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October 31, 2024

Monitoring Committee Meeting Notice

Members of the Monitoring Committee will meet on **Tuesday, November 5, 2024, at 2:30 pm** via **Zoom** link below.

Join Zoom Meeting

<https://us06web.zoom.us/j/84703634301?pwd=haGb3xbbaMLkfCAR0cvpdEedK1rRUi.1>

Meeting ID: 847 0363 4301 Passcode: 725263 One tap mobile +13462487799

AGENDA

1. Call to order and introductions – Kristin Little, Chair
2. Welcome to new board members
3. Diaz Smith and Associates (DSA) reports, 24.03.0001 TWC review reports, 24.03.0001

Audit Resolution Letter



DSA Equus FY24
Financial Monitoring



DSA FY25 NTWDB
Fiscal Integrity Repo



24.03.0001 WS
North Texas SNAP M



24.03.0001 WS
North Texas Report



24.03.0001 WS
North Texas FY24 W



24.03.0001 Initial
Resolution Letter.pc

4. Review summary of Workforce Center reviews



2024.08 Summary of
Monitoring by Cent



2024.11 Summary of
Monitoring by Cent

5. Review summary of Child Care reviews



24.08 Monitoring
Committee Report 8

6. Other discussion
7. Next meeting date to be determined with email poll.
8. Adjourn

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Report on the
Annual Financial
Monitoring
Evaluation
Of the:

Equus Workforce Solutions

In their capacity of, *Workforce and Specialty* Contractor for the
Workforce Solutions North Texas

August 19, 2024

Report Number: WFSNT 24-05 addendum

Report Type: Final

Report Issue Date: Initial Report: February 6, 2024
Addendum: August 19, 2024

Review Type: Cost Allocation testing evaluation addendum to report WFSNT 24-05 Annual *Workforce* financial monitoring evaluation

Entity Reviewed: *Equus Workforce Solutions, (EWS)*
In their capacity of Workforce Contractor for the
Workforce Solutions North Texas (the Board)

Review Period: December 1, 2022 through October 31, 2023

Review Conducted by: **D**iaz, **S**mith, and **A**ssociates
Anna Rocha-Diaz
Sujuane Smith
Donna Richardson, CPA
Edward Taylor

Dates of Fieldwork: Off-site desk review

Report Developed by: Edward Taylor

Applicable Definitions

Board: The *North Texas Workforce Development Board Dba Workforce Solutions North Texas* created pursuant to Texas Government Code §2308.253 and certified by the Governor pursuant to Texas Government Code §2308.261.

Briefing Items: are general noncompliance conditions that are observed and documented by the monitors based on established law, procedures, or other authoritative guidance. These noncompliance conditions are considered lower risk findings but could potentially result in a higher risk finding based on the nature of the deficiency (i.e., repeat violations, issues indicative of systemic problems). These items while documented in the workpapers may or may not be included in the report. All briefing items are discussed on-site during the review. The determination of report inclusion shall be based on criteria as determined by the Board.

Disallowed Costs: Those charges to an award that are determined to be unallowable, in accordance with the applicable Federal cost principles, applicable State rules, regulations, policies or other terms and conditions contained in the award.

Finding: an instance where noncompliance with requirements contained in federal or State law, regulation, administrative code, guidance or other promulgations are determined and are considered to be issues that are of high risk that could potentially result in questioned costs and/or impact the integrity of program operations.

FMGC: *Texas Workforce Commission Financial Manual for Grants and Contracts*

Notable Practices - are informative statements that highlight and recognize positive processes and improvements.

Observations: A reportable condition that does not currently have a material effect on internal controls and the accuracy of the financial information. An observation, if not addressed, presents the possibility of a future circumstance of non-compliance and/or internal control weaknesses. Additionally, observations are informative statements or constructive comments made to identify processes that can assist the entity being reviewed improve service delivery and result in positive program outcomes. Observations are not expected to be responded to

Questioned cost: A cost that is questioned by the monitor because of a monitoring finding **(1)** that resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds, including funds used to match Federal funds; **(2)** where the costs, at the time of the monitoring review, are not supported by adequate documentation; or **(3)** where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

Recommendation: Suggested corrective action(s) for a finding and/or observation identified in a monitoring report. The recommendation, where and when appropriate, should address the cause of the problem, not the problem itself.

F

inancial Monitoring Review Scope

This financial monitoring evaluation of *Equus Workforce Solutions, (EWS)* in its capacity of Workforce Center contractor of the *Workforce Solutions North Texas* (the Board) was limited to cost allocation testing and performed to assess the reliability of applicable fiscal data. Additionally, the review evaluated the degree of compliance with the applicable Board contract(s), policies, laws, regulations, and the adequacy of internal fiscal controls. The following areas/items were examined:

1. **Applicable Contract(s):**

2021-005 WFC PY2023, Various, Period 10/1/22-9/30/23, \$4,750,019.39

2021-005 WFC PY2024, Amend 2, Period 10/1/23-9/30/24, \$3,576,442.68

2. **Cost Allocation Plan, Indirect Cost and Allocated Costs Testing**

➤ **The following items were examined**

- *Equus Cost Allocation Plan PY 22-23*
- *Equus Cost Allocation Plan PY 22-23*
- *Audit For The Period Ending 10/31/2022 (no findings or questioned costs indicated)*
- *Audit For The Period Ending 06/30/2023 (no findings or questioned costs indicated) Per the audit" On November 1, 2022, APM Human Services International Limited ("APM") acquired Arbor E&T, LLC from ResCare, Inc. (d/b/a "Bright Spring Health Services"). Equus Workforce Solutions now operates as a wholly owned subsidiary of APM. The year end for APM is June 30th.*

➤ **The following were tested as indicated**

- The 10/31/22 Equus Final Indirect Cost Rate (ICR) Schedule Report. The final indirect cost rate was calculated based upon the audited financial statements for the period ending 10/31/2022. The allocation basis for the Overhead Pool is total direct costs incurred excluding pass-through expenses. The total combined Equus Workforce Solutions is ICR is 10.64%. Prior period rate, no testing conducted
- The 06/30/2023 Equus Final Indirect Cost Rate Schedule Report. The final indirect cost rate was calculated based upon the audited financial statements for the period ending 06/30/2023. The allocation basis for the Overhead Pool is total direct costs incurred excluding pass-through expenses. The total combined Equus Workforce Solutions is ICR is 10.59%. The ICR percentage was recalculated without exception.
- Equus Provisional Indirect Cost Rate Report 06/30/2024-The provisional rate was based upon the *agreed procedures* performed by the auditor. The allocation basis for the Overhead Pool is total direct costs incurred excluding pass-through expenses. The total combined Equus Workforce Solutions is ICR is 10.56%. The ICR percentage was recalculated without exception.

