



Joint Meeting of the Audit and Finance Committees

Meeting Agenda

Monday, March 11, 2013
9:00 a.m. – 11:00 a.m.
WCF Administration Office
707 Mendham Blvd., Suite 250
Orlando, FL 32825
Conference Call-in phone number: (407) 531-1243

AGENDA

Welcome & Chairs' Remarks.....Eric Ushkowitz/Bill Merck

Public Comment

Roll Call

Approval of Minutes

- January 14, 2013 Audit Committee Meeting
- February 12, 2013 Finance Committee Meeting

Presentation from Cherry, Bekaert

- Draft Report on WCF A-133 Audit

Information Items.....Leo Alvarez

- 403b Staff Training Sessions
- Update on Facilities Plan

New Business

Chairs' Closing Remarks.....Eric Ushkowitz/Bill Merck

Upcoming Meetings:

Finance Committee Meeting, April 23, 2013 - 9:00am to 10:30am – WCF Admin Office
Audit Committee – meeting schedule to be determined for remainder of fiscal year

DRAFT
Audit Committee Meeting

WCF Admin Office
707 Mendham Blvd., Suite 250
Orlando, FL 32825
Monday, January 14, 2013
9:00 a.m.

MINUTES

MEMBERS PRESENT: Eric Ushkowitz, Art Bisner, Mike Kurek (via phone), Barbara Lehman, Jim Moye, Joseph Sarnovsky, and Richard Sweat (via phone)

MEMBERS ABSENT: Karen Huffman

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

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

WELCOME & CHAIR'S REMARKS

Introductions

Mr. Ushkowitz 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 from the November 5, 2012 Audit Committee Meeting

After review of the minutes from the 11/5/12 Audit Committee meeting, Mr. Sarnovsky made a motion to approve the minutes. Mr. Moye seconded, motion passed.

Introductions of new Compliance Director

Ms. Nabors introduced Nilda Blanco, WCF's new Compliance Director. Ms. Blanco has an extensive background with compliance in public administration, workforce development and performance management.

PRESENTATION FROM CHERRY, BEKAERT

Mr. James Burdick, the lead on this audit, greeted the committee and reviewed the status of prior year findings and preliminary audit results, as provided in a written report he furnished to the committee. The audit committee reviewed and discussed the preliminary report.

Mr. Ushkowitz asked if the final audit report will be ready prior to the 3/11/13 audit committee meeting. Ms.

Nabors replied that the final draft will be ready for the next meeting. WCF also hopes to receive a response from USDOL/DEO on resolution of the unallowed settlement cost. Ms. Nabors suggested that the Finance Committee be included in the 3/11/13 meeting, so both committees can jointly review the final audit report. The audit committee concurred.

Mr. Moyer asked if Cherry, Bekaert's contract included a negotiated rate provision for any additional work, as the committee previously discussed. Ms. Nabors replied that WCF is in negotiations with the audit firm regarding the additional hours. Mr. Sarnovsky stated that as a practice going forward, it is recommended that WCF negotiate any costs in excess of the negotiated contract in advance of contract execution, so as to better control costs. Mr. Burdick replied that the fees quoted in the proposal would be the basis for the quote for additional work beyond the scope of the audit.

Mr. Moyer asked if the 403B audit is part of the scope of this audit. Ms. Nabors replied no, and that the Finance Committee is now responsible for overseeing the 403B plan, per the Executive Committee's direction. Mr. Moyer asked about the completion status of the 403B audit filings. Mr. Alvarez replied that the '09 is complete and '10 will be complete in the next week or two - both will be filed at the same time. The '11 was filed on time on 10/15/12. The deadline for the '12 audit filing will be in September 2013. Mr. Moyer asked if Cherry, Bekaert will be conducting this audit. Ms. Nabors affirmed but that this had yet to be negotiated.

Mr. Moyer asked if a firm has been hired for financial technical assistance. Ms. Nabors replied that the procurement has been concluded and WCF is hiring Taylor, Lombardi, Hall & Wydra. This firm is based in Central Florida and has done work at other regional workforce boards across the state. They will begin providing their services in the first week of February 2013, and also meet the Finance Committee in February 2013.

NEW BUSINESS

None offered.

