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August 21, 2020

Monitoring Committee Meeting Notice

Members of the Monitoring Committee will meet **on Wednesday, August 26, 2020 at 10:30 am via Zoom** link below. Due to the ongoing health concerns with the COVID-19 pandemic, we will be observing social distancing. We appreciate your patience and understanding in this matter.

Join Zoom Meeting

<https://zoom.us/j/98985523364?pwd=TXJqOTk2TkZpSnFNdkFYM3pVcjhxZz09>

Meeting ID: **989 8552 3364**

Passcode: **912161**

One tap mobile +**13462487799**

Agenda

1. Call to order and introductions – Lee Ritchie, Jr., Chair
2. TWC Monitoring #20.03.0001 exit conference update and Annual Financial Report from Edgin, Parkman, Fleming & Fleming, PC on Nortex fiscal agent
3. Update Program Monitoring Richard Rogers Consulting
4. Internal monitoring updates – fiscal report update and discussion on Fiscal Integrity Evaluation for subrecipient contract renewals in October.
5. Review summary of Workforce Center reviews
6. Review summary of Child Care reviews
7. Other discussion
8. Set the next meeting date
9. Adjourn

**Workforce Solutions North Texas
Exit Conference Report
Project #20.03.0001**

c

To: Board's Staff, Other Representatives, & TWC Monitoring Team
From: Lanette McHazlett Sanchez, Project Manager
Date: August 21, 2020
Time: 2:00 pm
RE: Exit Conference Report with the Workforce Solutions North Texas

I. Introductions & Sign-In:

(See "page 4", for attendance list)

II. Scope

The scope of this review encompassed the program year beginning **May 1, 2019 through March 31, 2020.**

III. Issues and Documentation

Internal Controls

There are currently no documented succession planning policies or compensating controls. The Board indicated a draft policy would be provided by Friday, August 21, 2020. If the draft policy is provided by the end of the day, it will be reviewed.

Fiscal Policy

The Board and/or fiscal agent did not have policies to address the classification of administrative and program expenditures, and the rationale for such classification, as required. However, the fiscal agent provided a policy today, which will be reviewed.

Monitoring and Oversight

The current risk assessment did not include fiscal risk scores; however, they were added during the SRM monitoring review.

The fiscal monitoring plan and schedule are not currently in place for fiscal year 2021. They are being developed and should be in place by October.

The Board is in the process of revising the monitoring policy to reflect changes since contracting with a third-party program monitor.

MOU/IFA

There is no IFA or de minimis calculation in place for the MET, Inc (SCSEP) MOU.

SNAP E&T

In 15 applicable case files tested, 5 errors (33%) were identified for the timely and reasonable attempt not being followed.

In 10 applicable case files tested, 2 errors (20%) were identified for timely initiation of penalties.

Requested documentation not provided during the review will be noted as an issue. Issues and potential questioned costs identified in this report may require additional research regarding the status as findings and the final amount of costs. Therefore, we will continue communications with Board staff, as necessary, after our return to Austin. If circumstances warrant, an issue may be removed from this review and addressed in a subsequent special review.

IV. Reporting Process:

Workforce Solutions North Texas Exit Conference Report Project #20.03.0001

You will receive a report of our findings, if any, upon completion of our fieldwork. The Executive Director (or appropriate representative for non-Board reviews) will be provided a courtesy copy of the final report twenty-four (24) hours prior to its dissemination. If the review results in no issues identified, a management letter will be issued, and the review closed. (40 T.A.C. 802.65(a))

V. Resolution Process:

After issuance of the monitoring report, TWC Audit Resolution will issue you an Initial Resolution Notification regarding administrative findings and questioned costs noted in the report. The monitored entity will have 45 calendar days from the issuance of the Initial Resolution Notification to respond. (40 T.A.C. 802.65(b)(1) and (2)).

Administrative Findings: If administrative findings are resolved based on the responses to the Initial Resolution Notification, a monitoring closure letter is issued. (40 T.A.C. 802.65(b)(1)(A)). Unresolved administrative findings remain open; TWC's Audit Resolution Department will continue to work with the monitored entity until the next scheduled review to ensure follow-up. ((40 T.A.C. 802.65(b)(1)(B))

Questioned Costs: If questioned costs are resolved based on the responses to the Initial Resolution Notification, a monitoring closure letter is issued. (40 T.A.C. 802.65(b)(2)(A)). Unresolved questioned costs will result in the issuance of an Initial Determination. (40 T.A.C. 802.65(b)(2)(B)).