- Contract Compliance: *Per the contract with the Board EQUUS cannot charge more than 10% indirect costs. We reviewed and recalculated the indirect costs billed to the Board for the month of October 2023 for all programs without exception.*
- Pool 174-Workforce Shared Cost Pool Allocation: The month of October 2023 allocation was selected for testing. The allocation basis for this cost pool was direct labor hours. *DSA recalculated the direct labor hour percentages.*
- Pool 175-Administrative Cost Pool: The month of October 2023 was selected for testing. Per the EQUUS cost allocation plan the allocation basis is operating expenses for the following funding streams *Adult, Dislocated Worker, In-School Youth, Out-of-School Youth, SNAP and TANF.* *DSA recalculated the direct labor hour percentages.*
- Pool 176 Workforce Snap Pool: The month of October 2023 was selected for testing. Per the cost allocation plan it was noted that the basis of the allocation for the *SNAP ABAWD* or *SNAP General Population* is based on the caseload. *DSA recalculated the caseload percentage for SNAP ABAWD and SNAP General Population. There was no allocation because the caseload for October 2023 was 100% SNAP ABAWD.*
- Pool 177 WIOA Youth Cost Pool: The month of October 2023 was selected for testing. Per the cost allocation plan the basis of allocation is the *In School Youth* or *Out of School Youth* caseload. *DSA recalculated the caseload percentage for In School Youth and Out of School Youth and applied the calculated percentage to the Youth Pool expenses.*

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

*The work-papers and source documents resultant from this review are maintained by **Diaz Smith and Associates** and are available for inspection with approval by the **North Texas Workforce Development Board** (the Board).*

Financial Monitoring Review Findings and Observations

Findings

Our financial review of the *Equus Workforce Solutions, (EWS)* evaluated the areas outlined in the Review Scope section of this report and did not determine any reportable findings. Accordingly, no findings are presented.

Observations

Our financial review of the *Equus Workforce Solutions, (EWS)* evaluated the areas outlined in the Review Scope section of this report and did not determine any reportable observations. Accordingly, no observations are presented.

Report on the Fiscal
Integrity Evaluation
of:

Contractors of Workforce Solutions North Texas

In their capacities of Workforce Center, Child Care and Specialty
Contractors in the **North Texas Workforce Development Area**

August 30, 2024

R

Report Demographics

Report Number: WFSNT 25-01

Report Type: Final

Report Issue Date: August 30, 2024

Review Type: Annual Fiscal Integrity Evaluation

Review Population: *Arbor E&T, LLC dba Equus Workforce Solutions (EWS)
Rolling Plains Management Corp (RPMC)
In their capacities of Workforce Center, Child Care and Specialty
Contractors in the North Texas Workforce Development Area*

Applicable Period: October 1, 2024 through September 30, 2025

Review Conducted by: Diaz, Smith, and Associates
Sujuane Smith
Anna Rocha-Diaz
Edward Taylor

Report Developed by: Edward Taylor

Report Review and Approval:

Reviewed by:

1. Printed Name: Sharon Hulcy Printed Title: Contract Mgr.

Signature: Sharon Hulcy

Approved by:

1. Printed Name: Lisa McDaniel Printed Title: Executive Director

Signature: Lisa McDaniel

The provisions of the TWC rule §802.21 as outlined below requires the *Workforce Solutions North Texas* (the Board) to conduct an annual fiscal integrity evaluation of its **applicable** subcontractors as identified in the review population on page 2 of this report.

§802.21. Board Contracting Guidelines

(a) Fiscal Integrity Provisions.

- (1) *A Board shall develop fiscal integrity evaluation indicators designed to appraise the fiscal integrity of its workforce service contractors.*
- (2) *A Board shall assess its workforce service contractors to ensure the contractors meet the requirements of the Board's fiscal integrity evaluation based on the following schedule:*
 - (A) contracts under \$100,000-the fiscal indicators must be verified prior to the award of the contract and at each renewal of the contract;*
 - (B) contracts between \$100,000 and \$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 biennially; and*
 - (C) 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.*
- (3) *The fiscal integrity evaluation shall include the following provisions for ensuring that workforce service contractors are meeting performance measures in compliance with requirements contained in:*
 - (A) federal and state statutes and regulations and directives of the Commission or Agency;*
 - (B) Office of Management and Budget (OMB) circulars applicable to the entity, such as OMB Circulars A-21, A-87, or A-122, and the Office of the Governor's Uniform Grant Management Standards; and*
 - (C) any other safeguards a Board has identified that are designed to ensure the proper and effective use of funds placed under the control of its workforce service contractors.*
- (4) *The fiscal integrity evaluation shall also include the review and consideration of the prospective or renewing workforce service contractor's prior three-year financial history before the Board awards or renews a workforce service contract. 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.*
- (5) *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, as well as those referenced in the Texas Workforce Commission's Financial Manual for Grants and Contracts.*

(b) Bonding, Insurance, and Other Methods of Securing Funds to Cover Losses.

- (1) A Board shall ensure that at least 10% of the funds subject to the control of the workforce service contractors is protected through bonds, insurance, escrow accounts, cash on deposit, or other methods to secure the funds consistent with this subchapter. A Board and its workforce service contractors may, consistent with this section, use any method or combination of methods to meet this requirement. At the Board's discretion, the Board may pay for the bonding, insurance, or other protection methods or require its workforce service contractors, to the extent allowable under state and federal law, to pay for such protection.
- (2) In conducting the fiscal integrity evaluation required in this section, a Board may determine that more than 10% of the funds subject to the control of its workforce service contractors shall be secured through bonds, insurance, escrow accounts, or other methods consistent with this subchapter.
- (3) Escrow of funds may also be used to satisfy the requirements of §801.54(b) provided that:
 - (A) the funds placed in escrow require the signature of persons other than the persons with signatory authority for the Board's workforce service contractors;
 - (B) the funds do not lapse due to requirements for timely expenditure of funds; and
 - (C) this provision does not conflict with any provision in contract, rule, or statute for the timely expenditure of funds.
- (4) If a bond is used, a Board shall ensure that the bond is executed by a corporate surety or sureties holding certificates of authority, authorized to do business in the state of Texas.
- (5) A Board shall ensure, based on the schedule referenced in §801.54(a)(2) of this section, that each of its workforce service contractors is required to verify that:
 - (A) the insurance or bond policy is valid, premiums are paid to date, the company is authorized to provide the bonding or insurance, and the company is not in receivership, bankruptcy or some other status that would jeopardize the ability to draw upon the policy;
 - (B) the escrow account balances are at an appropriate level;
 - (C) the method of securing the funds has not been withdrawn, drawn upon, obligated for another purpose, or is no longer valid for use as the method of security; and
 - (D) other such protections as are applicable and relied upon by the Board are verified as in force.
- (6) A Board shall ensure that the workforce service contractors are required to disclose any changes in and circumstances regarding the method of securing or protecting the funds under the workforce service contractors' control.

(c) Standards of Conduct. A Board shall ensure that the workforce service contractors:

- (1) comply with federal and state statutes and regulations regarding standards of conduct and conflict of interest provisions including, but not limited to, the following:
 - (A) 29 C.F.R. §97.36(b)(3), which includes requirements from the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;
 - (B) professional licensing requirements, when applicable; and
 - (C) applicable OMB circular requirements and the Office of the Governor's Uniform Grant Management Standards.