CHAIR'S CLOSING REMARKS

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

ADJOURNMENT

There being no other business, the meeting was adjourned at 9:59 a.m.

Respectfully submitted,

Kaz Kasal
Sr. Administrative Assistant

DRAFT

Finance Committee Meeting

WCF Admin Office
707 Mendham Blvd., Suite 250
Orlando, FL 32825
Tuesday, February 12, 2013
9:00 a.m.

MINUTES

MEMBERS PRESENT: Bill Merck, Deborah Clements (via phone), Melanie Cornell (via phone), Catherine Hanson, Joe Sarnovsky and Mark Wylie

MEMBERS ABSENT: None

STAFF PRESENT: Pam Nabors, Leo Alvarez, and Kaz Kasal

GUESTS PRESENT: Dalton Hall, Terry Miller, Jason Parker / Taylor, Lombardi, Hall, Wydra
Paul Forlenza / One America
Jason Johnson, Chris Whitlow / UBS Financial Services

WELCOME & CHAIRS' REMARKS

Introductions

Mr. Merck called the meeting to order at 9:00am, welcomed those in attendance and introductions were made.

Roll Call/Establishment of Quorum

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

Public Comment

None offered.

APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

After review of the minutes from the 10/16/12 Finance and Legal Services Joint Committees' Meeting, Mr. Wylie made a motion to approve the minutes. Mr. Sarnovsky seconded, motion passed.

INFORMATION AND DISCUSSION ITEMS

Introduction of Taylor, Lombardi, Hall, Wydra

Ms. Nabors introduced Dalton Hall, Terry Miller, and Jason Parker with Taylor, Lombardi, Hall, Wydra. This is the firm that was selected to provide financial and strategic oversight and technical assistance to WCF. She stated that this firm has expertise in program and financial monitoring, working with several regional workforce boards in the State. She asked Mr. Hall to provide an overview of what their scope of work will be with WCF.

Mr. Hall greeted the committee and indicated that their firm's background consists of providing financial consulting services to 10 regional workforce boards around the State, including some regions that have had State scrutiny. He relayed the following areas as their scope of work:

- Process review of key fiscal areas
- Gain an understanding of current policies and procedures
- Identify gaps/deficiencies
- Strengthen and enhance internal controls
- Improve management reports
- Implement best practices
- Prepare draft reports on steps / performance
- Review results and areas to be enhanced
- Issue final report

Mr. Sarnovsky asked if their firm's staff will work on-site and what is the duration of their services. Mr. Hall replied yes, they will be working on-site, which makes it easier to go to staff when questions arise. The contract runs through June 2013.

Ms. Nabors added that the firm will be testing each of the systems and provide recommendations on changes to the Finance Committee at their upcoming meetings in March and April 2013. With procurement, there have already been controls/process adjustments while under high-risk designation over the last few years.

Mr. Hall stated that last week he and his staff attended the WCF training on procurement and contracting and, based on WCF staff input and questions at the training, they have identified areas where WCF staff needs additional assistance.

Mr. Merck commented that having this 3rd party financial consulting will be very helpful as we move forward in this transition. He extended his thanks and appreciation to Taylor, Lombardi, Hall, Wydra, for their assistance to WCF.

Mr. Sarnovsky asked if their firm will help identify best practices for the Finance Committee. Mr. Hall affirmed; a big function of Finance Committee is budget review – this is an area that the committee should be knowledgeable and informed.

Update on FY 2012 A-133 Audit

Ms. Nabors reported that at the last Audit Committee meeting, the committee received and reviewed the draft from Cherry Bekaert. The Audit Committee concurred that the Finance Committee should also review the report. Ms. Nabors asked Mr. Alvarez to provide an overview of the report.

Mr. Alvarez provided an overview on the report which consisted of the status of prior year findings and preliminary audit results. Mr. Alvarez indicated that the report is near completion, and it was proposed by the Audit Committee that both Audit and Finance Committees meet jointly on 3/11/13 to review the final draft and accept it before it is finalized by 3/31/13. Mr. Merck commented how well along we are and the huge amount of work that has been accomplished to clean up all these issues/findings.

