

**WORKFORCE INVESTMENT BOARD AUDIT MEETING**  
**12.22.09**  
**Executive Committee Meeting**  
**RADISSON**  
**8:30 AM**

**Committee Members Present:**

Burt Danovitz, John Tracy, Gary Scalzo, Delores Caruso, Phil Williams, Scott Hosler, Dick Zwiefel

**Staff:**

Alice Savino, Jenna Zeman, Tanya Flihan

**Call to Order:**

Dick Zwiefel called meeting to order at 8:40 a.m.

**These Minutes are to be used in conjunction with the Financial Statement, Report to the Board of Directors, & Single Audit handouts.**

**Financial Statement:**

An additional paragraph was added to the Financial Statement for this year, this paragraph is to clarify how some of the grant dollars are spent to purchase equipment. When equipment is purchased under certain contracts the contract doesn't care about gap depreciation, it's easier to bank the financial statements if it's not a material difference to conform to your reporting standards, so you don't have finance reporting verses grant reporting. This year \$11,000 worth of phone system network servers were installed at a site, this is seen in the statement of functional expenses, because of a slight gap departure it had to be noted.

On the Balance sheet, page 3, or Statements of Financial Position, the WIB is one of the organizations that are considered a Pass through Agency. The mechanism for reimbursement does not allow for preservation for capital, so what's on the balance sheet is a timing difference on grants money received, services are performed, payments made.

On Page 4, in the past, a decision was made to list all the grants individually; it gives a look at what the organization did in total gross revenue between program services and management in surplus this year.

On the last page of Balance sheet, it's categorized by various funding groups and could be 2 to 3 grants funding individual call centers. It's difficult to compare each year to the next because contracts can have a completely different purpose. Funding salaries, employee's benefits and payroll taxes should be in relationship but could be skewed by contractual expense one year to the next. Also, the DOL frequently changes their focus, Ex: The past 18 months have been devoted to training and funding income for low income and disadvantaged individuals and the employer has not been compensated or encouraged to upgrade training for current employees, it's been about new hires. So comparison is hard because the focus changes.

On page 5, the net cash provided by operating activities is merely just timing differences, reconciling net income to your changes in net cash by those activities. Not much happening there. The 2 other areas not seen are Investing and Financing, if you purchased, capitalized and depreciated pieces of equipment or investments, there would be actual real dollars going out or coming in that area.

Pages 6-11 Summary of Significant Accounting Policies  
Various notes relating back to the Financial Statements:

Note #1- an overall description of what WIB stands for, what they do, where they do it.

Note #2- Accounting policies used for preparing financial statements. The second paragraph was added to Basis of Accounting, it gives clarity on the equipment that's funded by certain contracts that are accounted for.

Fast forward to Note #5: Related Party Transactions

These are the significant transactions with the various counties.

Note #6- Brief descriptions about the pension plan.

**Contingencies to note:** Under economic dependencies, the fact that, when grants for funding sources you're subjected to the funder making adjustments theoretically or auditing the expenses, is always a possibility.

### **Reports of the Board of Directors**

Met on June 9, 2009, a brief outline of what they emphasized and planned during the audit, no changes. The WIB has additional reports that are required because they are a single audit (federal funds received over \$500,000) in fact 99.9% of funds are federal dollars.

Pages 2&3& 4 -Are other required communications, which have been covered in some way during the audit. If there were any disagreements or corrections they would be reported here in this area.

Page 5- Will be covered a little more during the single audit. If there are any internal control issues. These are control issues over the financial statements which are higher materially level than the single audit level. Sometimes comments within the single audit letter, some grants which have to be randomly tested, (Ex: A grant for \$50,000 and the authorization was not properly signed gets a mark in the audit. This would be mentioned in this report, in conjunction with an entire report this control letter is over the entire financial statement and it would be immaterial to this report. This type of reporting changed about 3 years ago so a lot of the control issues were flushed out a little more, required to do a little more detailed testing, to the point if there are drastic changes., Ex: (change in personnel), expect to have no comments in the future.

### **Single Audit**

These reports are for organizations that receive more than \$500,000 of federal funding. The OMB also requires 2 levels of reporting, the first letter on page 1, The report on Internal Control Over Financial Reporting, in accordance with Government Auditing standards are basically related to the financial statement level, if you have any material transactions, how your financial statements are being prepared or how grants in general were complying with the various requirements could make it into this report. There are no control issues in any of these.

Page 3- Relates to internal controls over the specific and individual federal funds, the auditors are required to test various grants, some make the list automatically and the rest the auditors pick randomly. No control issues or compliance issues on WIB audit.

Page 5&6- The listing of all the different federal grants. For reporting purpose, the key identifier, is the federal CFDA #. The grant requirements would be listed through the CFDA#; this will show how to administer the grant.

Page 7- Note 2 talks about the sub-recipient funds, these funds that by the grant agreement are suppose to be received by WIB and passed out to other agencies, who provide the service and report to the WIB that reports back to the cognizant agencies. Continues to page 8.

Page 9- A summary to the audit results related to the single audit. No. 1, 2,3,4,5 relate to Various audit reports and opinions. There were no deficiencies or unqualified reports.

Page 10-Schedule of findings and questioned costs- No findings

Page 11-Some minor findings that were corrected last year.

***There being no further business, the meeting was adjourned at 10:05 A.M.***