- (2) *avoid any conflict of interest or any appearance of a conflict of interest; and*
- (3) *refrain from using nonpublic information gained through a relationship with the Commission, an Agency employee, a Board, or a Board employee, to seek or obtain financial gains that would be a conflict of interest or the appearance of a conflict of interest.*

(d) Disclosures. A Board shall require its workforce service contractors to disclose the following:

- (1) *Matters Subject to Disclosure. A Board shall ensure that its workforce service contractors promptly disclose in writing the following:*
 - (A) *a substantial financial interest that the workforce service contractor, or any of its workforce service contractor employees in decision-making positions, have in a business entity that is a party to any business transaction with a Board member or Board employee who is in a Board decision-making position;*
 - (B) *a gift greater than \$50 in value given to a Board member or Board employee by a workforce service contractor or its employees; and*
 - (C) *the existence of any conflict of interest and any appearance of a conflict of interest, or the lack thereof.*
- (2) *Content of Disclosure. A Board shall ensure that its workforce service contractors' written disclosures contain the following:*
 - (A) *information describing the conflict of interest; and*
 - (B) *information describing the appearance of a conflict of interest, and actions the workforce service contractor and its employees will take in order to prevent any conflict of interest from occurring.*
- (3) *Frequency of Disclosure. A Board shall ensure that its workforce service contractors disclose:*
 - (A) *at least annually, and as frequently as necessary, any conflict of interest and any appearance of a conflict of interest;*
 - (B) *within 10 days of giving a gift greater than \$50 in value as referenced in this section; and*
 - (C) *at least annually that no conflict of interest and no appearance of a conflict of interest exists.*
- (4) *Matters Not Subject to Disclosure. This provision does not apply to:*
 - (A) *a financial transaction performed in the course of a contract with the Board; or*
 - (B) *a transaction or benefit that is made available to the general public under the same terms and conditions.*

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Review Population and Documents Reviewed

Following are the documents, itemized by entity, evaluated in the conduct of this fiscal integrity evaluation. The evaluation was conducted on the behalf of *Workforce Solutions North Texas* (the Board) pursuant to the TWC requirements at its rule §802.21.

A. Arbor E&T, LLC dba Equus Workforce Solutions (EWS)

1. **Questionnaire:** *Diaz, Smith, and Associates (DSA) Fiscal Integrity and Financial Risk Assessment Questionnaire (FIRA) completed by the EWS Project Accountant and dated (unsigned) July 29, 2024. The completed questionnaire indicates:*

- Their contract for the October 1, 2024 through September 30, 2025 year will be cost reimbursement *without funds advanced* and approximately \$3,450,000.
- In the current period FIRA response EWS *indicated* it incurred questioned/disallowed costs in the preceding *five-year period in the amount \$8,433.61*.
- EWS states the following regarding the TWC 10% fiscal integrity requirement: *“N/A – Cost reimbursable contract and Equus does not draw down Federal funds nor requires advances from the Board”*
- EWS provides the in the *prior year’s* FIRA the departure and rehire of the *key positions* as presented in the following diagram.

Position Title	Date of Departure	Date of Replacement Hire
Project Director	12/30/2019	12/30/2019
Program Supervisor	12/30/2019	01/27/2020
Program Supervisor	07/22/2022	07/22/2022
Business Services Manager	12/09/2019	12/10/2019
Business Services Manager	06/24/2020	07/20/2020

- The EWS FIRA responses indicate the following *anticipated budget amounts; miscellaneous \$2,861,299.00, indirect cost \$197,910 supplies 27,070.00, employee development \$21,400.00, travel \$42,277.00*
- EWS states it will provide clients gas cards (\$25), gift cards (\$25, \$50) and bus passes (\$25) at various locations during the period covered by this evaluation.

2. **Organization Chart:** The EWS North Texas Organizational Chart 20240725

3. **Audit Reports:** EWS provided the following audit reports/documents:
 - *Equus Workforce Solutions Report on Financial Statements and Expenditures of Federal Awards in Accordance with the Uniform Guidance for the Eight Month Period Ended June 30, 2023. The report was prepared by ML Weekes & Company, PC; dated January 12, 2024. No findings and/or questioned costs were identified.*
 - *Equus Workforce Solutions Career Services Equitable Social Solutions Final Indirect Cost Rates for the Eight Month Period Ended June 30, 2023; Audited By: ML Weekes & Company, PC; undated.*
 - *Equus Workforce Solutions Career Services FY2024 Provisional Indirect Cost Rates Schedule, Independent Accountant's Report for the Twelve Months Ended June 30, 2024; Audited By: ML Weekes & Company, PC; dated January 30, 2024.*

4. **Cost Allocation Plan:** The following allocation items were provided:
 - *Indirect Rate: EWS states it will use a ten (10) percent indirect rate to allocate overhead expenses for the period covered by this evaluation.*
 - *The "Equus Workforce Solutions Cost Allocation Plan for Contracts with the North Texas Workforce Development Board" for the Program Year 2023-2024. The plan was signed by the Director of Revenue on November 11, 2023.*

5. **Monitoring Reports:** The following monitoring reports were provided by EWS:

Excel spreadsheets reflecting the following monitoring reviews:

 - *Support Services 2023.01 through 2023.12*
 - *Procurement 2023 Q1 through 2023 Q4*
 - *Support Services 2024.01 through 2024.04*
 - *Procurement 2024 Q1 through 2024 Q2*

The following monitoring reports were provided with the prior period FIRA's:

 - *DSA Monitoring report WSNT23-05, issued March 31, 2023*
 - *February 7, 2023, CAP WIOA, Follow up for 2022 WIOA Program Monitoring review*
 - *Texas Workforce Commission Report #22.03.0001 reflecting the results of their review of the Boards Child Care Services, Choices, Employment Services and WIOA programs. The report is dated November 9, 2022*
 - *Texas Workforce Commission Report #21.03.0001 reflecting the results of their review of the Boards Child Care Services, Choices, Employment Services and WIOA programs. The report is dated March 7, 2022*
 - *Richard Rogers, Board Monitor; Equus Choices and SNAP Program Monitoring Final Report – North Texas; Date: February 3, 2023*
 - *Richard Rogers, Board Monitor; Equus WIOA Program Monitoring Final Report – North Texas; Date: February 3, 2023*

- *Choices Monitoring (21 Monitoring Reviews for 2020 – 2021)*
- *-PII Review; Review Period: 5/13/21 – 6/8/21*
- *-Procurement Monitoring (16 Monitoring Reviews for 2020 – 2021)*
- *-SNAP Monitoring (6 Monitoring Reviews for 2020 – 2021)*
- *-Support Services Monitoring (17 Monitoring Reviews for 2020 – 2021)*
- *-WIOA Monitoring (43 Monitoring Reviews for 2020 – 2021)*

External

- *-Richard Rogers, Board Monitor; Choices Program Monitoring Final Report – North Texas; Date: February 7, 2022*
- *-Richard Rogers, Board Monitor; SNAP Program Monitoring Report – North Texas; Date: February 7, 2022*
- *-Richard Rogers, Board Monitor; WIOA Program Monitoring Final Report – North Texas; Date: February 7, 2022*
- *-Texas Workforce Commission; Date: 3/4/21; Audit Resolutions Report*
- *-Texas Workforce Commission; Date: 1/29/21; Letter on Monitoring of North Texas Board’s Equal Opportunity Compliance*
- *-Richard Rogers, Board Monitor; 2020 Alternate Funded Program Monitoring Report - North Texas; Date: December 5, 2020*

