:

On March 14, 2012, staff released a Request for Qualifications (RFQ) for External Independent Audit Services to the public. The RFQ solicited responses from experienced and capable Certified Public Accounting firms to provide financial and single audit of the SFWIB in accord with the Federal Single Audit Act, Office of Management and Budget Circular A-133, Florida Single Audit Act, and DEO Final Guidance 05-019.

A Technical Review Proposal Forum was held on April 19, 2012, during which the raters announced their scores. The Audit Committee then selected BCA Watson Rice, LLP and recommend that offeror to the Board for approval. On April 19, 2013 the Board approved the Audit Committee's recommendation.

BCA Watson Rice has performed the audits for the past two fiscal years and has done it exceptionally well, completing the audits by the deadline thus allowing SFWIB to meet its regulatory and contractual requirements. Under current DEO guidelines, Regional Workforce Boards can retain the same external audit firms for up to five years, at which time auditor rotation is required. Approval of a renewal would allow BCA Watson Rice to commence the audit process immediately after the end of the current fiscal year.

FUNDING: N/A

PERFORMANCE: N/A

NO ATTACHMENT



SFWIB AUDIT COMMITTEE

DATE: 6/19/2014

AGENDA ITEM NUMBER: 4

AGENDA ITEM SUBJECT: ACTIVITY REPORT -- FISCAL MONITORING

AGENDA ITEM TYPE: INFORMATION

RECOMMENDATION: N/A

STRATEGIC GOAL: Premier National Provider of Employment and Career Training

STRATEGIC PROJECT: Raise the Bar One-Stop Performance & Consistency

BACKGROUND:

At the December 2013 Audit Committee meeting, the committee members passed a resolution instructing staff to present monitoring activity reports at subsequent Audit Committee meetings.

In response to said request, Staff prepared the attached Activity Report. The report is a summary of the findings resulting from CSSF Fiscal Monitoring activities.

FUNDING: NA

PERFORMANCE: NA

ATTACHMENT

Summary of Monitorings Performed for Program Year 13-14 by the Office of Continuous Improvement (OCI) from 3/15/14 to 6/6/14

Service Provider/ Programs Monitored	Total Monitored	Original Amount Disallowed Costs	Areas of Deficiencies Noted	Type of Deficiencies	Repeat Finding	Plan of Corrective Actions (POCA) Submitted	POCA Accepted
City of Hialeah	\$3,360,209	\$1,563.71	Non-compliance and recordkeeping issues were noted in the refugee program. Performance measures billed to CSSF were not properly documented in clients' files; as a result, \$210.00 was disallowed.	Non-compliance with requirements of the executed RETP contract.	n/a	Yes	In Progress - Currently being reviewed
Workforce Services and Refugee			The Schedule of Expenditures of Federal awards for CSSF funded programs reported in the 2012 Independent Audit Report was overstated by \$480,230.74.	Non-compliance with the Office of Management and Budget (OMB) Circular A-133.	n/a		
			The 2012 Independent Audit Report did not indicate the amount of non-cash assistance provided to City of Hialeah by CSSF for payment of the leases at the Career Center and Refugee Employment and Training Program locations.	Non-compliance with the Office of Management and Budget (OMB) Circular A-133.	n/a		
			The Cost Allocation Plan and required monthly reports were not timely submitted.	Non-compliance with the reporting requirements as stipulated in the executed contracts.	n/a		
			Sampled journal entries did not have signed documented evidence of approval by supervisory personnel.	Operational deficiency.	Yes		
			Outstanding invoices were not paid to vendors in a timely manner; as a result, a late fee in the amount of \$15.00 was assessed and paid by CSSF; the amount was disallowed.	Operational deficiency.	Yes		
			City of Hialeah did not request cancellation of the electricity with Florida Power and Light Company, for office suites which had terminated leases and were no longer being occupied by the Career Center or the Refugee Employment and Training programs; however, the amount was billed and reimbursed by CSSF. As a result, \$1,074.65 was disallowed.	Operational deficiency.	n/a		
			Sampled invoices were not stamped "paid" as required by COH accounting policies and procedures.	Operational deficiency and non-compliance with COH's policies and procedures.	n/a		
			Percentage allocations amongst funding streams for operating expenditures did not agree to the approved CSSF budgets; as a result \$252.06 was disallowed.	Non-compliance with requirements of the executed contracts.	n/a		
			A sampled local travel expense was not adequately documented; as a result, \$12.00 was disallowed.	Non-compliance with the code of federal regulations, Florida Statutes and the DEO State Travel Manual. Operational deficiency.	n/a		
			Budgets showed errors and inconsistencies between the narratives and the budgets; narratives did not indicate the basis for the allocation/calculation of operating expenditures.	Operational deficiency.	n/a		
			The PY13-14 Career Center budget was submitted incorrectly at program execution; it	Non-compliance with the requirements	n/a		

