

Audit Committee Meeting

WCF Admin Office
707 Mendham Blvd., Suite 250
Orlando, FL 32825
Thursday, September 20, 2012
9:00 a.m.

MINUTES

MEMBERS PRESENT: Eric Ushkowitz (via phone), Fazie Khan (via phone), Barbara Lehman, Jim Moyer, Joseph Sarnovsky, and Lisa Spriggs (via phone)

MEMBERS ABSENT: Art Bisner and Richard Sweat

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

WELCOME & CHAIR'S REMARKS

Introductions

Ms. Nabors, acting as Chair at the request of Mr. Ushkowitz, called the meeting to order at 9:00am and welcomed those in attendance.

Roll Call/Establishment of Quorum

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

Public Comment

Tori Lehman, Engagement Director with CliftonLarsonAllen, introduced herself but had no comment to make.

Approval of the Minutes from the July 23, 2012 Audit Committee Meeting

After review of the minutes from the 7/23/12 Audit Committee meeting, Mr. Sarnovsky made a motion to approve the minutes, with one minor grammatical correction. Ms. Lehman seconded, motion passed.

INFORMATION/DISCUSSION ITEMS

Response to RFP for Auditing Services

Mr. Alvarez provided a summary of the evaluation process. The raters were 1) Barbara Lehman, 2) Leo Alvarez and 3) Kevin Neal. Of the six proposals received, the top two tied with a score of 90. References were contacted on these top two firms and both received favorable commendations; however, based on the procurement itself, fee, and size of workforce boards served in the past, staff recommend proceeding negotiations with Cherry Bekaert & Holland.

Mr. Sarnovsky commented that possible additional work could occur beyond specified scope. He asked how we will address this with a fixed fee, without having confirmation on limits of cost.

Mr. Moyer suggested that we benchmark an hourly rate as a starting point. Mr. Sarnovsky concurred. Mr. Alvarez will contact the firm so this limitation is included. Additionally, Mr. Moyer advised that staff include this information to the summary document for next week's Board of Directors meeting.

Mr. Moyer asked Mr. Neal why he rated two firms the same under the Fee category, when one was charging a lesser fee. Mr. Neal responded that his ranking included the total cost, number of staff and the fee structure.

Mr. Sarnovsky asked if there has been any dialogue between any of the firms, or just review of proposals. Ms. Nabors replied that no dialogue has occurred other than the additional outreach to references on the top two firms.

Mr. Moyer asked, of the top two firms, if one had more workforce board experience over the other. Ms. Nabors replied that Cherry Bekaert & Holland had more experience dealing with larger workforce boards, like ours. Their contract has been renewed with one workforce board for five years, as their performance has been successful and fixed fee did not increase.

Mr. Sarnovsky asked if travel and other incidental fees are included in their fees, or could we be additionally billed for this. Ms. Lehman responded that travel and out-of-pocket expenses are included in their fee.

Mr. Sarnovsky asked if they included a deadline requirement for delivery of services – also a penalty clause should be included if the deadline is not met. Ms. Nabors replied that this will be part of their contract.

Mr. Khan asked about the hourly rates of Powell & Jones – they were lower than the other firms. Mr. Alvarez responded that this is a smaller firm and it would take them more hours with less resources to do the job.

Mr. Moyer made a motion to bring to the board for full approval a recommendation to contract with Cherry Bekaert & Holland, LLP to provide auditing services for the A-133 audit. Mr. Sarnovsky seconded, motion passed.

Mr. Alvarez stated that he will follow-up with Cherry Bekaert & Holland and discuss the hourly rate breakdown, and will send this information to Audit Committee.

Mr. Sarnovsky thanked Ms. Lehman for being on the rating team.

Update on Financial Procurement Contracting Procedures

Mr. Alvarez stated that he sent a draft of policies and procedures to DEO on 9/11/12 for their review. DEO will provide suggestions and comments, and then staff will forward to the Finance Committee for review and approval. The target date is 11/1/12 for management to fully train staff on policies and procedures.

Ms. Nabors added that these are very comprehensive policies and once they receive feedback from DEO, staff will forward to Audit committee as well.

Mr. Sarnovsky asked if full board approval is required, once the policies and procedures are finalized. Ms. Nabors replied yes – the Finance Committee will review and recommend to board that the policies and procedures are meeting the requirements.

Mr. Neal added that staff have already began implementing the changes in policies on an interim basis, so we can maintain smooth operations.

Update on Hiring of CFO and Compliance Director

Ms. Nabors stated that she, Mr. Neal and Mr. Alvarez interviewed four candidates; however, two offers were made but both declined. Both were in-state candidates. When re-reviewing the candidate pool, there were

no other candidates that met the needed requirements.

Ms. Nabors stated she reviewed with Mr. Shaughnessy and they discussed contracting with a firm to provide a consultant in the interim.

The audit committee concurred with this alternative; however, only on an interim basis. Having a CFO, who is an permanent employee of WCF, is preferable and better for the organization.

Mr. Moyer commented that finding someone with exact expertise will be hard to find. If they have the qualities we are looking for, they can be trained. Mr. Sarnovsky concurred – talent with the basic, good qualities and integrity are primarily important.

Ms. Nabors stated that she will relay the Audit Committee's input to Mr. Shaughnessy and re-discuss.

Ms. Nabors stated that the interviews for the Compliance Director are currently underway – they will be interviewing five candidates.

Mr. Neal commented that the Compliance Director position will help take some of the responsibility that the CFO does.

Ms. Nabors indicated that a consulting firm would bring the technical assistance that Mr. Alvarez needs. Mr. Alvarez has an audit background and is currently working on his CPA.

Update on Preventative Corrective Action Plans for 2010 & 2011

Ms. Nabors reported that they received a letter from DEO stating that they have accepted the 2010 Preventative Correction Action Plan. With regard to the 2011 plan – DEO had several questions and staff will be responding back to them by tomorrow, 9/21/12. It is anticipated that the 2011 plan will be resolved and accepted by month-end.

NEW BUSINESS

None offered.

CHAIR'S CLOSING REMARKS

Mr. Ushkowitz stated the current big focus will be: to engage the audit firm, resolve the CFO position, by possibly hiring a consulting firm on a temporary basis, and for DEO to accept the 2011 Preventative Correction Action plan and Financial Procurement Contracting Procedures.

Ms. Nabors added that once the audit firm is engaged, progress reports will be provided to the Audit Committee.

The Audit Committee agreed to have their meetings, as needed, on the second Thursday of the month at 9:00am. The next meeting will be 11/15/12 at 9:00am

ADJOURNMENT

There being no other business, the meeting was adjourned at 10:47 a.m.

Respectfully submitted,

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Kaz Kasal
Sr. Administrative Assistant