6. **Cash Management:** *EWS did not provide current bank statements and reconciliations. Note: DSA Financial Monitoring Cash Management review workpapers were used in lieu of*
7. **Escrow Accounts:** EWS states the following regarding the TWC 10% fiscal integrity requirement: *“N/A – Cost reimbursable contract and Equus does not draw down Federal funds nor requires advances from the Board”*
8. **Policies and Procedures:** EWS provided the following policies and procedures:
 - *ResCare Accounting Policies and Procedures Manual issued January 16, 2007 and last revised May 31, 2018.*
 - *Accounting Policies and Procedures Manual Fraud Prevention dated December 06, 2018*
 - *Process Document -Ordering, Preparing Gas, Incentive Cards and Bus Passes (undated)*
 - *Project Accountant Training Procedure – Oracle Invoice and Payment Lookup (denoted as Cash Disbursement Procedure-Invoice Lookup in Oracle)*
 - *Policy and Procedure Number 00-13, Fraud Prevention, Original Issue Date: 12/31/2006; Revised Date: 12/06/2018.*
 - *Incentives for Choices Participants*
 - *Workforce Solutions North Texas Procedure Month End-ITA Payment Reconciliation dated April 6, 2023*
 - *Workforce Solutions North Texas Support Services Guide dated 03/06/2022*
 - *Procurement Policy and Procedure; Effective Date: 5/10/2016; Revised Date: 01/10/2023.*

9. **Insurance:** The EWS *Arbor E&T, LLC Certificate of Liability Insurance* reflecting the following coverages for the period September 30, 2023 through September 30, 2024. The Board is listed as the Certificate Holder.

Type of Insurance	Limits	
Commercial General Liability	each occurrence	\$1,000,000.00
	Damage to rented premises	each occurrence 100,000.00
	Medical Expenses	any one person
	Personal and ADV injury	1,000,000.00
	general aggregate	2,000,000.00
	Products	2,000,000.00
Automobile Liability	Combined single limit each accident	3,000,000.00
Umbrella Liability	Each occurrence/Aggregate	3,000,000.00
	Excess	5,000,000.00
Workers Compensation	Each accident	1,000,000.00
	Disease each employee/policy limit	1,000,000.00
	Disease Policy Limit	1,000,000.00

10. **Conflict of Interest:** EWS provided the following:
- The EWS response to item 62 in the FIRA questionnaire states that EWS requires its Board members and personnel to sign a (non) conflict of interest attestation.
 - EWS indicates that its personnel are not required to disclose gifts greater than \$50, given to a Board member or Board employee.
11. **Adverse Judgements:** EWS indicated it did not have any adverse judgements or findings during the last twelve months that would impede their ability to perform the services pursuant to a contract with the Board.

B. Rolling Plains Management Corporation, (RPMC)

1. **Contract:** The following contract was provided:

Contract No. 2022-008 CCS FY2024-4; Contract Period: 10/1/23 to 10/31/24 reflecting the following budgets:

• Child Care Services Formula 0324CCF001#33-1041	\$7,094,246.00
• CCDF Quality Improvement Activity 0324CCQ001 #33-1042	\$658,888.00
• CCDF DFPS 0324CCP001 #33-1046	\$632,404.55
• Child Care Match 0324M001 #33-1058	\$585,132.00

2. **Organization Charts:**

- *The Rolling Plains Management Corporation Organization dated June 3, 2024.*
- *The Rolling Plains Management Corporation Organization Chart (Child Care Assistance) dated June 3, 2024.*

3. **Fiscal Integrity Questionnaire:** Diaz, Smith, and Associates (DSA) Fiscal Integrity and Financial Risk Assessment Questionnaire (FIRA) for the period October 1, 2024 through September 30, 2025 completed by the RPMC Financial Director signed and dated August 1, 2024. The questionnaire responses indicate the following:

- RPMC's contract with the Board will be cost reimbursement without advances of approximately \$8,500,000.
- Per the FIRA RPMC conducted a physical inventory in February 2024 but did not provide a value of the assets. RPMC states this value is "maintained at the Board level."
- RPMC indicates it has incurred \$37.47 in disallowed costs in the preceding five (5) years.
- RPMC states that it will utilize "*Directors and Officers Insurance of \$2,000,00/\$100,000 to satisfy the TWC 10% fiscal integrity requirement*". Per the FIRA the contract with the Board will be cost reimbursement without funds advanced.
- Per the FIRA the RPMC Program Director departed June 2022 and their replacement was hired in August 2022.
- RPMC indicates it will use a *De Minimis* indirect rate to allocate overhead expenses.
- RPMC provided the following anticipated budget amounts for the period 9/1/24 through 9/30/25.

○ Equipment	\$77,000.00
○ Supplies	\$25,500.00
○ Employee Development	\$13,916.00
○ Indirect Costs	\$169,000.00
○ Travel	\$31,494.00
○ Miscellaneous	\$9,100.00

4. **Audit:** RPMC provided the following:
- *Rolling Plains Management Corporation of Baylor, Cottle, Foard, Hardeman and Wilbarger Counties Financial Statements and Independent Auditor's Report, For the Year Ended November 30, 2022; Audited By: MWH Group, Certified Public Accountants Consultants; Dated: July 18, 2023. No findings are indicated*
5. **Cash Management:** RPMC did not provide current bank statements and reconciliations for the following accounts:
- *Operating Account*
 - *Payroll Account*
 - *Herring Bank Cash Account*
 - *Cash Account RPMC 1*

Note: DSA Financial Monitoring Cash Management review workpapers were used in lieu of

6. **Monitoring Reports and Workpapers:** The following monitoring reports were considered in the conduct of this fiscal integrity evaluation:
- *DSA financial monitoring review report and associated work papers for the year ending September 30, 2023*
 - *The Following Child Care Program Monitoring Reports:*
 - *506665 Munday CDC 2022 CCRF Monitoring Closure Report*
 - *514042 Archer City CDC 2022 CCRF Monitoring Closure Report*
 - *1630233 Olney Child Development Center 2022 CCRF Monitoring Closure Report*
 - *1632610 Knox City Child Development Center 2022 CCRF Monitoring Closure Report*
 - *1658435 Charles Finnell Child Development Center 2022 CCRF Monitoring Closure Report*
 - *Texas Workforce Commission Report #22.03.0001 issued November 9, 2022*
 - *Texas Workforce Commission Report #24.03.0001 Exit Conference Report dated May 10, 2024.*
 - *Various quarterly Texas Department of Transportation; Financial Monitoring Reports*
 - *Texas Veterans Commission; Letter Date: 5/6/2022; **Findings Resolved***
 - *Texas Department of Housing and Community Affairs; Dated: 3/10/23*
Findings Resolved
 - *2022 CCRF Monitoring Closure Report; Date 5/12/23*
 - *2022 CCRF Monitoring Closure Report; Date 6/2/23*
7. **Cost Allocation:** RPMC provided its **Rolling Plains Corporation Fiscal Year 2024 Cost Allocation Plan** for the for the period December 1, 2023 through November 30, 2024. year 2023. The plan was executed on December 1, 2023.
8. **IRS Form 990:** RPMC provided its IRS forms 990 and supporting schedules for the fiscal year ended November 30, 2021 and November 30, 2022.

9. **Policies and Procedures:** The following RPMC procedures were considered in the conduct of this fiscal integrity evaluation:
- Financial Procedures Manual, *updated February 6, 2024*
 - Personnel Policies of RPMC, *updated April 4, 2023*
10. **Adverse Judgments:** RPMC indicated it did not have any adverse judgements or findings during the last twelve months that would impede their ability to perform the services pursuant to a contract with the Board.
11. **Insurance:** The RPMC provided its *Certificate of Liability Insurance* for the period January 11, 2024 through January 11, 2025 reflecting the following coverages. The Board is not identified as the Certificate Holder.

