

## Audit Committee Meeting

WCF Admin Office  
707 Mendham Blvd., Suite 250  
Orlando, FL 32825  
Monday, November 5, 2012  
9:00 a.m.

### MINUTES

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

**MEMBERS ABSENT:** None

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

**GUESTS PRESENT:** Jim Burdick and Dan Gougherty with Cherry, Bekaert & Holland

### 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 September 20, 2012 Audit Committee Meeting

**After review of the minutes from the 9/20/12 Audit Committee meeting, Mr. Sarnovsky made a motion to approve the minutes. Mr. Moye seconded; motion passed.**

### INFORMATION/DISCUSSION ITEMS

#### Presentation from Cherry, Bekaert & Holland (CBH)

Mr. Burdick stated he was the lead partner on this audit and Mr. Gougherty would be on site performing the audit. He provided a presentation entitled "Audit Committee Planning Communications" and provided these highlights:

Auditor's Responsibility – attain reasonable assurance, based on testing/sampling, that the financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.

Single Audit – CBH will look at internal control over compliance with laws and regulations relevant to

major federal award programs to determine compliance audit procedures. At least 50% of grant transactions will be reviewed – up to 4 programs. The findings from last year’s audit will also be reviewed.

Supplementary Information accompanying the financial statements – scheduled expenses of federal award have been reviewed and are fairly stated as a whole.

Mr. Sarnovsky asked if there will be any validation of personal property or property inventory. Mr. Burdick replied no, this is not part of the scope in this audit. The audit will look at capital assets, scheduling and depreciation, but not test.

Audit status and timing: the audit is currently in the preliminary steps, but the auditors will be starting the testing soon – they are waiting on the trial balance which they expect on Wednesday. CBH should have a draft by end of December 2012.

Mr. Sarnovsky asked if their scope includes testing in Personal Activity Reports PAR, WCF’s new payroll allocation system. Mr. Burdick replied yes, they will test PAR.

Mr. Sarnovsky asked if their audit will include lease arrangements. Mr. Burdick replied yes.

Mr. Sarnovsky asked about the obligation from the previous board on the outstanding \$739,000. Mr. Burdick indicated that this is currently a liability on the financial statement, CBH will have to verify if it is a valid liability and how funded.

Ms. Nabors indicated that last Friday WCF received another follow up on this item. DEO has concurred with a joint proposal that WCF offset the disallowed WIA portion of the liability, \$237,000, with excess administrative funds. The remaining portion from the TANF program will be handled by the State and paid from state match TANF funds used in Region 12. This proposal has been sent to USDOL. The goal is to get this finalized by the end of this year

Mr. Moye asked about the sample size. Mr. Burdick replied it depends on the inherent risk – from 25% (if clean) to 40 to 60% of items within each program based on number of findings.

Mr. Moye asked if they select samples randomly. Mr. Burdick replied yes, and they may also look at major contracts.

Mr. Sarnovsky asked about footnotes to the audit. Mr. Alvarez replied that he will ask CBH to assist with footnotes. Mr. Burdick added that they are working with staff on this.

Mr. Moye asked about credit card expenditure testing. Mr. Burdick replied yes, CBH will be testing in this area.

Mr. Ushkowitz thanked Mr. Burdick for their presentation.

#### 403(b) Audit

Ms. Nabors stated that the 2011 403(b) audit has been filed as of 10/15/12. The 2009 and 2010 audits have not been filed yet but Mr. Alvarez is expecting to file within two weeks. An ERISA attorney who specializes in 403(b) filing has been retained by WCF. The main reason for the 2009/2010 delayed filing is due to the previous fund administrator not providing the appropriate information in order to complete the audit. The Finance Committee has agreed to provide oversight on the 403(b) plan and the audit, as this has more to do with WCF’s benefits process vs. compliance.

Mr. Neal added that CFR presented this 2009/2010 audit issue to the Finance Committee last December 2011 that the former retirement plan administrator did not produce items to complete the testing for the audit. In 2009 nationally, many 403(b) plans went bankrupt, so Congress decided to add the element as an additional safety net. There are a lot of organizations struggling with these issues – WCF is not unique in this regard. The former management team knew of the new audit requirement but could not complete the audit due to the former retirement plan administrator not producing the required data.

Update on Hiring Compliance Director

Ms. Nabors announced that WCF is hiring Nilda Blanco as the new Compliance Director. Her start date will be 12/10/12.

Ms. Nabors also announced WCF is hiring Sherry Voss as the new Human Resources Director. Her start date will be 11/16/12.

An RFQ for public accounting services and technical assistance was issued and will be closing 11/5/12. WCF will select one or more firms based on our needs.

Mr. Sarnovsky asked if we need to extend the audit contract what would the costs be. He also requested to see CBH's audit contract. Ms. Nabors replied that she would attain the information and distribute it to the Audit Committee for their review.

**NEW BUSINESS**

None offered.

**CHAIR'S CLOSING REMARKS**

Mr. Ushkowitz asked the committee for upcoming meeting dates. The committee concurred on the following dates:

Monday, January 7, 2013 9:00am to 11:00am

Monday, March 11, 2013 9:00am to 11:00am

**ADJOURNMENT**

There being no other business, the meeting was adjourned at 9:44 a.m.

Respectfully submitted,

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Kaz Kasal  
Sr. Administrative Assistant