Mid-Year Budget Variance Report

Mr. Alvarez provided an overview of the "WCF Budget Versus Actual Report – as of December 2013" which the committee reviewed and discussed. Mr. Sarnovsky inquired as to budget lines per each program – this information would be helpful for the committee to review budget activity by program. Mr. Alvarez replied that this can be provided and is working with Mr. Hall to develop reports by funding stream.

403(b) Fiduciary Responsibility

Ms. Nabors introduced Paul Forlenza, Client Services Manager, with One America; and Jason Johnson and Chris Whitlow, with UBS Financial Services, who are the advisors on the plan.

Mr. Johnson greeted the committee and provided an overview of their consulting role and their initial processes:

- 1) Evolution of the current plan
- 2) Determine what is important to the organization
- 3) Attain competitive bids/options that match plan needs

After review/evaluation of 6-7 providers, One-America was engaged to take over the plan, with the transfer of assets occurred approximately 2 years ago. UBS is the liaison between WCF and One-America providing advisory consultation and co-fiduciary responsibility and investment recommendations.

Mr. Merck stated that UBS should meet on a quarterly basis with the Finance Committee and provide recommendations, as action items on the agenda. Mr. Johnson concurred and will provide a quarterly report via email to the committee members prior to the meetings.

Mr. Whitlow stated that the Investment Policy Statement to the 403(b) plan will be sent to Finance Committee for their review. Ms. Nabors indicated she will also have Mr. Katheder, who is Chair of the Legal Services Committee also review. After committee and legal counsel review, the recommendations/revised draft will be forwarded to full board for approval.

Ms. Nabors commented that educational sessions should be provided to employees on the array of benefits available by participating in the 403(b) plan. Mr. Merck concurred, training should occur on a periodic basis. Mr. Sarnovsky added that information also be provided on alternative options for getting loans vs. taking loans out of the retirement plan. Mr. Merck indicated he will attend the first training session with staff.

CHAIRS' CLOSING REMARKS

Mr. Merck thanked all those who attended and presented at today's meeting.

There being no other business, the meeting was adjourned at 10:33 a.m.

UPCOMING MEETINGS

- Joint Meeting of Audit and Finance Committee – 3/11/13 – WCF Admin Office
- Finance Committee Meeting: 4/23/13 - WCF Admin Office

Respectfully submitted,

Kaz Kasal
Sr. Administrative Assistant

**Central Florida Regional Workforce
Development Board, Inc.
D/B/A Workforce Central Florida**

***Audit Results and Required
Communications***

For the Year Ended June 30, 2012

Audit/Finance Committee Meeting – March 11, 2013

To the Board of Directors
Central Florida Regional Workforce Development Board, Inc.
d/b/a Workforce Central Florida

We are in the process of completing our audit of the financial statements of Central Florida Regional Workforce Development Board, Inc. d/b/a Workforce Central Florida (“the Organization”) for the year ended June 30, 2012. As required by generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, we are providing you with the information shown in this presentation relative to our audit. Such information is intended for the use of management, the board of directors and related committees and should not be used for any other information or purposes.

CHERRY BEKAERT LLP

REQUIRED COMMUNICATIONS

Area

Our Responsibilities under Generally Accepted Auditing Standards and OMB Circular A-133.

Our responsibility, as described by professional standards, is to obtain reasonable assurance through selected audit procedures and express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibility.

In planning and performing our audit, we considered Central Florida Regional Workforce Development Board, Inc. D/B/A WorkForce Central Florida's (the "Organization") internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Comments

Unqualified opinion anticipated

No material weaknesses identified

Significant deficiencies in internal control over financial reporting were reported

No findings on internal control over compliance were reported

REQUIRED COMMUNICATIONS

Area

Our Responsibilities under Generally Accepted Auditing Standards and OMB Circular A-133 (continued)

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Also in accordance with OMB Circular A-133 we examined, on a test basis, evidence about the Organization's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to its major federal program for the purpose of expressing an opinion on the Organization's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Organization's compliance with those requirements.

Comments

No instances of non-compliance with laws, regulations, contracts and grants were reported.

Unqualified opinion on compliance with grant requirements anticipated. No grant non-compliance was reported.

REQUIRED COMMUNICATIONS

Area

Comments

Independence

We are familiar with Rule 101 of the AICPA's Code of Professional Conduct and its interpretations and rulings as it relates to independence.