D&O/EPLI	Limits	
EPLI	Limit	2,000,000.00
	Per Claim	10,000.00
Directors and Officers	Limit	5,000.00
	Per Claim	10,000.00

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our fiscal integrity assessment of the entities in the review population evaluated compliance with the citations below and those on the following pages. Following each citation is our determination.

1. Compliance

The TWC rules provide the following compliance requirements.

The fiscal integrity evaluation shall include the following provisions for ensuring that workforce service contractors are meeting performance measures in compliance with requirements contained in:

- (A) federal and state statutes and regulations and directives of the Commission or Agency;*
- (B) Office of Management and Budget (OMB) circulars applicable to the entity, such as OMB Circulars A-21, A-87, or A-122, and the Office of the Governor's Uniform Grant Management Standards; and*
- (C) any other safeguards a Board has identified that are designed to ensure the proper and effective use of funds placed under the control of its workforce service contractors.*

Review Determination

Our review determined the [Arbor E&T, LLC dba Equus Workforce Solutions \(EWS\)](#) and [Rolling Plains Management Corp \(RPMC\)](#) are materially in compliance with the requirements of the above cited TWC provisions.

2. Cash on Deposit or Other methods to Secure Funds

The TWC rules provide the following securing funds requirements.

- (1) A Board shall ensure that at least 10% of the funds subject to the control of the workforce service contractors is protected through bonds, insurance, escrow accounts, cash on deposit, or other methods to secure the funds consistent with this subchapter. A Board and its workforce service contractors may, consistent with this section, use any method or combination of methods to meet this requirement. At the Board's discretion, the Board may pay for the bonding, insurance, or other protection methods or require its workforce service contractors, to the extent allowable under state and federal law, to pay for such protection.*
- (2) In conducting the fiscal integrity evaluation required in this section, a Board may determine that more than 10% of the funds subject to the control of its workforce service contractors shall be secured through bonds, insurance, escrow accounts, or other methods consistent with this subchapter.*
- (3) Escrow of funds may also be used to satisfy the requirements of §801.54(b) provided that:
 - (A) the funds placed in escrow require the signature of persons other than the persons with signatory authority for the Board's workforce service contractors;*
 - (B) the funds do not lapse due to requirements for timely expenditure of funds; and*
 - (C) this provision does not conflict with any provision in contract, rule, or statute for the timely expenditure of funds.**

Review Determination

Our review determined the *Arbor E&T, LLC dba Equus Workforce Solutions (EWS)* and *Rolling Plains Management Corp (RPMC)* are materially in compliance with the requirements of the above cited TWC provisions

3. Bonding, Insurance, and Other Methods of Securing Funds to Cover Losses

The TWC rules provide the following securing funds requirements.

If a bond is used, a Board shall ensure that the bond is executed by a corporate surety or sureties holding certificates of authority, authorized to do business in the state of Texas.

(5) A Board shall ensure, based on the schedule referenced in §801.54(a)(2) of this section, that each of its workforce service contractors is required to verify that:

- (A) the insurance or bond policy is valid, premiums are paid to date, the company is authorized to provide the bonding or insurance, and the company is not in receivership, bankruptcy or some other status that would jeopardize the ability to draw upon the policy;*
- (B) the escrow account balances are at an appropriate level;*
- (C) the method of securing the funds has not been withdrawn, drawn upon, obligated for another purpose, or is no longer valid for use as the method of security; and*
- (D) other such protections as are applicable and relied upon by the Board are verified as in force.*

Review Determination

Our review determined the *Arbor E&T, LLC dba Equus Workforce Solutions (EWS)* and *Rolling Plains Management Corp (RPMC)* are materially in compliance with the requirements of the above cited TWC provisions

4. Standards of Conduct a Board shall ensure that the workforce service contractors:

The TWC rules provide the following standard of conduct requirements.

(1) comply with federal and state statutes and regulations regarding standards of conduct and conflict of interest provisions including, but not limited to, the following:

- (A) 29 C.F.R. §97.36(b)(3), which includes requirements from the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;*
 - (B) professional licensing requirements, when applicable; and*
 - (C) applicable OMB circular requirements and the Office of the Governor's Uniform Grant Management Standards.*
- (2) avoid any conflict of interest or any appearance of a conflict of interest; and*
- (3) refrain from using nonpublic information gained through a relationship with the Commission, an Agency employee, a Board, or a Board employee, to seek or obtain financial gains that would be a conflict of interest or the appearance of a conflict of interest.*

Review Determination

Our review determined the Board, Arbor E&T, LLC dba Equus Workforce Solutions (EWS) and Rolling Plains Management Corp (RPMC) are materially in compliance with the requirements of the above cited TWC provisions

5. Disclosures: A Board shall require its workforce service contractors to disclose the following:

The TWC rules provide the following standard of conduct requirements.

- (1) *Matters Subject to Disclosure. A Board shall ensure that its workforce service contractors promptly disclose in writing the following:*
 - (A) *a substantial financial interest that the workforce service contractor, or any of its workforce service contractor employees in decision-making positions, have in a business entity that is a party to any business transaction with a Board member or Board employee who is in a Board decision-making position;*
 - (B) *a gift greater than \$50 in value given to a Board member or Board employee by a workforce service contractor or its employees; and*
 - (C) *the existence of any conflict of interest and any appearance of a conflict of interest, or the lack thereof.*
- (2) *Content of Disclosure. A Board shall ensure that its workforce service contractors' written disclosures contain the following:*
 - (A) *information describing the conflict of interest; and*
 - (B) *information describing the appearance of a conflict of interest, and actions the workforce service contractor and its employees will take in order to prevent any conflict of interest from occurring.*
- (3) *Frequency of Disclosure. A Board shall ensure that its workforce service contractors disclose:*
 - (A) *at least annually, and as frequently as necessary, any conflict of interest and any appearance of a conflict of interest;*
 - (B) *within 10 days of giving a gift greater than \$50 in value as referenced in this section; and*
 - (C) *at least annually that no conflict of interest and no appearance of a conflict of interest exists.*
- (4) *Matters Not Subject to Disclosure. This provision does not apply to:*
 - (A) *a financial transaction performed in the course of a contract with the Board; or*
 - (B) *a transaction or benefit that is made available to the general public under the same terms and conditions.*

Review Determination

Our review determined the Board, Arbor E&T, LLC dba Equus Workforce Solutions (EWS) and Rolling Plains Management Corp (RPMC) are materially in compliance with the requirements of the above cited TWC provisions

Texas Workforce Commission

A Member of Texas Workforce Solutions

Bryan Daniel, Chairman
Commissioner Representing
the Public

Alberto Treviño, III
Commissioner Representing
Labor

Joe Esparza
Commissioner Representing
Employers

Edward Serna
Executive Director

ISSUE DATE: October 8, 2024

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

Dear Mrs. McDaniel:

We recently completed data validation testing of the Workforce Innovation and Opportunity Act (WIOA) program for the State of Texas, as administered by Workforce Solutions North Texas. Data validation is required by the U.S. Department of Labor Employment and Training Administration Training and Employment Guidance Letter (TEGL) 07-18, "Guidance for Validating Jointly Required Performance Data Submitted under the Workforce Innovation and Opportunity Act (WIOA)," and Workforce Development Letter 27-19, Change 3, "State Data Validation Requirements-Update". It 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 to United States Department of Labor (USDOL) for the Fiscal Year 2023.