VI. Special Requests:

Special requests for or any of the following areas can be facilitated by the Subrecipient Monitoring Department or in conjunction with other departments.

A. Monitoring Technical Assistance – For monitoring tools, procedures and training: informal or formal. Contact person is: Alma I. Gonzalez, Program Specialist VI
Telephone: (512) 936-2513; Fax: (512) 936-3517
Email: alma.gonzalez2@twc.state.tx.us

B. Fiscal Technical Assistance – For answers to financial questions, you may email TWC fiscal technical assistance workgroup at Fiscal-TA@twc.state.tx.us.

C. Program Technical Assistance Requests:

Applicable Contract Manager:
Contract Manager Contact: Travis Weaver
Telephone: (512) 463-3842
Email: travis.weaver@twc.state.tx.us

Workforce Policy & Program Assistance:
Email wfpolicy.clarifications@twc.state.tx.us

VII. Customer Service

The Subrecipient Monitoring Department strives to continually improve our processes and procedures. As such, a *Customer Satisfaction Survey* will be provided to the Executive Director. We would greatly appreciate your time in completing the survey and returning it to:

Charles E. Ross, Jr.
Deputy Director of Regulatory Integrity Division

**Workforce Solutions North Texas
Exit Conference Report
Project #20.03.0001**

Texas Workforce Commission
101 E. 15th Street, Room 556
Austin, TX 78778
chuck.ross@twc.state.tx.us

VIII. Closing Remarks & Questions

IX. Acknowledgement

The purpose of the exit conference report is to provide monitored entities, upon completion of the on-site review, a written record of potential issues and questioned costs which could be included in the monitoring report. It also documents one of our primary goals; assurance that entities we monitor are provided daily feedback, verbally and/or in writing as requested by the entity, throughout the duration of the on-site review.

Signatures below acknowledge that the TWC team gave frequent verbal and written updates on the status of the monitoring visit. It also acknowledges that the Board understands that the issues identified may be written as findings in the TWC Monitoring Report. ***The signature below does not acknowledge agreement or disagreement with the issues noted, merely that the issues and potential questioned costs were communicated during the course of the review.***

Executive Director or Designee

Date

TWC SRM Project Manager

Date

Charles E. Ross, Jr.

Charles E. Ross, Jr.
Director, Subrecipient Monitoring
Texas Workforce Commission

Date



**Workforce Solutions North Texas
Exit Conference Report
Project #20.03.0001**

**Workforce Solutions North Texas
Exit Conference Report
Project #20.03.0001**

Sign-In Sheet
PLEASE PRINT CLEARLY

	Name	Job Title	Organization Name
1.			
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Texas Workforce Commission

A Member of Texas Workforce Solutions

Bryan Daniel, Chairman
Commissioner Representing
the Public

Julian Alvarez
Commissioner Representing
Labor

Aaron Demerson
Commissioner Representing
Employers

Edward Serna
Executive Director

August 25, 2020

Ms. Lisa McDaniel, Executive Director
Workforce Solutions North Texas
1501 Midwestern Pkwy., Suite 101
Wichita Falls, Texas 76302

Dear Ms. McDaniel:

We recently completed data validation testing of the Child Care and Development Fund (CCDF) program for the State of Texas, as administered by Workforce Solutions North Texas. Required by the U.S. Department of Health and Human Services Administration for Children and Families, CCDF data validation is a process for verifying data elements in client records by comparing them to source documentation to ensure compliance with federal requirements and appropriateness of fund use. This data validation initiative was conducted to ensure the accuracy of data collected and reported in the CCDF program for the Fiscal Year 2020.

Child care improper payment testing for your Board resulted in improper payment errors for two customers due to errors in the income calculations. One of the two customer errors resulted in an overpayment of \$10.39 for child care services. TWC Audit Resolution will work with the Board on the overpayment of \$10.39.

Your focus on the continuing importance of improving program administration will help ensure the success of the program overall. Technical assistance for child care program administration may be provided by contacting TWC Child Care and Early Learning staff.

We appreciate the support of you and your staff and look forward to our continuing partnership to ensure the quality of the data reported by the State of Texas.

Sincerely,



Gloria Murillo, Director of Field Operations
Subrecipient Monitoring
Regulatory Integrity Division



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR ▪ P.O. Box 750
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PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Executive Committee
Nortex Regional Planning Commission
Wichita Falls, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Nortex Regional Planning Commission, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Nortex Regional Planning Commission's basic financial statements, and have issued our report thereon dated July 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nortex Regional Planning Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Nortex Regional Planning Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nortex Regional Planning Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 29, 2020



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular

Executive Committee
Nortex Regional Planning Commission
Wichita Falls, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Nortex Regional Planning Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019. Nortex Regional Planning Commission's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Nortex Regional Planning Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Single Audit Circular. Those standards, the Uniform Guidance and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Nortex Regional Planning Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Nortex Regional Planning Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Nortex Regional Planning Commission, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of Nortex Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered Nortex Regional Planning Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nortex Regional Planning Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.



EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 29, 2020

NORTEX REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	___X___ None reported
Noncompliance material to the financial statements noted?	_____ Yes	___X___ No

2. Federal and State Awards

Internal control over major programs:		
One or more material weaknesses identified?	_____ Yes	___X___ No
One or more significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	___X___ None reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with CFR Section 200.516(a) and the State of Texas Single Audit Circular?	_____ Yes	___X___ No

Identification of major programs:

Federal Programs:		
CCDF Cluster		
Child Care and Development Block Grant		93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		93.596
State Program:		
CCDF Cluster		N/A – State

NORTEX REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D.) FOR THE YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Auditor's Results (Cont'd.)

Dollar threshold used to distinguish between Type A and Type B federal programs:	<u>\$750,000</u>
Dollar threshold used to distinguish between Type A and Type B state programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

B. Financial Statement Findings

Nortex Regional Planning Commission (Primary Government)

None

Workforce Solutions North Texas Board (Discretely Presented Component Unit)

None

C. Federal/State Award Findings and Questioned Costs

Nortex Regional Planning Commission (Primary Government)

None

Workforce Solutions North Texas Board (Discretely Presented Component Unit)

None

NORTEX REGIONAL PLANNING COMMISSION

Audit Corrective Action Plan Year Ended September 30, 2019

Nortex Regional Planning Commission (Primary Government)

None

Workforce Solutions North Texas Board (Discretely Presented Component Unit)

None

NORTEX REGIONAL PLANNING COMMISSION

Summary Schedule of Prior Audit Findings Year Ended September 30, 2019

Nortex Regional Planning Commission had no prior year findings.

The Workforce Solutions North Texas Board had the following findings in the prior year:

Finding 2018-001 – Non-Compliance Procurement

Condition

TWC conducted a monitoring visit that encompassed the time period from March 1, 2017 through May 31, 2018. The review noted issues that resulted in findings and questioned costs related to documentation, procurement and subrecipient monitoring. TWC noted in the executive summary of the report that 1) the Board needed to strengthen controls of imaging and retention of fiscal documents, 2) that documentation was not retained for 16 micro purchases, 3) the Board did not comply with state and federal requirements for two workforce center lease procurements and 4) the Board did not ensure all subrecipients were allowable and supported by documentation.

Current Status

TWC conducted a monitoring visit in 2019 and reported an immaterial finding of \$3,173 for fees paid related to a procurement issue. The cost was disallowed and unrestricted funds were used to repay the amount. On September 20, 2019, TWC notified Workforce Solutions North Texas Board that they lifted the Corrective Action Plan.

Fiscal Integrity Evaluation

Contractor: **Arbor E&T, LLC dba Equus Workforce Solutions (EWS)** Renewal: **X**

Applicable period: October 1, 2020 through September 30, 2021

- ✓ Fiscal integrity evaluation questionnaires completed and reviewed.
- ✓ Contracts over \$500,000 — the fiscal indicators must be verified prior to the award of the contract, at each renewal of the contract, and not less than once annually.
- ✓ The workforce service provider is meeting performance measures in compliance with requirements.
- ✓ The review and consideration of the prospective provider’s prior year financial.
- ✓ The review shall include any adverse judgments or findings, such as administrative audit findings; Commission, Agency, or Board monitor findings; or sanctions by a Board or court of law.
- ✓ The fiscal integrity evaluation may include provisions such as accounting for program income in accordance with federal regulations, resolving questioned costs and the repayment of disallowed costs in a timely manner, and safeguarding fixed assets.
- ✓ Review of bonding, insurance, and other methods of securing funds to cover losses.
- ✓ Review of standards of conduct, conflict of interest and disclosure policies.

Documents reviewed:

Fiscal Integrity Questionnaire: Fiscal integrity evaluation questionnaire completed by EWS personnel.

Contract between Board and EWS: The “*boilerplate*” for contract number WB/WFC /BCA2016 for the period October 1, 2016 through September 30, 2021. The Board is renewing for the last year option of maximum 5-year contract.

Budget: Estimated new budget to be contracted beginning October 2020, (does not include current contract balances issued).

