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**MINUTES**

Audit Committee Meeting  
Monday, February 10, 2020  
CareerSource Broward, 2890 West Cypress Creek Road, Fort Lauderdale, FL 33309

**The Committee is reminded of conflict of interest provisions. In declaring a conflict please refrain from voting or discussion and declare the following information: 1) Your name and position on the Board, 2) the nature of the conflict and 3) who will gain or lose as a result of the conflict. Please also fill out form 8B prior to the meeting.**

**ATTENDEES:** Chair, Commissioner Michael Carn, Chair, Dr. Ben Chen, Gary Arenson, and Dr. Lisa Knowles

**STAFF:** Rochelle Daniels, Mason Jackson, Carol Hylton, Christine Azor, and Elizabeth Messler were present.

Michael Carn, Chair, opened the meeting with self-introductions. Anthony Brunson and Audrey Robinson from Brunson, PA, also attended to present. Commissioner Carn suggested that the minutes should reflect the individual responsible for chairing the meeting. It was agreed that this will be included in the minutes in the future.

**APPROVAL OF MINUTES**

Approval of the Minutes of the December 2, 2019 Audit Committee meeting.

**On a motion by Dr. Ben Chen and seconded by Gary Arenson, the Audit Committee unanimously approved the minutes of the December 2, 2019 Audit Committee Meeting.**

**NEW BUSINESS**

**1. Anthony Brunson, PA Audit for FY 2018-2019 Presentation**

Anthony Brunson, PA has completed its Audit Report for the 2018 – 2019 CareerSource Broward fiscal year. The audit is a clean opinion with no findings and no material weaknesses.

Anthony Brunson presented a summary of the audit report, which was conducted according to generally accepted auditing standards and included a review of internal controls governing financial operations, as well as laws and regulations. Tests of compliance with the Uniform Guidance, formerly called the Single Audit, and with rules of the Auditor General were conducted. A copy of the presentation is on file with CareerSource Broward (CSBD).

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All members present received a copy of the Audit Report to review as Mr. Brunson delivered the presentation. Mr. Brunson stated the significant results were an unmodified audit opinion, which means CSBD complies with all the industry standards in connection with the report. He stated that there were no findings on compliance with the Uniform Guidance and no significant weaknesses noted in the internal controls, which is certainly a credit to the CSBD team.

Mr. Brunson reviewed the Statement of Net Positions over the past three years. He noted that the assets in 2019 decreased from 2018 by approximately \$878,000 which was primarily due to timing differences of where accounts receivables and accounts payable were with different programs at year-end. Mr. Brunson noted that this same decrease can be seen with the liabilities of approximately \$1 million. He noted that last year we had a larger deferred amount than we do this year. In regards to the net position, we had an increase of approximately \$134,000 or 6% which was primarily driven by the investment in capital assets associated with the building over the last year.

Mr. Brunson stated that expenses increased \$1.7 million or 9% primarily attributable to two large fund increases for Hurricane Irma at \$400,000 and Dislocated Workers at \$1.4 million, which is similarly reflected in program revenue. He also noted that the working capital ratio that compares current assets to liabilities is at a good ratio of \$1.03 to \$1.00, which means that obligations are getting paid as they become due. Mr. Brunson noted that this is attributable to CSBD's investment in the building.

Mr. Brunson mentioned that they made one recommendation to CSBD to take a look at the "due to" and "due from" accounts and how to reconcile related internal accounting. Gary Arenson inquired about the expectation. Mr. Brunson noted that these should equal and can be reflected as such via a journal entry. Mason Jackson cited an example as not getting our Supplemental Nutrition Assistance Program (SNAP) allocation from the state and being told to borrow it out of Workforce Innovation and Opportunity Act (WIOA); this would create a "due to" and "due from" situation, situations which happen frequently. Mr. Brunson recommended reconciling these at year end.

Michael Carn asked if there were any other recommendations. Mr. Brunson stated that there were none.

Audrey Robinson, Brunson's Audit Manager, stated that the audit was a smoother process this year and congratulated the Finance team on their cooperation.

Mason Jackson thanked the Anthony Brunson team, noting this was an importance assurance since workforce region accountability is very important to the Department of Labor.

**On a motion by Gary Arenson and seconded by Dr. Ben Chen, the Audit Committee unanimously approved the FY 2018-2019 Audit report.**

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## REPORTS

### 1. General Fund Balance

On 10/31/19 the General Fund balance was \$648,873. At this time the General Fund balance is \$569,126 (total revenues) – (minus) \$423,147 (annual set aside) which leaves \$145,979 in the General Fund. We expect to see continued revenues through TTW.

Rochelle Daniels stated the report include interest and depreciation.

Gary Arenson noted that according to the current building depreciation and principal numbers, we would collect \$122,568 from the grant, while we spend \$290,492 on the principal. Mr. Arenson stated that this will reverse itself in the future, whereby we will be collecting more from the grant than we will be paying in depreciation.

Gary Arenson inquired about TTW salaries. Rochelle Daniels noted that we are authorized to have two full-time TTW staff; however, one of the staff has been assigned to another funding stream and their salary is allocated.

Dr. Chen inquired if we could borrow money from the mortgage and put it in the unrestricted General Fund. Rochelle noted that this was possible; however, it would need to be brought to the Board. Dr. Chen inquired if we are allowed to rent out portions of our building. Rochelle Daniels stated that this was possible; however, we are currently using all the space.

### 2. Budget vs Actual Expenditures for PY 2019 - 2020

As reported in December and as can be seen from the Budget vs. Actual memo we are working on increasing expenditures with respect to our WIOA Youth and Wagner Peyser funding streams.

Rochelle Daniels explained the memo includes two charts, one tracking the program year grants and the other tracking fiscal year grants. At approximately halfway through the year, we are underspent in Wagner-Peyser (WP) and Youth. WP expenditures are expected to increase and we are working on increasing youth expenditures.

Dr. Ben Chen asked whether it is difficult to recruit out-of-school (OSY) youth due to the current economy. Rochelle Daniels stated that it is not difficult to recruit them, but they are getting jobs on their own that may be paying better than a subsidized job so they do not always want to participate in a work experience.

### 3. Taylor Hall Miller Parker (THMP), P.A. Program Monitoring Report #3 – PY 18-19 – Issued November 2019

THMP identified 5 findings and 23 observations during their program monitoring visit. They reviewed a total of 175 files consisting of 6,325 elements. The findings equate to an error rate of approximately .079%.

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Chair Commissioner Michael Carn stated that he reviewed the report and congratulated the team on doing a fantastic job. Rochelle Daniels noted that Elizabeth Messler does a lot of the work in compiling these reports and the committee thanked her. Mason Jackson noted that for a review of 175 files, this was a very low error rate. Chair Michael Carn also congratulated the team for always having corrective action.

**MATTERS FROM THE AUDIT COMMITTEE:**

None

**MATTERS FROM THE FLOOR:**

None

**MATTERS FROM THE PRESIDENT/CEO:**

None

Adjournment: 11:50 a.m.