Attached is a Summary Report that outlines the results for each program tested in your area. The scope of review was from July 1, 2022, through June 30, 2023.

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,



Mary B. Millan, Deputy Division Director
Subrecipient Monitoring
Division of Fraud Deterrence and Compliance Monitoring

Data Validation Results Report

PY2024 Data Validation Results for North Texas (3)



WIOA Adult

Assessment

Field Description	Records Tested	Records Unmet	Unmet Percentage
Type of Recognized Credential (WIOA)	3	0	0%
Date Attained Recognized Credential (WIOA)	3	0	0%
<i>SUB TOTALS</i>	<i>6</i>	<i>0</i>	<i>0.00%</i>

Characteristics

Field Description	Records Tested	Records Unmet	Unmet Percentage
Date of Birth (WIOA)	9	0	0%
Individual with a Disability (WIOA)	3	0	0%
Veteran Status	1	0	0%
Date of Actual Military Separation	1	0	0%
Employment Status at Program Entry (WIOA)	4	0	0%
Supplemental Nutrition Assistance Program (SNAP)	5	0	0%
Low Income Status at Program Entry (WIOA)	2	0	0%
<i>SUB TOTALS</i>	<i>25</i>	<i>0</i>	<i>0.00%</i>

Education

Field Description	Records Tested	Records Unmet	Unmet Percentage
Highest Educational Level Completed at Program Entry (WIOA)	9	0	0%
School Status at Program Entry (WIOA)	9	0	0%
<i>SUB TOTALS</i>	<i>18</i>	<i>0</i>	<i>0.00%</i>

Service Tracking

Field Description	Records Tested	Records Unmet	Unmet Percentage
Type of Training Service #1 (WIOA)	5	0	0%
Date of Program Entry (WIOA)	9	1	11.11%
Date of Program Exit (WIOA)	6	4	66.67%
<i>SUB TOTALS</i>	<i>20</i>	<i>5</i>	<i>25.00%</i>

WIOA Dislocated Worker

Assessment

Field Description	Records Tested	Records Unmet	Unmet Percentage
Type of Recognized Credential (WIOA)	2	0	0%
Date Attained Recognized Credential (WIOA)	2	0	0%
Type of Recognized Credential #2 (WIOA)	1	0	0%
Date Attained Recognized Credential #2 (WIOA)	1	0	0%
<i>SUB TOTALS</i>	<i>6</i>	<i>0</i>	<i>0.00%</i>

Characteristics

Field Description	Records Tested	Records Unmet	Unmet Percentage
Date of Birth (WIOA)	7	0	0%
Individual with a Disability (WIOA)	2	0	0%
Date of Actual Dislocation	3	0	0%
Supplemental Nutrition Assistance Program (SNAP)	2	0	0%
<i>SUB TOTALS</i>	<i>14</i>	<i>0</i>	<i>0.00%</i>

Education

Field Description	Records Tested	Records Unmet	Unmet Percentage
Highest Educational Level Completed at Program Entry (WIOA)	7	0	0%
School Status at Program Entry (WIOA)	7	0	0%
<i>SUB TOTALS</i>	<i>14</i>	<i>0</i>	<i>0.00%</i>

Service Tracking

Field Description	Records Tested	Records Unmet	Unmet Percentage
Type of Training Service #1 (WIOA)	5	0	0%
Date of Program Entry (WIOA)	7	1	14.28%
Date of Program Exit (WIOA)	7	2	28.57%
<i>SUB TOTALS</i>	<i>19</i>	<i>3</i>	<i>15.79%</i>

WIOA Youth

Assessment

Field Description	Records Tested	Records Unmet	Unmet Percentage
Category of Assessment #1	3	1	33.33%
Date of Pre-Test Score #1	3	1	33.33%
Pre-Test Score #1	3	1	33.33%
<i>SUB TOTALS</i>	9	3	33.33%

Characteristics

Field Description	Records Tested	Records Unmet	Unmet Percentage
Date of Birth (WIOA)	4	0	0%
Individual with a Disability (WIOA)	4	0	0%
Employment Status at Program Entry (WIOA)	1	0	0%
Pregnant or Parenting Youth	1	0	0%
<i>SUB TOTALS</i>	10	0	0.00%

Education

Field Description	Records Tested	Records Unmet	Unmet Percentage
Highest Educational Level Completed at Program Entry (WIOA)	2	0	0%
School Status at Program Entry (WIOA)	2	0	0%
<i>SUB TOTALS</i>	4	0	0.00%

Service Tracking

Field Description	Records Tested	Records Unmet	Unmet Percentage
Type of Training Service #1 (WIOA)	1	0	0%
Date of Program Entry (WIOA)	4	0	0%
Date of Program Exit (WIOA)	4	3	75%
<i>SUB TOTALS</i>	9	3	33.33%

Texas Workforce Commission

A Member of Texas Workforce Solutions

Bryan Daniel, Chairman
Commissioner Representing
the Public

Alberto Treviño, III
Commissioner Representing
Labor

Joe Esparza
Commissioner Representing
Employers

Edward Serna
Executive Director

Report #24.03.0001

ISSUE DATE: October 8, 2024

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

Dear Ms. McDaniel:

Our review of the Supplemental Nutrition Assistance Program Employment and Training program administered by Workforce Solutions North Texas indicates fiscal and program systems are effectively managed.

The review covered the period February 1, 2023, to February 29, 2024, and included tests of transactions and fiscal and program controls.

We appreciate the cooperation and assistance you and your staff provided throughout the review. Should you have any questions, please contact me at (512) 936-3612.

Sincerely,



Mary B. Millan, Deputy Division Director
Subrecipient Monitoring
Fraud Deterrence and Compliance Monitoring Division

cc: Kristin Little, Chair, Workforce Solutions North Texas
Gwendolyn Jones, Regional Program Manager, U. S. Department of Health and Human Services
Deborah Daniels, Program Specialist, U. S. Department of Health and Human Services
Alisa Matthews, Program Specialist, U. S. Department of Health and Human Services
Bryan Daniel, Chairman and Commissioner Representing the Public, TWC
Joe Esparza, Commissioner Representing Employers, TWC
Alberto Treviño, III, Commissioner Representing Labor, TWC
Edward Serna, Executive Director, TWC
Randy Townsend, Deputy Executive Director, TWC
Mary York, Director, Division of Workforce Development, TWC
Charles E. Ross, Jr., Director, Division of Fraud Deterrence and Compliance Monitoring, TWC
Chris Nelson, Chief Financial Officer, TWC
Adam Leonard, Director, Division of Information, Innovation, and Insight, TWC

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Commissioner Representing
the Public

Alberto Treviño, III
Commissioner Representing
Labor

Joe Esparza
Commissioner Representing
Employers

Edward Serna
Executive Director

Report #24.03.0001

ISSUE DATE: October 8, 2024

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

Dear Ms. McDaniel:

We have completed our review of the Child Care Services, Choices (employment services for Temporary Assistance for Needy Families), Employment Services, and Workforce Innovation and Opportunity Act programs administered by Workforce Solutions North Texas. Our review covered the period February 1, 2023, through February 29, 2024.