The proposed FY 2021 budget of \$2,111,998 between the EWS and the Board reflecting funding as below:

0320WOA001	\$263,072	0320WOR001	\$7,797
0320WOD001	\$465,276	TANF	\$833,812
0320WOY002	\$272,794	SNAP	\$180,252
0320WOS001	\$62,163	WPA	\$26,832

Fiscal Integrity Evaluation

Performance Reports: EWS is not meeting all measures on BCY 2020 June Report. TWC is working thru adjusting measures due to COVID.
Un-Audited Financial Statements: EWS monthly invoices include the <i>Income Statements of Revenues and Expenditures</i> as of July 2020.
Monitoring Findings: EWS had no reportable monitoring findings on ML Weeks & Company, PC Independent Auditor's SEFA report as of December 31, 2019 - 0.015% of Unallowable Expenditures nationwide.
Cost Allocation: Cost Allocation plan reflecting EWS personnel directly and indirectly charged to the Board funded project and their basis for allocation. Reconciled and adjusted during year.
Budget: Nortex/Fiscal Agent, provides monthly reports reflecting the Board project budget by line item, funding source and administration.
EWS Policies and Procedures: EWS has made a few changes in policies and procedures in 2020. EWS has experienced some significant staffing changes in the past year. EWS has a Code of Conduct policy. Other polices requested/reviewed: WIOA Needs Related Payments Procedure, ITA Procedures, Choices Incentives Procedure, Support Service Vendor list, and Support Service Guide.

Review Determination: Equus Workforce Solutions is materially in compliance with the requirements of TWC 40 TAC §802.21 provisions for renewal of contract for the last option year.

Reviewed by:

Printed Name: Sharon Hulcy Printed Title: Contract Manager

Signature:  Date: 8/25/2020

Approved by:

Printed Name: Lisa McDaniel Printed Title: Executive Director

Signature:  Date: 08/25/2020

The fiscal integrity evaluation required by 40 TAC §802.21 can be accomplished by relying on the work of other reviews, audits, or examinations, to the extent that such work meets the rule's stated objectives and requirements. Where the previous work only partially meets the rule's objectives and requirements, additional work is required prior to making the award, but may build upon work performed for the other reviews, audits, or examinations.

To meet the intent of the purpose for the fiscal integrity evaluation, the work of a review, audit, or examination that will be relied on to satisfy performance of the fiscal integrity evaluation will need to have been performed within the last few months of the contract that is being considered for renewal, or for a new contract, within a few months prior to the contract's start date (i.e., 40 TAC §802.21 requires that the evaluation be performed prior to award and at each renewal.)

Fiscal Integrity Evaluation

Contractor: **Rolling Plains Management Corp (RPMC)**

Renewal: **X**

Applicable period: October 1, 2020 through September 30, 2021

- ✓ Fiscal integrity evaluation questionnaires completed and reviewed.
- ✓ Contracts over \$500,000 — the fiscal indicators must be verified prior to the award of the contract, at each renewal of the contract, and not less than once annually.
- ✓ The workforce service provider is meeting performance measures in compliance with requirements.
- ✓ The review and consideration of the prospective provider's prior year financial.
 - ✓ The review shall include any adverse judgments or findings, such as administrative audit findings; Commission, Agency, or Board monitor findings; or sanctions by a Board or court of law.
- ✓ The fiscal integrity evaluation may include provisions such as accounting for program income in accordance with federal regulations, resolving questioned costs and the repayment of disallowed costs in a timely manner, and safeguarding fixed assets.
- ✓ Review of bonding, insurance, and other methods of securing funds to cover losses.
- ✓ Review of standards of conduct, conflict of interest and disclosure policies.

Documents reviewed:

Fiscal Integrity Questionnaire: Fiscal integrity evaluation questionnaire completed by RPMC personnel.
Contract between Board and RPMC: The " <i>boilerplate</i> " for contract number WB/CC /BCA2017 for the period October 1, 2017 through October 31, 2022.
Budget: Estimated new budget to be contracted beginning October 2020, (does not include current contract balances issued). The proposed FY 2021 budget of \$5,173,278 between the Board and RPMC.
Performance Reports: RPMC is meeting Avg. # Children Served Per Day measure on BCY 2020 June Report.
Financial: RPMC supplied copy of November 30, 2019 MWH Group Independent Auditor's report with no findings.
Un-Audited Financial Statements (RPMC): RPMC monthly invoice includes <i>Statements of Revenues and Expenditures</i> as of July 2020.
Cost Allocation: Cost Allocation plan reflecting RPMC personnel directly and indirectly charged to the Board funded project and their basis for allocation.

