



SOUTH FLORIDA WORKFORCE INVESTMENT BOARD

AUDIT COMMITTEE MEETING

December 18, 2014

8:00 A.M.

Miami Dade College North Campus
300 Northeast 2nd Avenue
Miami, Florida 33132

AGENDA

1. Call to Order and Introductions
2. Approval of Meeting Minutes
 - A. October 30, 2014
3. Information – External Audit/Monitoring Activity Report
4. Information – Internal Monitoring Activity Report
5. Recommendation as to Approval of the Fiscal Year 2013-14 External Audit Report
6. Recommendation as to Approval to Accept Revised Accounting Policies and Procedures



AUDIT COMMITTEE

AGENDA ITEM NUMBER: 2A

DATE: December 18, 2014 at 8:00AM

AGENDA ITEM SUBJECT: MEETING MINUTES

October 30, 2014 at 8:00am
 CareerSource South Florida Headquarters
 7300 Corporate Center Drive, Suite 500
 Miami, FL 33126

| COMMITTEE MEMBERS IN ATTENDANCE | COMMITTEE MEMBERS NOT IN ATTENDANCE | OTHER ATTENDEES |
|--|--|---|
| 1. Piedra, Obdulio, <i>Chairperson</i> 2. Bridges, Jeff 3. Datorre, Roberto 4. Gibson, Charles A., <i>Vice Chairperson</i> 5. Montoya, Rolando 6. Zewadski-Bricker, Edith | 7. Adrover, Bernardo 8. Carpenter, Willie 9. Chi, Joe SFW STAFF Beasley, Rick Alonso, Gustavo Garcia, Christine Jean-Baptiste, Antoinette Quinones, Dulce | Allison, Carsheena – <i>Watson Rice, LLP</i> Thompkins, Ronald – <i>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 8:11am, asked those present introduce themselves and noted that a quorum of members had been achieved.

2.A. Approval of the Audit Committee Meeting Minutes for June 19, 2014

Dr. Montoya moved the approval of June 19, 2014 meeting minutes. Motion seconded by Mr. Roberto Datorre; **Motion Passed Unanimously**

2.B. Approval of the Audit Committee Meeting Minutes for July 21, 2014

Mr. Datorre moved the approval of July 21, 2014 meeting minutes. Motion seconded by Vice-Chairman Charles Gibson; **Further Discussion:**

Dr. Montoya requested that moving forward, all responses to questions asked by members of the Board should be detailed in the minutes.

Motion Passed with Unanimous Consent

3. Information – Status of 2013-14 Fiscal Audit

Chairman Piedra introduced the item and Finance Assistant Director, Gus Alonso further presented on behalf of TCBA Watson Rice, LLP that could not be present.

Mr. Datorre asked whether the auditors are currently on schedule. Mr. Alonso responded that they currently are. Chairman Piedra added that the final report will be timely reported to the State. Mr. Alonso also mentioned that the reports are submitted to the Department of Children and Families (DCF) (due in January), the Department of Economic Opportunity (DEO) (due in January) and Federal Government (due in March).

Chairman Piedra recommended the final report be prepared in a timely matter in order to submit to the full board for final approval. Mr. Alonso assured this would be done.

4. Information - External Audit/Monitoring Activity Report

Chairman Piedra informally introduced the item and Mr. Alonso briefly presented. Mr. Alonso briefly discussed a finding related to being in compliance with the “clean air act.”

Mr. Datorre Requested additional information regarding the term, “clean air act” and Mr. Alonso explained it is a regulation by the United States Environmental Protection Agency (EPA) that all vendors must comply to.

Chairman Piedra inquired about corrective action taken. Mr. Alonso explained that the clause is included in the language of every contract. Chairman Piedra also inquired about the observation and Mr. Alonso explained they were required to identify which funding would be used.

Chairman Piedra requested that in the future, staff provide a copy of the actual contract for the members to review. Dr. Montoya concurred.

[Mr. Willie Carpenter arrived]

It was recommended that in order to avoid printing the entire contract for each member, to provide only the corrected sections of the contract in highlighted form.

