

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