Fiscal Integrity Evaluation

Budget: Nortex/Fiscal Agent, provides monthly reports reflecting the Board project budget by line item, funding source and administration.

Insurance: RPMC provided a list of insurance policies for required coverage.

Workforce Solutions North Texas Conflict of Interest Policy: RPMC Policies and Procedures: The following RPMC policies and procedures were reviewed:

- *Financial Procedures Manual 12/5/2019, covering classification/coding structure, financial management and control, cash management, payroll, asset control and management, and procurement.*
- *Cost Allocation Plan 12/3/2019*
- *Personnel Polices, amended 10/1/2019. Rolling Plains Management Corp conducts annual training for all employees, which includes conflict of interest.*

Review Determination: Rolling Plains Management Corp is materially in compliance with the requirements of TWC 40 TAC §802.21 provisions for renewal of contract for another year.

Reviewed by:

Printed Name: Sharon Hulcy Printed Title: Contracts Manager

Signature:  Date: 8/25/2020

Approved by:

Printed Name: Lisa McDaniel Printed Title: Executive Director

Signature:  Date: 08/25/2020

The fiscal integrity evaluation required by 40 TAC §802.21 can be accomplished by relying on the work of other reviews, audits, or examinations, to the extent that such work meets the rule's stated objectives and requirements. Where the previous work only partially meets the rule's objectives and requirements, additional work is required prior to making the award, but may build upon work performed for the other reviews, audits, or examinations.

To meet the intent of the purpose for the fiscal integrity evaluation, the work of a review, audit, or examination that will be relied on to satisfy performance of the fiscal integrity evaluation will need to have been performed within the last few months of the contract that is being considered for renewal, or for a new contract, within a few months prior to the contract's start date (i.e., 40 TAC §802.21 requires that the evaluation be performed prior to award and at each renewal.)



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Workforce Center Contractor: Equus Workforce Solutions formerly ResCare Inc.

Date of Review: January 2020

Scope of Review: Disbursements, Procurement and Bank Reconciliations – May – November 2019, Personnel files – 2019, and Payroll – June - August 2019.

Purpose: To determine the Workforce Center Contractor compliance with contract terms, applicable laws and administrative provisions with the Workforce Solutions North Texas Board.

Criteria: Workforce Solutions North Texas Board Policies and Procedures, ResCare Policies and Procedures, and applicable Federal/State laws and regulations.

Sources: Equus Fiscal – local checking, P Card, Corp payments, Personnel and Payroll files, Bank reconciliations, and SAFE (paperless system) case files.

Procedures: Compliance monitoring of the Workforce Center contractor by way of review using questionnaires and interviews. Reviewed random samples of expenditures, testing of Disbursements/Allocations for Workforce Solutions North Texas. Completed bank reconciliation for the checking accounts and completed testing of payroll/leave policies for personnel.

Results: Using the May – November 2019, the following reviews were done:

- **Testing of Bank Statements and Reconciliations** – no issues found
- **Testing of Disbursements/Allocations** – of 61 transactions, some issues found corrected onsite, 3 errors not correctable.

Using the June - August 2019 time frame, the following reviews were done:

- **Testing of Payroll/Leave Files** - of 9 personnel files, 3 issues of allocated funding code error and allocation sheets not updated with new codes (WIOA).
- **Testing of Personnel Files** - of 9 personnel files, some issues found and corrected onsite, 3 files with outstanding errors.



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Observations:

- Micro purchases – (less than \$3000) 1 of 16 did not have supporting documentation of reasonableness.
- Payroll files – Cost allocation sheets need to update to match chart of accounts especially when new WIOA funding starts.
- Personnel files – Of the 9 files, one file missing MVR at time of hire. Another was missing proof of yearly evaluation. And one file did not have the Annual Eligibility Certification form. Several ResCare's personnel actions are now electronic online.
- On client support services for utilities, ensure that you have complete statement information for cost to process.
- A few payments to the wrong grant/account were corrected on site.
- ITA withdrawal amount in TWIST not updated to payment processed for 3 files reviewed.

Comments:

- Small purchases - (\$3001 - \$150,000) no errors. Great job on documentation.
- In SAFE, establishments of AP cabinets made fiscal review much easier for review. Keep up the good work.
- Equus Workforce Solutions continues to do a good job with their contract.

Exit: Pre-exit meeting conducted on 3/30/2020, with Crystal Ojeda, Annette Jackson, and Lisa McDaniel. We discussed the Observations and Recommendations as listed above. Corrections were received on 4/3/2020 for some of the items to be corrected on site.

Prepared by Sharon Hulcy

8/5/2020