Chairman Piedra recommended staff revise the report to clarify which auditor is being referred to when the language, “audit general” is being referenced.

Mr. Carpenter briefly gave an update on the status of Sharpton Brunson & Company.

5. Information - Internal Monitoring Activity Report

Chairman Piedra introduced the item and Mr. Alonso further presented and reviewed with the Committee the quality assurance review results.

Chairman Piedra inquired about the common denominator for Wagner Peyser (WP) PY13-14 which shows a 30% error rate. Contracts Compliance Supervisor, Dulce Quinones explained that it was probably due to eligibility issues.

Mr. Bridges questioned whether there would be disallowances as a result of the high error rate. Ms. Quinones explained that participant might have been eligible, but did not submit the proper documents in a timely manner.

Chairman Piedra inquired about the term, POCA. Ms. Quinones defined it as, "Plan of Corrective Action." He further asked whether the issues have a direct correlation with training, volume, or "sloppiness." Ms. Quinones responded that most are due to lack of supervision and/or quality control.

Mr. Bridges requested a yearly report showing year-to-year quality improvement performances (showing annual comparisons) be provided to the Committee at a later date.

There was continued discussion regarding the monitoring of performances and performance outcomes.

Chairman Piedra inquired about the fiscal component, which shows no reporting issues. Mr. Alonso explained that there are no issues to report, due to the fact the new fiscal year had just begun. Ms. Quinones added that it had also been due to the Request for Proposals (RFP) and review of OMB's that staff had been working on.

Mr. Datorre inquired about the reporting period for the stated findings. Mr. Alonso responded, for Program Year July 1, 2013 to June 30, 2014. He further asked whether the findings were for only UNIDAD of Miami Beach for that particular period and whether KRA Corporation had also be monitored. Mr. Alonso explained that KRA Corporation is being monitored and audited for this fiscal year (July 1, 2014 to June 30, 2015).

Mr. Alonso discussed and distributed a detailed spreadsheet (untitled) that staff prepared to provide information that explains the nature of the mistakes found (findings) within each funding source.

Dr. Montoya commented that he likes the fact it provides year comparisons. Chairman Piedra concurred.

Mr. Datorre asked how staff would complete the spreadsheet. Mr. Alonso explained that it would list the amount of findings in each category. Chairman Piedra liked the concept; however, recommended the overall error rate be listed by program per career center. Dr. Montoya suggested making it simpler by adding an additional column called, "prior year comparisons."

Vice-Chairman Gibson requested an additional column called, "repeat findings" too.

Prior to meeting adjournment, Chairman Piedra inquired about the status of the recently implemented Automatic Clearing House (ACH) system. Mr. Alonso responded that it's been extremely successful. He however noted a few minor glitches (approval procedure, automatic reimbursements due to error or disallowances).

Dr. Montoya asked whether monies owed are automatically deducted from the next scheduled ACH payment in cases where monies were not refunded via ACH due to an error or as of result of disallowance. Mr. Also responded, "Yes" and explained that there are multiple ways of recovering monies owed to the agency.

Mr. Datorre asked whether there is any way this agency is able to assist those contractors that are short on cash flow. Chairman Piedra responded that he doesn't feel it is the agency's responsibility to assist contractors with cash flow issues as he recommended contractors identify strategic ways to operate more efficiently and have more fundraisers to cover issues with cash flows. Executive Director Rick Beasley appeared before the

Audit Committee Meeting

October 30, 2014

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Committee and concurred to Chairman Piedra's comment by explaining that cash flow assistance had been done in the past when he first began his tenure as Executive Director for this agency, which brought about unsuccessful outcomes.

Chairman Piedra inquired about the monitoring of training vendor performances. Mr. Beasley responded that the consumer report card monitors placement information.

Ms. Zewadski-Bricker asked whether there's a fiscal impact when a contractor is being replaced by another. Mr. Beasley responded, "No."

There being no further business to come before the Committee, the meeting adjourned at 8:43am



SFWIB AUDIT COMMITTEE

DATE: 12/18/2014

AGENDA ITEM NUMBER: 3

AGENDA ITEM SUBJECT: ACTIVITY REPORT -- EXTERNAL MONITORING RESULTS

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 External Fiscal Audit/Monitoring activities.

