

Joint Meeting of the Audit and Finance Committees

WCF Admin Office
707 Mendham Blvd., Suite 250
Orlando, FL 32825
Monday, March 11, 2013
9:00 a.m.

MINUTES

MEMBERS PRESENT: Bill Merck, Eric Ushkowitz, Art Bisner, Debbie Clements, Melanie Cornell, Fred Coulter, Catherine Hanson, Mike Kurek (via phone), Jim Moye, Joseph Sarnovsky, Richard Sweat (via phone) and Mark Wylie

MEMBERS ABSENT: Barbara Lehman

STAFF PRESENT: Kevin Neal, Leo Alvarez, Nilda Blanco and Kaz Kasal

GUESTS PRESENT: Jim Burdick, Dan Gougherty, Carrie Cross / Cherry, Bekaert

WELCOME & CHAIRS' REMARKS

Introductions

Mr. Ushkowitz and Mr. Merck called the meeting to order at 9:00am and welcomed those in attendance. Attendees introduced themselves.

Roll Call/Establishment of Quorum

Ms. Kasal commenced with roll call and reported there was a quorum present.

Public Comment

None offered.

Approval of the Minutes

After review, the Audit Committee unanimously approved the minutes from the 1/14/13 Audit Committee meeting.

After review, Mr. Sarnovsky made a motion to approve the minutes from the 2/12/13 Finance Committee meeting. Ms. Hanson seconded, motion passed.

PRESENTATION FROM CHERRY, BEKAERT

Mr. Burdick, the lead on this audit, greeted the committee and provided a review of the draft audit results and required communications. Mr. Burdick stated that the delay in completing the audit is due to the DEO look back reallocation cost allocation. An unqualified opinion is anticipated with respect to the financial statements being fairly presented. With regard to the single audit results, at least 50% of the major federal award program transactions were tested and no significant deficiencies or material weaknesses were disclosed.

Mr. Burdick and Mr. Dougherty reviewed the statements of financial position – both 2012 and Restated 2011. With regard to the liability for disallowed settlement costs for \$739,605, DEO agreed to adjust by at least \$500,000 and the remainder is still under negotiation. Mr. Coulter asked if this adjustment will be made in current or prior year. Mr. Burdick replied current year - as it is still a liability under the current year and DEO did not agree to adjust until this year. Mr. Alvarez added that they are hoping to reach an agreement and settle the remaining \$237,000 for DEO approval by end of this month when audit is filed.

Mr. Burdick reviewed the draft financial statements and noted two deficiencies: 1) year-end cutoff – July health insurance bill accrued as expense and accrued in June, but this was for subsequent year; and 2) last year there was no accounting for incentive cards - adjustments are made on an annual basis, but this should be done on a monthly basis. Mr. Alvarez further explained that as of 7/1/12 there are monthly reconciliations and there have been no issues with controls of cards.

INFORMATION ITEMS

403b Staff Training Sessions

Mr. Alvarez stated that at the 2/12/13 Finance Committee Meeting, representatives from One American and AUL provided a presentation to review the Finance Committee's fiduciary responsibilities. The committee suggested that training sessions be provided to staff to further educate them on the benefits of plan participation. Mr. Alvarez stated that WCF has scheduled training sessions for the staff and Mr. Merck will be attending one of them. Mr. Moyer commented that WCF's 403b plan fees are five times higher than it ought to be and expressed concerns with regard to excess fees (every 1% excess fee eats up 17% of participant's portfolio). Mr. Merck stated that he did request UBS to review the fees and asked Mr. Alvarez to include this as an agenda item at the next committee meeting; and that UBS be prepared to explain their rationale on their fees.

Update on Facilities Plan

Mr. Alvarez expressed his thanks to Ms. Cornell and her associate Ms. Volosin with HKS for their great assistance providing space planning consultation to WCF at no cost. Ms. Volosin met with WCF management last Friday and provided a summary of improvements to restructure offices to better support programs and provide better flow. The current focus is Seminole and East Orange County offices, as leases will be expiring at these locations in the fall. A public notice has been posted that WCF is looking for space. A progress report will be provided to the Finance Committee at their next meeting in April 2013. Mr. Coulter asked if mass transit is taken into account. Mr. Alvarez affirmed that the locations being reviewed are within walking distance to a bus stop.

Mr. Ushkowitz asked for an update on the high-risk designation. Mr. Alvarez replied that Ms. Nabors and Mr. Katheder visited the Governor's office and DEO at the end of January 2013, in efforts to remove the high risk status, having satisfied all items as identified in the September 2011 Governor's letter. DEO responded there are a few items to look for final closure before off of high risk:

- 1) Final A-133 audit and all previous year's findings resolved.
- 2) Financial monitors from State will be visiting WCF in May 2013 – to make sure there are no significant findings at this monitoring.
- 3) Policies and procedures – Governor's letter states in place 6 months. Policies and procedures revisions were made prior to 10/31 but there was a two-month lag with implementation and voted on

by board, so delay clearing this item – so pushed to April 2013.

NEW BUSINESS

None offered.

CHAIRS' CLOSING REMARKS

Mr. Ushkowitz and Mr. Merck thanked those for attending today's meeting.

ADJOURNMENT

There being no other business, the meeting was adjourned at 10:13 a.m.

Respectfully submitted,

Kaz Kasal
Sr. Administrative Assistant