Summary of Monitorings Performed for Program Year 13-14 by the Office of Continuous Improvement (OCI) from 3/15/14 to 6/6/14

Service Provider/ Programs Monitored	Total Monitored	Original Amount Disallowed Costs	Areas of Deficiencies Noted	Type of Deficiencies	Repeat Finding	Plan of Corrective Actions (POCA) Submitted	POCA Accepted
			did not accurately reflect the actual rate of pay of a sampled employee.	of the executed contracts and operational deficiency.			
			Bank reconciliations were not dated by the reviewer and showed stale dated checks outstanding over 90 days, although the face of the checks indicated "void after 90 days".	Operational deficiency.	Yes		
			City of Hialeah's Accounting Procedures Manual did not specify when staled dated outstanding checks should be written off the books or details of the follow up process currently being performed.	Operational deficiency.	Yes		
			A sampled voided check was not defaced properly.	Operational deficiency.	Yes		
			Supporting documentation for bank account reconciliations did not include detailed information pertaining to reconciling items.	Operational deficiency.	n/a		
			Sampled personnel files were not properly documented, monthly Personnel Activity Reports contained inaccuracies; a sampled employee was incorrectly compensated for time not worked.	Non-compliance with the code of federal regulations, the requirements of the executed contracts and operational deficiency.	Yes		
			Payroll taxes were filed and paid late; penalties or late fees were not incurred.	Non-compliance with State of Florida Statutes and the requirements of the executed contracts.	n/a		
			CSSF was not notified of a missing fixed asset.	Non-compliance with the executed contracts.	n/a		
			A master fixed assets inventory list was not maintained, an annual physical count of all capital assets was not performed and not all movable capital assets were tagged.	Operational deficiency.	n/a		
Transition, Inc.	\$466,493	None	The Cost Allocation Plan did not include required elements and was not signed by the Executive Director or Chief Financial Officer.	Non-compliance with the code of federal regulations and the requirements of the executed contract.	Yes	Yes	In Progress - Currently being reviewed
Workforce Services			Sampled payments to vendors were not remitted in a timely manner.	Operational deficiency.	Yes		
			A sampled cost allocated expenditure was incorrectly posted to CSSF's program cost instead of administrative costs.	Operational deficiency	n/a		
			The bank reconciliations for sampled months were not done in a timely manner.	Operational deficiency	n/a		
			Bank reconciliations showed stale dated checks outstanding over 90 days, although the face of the checks indicated "void after 90 days".	Operational deficiency	n/a		
			Sampled personnel files reviewed did not have required documentation.	Non-compliance with stipulations of the executed contract.	Yes		

Summary of Monitorings Performed for Program Year 13-14 by the Office of Continuous Improvement (OCI) from 3/15/14 to 6/6/14

Service Provider/ Programs Monitored	Total Monitored	Original Amount Disallowed Costs	Areas of Deficiencies Noted	Type of Deficiencies	Repeat Finding	Plan of Corrective Actions (POCA) Submitted	POCA Accepted
			The electronic recordkeeping policies did not include required elements.	Noncompliance with the Florida Statutes and the Florida Administrative Code.	n/a		
			The procurement and fixed assets policies did not include required elements.	Non-compliance with the code of federal regulations, Florida Statutes, Florida Administrative Code and the executed contract.	n/a		
Lutheran Services Florida, Inc. (LSF)	\$2,840,580	\$11,626.12	Numerous non-compliance and recordkeeping issues were noted in the refugee program, such as clients not referred by LSF and OCI unable to verify the data.	Non-compliance with the stipulations of the executed contracts.	Yes	Yes	In Progress - Currently being reviewed
Refugee			The Cost Allocation Plan (CAP) did not include required documentation and contained outdated information.	Non-compliance with the code of federal regulations and the requirements of the executed contracts.	Yes		
			Expenditures were not allocated in accordance with the approved CAP and indirect costs were erroneously allocated to the CSSF program.	Non-compliance with the code of federal regulations and the requirements of the executed contracts.	n/a		
			Lobbying costs were not separately identified in the indirect cost rate proposal or the accounting records and treated an unallowable activity costs.	Non-compliance with the code of federal regulations and the requirements of the executed contracts.	n/a		
			LSF was in breach of the executed contracts and its established policies and procedures which stated: "office furniture, regardless of cost, and software applications were to be procured and purchased by CSSF". LSF did not submit documents to demonstrate procurement requirements were followed.	Non-compliance with the stipulations of the executed contracts.	n/a		
			Prior year travel expenses allocated to CSSF were not submitted by the staff timely for processing; consequently, they were reimbursed in the following program year.	Non-compliance with the code of federal regulations pertaining to the period of availability, and the requirements of the executed contracts.	n/a		
			Sampled payments to vendors were not remitted in a timely manner	Operational deficiency.	Yes		
			Sampled expenditures did not contain adequate supporting documentation.	Non-compliance with federal regulations and the stipulations of the executed contracts.	n/a		
			Expenditures were not allocated properly to the CSSF program, in accordance with the approved budgets.	Non-compliance with the stipulations of the executed contracts.	n/a		