FUNDING: N/A

PERFORMANCE: N/A

ATTACHMENT

AUDIT/MONITORING ACTIVITY REPORT

| Auditor | Description | Period | Status | Report Date | Opinion Issued | Findings | Observations | Recommendations |
|---|---|-----------------|-------------|--------------------------|----------------|----------|--------------|-----------------|
| TCBA Watson Rice LLP | Annual Audited Financial Statements & OMB A-133 Audit | 7/1/13-6/30/14 | In Progress | | | | | |
| Department of Economic Opportunity | Annual State Monitoring | 7/1/13-6/30/14 | Completed | 8/29/2014 | N/A | 1 | 1 | - |
| TCBA Watson Rice LLP | Annual Audited Financial Statements & OMB A-133 Audit | 7/1/12-6/30/13 | Completed | 12/19/2013 | Unqualified | - | - | - |
| Florida Audit General Office | Special ITA Monitoring | 7/1/11-6/30/13 | Completed | 2/5/2014 | N/A | 4 | - | - |
| McGladrey -- DEO subcontract | Annual State Monitoring | 7/1/12-2/28/13 | Completed | 5/16/13 released 8/14/13 | N/A | - | 1 | - |
| TCBA Watson Rice LLP | Annual Audited Financial Statements & OMB A-133 Audit | 7/1/11-6/30/12 | Completed | 12/14/2012 | Unqualified | - | - | - |
| KPMG, LLP -- DEO subcontract | Annual State Monitoring | 2/1/11-12/31/11 | Completed | 3/6/12 released 4/19/12 | N/A | 1 | 2 | - |
| Sharpton, Brunson & Company P.A. | Annual Audited Financial Statements & OMB A-133 Audit | 7/1/10-6/30/11 | Completed | 11/22/2011 | Unqualified | - | - | - |
| KPMG, LLP -- DEO subcontract | Annual State Monitoring | 1/1/10-1/31/11 | Completed | 3/25/11 released 4/27/11 | N/A | - | 2 | - |
| Sharpton, Brunson & Company P.A. | Annual Audited Financial Statements & OMB A-133 Audit | 7/1/09-6/30/10 | Completed | 12/20/2010 | Unqualified | - | - | - |
| Thomas, Howell, Ferguson, P.A. -- DEO subcontract | Annual State Monitoring | 7/1/09-12/31/09 | Completed | 3/2/10 released 9/15/10 | N/A | 1 | 2 | - |
| Sharpton, Brunson & Company P.A. | Annual Audited Financial Statements & OMB A-133 Audit | 7/1/08-6/30/09 | Completed | 12/10/2009 | Unqualified | - | - | - |
| Thomas, Howell, Ferguson, P.A. -- DEO subcontract | Annual State Monitoring | 7/1/08-3/31/09 | Completed | 5/22/2009 | N/A | - | - | - |
| Sharpton, Brunson & Company P.A. | Annual Audited Financial Statements & OMB A-133 Audit | 7/1/07-6/30/08 | Completed | 2/10/2009 | Unqualified | - | - | - |
| Thomas, Howell, Ferguson, P.A. -- DEO subcontract | Annual State Monitoring | 7/1/07-4/30/08 | Completed | 6/23/2008 | N/A | - | - | 2 |



SFWIB AUDIT COMMITTEE

DATE: 12/18/2014

AGENDA ITEM NUMBER: 4

AGENDA ITEM SUBJECT: ACTIVITY REPORT -- INTERNAL MONITORING RESULTS

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 Internal Fiscal Monitoring activities.

