

**Workforce Development Council
Board Meeting Minutes
March 21, 2017**

Vice Chair, Heidi Myers, called the meeting to order at 5:52pm

Marcia Henkle hosted the meeting at the new East Wenatchee WorkSource Center operated by Employment Security. Toby Haberlock, ESD Career Path Navigator, gave a brief rundown of services provided in the building.

Directors Report

Marcia Henkle is retiring at the end of the month. This is her last meeting. Michelle Price is replacing Rich McBride as Superintendent of NCW Educational Service District and is expected to continue on the WDC.

The Federal OMB recommends cutting Labor Department programs 20%. Staff will pull together statistics and draft communications that Board Members can personalize and forward to their national representatives.

Audit Report

Nate Bishop CPA, introduced Kelli Fletcher CPA, Lead Auditor, and Ralph Connor CPA, Non-Profit Audit Manager. Kelli Fletcher previously met with the Audit Committee before the field work then afterwards to discuss results. Five reports are included in the audit; reasonableness and accuracy of the financial statements (unmodified opinion), internal controls and compliance over financial reporting (unmodified opinion - however there is a significant deficiency to report), internal controls and compliance over federal major programs (material weakness and another matter on one of the non-major programs). Audit focus was the Workforce Innovation and Opportunity Act cluster of programs.

Required Board Communication;

- 1) Accounting policies – no new accounting policies adopted during the year.
- 2) Accounting estimates – major estimates used are the estimated useful lives of assets for depreciation, and functional allocation of expenses between fund sources.
- 3) Financial Statement disclosures – no changes or issues to report.
- 4) Difficulty performing the audit - CLA had turnover in staff and changes in testing procedures that prolonged the audit.
- 5) Report any uncorrected misstatements over a trivial threshold. Four uncorrected misstatements were listed and their potential effect on the financial statements.
- 6) Corrected misstatements. Five misstatements were discovered and corrected. Staff identified two and the audit team discovered three.
- 7) No disagreements with management during the audit.

Significant Deficiency in Internal Control over Financial Report - Segregation of Duties, the Financial Director performs many of the financial close and reporting procedures without an independent formal review. Staff corrective action plan is included in the report.

Material Weakness over Compliance – Earmarking, In-School vs Out-of-School expenditures changed from a minimum of 30% Out-of-School (OSY) and a maximum of 70% In-School Youth (ISY) expenditures to a minimum of 75% OSY and a maximum of 25% ISY expenditures. OSY expenditure rate at June 30, 2016 was 72.82%. Current year OSY rate as of the December 2016 quarterly is 83%.

Other Matter – Participant Eligibility for the Senior Community Service Employment Program, Staff discovered eligibility was incorrectly determined on a participant during an annual review. Upon further investigation it was found that there were a total of three participants who had income that was incorrectly excluded in their eligibility determination. The situation was reported to the State contract manager who subsequently reported it to Department of Labor (DOL). DOL could require repayment of the ineligible participant's wages. To date there has been no reply from DOL. The Training Manager will complete a quality review of all new applications and recertifications.

Management Letter Issues:

Controls over cutoff procedures

Controls over capital assets

Held checks

General Ledger Account codes on Invoices

Debit Card Policy

IRS 990 is normally presented with the Audit report but is not complete. Once completed, the auditors plan to email a copy of the 990 for your review along with a narrative highlighting any changes from the prior year. The Board is required to review the 990 but not required to approve it before submitting it to the IRS. The form must be submitted no later than May 15. Heidi Myers wants the financial committee to review the draft prior to submission.

Jim Wood recommended implementing additional procedures with existing staff and not wait till a new person is hired mid-year.

Rich McBride moved and Terry Leas seconded approval of the Audit Report.

September 20, 2016 Board Meeting Minutes

Rich McBride moved and Jim Richardson seconded to approve the June 7, 2016 meeting minutes as presented. The motion passed.

Committee Reports

Okanogan – John Butler summarized the Okanogan Committee meeting. Lisa Romine reported on the results of the competitive selection of Okanogan service delivery effective 7/1/2017. Competition failed as only one bid was received. A cost price analysis was developed as if SkillSource was to direct deliver services and the costs were comparable.

