September 9, 2019 – 11:00 A.M.
13805 58th Street N. Clearwater, FL.
Conference Dial: 1-844-815-8411
Conference Code: 268-750#

Audit Committee
Agenda

I. **Welcome and Introductions** ..... David Fetkenher, Chair

II. **Action/Discussion Items**

1. Approval of Minutes – July 16, 2019 ..... Page 2
2. Approval of WorkNet Pinellas Inc.401(k) Plan ..... Page 5

III. **Information Items**

1. DEO: Financial Compliance Monitoring Report……...Page 22
2. Update on Agreed Upon Procedures

IV. **Other Administrative Matters**
(Items of urgency not meeting the seven-day guideline for review)

V. **Public Comments**

VI. **Committee Members Comments**

VII. **Adjournment**

Board of Directors Meeting September 18, 2019

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Action Item 1

Approval of Minutes

In accordance with Article VII, Section 1(H), of the approved WorkNet Pinellas By-Laws: Minutes shall be kept of all Board and Committee meetings. Minutes shall be reviewed and approved at the next CareerSource Pinellas Board or Committee meeting as appropriate.

The official minutes of meetings of the Board and Committees of the Board are public record and shall be open to inspection by the public. They shall be kept on file by the Board Secretary at the administrative office of CareerSource Pinellas as the record of the official actions of the Board of Directors.

The draft minutes from the July 16, 2019 meeting of the Audit Committee have been prepared and are enclosed.

RECOMMENDATION
Approval of the draft minutes, to include any amendments necessary.

CareerSource Pinellas
Audit Committee Minutes

Date: July 16, 2019 - 10:00 a.m.
Location: 13805 58th Street North, Clearwater, FL.33760

Call to Order

Chairman David Fetkenher called the meeting to order at 10:04 a.m. There was a quorum present, with the following Audit Committee members participating.

Committee Members in attendance
Comm. Patricia Gerard , Karla Leavelle (phone)

Staff Present
Jennifer Brackney, Steven Meier, Luna Clarke

Action/Discussion Items

Action 1- Approval of Minutes

The minutes of the August 28, 2018 Audit meeting were presented for approval.

Motion: Commissioner Gerard
Second: Karla Leavelle

The minutes were approved as presented. Motion carried unanimously.

Action 2 – Audit of June 30, 2019 Financial Statements

The Audit Engagement Letter with Powell & Jones, CPAs was enclosed in the packet. The Engagement Letter would serve as an agreement regarding the audit work to be done relating to the financial statements for the year ended June 30, 2019. Powell & Jones, CPAs will audit the financial statements of WorkNet Pinellas, Inc., which comprise the statement of financial position as of June 30, 2019, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Motion: Commissioner Gerard
Second: Karla Leavelle

Discussion: The Treasurer suggested to address the role of an audit firm, at the upcoming board meeting, in an effort to address some of the confusion and past questions raised by board members.

The Audit Committee recommends approval to enter into an agreement with Powell & Jones, CPAs to conduct a financial statement audit for the year ended June 30, 2019. Motion carried unanimously.

Action 3 – Agreed Upon Procedures (For Six-Month period ended December 31, 2018)

Enclosed in the packet were the agreed-upon procedures that were specified and agreed to by the Audit Committee on the accounting records and internal controls of WorkNet Pinellas, Inc. as of and for the six-month period ended December 31, 2018. Management recommends that the time period under review be changed to the six-month period ended June 30, 2019, due to the transitional period.

Motion: Commissioner Gerard
Second: Karla Leavelle

Discussion: Committee members discussed this item at length and recommended to clearly define the scope of the proposed audit. The committee also recommends that the following items be included for review in the scope of work:

- Internal Control Questionnaire

- Benefits Stipend Calculations
- Non-Elective Contributions Benefits
- Supportive Services Cards
- Use of corporate credit cards by staff
- Employee expense report

The Audit Committee recommends the proposed date change (January 1, 2019- June 30, 2019) and the execution of the agreed upon procedures letter, as modified above. Motion carried unanimously.