FUNDING: N/A

PERFORMANCE: N/A

ATTACHMENT

**CareerSource South Florida (CSSF) Board of Directors Meeting December 18, 2014
Fiscal Unit**

| Service Provider/Programs Monitored | Program | Total Amount Monitored | Disallowed Costs | Type of Deficiencies | Repeat Findings | Plan of Corrective Actions (POCA) Received |
|--|---------------------------------|------------------------|---|--|-----------------|--|
| Community Coalition, Inc. | Refugee Employment and Training | \$479,608.00 | \$3,600.00 | Unable to validate performance measures | No | Yes |
| | In School Youth | \$428,328.00 | \$130.30 | Cost Allocation Plan (CAP) was not developed in accordance with requirements | Yes | |
| | | | | A refund from the payroll company was not recorded into the accounting system | No | |
| | | | | Sampled payments to vendors were incorrectly classified and recorded into the accounting system | Yes | |
| | | | | Incorrectly allocated transactions to other grantors and transactions were misclassified and incorrectly recorded into the accounting system. | Yes | |
| | | | | Sampled payments were not remitted timely to vendors. | Yes | |
| | | | | Sampled check authorizations forms were not properly documented with required information such as name of the funder, dollar amount, percentage allocations; therefore, defeating the purpose of the | Yes | |
| | | | | Sampled travel reimbursement forms were overstated and not approved by supervisory personnel. | No | |
| | | | | Did not effectively monitor budget variances and timely requested budget modifications for line items with variances greater than 15% | Yes | |
| | | | | Bank reconciliations showed stale dated checks outstanding over 90 days | Yes | |
| | | | | Overdrafts charges for non-sufficient fund items charged by the bank were not recorded correctly in the accounting system as unallowable costs. | No | |
| | | | | Current credit card policies and procedures did not include a requirement for staff to returned the card upon separation or termination of employment. | No | |
| | | | | Sampled employees did not timely complete Tier 1 certification as required by the Department of Economic Opportunity (DEO) within six month from the hire date. | No | |
| | | | | Sampled employees did not consistently record in their respective Personnel Activity Report (PARs) the number of hours of time taken off | No | |
| | | | Did not provide documented evidence it conducted cost and price analysis for an expenditure related to web-site creation. | No | | |
| | | | Procurement policies did not include required elements as per federal regulations and contractual | No | | |
| | | | Electronic recordkeeping policies did not included and/or described a process for the destruction of electronic records in a manner that ensures information cannot be read or reconstructed. | No | | |
| Adults Mankind Organization, Inc. | Refugee Employment and Training | \$1,056,109 | None | The CAP was not developed in conformity with requirements | Yes | No |
| | | | | Sampled payments were not remitted to vendors in a timely manner | No | |
| | | | | Did not effectively monitor budget variances and timely requested budget modifications for line items with variances greater than 15% | No | |
| | | | | Sampled personnel files did not include required documentation. | No | |
| | | | | Employment eligibility Verification form I-9 was not completed correctly as required by federal | No | |
| OMB A-133 REVIEWS | | | | | | |
| Community Coalition, Inc. Final Management Decision | | | | | | |
| City of Hialeah - Final Management Decision | | | | | | |
| Miami Dade Community College - Final Management Decision | | | | | | |
| Youth Co-Op, Inc. - Final Management Decision | | | | | | |
| PLAN OF CORRECTIVE ACTIONS (POCA) REVIEWED DURING THIS REPORTING PERIOD | | | | | | |
| Miami Beach Latin Chamber of Commerce, Inc. - POCA Acceptance Letter | | | | | | |
| Greater Miami Service Corp - POCA Acceptance Letter | | | | | | |
| Lutheran Services Florida, Inc. - Second and Third POCA Response Letters | | | | | | |
| Transition, Inc. - POCA Acceptance Letter | | | | | | |
| City of Hialeah - Second POCA Response Letter | | | | | | |



SFWIB AUDIT COMMITTEE

DATE: 12/18/2014

AGENDA ITEM NUMBER: 5

AGENDA ITEM SUBJECT: 2013-14 FISCAL AUDIT

AGENDA ITEM TYPE: APPROVAL

RECOMMENDATION: SFWIB staff recommends to the Audit Committee to recommend to the Board the Approval of the Fiscal Year 2013-14 external audit report.

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 July 16, 2014, the South Florida Workforce Investment Board (SFWIB) approved the negotiation of a contract with BCA Watson Rice, LLP for the performance of an external independent audit of the agency's financial records and reports for Program Year 2013-14.