Our findings are summarized in the enclosed report. TWC Audit Resolution will contact you with an Initial Resolution Letter requesting the documentation necessary to resolve the outstanding findings identified in the report. The Board will have 45 calendar days from the issuance of that Letter to respond to Audit Resolution with the documentation.

Thank you again for your cooperation and assistance. Should you have any further questions concerning the review, please contact me at (512) 936-3612.

Sincerely,



Mary B. Millan, Deputy Division Director
Subrecipient Monitoring
Division of Fraud Deterrence and Compliance Monitoring

Attachment



Monitoring Report
#24.03.0001
Workforce Solutions North Texas

Issued by Texas Workforce Commission
Subrecipient Monitoring Department

Board Background

Workforce Solutions North Texas is part of Texas Workforce Solutions – a statewide network of 28 Workforce Development Boards for regional planning and service delivery, their contracted service providers and community partners, and the TWC unemployment benefits Tele-Centers. This network, which includes the Texas Workforce Commission, gives customers local access to workforce solutions and statewide services through Workforce Solutions offices and Tele-Centers throughout the state.

The Board serves the following counties: Archer, Baylor, Clay, Cottle, Foard, Hardman, Jack, Montague, Wichita, Wilbarger and Young.

Equus Workforce Solutions is the subrecipient responsible for management of the Workforce Centers. Rolling Plains Management Corporation is the subrecipient responsible for Child Care Services.

Executive Summary

The Texas Workforce Commission, Subrecipient Monitoring Department conducted a review of Workforce Solutions North Texas. This review identified opportunities to strengthen management controls and support compliance with contract requirements.

The Board is responsible for providing its Partners, Subrecipients, and Contractors with these findings and areas of concern and following up to ensure that any needed corrective actions are completed.

Finding #1: Prior Year: Ensure Leases are Properly Procured

For the second year, the Board did not comply with federal and state procurement requirements for a workforce center lease. The Board should adhere to the requirements of the FMGC and reprocure the Bowie workforce center lease, in compliance with federal and state requirements.

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Finding

Prior Year: Ensure Leases are Properly Procured

For the second year, the Board did not comply with federal and state procurement requirements for a workforce center lease. The Bowie workforce center lease expired March 31, 2024. The Board has been on a month to month lease since it expired. During the SRM monitoring review in May 2024, the Board had taken no other procurement actions. The Board stated that it planned to hire a broker after the monitoring visit.

By not adhering to federal, state, and local procurement requirements, the Board cannot demonstrate that all procurement actions were conducted in a manner providing for full and open competition.

FMGC, Chapter 13 Property, 13.17 Leases states:

“Policy:

Costs for leased or rental property must conform to applicable cost principles for rental costs. Such property must be procured in accordance with applicable procurement requirements.”

And *FMGC, Chapter 8 Cost Principles, 8.1 General Allowability Criteria* states:

“Policy:

In order to be allowable under a federal or state award, a cost must meet the general allowability criteria established by the Uniform Guidance and Texas Grant Management Standards, as applicable.

A cost must meet the following general criteria in order to be allowable under a federal or state award:

- ...Be adequately documented. Documentation required may include, but is not limited to, travel records, time sheets, invoices, contracts, mileage records, billing records, telephone bills and other documentation that verifies the expenditure amount and appropriateness to the grant...”

FMGC Supplement on Procurement - Version 1.0, E. Competition & Preferences, E.1 Full & Open Competition, E.1.2 Basic Standard states:

“Policy:

All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards in UG, UGMS and this Publication. Except where specified otherwise, selection of subgrantees (subrecipients) must also be conducted in a manner providing full and open competition.”

Recommendation

The Board should adhere to the requirements of the FMGC and reprocure the Bowie workforce center lease, in compliance with federal and state requirements.

Board Response

Views of Responsible Officials:

The Bowie Workforce Lease expired on 3/31/24. North Texas Workforce Board put out RFQ 2024-012 Real Estate Broker Services on 3/7/24 after trying to work with the landlord to establish a new lease was unsuccessful with no response from landlord. RFQ Proposals were due by 4:00 pm on 3/26/24. The evaluation of RFQ proposals was completed between 4/5-4/12/24. The North Texas Workforce Board voted and approved the selection of Lou Eytalis, Strategic Reality Services, LLC., to represent North Texas Workforce Board for Real Estate Broker service at the 4/25/24 Board meeting.

Corrective Action Plan:

The Commercial Buyer/Tenant Representation Agreement between Workforce Resource, Inc dba Workforce Solutions North Texas and Strategic Realty was signed on 5/13/24. Lou Eytalis, Broker, began looking for space to accommodate our needs for a workforce center in Bowie, as well as contact the current landlord. After research and communication with other property owners in the Bowie area to find space that could accommodate our needs, it was determined that there was nothing that was available that didn't require extensive repairs that would fit our needs and in an area conducive to housing a workforce center that would allow for easy and convenient access. The Broker was able to communicate with the current landlord and secure a new lease that went into effect on 9/1/24 and expires on 8/31/29. The North Texas Workforce Board voted and approved at the board meeting on 8/22/24.

Implementation Date:

New lease effective 9/1/24.

Responsible Person:

Lisa McDaniel

Areas of Concern**Disbursements**

For three travel expenditures, the Board paid state hotel taxes with TWC funds when the Board is tax exempt.

Cash and Cash Equivalents

At the time of the review, the Board did not have a cash and cash equivalent policy in place to address safeguarding assets, distribution, inventory control and oversight. Prior to the exit, the Board provided a new policy for cash and cash equivalents that addresses safeguarding assets, distribution, inventory control and oversight.

Appendix A. Abbreviations and Terms

ADA	Americans with Disabilities Act
Board	Workforce Solutions North Texas
CCS	Child Care Services
Choices	Employment services for TANF (Temporary Assistance for Needy Families)
ES	Employment Services
FMGC	Financial Manual for Grants and Contracts
IFA	Infrastructure Facilities Agreement
MOU	Memorandum of Understanding
NDW	National Dislocated Worker Grants
NEG	National Emergency Grant
SNAP E&T	Supplemental Nutrition Assistance Program Employment and Training
TAA	Trade Adjustment Assistance
TWC	Texas Workforce Commission
WIOA	Workforce Innovation and Opportunity Act

Appendix B. Review Objectives, Scope, and Methodology

Review Objectives

The purpose of our review was to provide reasonable assurance that Workforce Solutions North Texas uses TWC grant resources in accordance with state and federal requirements. We also sought to determine whether activities are conducted toward the goal of achieving program objectives while maintaining fiscal accountability.

Scope and Methodology

Monitoring reviewed the CCS, Choices, ES, and WIOA programs administered by the Board. We conducted this review from May 6, 2024, to May 10, 2024. Our goal was to provide reasonable but not absolute assurance regarding compliance with grant agreement terms and objectives.