Action 4 – Agreed Upon Procedures (For Six-Month period ended December 31, 2019)

Enclosed in the packet were the agreed-upon procedures that were specified and agreed to by the Audit Committee on the accounting records and internal controls of WorkNet Pinellas, Inc. as of and for the six-month period ended December 31, 2019.

Motion: Commissioner Gerard
Second: David Fetkenher

Discussion: Due to the fact that this item would be covering a time period in the future, it was suggested to table this action item until later in the year, to gain a better understanding of what the scope of the audit should entail.

The Audit Committee tabled this item and proposed to continue the discussion at a later date. Motion carried unanimously.

Action 5 – Annual 401(k) Plan Audit

WorkNet Pinellas, Inc. 401(k) Plan is required to have an annual audit by an Independent CPA firm. Powell & Jones will audit the financial statements of WorkNet Pinellas, Inc. 401(k) Plan, which comprise the statement of net assets available for benefits as of December 31, 2018 and 2017 and the related statement of changes in net assets available for benefits for the years then ended and the related notes to the financial statements and report on the supplemental schedules of the Plan for the year ended December 31, 2018. For the calendar year 2018, a full scope audit conducted by Powell & Jones, CPAs would be $7,500. The fee for a limited scope audit as permitted by DOL regulations would be $6,000. The annual audit is to be completed and filed along with the form 5500 by October 15, 2019.

Motion: Commissioner Gerard
Second: Karla Leavelle

Discussion: WorkNet Pinellas assets have overall decreased. ADP is currently the custodian of the 401(k) plan records and conducts its own internal controls audits. Due to this, management is recommending that a limited scope audit be conducted.

The Audit Committee is recommending a limited scope audit and the approval and execution of the engagement letter for the annual 401 (k) plan audit. Motion carried unanimously.

Information Items

Information Item 1- Powell & Jones, CPAs - Five Year Contract

The five-year contract for the audit firm, Powell & Jones, CPAs was included in the packet as an informational item.

Other Administrative Matters: None

Public Comments: None

Committee Members Comments: None

Adjournment

The meeting was adjourned at 10:49 a.m.

Action Item 2

Annual 401(k) Plan Audit

Background: WorkNet Pinellas, Inc. 401k Plan is required to have an annual audit by an Independent CPA firm. The Audit Committee approved Powell & Jones to perform a limited scope audit at its July 16, 2019 meeting.

Information: As permitted under the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed Powell & Jones to perform a limited scope audit and thus, they did not perform any auditing procedures with respect to any investment information which was certified by Reliance Trust Company. Powell & Jones did perform audit procedures on employee eligibility, employer and employee contributions, etc. Their responsibility is to express an opinion on the 2018 financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States. Because Powell & Jones performed a limited scope audit they did not express an opinion on the 2018 financial statements. Their audit report is attached.

Recommendation:
Approval of the enclosed 401(k) report. It will be filed along with the form 5500 by October 15, 2019.

WORKNET PINELLAS, INC
401(K) PLAN

FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTAL SCHEDULE

For the Year Ended December 31, 2018

WORKNET PINELLAS, INC.
401(K) PLAN

For the Year Ended December 31, 2018

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Powell & Jones
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of
the WorkNet Pinellas, Inc. 401(K) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the WorkNet Pinellas, Inc. 401(K) Plan, which comprise the statement of net assets available for benefits as of December 31, 2018, the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 2018 financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2018 financial statements.

Basis for Disclaimer of Opinion on the 2018 Financial Statements

As permitted by 29 CFR 2520, 103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Reliance Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the 2018 financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the year ended December 31, 2018, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion on the 2018 Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the 2018 Financial Statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2018 financial statements. Accordingly, we do not express an opinion on the 2018 financial statements.

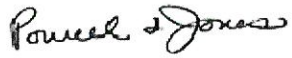
Other Matters-Report on Supplemental Schedules and Report on 2017 Financial Statements

The supplemental schedules of assets held at year end and reportable transactions as of and for the year ended December 31 2018, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the 2018 Financial Statements paragraph, we do not express an opinion on the supplemental schedules referred to above.