The fiscal year 2013-2014 SFWIB audit was recently completed by Ron Thompkins, CPA, who is a partner at BCA Watson Rice LLP.

The audit of the financial statements was performed pursuant to generally accepted auditing standards, government auditing standards, and the Rules of Florida's Auditor General. It included a review of internal controls as well as compliance with applicable laws and regulations.

The audit resulted in an unqualified opinion on the agency's financial statements (i.e., no significant deficiencies or material weaknesses in the internal control systems). Moreover, the OMB single audit was also deemed unmodified (i.e., no matters of non compliance).

Mr. Thompkins will present the audit results to the members of the committee

FUNDING: Cost allocated across all funding streams

PERFORMANCE: N/A

ATTACHMENT

**Audit Presentation
to the
Board of Directors
of the
South Florida Workforce
Investment Board
d/b/a CareerSource South Florida**

**for the
Fiscal Year Ended
June 30, 2014**

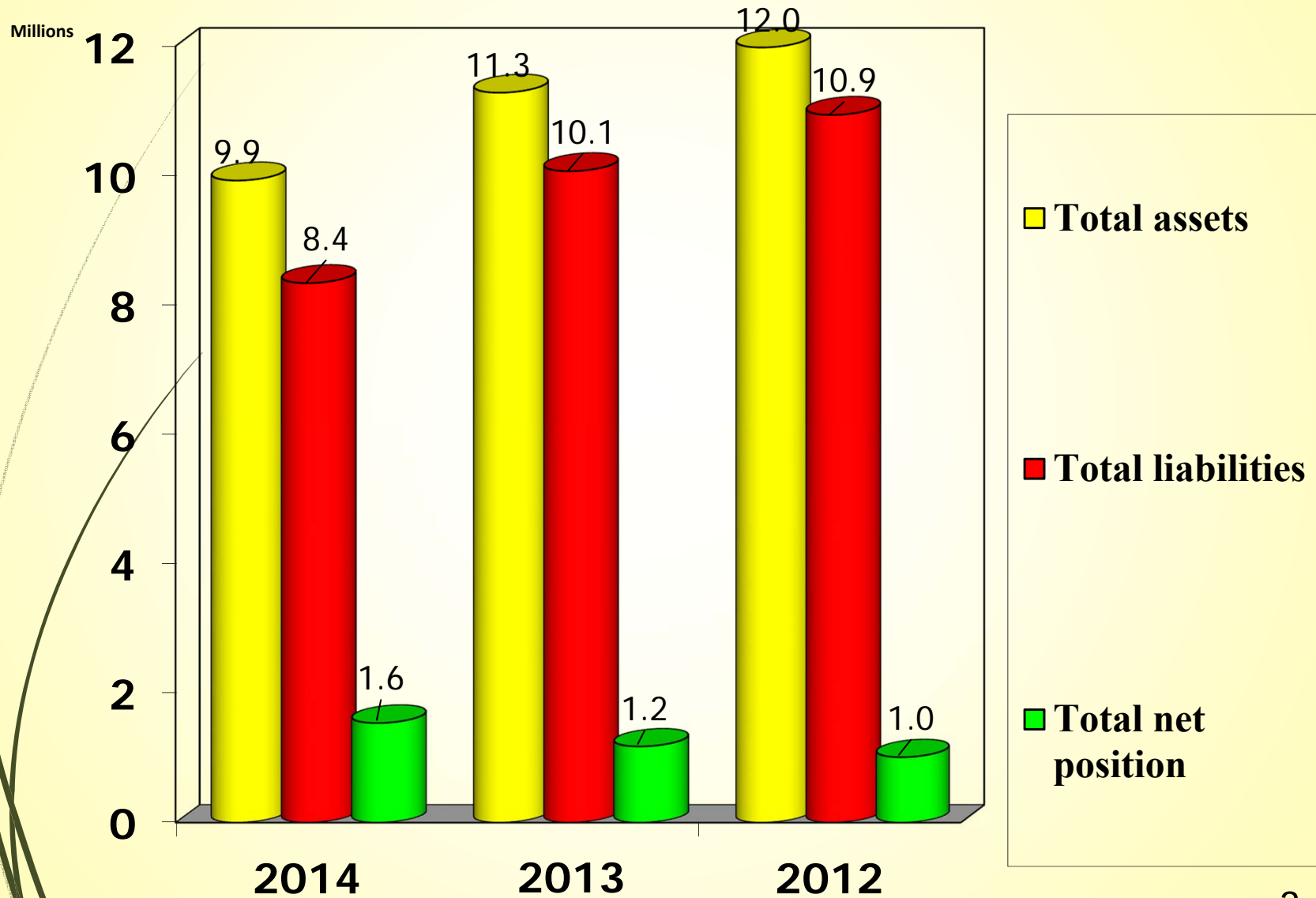


Annual Financial Report Components

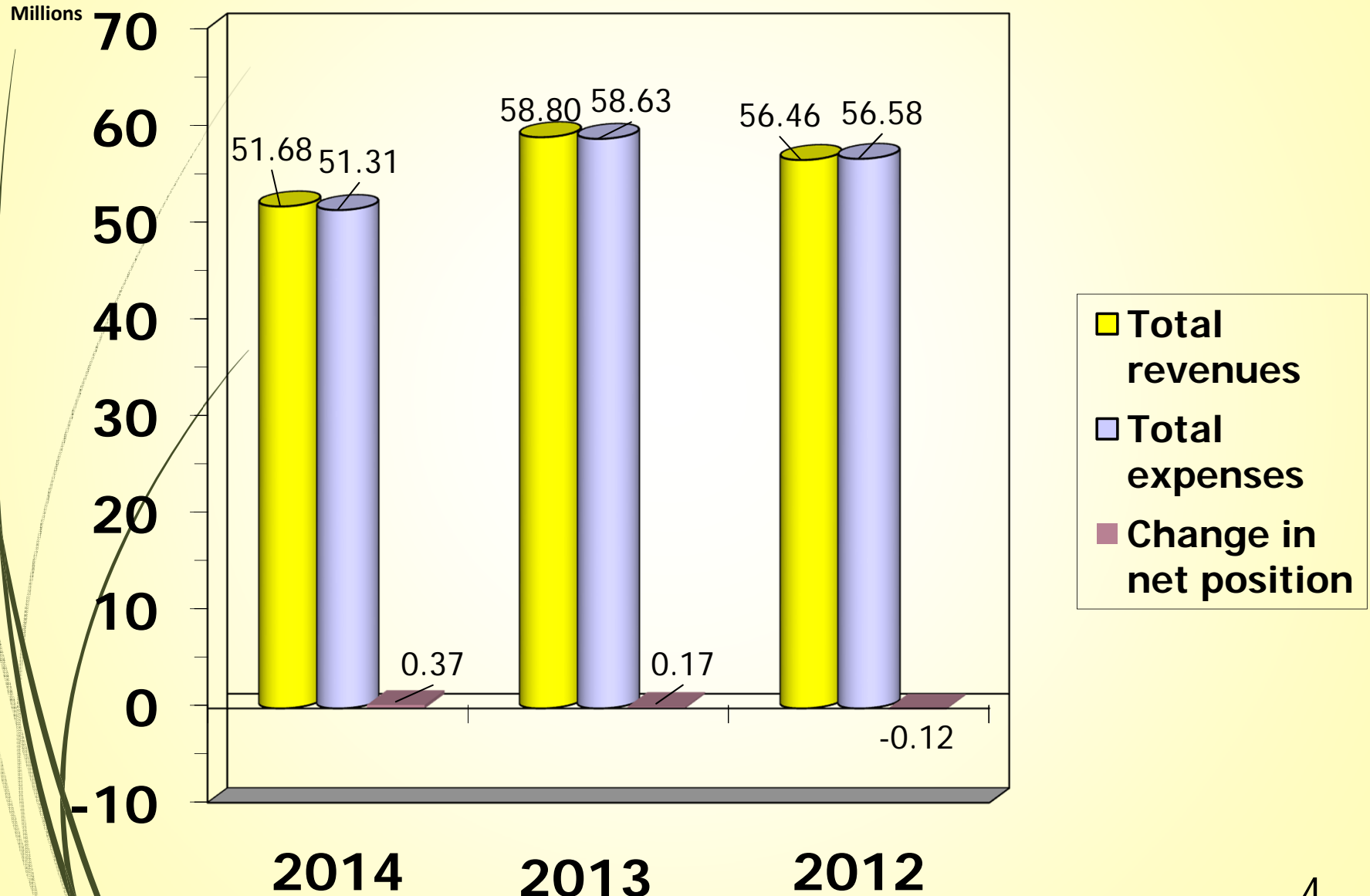
- Independent Auditors' Report
- Management's Discussion & Analysis
- Basic Financials
- Notes to Financials
- Required Reports Under OMB A-133
- Reconciliation to OSMIS