Toward this goal, we randomly selected and tested samples of transactions that occurred during the period of February 1, 2023, through February 29, 2024. Although no material issues came to the reviewers' attention other than those contained in this report, there is no assurance that other issues may not exist. Within the accounting and program books, records and documentation we tested control systems and transactions in the following areas:

Board

- Monitoring and Oversight
- Monitoring Certification
- Automation
- Personally Identifiable Information

Child Care

- Client Eligibility
- DFPS Referrals
- Recoupment

Service Provider

- Choices
- Noncooperation
- WIOA

Fiscal

- Allowable Costs and Pooled Expenditures
- Disbursements
- Cost Allocation
- Procurement
- Small and Micro-Purchases
- Formal
- Fiscal Controls
- Cash Management
- Property

Appendix C. Report Distribution List

Copies of the report will be provided to the following parties:

Workforce Solutions North Texas

Kristin Little, Chair

United States Department of Health and Human Services

Gwendolyn Jones, Regional Program Manager

Deborah Daniels, Program Specialist

Alisa Matthews, Program Specialist

United States Department of Labor

Nicholas E. Lalpui, Regional Administrator, Employment and Training Administration

M. Frank Stluka, Regional Director, Office of State Systems, Employment and Training Administration

Texas Workforce Commission

Bryan Daniel, Chairman and Commissioner Representing the Public

Alberto Treviño, III, Commissioner Representing Labor

Joe Esparza, Commissioner Representing Employers

Edward Serna, Executive Director

Randy Townsend, Deputy Executive Director

Mary York, Director, Division of Workforce Development

Reagan Miller, Director, Division of Child Care and Early Learning

Charles E. Ross, Jr., Director, Division of Fraud Deterrence and Compliance Monitoring

Chris Nelson, Chief Financial Officer

Adam Leonard, Director, Division of Information, Innovation and Insight

Appendix D. Exit Conference

Date: May 10, 2024

Attendees:

Lisa McDaniel, Executive Director, Workforce Solutions North Texas

Sharon Hulcy, Contract Manager, Workforce Solutions North Texas

Karen Fite, Technology Manager, Workforce Solutions North Texas

Dennis Wilde, Executive Director, Nortex RPC

Shana Ferguson, Finance Director, Nortex RPC

Crystal Ojeda, Project Manager, Equus

Darla Silva, QA Analyst, Equus

Sandi Stahr, Program Supervisor, Equus

Annette Jackson, Project Accountant, Equus

Leneva Clark, Client Services Specialist/Child Care, Equus

Kayla Crowley, Community Engagement Specialist, Equus

Nic Gray, Senior Accountant, Rolling Plains

Donna Adams, Project Director/Child Care, Rolling Plains

Tiffany Jones, Client Services Manager/Child Care, Rolling Plains

Lanette McHazlett - Sanchez, Project Manager, TWC

Sherri Robelia, Fiscal Monitor, TWC

Vincent Miramontes, Fiscal Monitor, TWC

Rene Trevino, Program Manager, TWC

Tangila Johnson, Program Manager, TWC

George "Chip" Daiy, Program Manager, TWC

Alma Gonzales, Program Manager, TWC

Texas Workforce Commission

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Bryan Daniel, Chairman
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the Public

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Commissioner Representing
Labor

Joe Esparza
Commissioner Representing
Employers

Edward Serna
Executive Director

October 16, 2024

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

Dear Ms. McDaniel:

This letter is regarding a finding identified in the Texas Workforce Commission (TWC) Monitoring Report #24.03.0001. This report included a review of the Child Care Services, Choices (employment services for Temporary Assistance for Needy Families), Employment Services, and Workforce Innovation and Opportunity Act programs administered by Workforce Solutions North Texas (Board). This monitoring review identified one finding that requires further resolution action as outlined below:

Prior Year

Finding: Ensure Leases are Properly Procured

For the second year, the Board did not comply with federal and state procurement requirements for a workforce center lease. The Bowie workforce center lease expired March 31, 2024. The Board has been on a month-to-month lease since it expired. During the SRM monitoring review in May 2024, the Board had taken no other procurement actions. The Board stated that it planned to hire a broker after the monitoring visit.

By not adhering to federal, state, and local procurement requirements, the Board cannot demonstrate that all procurement actions were conducted in a manner providing for full and open competition.

Documentation Required:

The recommendation in the monitoring report states that the Board should adhere to the requirements of the FMGC and reprocure the Bowie workforce center lease, in compliance with federal and state requirements. Based on Board's response and corrective action plan in response to the monitoring report, please provide complete procurement documentation for the procurement of the Bowie workforce center including signed and dated lease agreement. In addition, please provide agenda and sign-in sheets for recent procurement training if conducted.

Ms. McDaniel
Page 2
October 16, 2024

Please provide the above information within 45 calendar days from the date of this letter to Ruth C. Cureton, via email ruth.cureton@twc.texas.gov. Additional documentation may be requested at a future date based on the documentation submitted.

Thank you in advance for your cooperation and assistance. Should you have any questions or concerns, please contact Ruth C. Cureton at (737) 471-1308 or me at (737) 802-9398 or judy.ohn@twc.texas.gov.

Sincerely,

Judy Ohn

Judy Ohn
Director of Fiscal Services and Audit Resolution



Summary of Monitoring by Center August 2024

Workforce Center Contractor: Equus Workforce Solutions

INTERNAL MONITORING REPORT	PERIOD	ACCURACY RATE		Disallowed Cost
CHOICES Noncooperation-100%	2024.06	100%	100%	None
CHOICES Work Activities-100%	2024.04	92%	100%	None
PROCUREMENT REVIEW-100%	2024.Q2	100%	100%	None
SNAP Non-Cooperation-100%	2024.05	83%	100%	None
SNAP Work Activities-100%	2024.04	87%	99%	None
SUPPORT SERVICES REVIEW-100%	2024.04	99%	100%	None
WIOA CASE NOTE REVIEW-100%	2024.06	61%	87%	None
WIOA DV, MSG, Credential-100%	2024.Q1	69%	78% no DINT to correct	None
WIOA ELIGIBILITY REVIEW-100%	2024.06	100%	100%	None



Summary of Monitoring by Center November 2024

Workforce Center Contractor: Equus Workforce Solutions

INTERNAL MONITORING REPORT	Period	Accuracy Rate	Final Accuracy Rate	Disallowed Cost
CHOICES Noncooperation-100%	2024.08	100%	100%	None
CHOICES Work Activities-100%	2024.08	83%	100%	None
PROCUREMENT REVIEW-100%	2024.Q2	100%	100%	None
SNAP Non-Cooperation-100%	2024.08	100%	100%	None
SNAP Work Activities-100%	2024.08	92%	94%	None
SUPPORT SERVICES REVIEW-100%	2024.08	94%	100%	None
WIOA CASE NOTE REVIEW-100%	2024.08	63%	89%	None
WIOA DV, MSG, Credential-100%	2024.Q2	82%	86%	None
WIOA ELIGIBILITY REVIEW-100%	2024.08	95%	100%	None

Child Care QA Report - May 2024

Thursday 8/8/24

The Quality Assurance (QA) process is an in-house, case file auditing process that involves a preliminary QA audit and a final QA audit for any case being determined eligible for child care services.

Quality Assurance Numbers

Total Cases Reviewed	122	Average Monthly Accuracy rate	98.25%	100% Accuracy for all cases	Disallowed Cost	\$0.00	
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Child Care QA Report -July 2024 and Aug 2024

Tuesday 11/5/24

The Quality Assurance (QA) process is an in-house, case file auditing process that involves a preliminary QA audit and a final QA audit for any case being determined eligible for child care services.

Quality Assurance Numbers

Total Cases Reviewed	264	Average Monthly Accuracy rate	98.87%	100% Accuracy for all cases	Disallowed Cost	\$0.00	
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