

Joint Meeting of the Audit and Finance Committees

CareerSource Central Florida Office
707 Mendham Blvd., Suite 250
Orlando, FL 32825
Monday, February 3, 2014
9:00 a.m.

MINUTES

MEMBERS PRESENT: Bill Merck, Eric Ushkowitz, Mike Kurek, Barbara Lehman, Taylor Pancake, Chuck Todd, Joe Pennisi, Richard Sweat and Mark Wylie

MEMBERS ABSENT: Art Bisner, Melanie Cornell, Jim Moyer and Joseph Sarnovsky

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

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

WELCOME & CHAIRS' REMARKS

Introductions

Mr. Ushkowitz and Mr. Merck 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

Mr. Steve Farmer and Mr. Corey McMeeking from Brown & Brown, Inc. introduced themselves. They asked if the Finance Committee would defer from making a decision at their meeting today on the selection of broker services. During the evaluation process, a third phase was added and they indicated they did not understand the actual criteria for this phase – the process was not clear. Mr. Merck thanked Mr. Farmer and Mr. Meeking for their comments and that the committee would take their input into consideration when they discuss broker services later in the meeting.

Approval of the Minutes

After review, Barbara Lehman made a motion to approve the minutes from the 9/19/13 Audit Committee meeting. Mr. Sweat seconded, motion passed.

After review, Mr. Wylie made a motion to approve the minutes from the 10/15/13 Finance Committee meeting. Mr. Pancake seconded, motion passed.

PRESENTATION FROM CHERRY, BEKAERT

Mr. Burdick and Mr. Gougherty from Cherry, Bekaert greeted the committee. Mr. Burdick, the lead on this audit, provided a review of the draft audit results and required communications. Based on their audit for the 2012-2013 fiscal year, ending on 6/30/13, Mr. Burdick stated that the organization's financial statements are fairly stated and they expecting to issue an unmodified opinion, which is the highest level a CPA is allowed

to give. One material weakness in internal control over financial reporting was reported as a result of audit entries – of the six entries, four were related to the previous year’s look-back. No findings on internal control over compliance were reported. There is good control over grant programs and compliance – 80% of the programs were tested; no instances of non-compliance with laws, regulations, contracts or grants were reported. An unmodified opinion on compliance with grant requirements is expected to be expressed. Mr. Burdick also reviewed statements of financial position and activities. Mr. Ushkowitz thanked Mr. Burdick for the information and review the audit results.

Mr. Alvarez stated that the Department of Economic Opportunity (DEO) is changing the way they perform their monitoring – on a quarterly basis they will monitor online via a portal with selected items for testing and a Q&A (questions and answers) session if they have any issues. On an annual basis they will monitor on-site. Mr. Alvarez referred to the DEO report in the meeting packet entitled “2013-14 Financial Compliance Monitoring Report” in the meeting packet – this monitoring report covers the first quarter of this program year: 7/1/13 thru 9/30/13. There were no findings, areas of non-compliance, or observations identified on the report.

INFORMATION ITEMS

WIA Youth – Revised Mid-Year Budget

Mr. Alvarez referenced “WIA Youth – Revised Mid-Year Budget. CareerSource Central Florida has changed the way it delivers its youth services – going from just a summer program to year-round youth services. A Youth Committee was created over a year ago and \$5.3M is currently obligated in 6 contracts. The challenge is that although funds are obligated, the services providers are behind on expending the funds. This is primarily due to the time it takes to start-up the programs before services can be delivered. Staff is recommending to carry forward 13-14 youth funds to next year program year (which expire 6/30/15), plus \$1M of the 12-13 funding for a 6 month extension - staff is currently in discussion with the state board, CareerSource Florida for this 6 month extension. Ms. Blanco noted that especially in June, July and August expenditures will increase with the bulk going to wages to youth in work experience activities.