Jim Wood moved and Jim Richardson seconded to approve Okanogan Employment Security as the Title I comprehensive service provider for Okanogan County. Marcia Henkle abstained. Motion passed.

Grant/Adams – Ken Johnson summarized the Grant/Adams Committee meeting. The Association of Washington Businesses hosted a Rural Jobs Summit March 4th. Two Sector Partnership planning meetings have been held with a third planned for April 3rd. Terry Leas reported that the committee has narrowed its focus to agriculture and healthcare. The next meeting will further educate

committee members how to move forward using the model “Collective Impact” using stakeholder participant involvement. Dave announced that on April 4th the State Workforce Board’s Business Engagement Committee meets in Moses Lake. We have been asked to recruit two speakers who have used one stop business services. Samaritan Hospital and Moses Lake Industries agreed to participate having used services from SkillSource, Employment Security, and Big Bend Community College.

Tom O’Brien Youth Service Procurement Manager, reported on the youth service provider procurement for the four counties, Chelan, Douglas, Grant, and Adams Counties. Announcement of the RFP was posted in the Columbia Basin Herald, Wenatchee World, Seattle, and the other 11 Workforce Areas and the Workforce Partners in our five counties. There were inquiries from other entities but SkillSource submitted the only proposal. Tom and two other outside workforce professionals reviewed the proposal giving it an overall score of 94. He recommended selecting SkillSource to provide Title I youth services for the four county area.

Tom Boyd moved and Teresa Stokes seconded to approve SkillSource the Title I youth service provider for Chelan, Douglas, Grant, and Adams Counties. Motion passed.

Chelan/Douglas – The State Board for Community and Technical Colleges asked the WDC to review proposals for Federal Adult Basic Education monies. Lisa Romine was tasked to review the Big Bend and Wenatchee Valley proposals for alignment with our regional workforce plan. Three specific elements were reviewed; 1) Were key industries listed in our plan included in the proposals, 2) Did the Basic Education services described work together with the local one-stop system, 3) How did the services described work with other agencies outside the local one-stop system (Community Based Organizations, Career Path Services, Business and Industry Social Services ect.) Lisa reported that both applications aligned with the regional workforce plan.

Audit Committee -

Following the audit exit meeting, the committee reviewed three proposals received in response to the RFP for Audit Services to take us through the next one to five years. Teresa Stokes reported we received bids from CliftonLarsonAllen, Moss Adams, and Cordell Neher & Co. The committee has not finalized its recommendation. As a result, Teresa requested the Board authorize the committee to select the auditor before the next board meeting in order to get scheduled on the firm’s calendar next fall.

Jim Wood moved and Terry Leas seconded the Audit Committee continue their review of all three firms and come to a selection, authorizing them to make that choice for the Board. Motion passed.

Board Elections

We have the following members willing to serve in the following positions;

Chair – Heidi Myers

Vice Chair – Ken Johnson

Secretary/Treasurer – Teresa Stokes

Heidi opened up nominations from the floor

Marcia Henkle moved to select the three individuals nominated, Tom Boyd seconded. Motion carried.

Special Recognition

Dave gave Marcia Henkle special thanks for 34 years of dedicated board service. Marcia is a charter member of the Board (1983) and has represented business, post-secondary education, and finally the employment service. No board member has attended more meetings or traveled more miles on behalf of workforce investment than Marcia. Her contribution has been exemplary and will be missed.

The meeting adjourned at 7:05 pm.

Members Present:

Tom Boyd
John Butler
Marcia Henkle
Ken Johnson
Terry Leas
Linda Martin (attended by phone)
Rich McBride
Heidi Myers
Jim Richardson
Danny Robins
Teresa Stokes
Jim Wood
Pablo Villarreal (Duane Johnson alt -
attended by phone)

Members Absent:

Debi Clark
Roni Holder-Diefenbach
Oscar Garza
Wayne Johnson
Dimitri Mandelis
Sarah Matzen
Stephen McFadden
Irasema Ortiz-Elizalde
Michelle Price
Lavonne Roy
Peggy Vines

Staff Present:

Dave Petersen
Lisa Romine
Laura Leavitt
Susan Adams

Guests Present:

Tom O'Brien – Youth Procurement Manager
CliftonLarsonAllen CPA representatives
Nate Bishop CPA
Kelli Fletcher CPA
Ralph Connor CPA