Financial Highlights



Financial Highlights



Single Audit Report Components

- Schedule of Expenditures Federal Awards
- Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
- Independent auditors' report on compliance and internal control over compliance applicable to each major federal program
- Summary of Audit Results
- Schedule of Findings & Questioned Costs-NONE NOTED

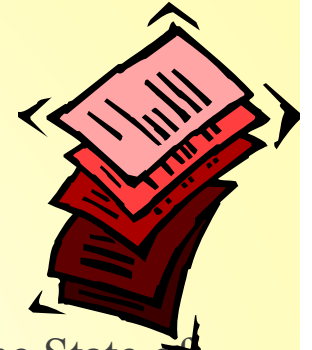
Summary Status of Findings

- New comments
- Old unresolved comments
- Old partially resolved comments
- Old resolved comments

Total

No Findings noted in the current year or prior year audit

Management Letter



Management letter in accordance with the Rules of the Auditor General of the State of Florida

- *None.*

There was no State Financial Assistance and, accordingly, no items related to State financial assistance required to be reported in the management letter.

Components of Communication to 8 Governing Board (As overseers of Audit)

- Our responsibilities in relation to the Financial Statements
- Planned scope & timing
- Compliance with all ethical requirements regarding independence
- Qualitative aspects of significant accounting practices – N/A
- Identified or suspected fraud – NONE NOTED
- Significant difficulties encountered during the audit – NONE
- Unrecorded and corrected misstatements - NONE
- Disagreements with management - NONE
- Representations from management
- Management consultation with other auditors - NONE
- Other significant matters, findings or issues - NONE

Conclusion

- Questions & answers





SFWIB AUDIT COMMITTEE

DATE: 12/18/2014

AGENDA ITEM NUMBER: 6

AGENDA ITEM SUBJECT: ACCOUNTING POLICIES & PROCEDURES MANUAL UPDATE

AGENDA ITEM TYPE: APPROVAL

RECOMMENDATION: SFWIB staff recommends to the Audit Committee to recommend to the Board the approval of the revised accounting policies and procedures manual.

STRATEGIC GOAL: Premier National Provider of Employment and Career Training

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

BACKGROUND:

The Accounting Policies & Procedures Manual has been updated to include enhancements in accounting procedures, references to new laws, and the implementation of the ACH payment mechanism, as summarized below:

1. Section I.D. **AUTHORITATIVE SOURCES**, has been updated to reflect reference to 2 CFR Chapter I, Chapter II, Part 200, et al. -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which replaces OMB A87, 102,122 and 133.
2. Section XIV **APPENDIX H**, has been updated to make reference to Final Guidance Individual Training Account (ITA) - Costs Allowable for the 50% Expenditure Requirement.
3. Section IV.D, **CASH DISBURSEMENTS** has been updated to reflect procedural changes related to the implementation of Electronic Fund Transfers via the Automated Clearing House (ACH) ACH payments.
4. Section I.D. **AUTHORITATIVE SOURCES** has been updated to delete reference to the Workforce Investment Act and to include reference to the Workforce Innovation and Opportunity Act.
5. **ALL SECTIONS** have been updated to include references to Career Source South Florida and Career Source Florida, as applicable.

FUNDING: NA

PERFORMANCE: NA

ATTACHMENT