Mid-Year Budget Variance Report

Mr. Alvarez referenced the Budget vs. Actual Report as of December 2013 in the meeting packet and reviewed expenditures per line item. Mr. Ushkowitz asked if additional funds were provided for the rebranding. Ms. Nabors replied that the state provided an additional \$75,000

WCF’s Compensation and Classification Study

Ms. Nabors stated that since an overall compensation study has not been done for 5-6 years, they decided it was time to do another study. Ms. Sherry Voss, HR Director, greeted the committee and stated that HR Compensation Consultants (HRCC) was contracted to conduct a compensation study comparing to similar organizations and determining if we were competitively in line with like organizations and are in compliance with applicable laws, regulations and procedures. Organizations included in the study comparison: Orange, Osceola and Seminole county governments, City of Orlando, Orange County Public Schools, and regional workforce boards Jacksonville, Hillsborough and Broward. The compensation study began in July 2013. Employees completed a position questionnaire which supervisors reviewed. HRCC conducted a comprehensive review of the positions to include employee and department head input and interviews about departmental operations. Based on the analysis, HRCC slotted jobs into the following roles: associate, technician, professional and leader. Preliminary results: changes in job titles of less than 30, FLSA status of

less than 10 employees, updated job descriptions and starting pay rates with some financial impact of less than \$20,000. In February 2014, the new job descriptions will be signed by staff.

ACTION ITEMS

Procurements:

Payroll Services RFQ

Mr. Alvarez stated that, as recommended by the Finance Committee, an RFQ (request for qualifications) for payroll services was issued on 11/25/13 and 5 proposals were received. A review team evaluated and scored the proposals based on experience and capability, cost and value added services. In order to make a more informed decision, the top two ranked respondents were invited to a 2nd round to present with a focus primarily on payroll process and cost structure, integration with our current accounting and value added services. Based on this 2nd round, the review team unanimously ranked ADP over Paychex, preferring ADP's customer service approach and integration of their system to ours. Staff is recommending ADP as the new third party administrator. Mr. Pancake asked about termination options – does this include terminating at-will? Mr. Alvarez replied that all contracts include language that CareerSource Central Florida can make an early termination due to potential funding issues. ADP does not require a contract, but we need a contract to lock in rates and this will be reviewed on an annual basis.

After further review and discussion, Mr. Wylie made a motion to move forward with contract with ADP. Mr. Sweat seconded, motion passed.

Broker Services RFQ

Mr. Alvarez stated that the evaluation for broker services followed the same extensive process as with the evaluation for payroll services. Six proposals were received and the review team evaluated and scored the proposals based on experience and qualifications, past performance and references, cost and value added services. The top 3 ranked respondents were asked to provide a presentation and further discussion on their services, benefit plan options and potential cost cutting measures. The review team narrowed it down to the top two: Willis and Brown & Brown. Mr. Alvarez asked if the Finance Committee could defer the action item for selection of broker services to the Executive Committee for approval – this will allow additional time for staff to re-review the top two respondents and their reference checks. The Finance Committee discussed and concurred to defer to Executive Committee the review and approval of broker services selection. Ms. Nabors stated she will also review the top two respondents and determine if they will need to provide subsequent presentations.

Charters:

Audit Committee Charter

Mr. Alvarez referenced the "Audit Committee Charter" in the meeting packet. He relayed that he developed this draft charter using the language in the Bylaws. Mr. Ushkowitz pointed out that the first bullet under the "Roles and Responsibilities" section – "overseeing" should replace "arranging and managing" – since it is the Audit Committee that provides the oversight and staff who arrange and manage annual audits. Ms. Nabors added that she will also reflect this change in the Bylaws; which the Governance Committee will be reviewing and updating Bylaws later this month for full board

approval.

Ms. Lehman made a motion to approve the Audit Committee Charter, revised to include Mr. Ushkowitz's above noted change. Mr. Sweat seconded, motion passed.

Finance Committee Charter

Mr. Alvarez referenced the "Finance Committee Charter" in the meeting packet. He relayed that he developed this draft charter using the language in the Bylaws. Pancake noted a typo error in the 2nd bullet under "Roles and Responsibilities."

Mr. Pancake made a motion to approve the Finance Committee Charter, revised to include his above noted change. Mr. Wylie seconded, motion passed.

CHAIRS' CLOSING REMARKS

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

The Finance Committee concurred to have the 4/22/14 Finance Committee Meeting just prior to Executive Committee that morning. Ms. Kasal will email out the meeting notice on this.

ADJOURNMENT

There being no other business, the meeting was adjourned at 10:48 a.m.

Respectfully submitted,

Kaz Kasal
Sr. Administrative Assistant