Summary of Monitorings Performed for Program Year 13-14 by the Office of Continuous Improvement (OCI) from 3/15/14 to 6/6/14

Service Provider/ Programs Monitored	Total Monitored	Original Amount Disallowed Costs	Areas of Deficiencies Noted	Type of Deficiencies	Repeat Finding	Plan of Corrective Actions (POCA) Submitted	POCA Accepted
			The approved indirect cost rate of 18.6%, shown on LSF's approved Nonprofit Rate Agreement for PY' 12-13 was not in agreement with the indirect cost rate of 19.4% utilized to forecast indirect costs in CSSF's approved program budget.	Operational deficiency.	n/a		
			LSF did not effectively monitor budget variances greater than fifteen (15) percent for Program Years (PY) 12-13 and 13-14; consequently did not timely request budget modifications.	Non-compliance with the code of federal regulations and the requirements of the executed contracts.	n/a		
			There was no documented evidence general ledger accounts were reviewed for reasonableness on a monthly basis or sampled journal entries were reviewed and approved by authorized personnel.	Operational deficiency.	n/a		
			Bank reconciliations showed stale dated checks outstanding over 90 days, although the face of the checks indicated "void after 90 days".	Operational deficiency.	n/a		
			RETP brochures describing the program were not updated to include required contract language.	Non-compliance with requirements of the executed contracts.	n/a		
			The electronic recordkeeping policies did not include required elements.	Non-compliance with the Florida Statutes and the Florida Administrative Code.	n/a		
Miami Dade College	\$1,089,700	None	A program-wide budget for the Take Stock in Children program to include all funding sources, amounts and allocation percentages, was not prepared as requested.	Non-compliance with the stipulations of the executed contracts.	Yes	Yes	In Progress - Currently being reviewed
Take Stock in Children and Future Bankers Training Programs			Budget variances were not adequately monitored; as a result, budget modifications were not timely requested; sampled budget line items showed favorable variances greater than fifteen (15) percent.	Non-compliance with the code of federal regulations and the requirements of the executed contracts.	Yes		
			Purchasing Card (PC) reconciliations were not submitted timely to the PC Card Administrator.	Operational deficiency.	Yes		
			Sampled authorized PC card expenditures exceeded the maximum allowable amount as per the signed agreements maintained on file.	Operational deficiency.	Yes		
			Inventory list and/or property records did not include required property record information.	Non-compliance with the code of federal regulations and requirements of the executed contracts.	n/a		
Ser Jobs for Progress, Inc. (Ser-Jobs)	\$5,453,126	None	The Cost Allocation Plan did not include an overview of the agency's organizational structure, how frequent data would be updated and a description of the documentation to be maintained.	Non-compliance with the code of federal regulations and the requirements of the executed contract.	Yes	Yes	In Progress -

Summary of Monitorings Performed for Program Year 13-14 by the Office of Continuous Improvement (OCI) from 3/15/14 to 6/6/14

Service Provider/ Programs Monitored	Total Monitored	Original Amount Disallowed Costs	Areas of Deficiencies Noted	Type of Deficiencies	Repeat Finding	Plan of Corrective Actions (POCA) Submitted	POCA Accepted
							Currently being reviewed
Workforce Services			The chart of accounts did not indicate if the general ledger accounts were active or inactive.	Operational deficiency.	n/a		
			Ser-Jobs did not effectively monitor budget variances greater than fifteen (15) percent for Program Years (PY) 12-13 and 13-14; consequently did not timely request budget modifications.	Non-compliance with the code of federal regulations and the requirements of the executed contract.	Yes		
			A sampled payment to a vendor was not remitted in a timely manner.	Operational deficiency.	Yes		
			Ser-Jobs did not have established credit Card policies and procedures and written agreements between the agency and authorized users.	Operational deficiency.	n/a		
			Sampled personnel files reviewed did not have required documentation.	Non-compliance with stipulations of the executed contract.	Yes		
			<i>Office of Management and Budget Management Decision Letters Issued</i>				
			Youth Co-Op, Inc.				