We are independent with respect to the Organization.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated October 8, 2012.

No change in planned scope however, the audit was delayed significantly because of the look back reallocation cost allocation.

Significant Audit Findings

Accounting Policies- Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. Communicate any changes to accounting policies.

No new accounting policies were adopted during June 30, 2012. However the method of cost allocation was changed effective July 1, 2010 which resulted in a restatement for net assets.

Communicate any transactions entered into by the Organization during the year which had a lack of authoritative guidance or consensus. Also that all significant transactions have been recognized in the financial statements in the proper period.

We noted no transactions with a lack of authoritative guidance or consensus.

There was a restatement of net assets as a result of recalculated cost allocation plan in the prior year.

REQUIRED COMMUNICATIONS

Area

Comments

Corrected and Uncorrected Misstatements

Inform of any known or likely misstatements identified.

No passed adjusting entries. 3 adjusting entries resulting from our audit procedures were made by Management.

Disagreements with Management

Inform of any disagreements with management. For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements.

There were no disagreements with management.

Difficulties Encountered in Performing the Audit

Communicate any difficulties encountered.

Difficulties were encountered in performing the audit primarily as a result of the DEO look back reallocation.

Management Representations

We request certain representations that will be included in the management representation letter dated upon acceptance and delivery of the consolidated financial statements.

We will be requesting a management representation letter dated the date of our report on the financial statements once finalized.

Single Audit Results

CFDA # Federal Program

U.S. Department of Labor

WIA Cluster

- 17.258 WIA Adult Program
- 17.259 WIA Youth Activities
- 17.278 WIA Dislocated Workers

Employment Services Cluster

- 17.207 Employment Services
- 17.801 Disabled Veterans' Outreach Program
- 17.804 Local Veterans' Employment Representative Program

U.S. Department of Health and Human Services

TANF Cluster

- 93.558 Temporary Assistance for Needy Families State Programs

Unqualified Opinion expressed in the auditors' report on compliance for the major federal programs .

No significant deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.

STATEMENTS OF FINANCIAL POSITION

| | 2012 | Restated 2011 |
|---|-------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,061,015 | \$ 941,651 |
| Grants receivable | 1,651,626 | 2,365,739 |
| Due from other governments | 792,915 | 473,425 |
| Other assets | 660,190 | 821,326 |
| Capital assets, net | 1,951,754 | 2,732,233 |
| Total assets | <u>7,117,500</u> | <u>7,334,374</u> |
| Liabilities and Net Assets | | |
| Accounts payable | 1,179,242 | 713,104 |
| Accrued compensation | 1,454,500 | 887,372 |
| Due to other governments | 728,256 | 473,425 |
| Grant advances | 2,068,181 | 2,247,907 |
| Liability for disallowed settlement costs | 739,605 | 739,605 |
| Deferred rent | 222,354 | 215,039 |
| Total liabilities | <u>6,392,138</u> | <u>5,276,452</u> |
| Net Assets: | | |
| Unrestricted | 725,362 | 2,057,922 |
| Total net assets | <u>\$ 725,362</u> | <u>\$ 2,057,922</u> |

STATEMENTS OF ACTIVITIES

| | 2012 | Restated 2011 |
|--|--------------------|---------------------|
| Revenue : | | |
| Government grants | \$ 31,426,503 | \$ 27,366,513 |
| Other | 146,865 | 2,225 |
| Total revenue and other support | <u>31,573,368</u> | <u>27,368,738</u> |
| Expenses: | | |
| Program Services - training, retraining and readjustment | 30,116,970 | 26,492,418 |
| Supporting services - general and administrative | 2,788,958 | 1,761,724 |
| Disallowed settlement costs | - | 739,605 |
| Total expenses | <u>32,905,928</u> | <u>28,993,747</u> |
| Increase (decrease) in unrestricted net assets | <u>(1,332,560)</u> | <u>(1,625,009)</u> |
| Unrestricted net assets at beginning of year | 2,057,922 | 3,682,931 |
| Unrestricted net assets at end of year | <u>\$ 725,362</u> | <u>\$ 2,057,922</u> |

Questions?

CONTACT INFORMATION

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