We have audited the accompanying statement of net assets available for benefits of WorkNet Pinellas, Inc. 401(K) Plan as of December 31, 2017, and in our report dated October 12, 2018, we expressed our opinion that such financial statement presents fairly, in all material respects, the financial status of WorkNet Pinellas, Inc. 401(K) Plan as of December 31, 2017, and changes in its financial status for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Form and Content in Compliance With DOL Rules and Regulations for 2018 Financial Statements

The form and content of the information included in the 2018 financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations tor Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



POWELL & JONES
Certified Public Accountants
August 9, 2019

WORKNET PINELLAS, INC. 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2018 and 2017

	2018	2017
ASSETS		
Investments at fair value:		
Mutual funds	$ 2,105,653	$ 4,558,824
Common/collective funds	950,615	1,277,550
Total investments at fair value	3,056,268	5,836,374
Receivables:		
Employee 401(k) deferral contributions	14,383	21,615
Employer nonelective contributions	19,734	28,399
Notes receivable from participants	178,442	428,968
Total receivables	212,559	478,982
NET ASSETS AVAILABLE FOR BENEFITS	$ 3,268,827	$ 6,315,356

See notes to financial statements

WORKNET PINELLAS, INC. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year Ended December 31, 2018

ADDITIONS TO NET ASSETS	
Investment Income:	
Interest and dividend income	$ 223,271
Net reduction in fair value of investments	(277,050)
Total investment loss	(53,779)
Contributions:	
Employee 401(k) deferral contributions	340,894
Employee rollover	38,354
Employer nonelective contributions	390,065
Total contributions	769,313
TOTAL ADDITIONS TO NET ASSETS	715,534
DEDUCTIONS FROM NET ASSETS	
Distributions	3,753,979
Other expenses	8,084
TOTAL DEDUCTIONS FROM NET ASSETS	3,762,063
NET DECREASE	(3,046,529)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	6,315,356
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 3,268,827

See notes to financial statements

WORKNET PINELLAS, INC.
401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

NOTE 1. DESCRIPTION OF PLAN

The following description of the WorkNet Pinellas, Inc. 401(K) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General - The Plan was commenced and made effective July 1, 2004. The plan has been amended throughout the years to comply with tax legislation, most recently amended effective January 1, 2016. The Plan is a defined contribution plan as described in Section 401 of the Internal Revenue Code (the Code) covering all employees. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Plan Administration – WorkNet Pinellas, Inc. (the Organization) has overall responsibility for administering the Plan. The Plan's trustee is responsible for the management and control of the Plan's assets. The Plan's trustee is Reliance Trust Company. The Plan's administrative agent is ADP Retirement Services.

Eligibility – Employees of the organization are eligible to participate in the deferral, employer nonelective and matching components of the Plan after completing the first day of the sixth month of employment.

Contributions -

Participant Pre-Tax Contributions. Participants may contribute from 1% to 80% of pretax annual compensation, but in no event can the dollar amount be more than $18,500 for 2018. Elective salary deferral contributions, pursuant to Code § 401(K), are in the form of periodic payroll withholding. Participants who have attained age 50 before Plan year end are able to make catch-up contributions of up to $6,000. Employees may also make after-tax contributions to the Plan.

Employer Nonelective Contributions. The Organization may make nonelective contributions in a discretionary amount as determined by the Organization, and such contributions are not contingent on current or retained earnings. At present, the Organization contributes 5% of the eligible employees' salaries on a bi-weekly basis.

Employer Matching Contributions. The Organization may elect to make contributions in the form of a Matching Contribution, in relation to the participants' elective salary deferral contributions, subject to the limitations of the "401(m) Test" of Code § 401(m)(2). If elected, the Organization matches 100% of the first 5% of eligible employee's salary each pay period. The Organization did not elect to make matching contributions for the year ended December 31, 2018.

Employee Rollovers. Participants may contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of contributions into various investment options offered by the plan, subject to IRS limitations.

Participant Accounts - Individual accounts are maintained for each of the Plan's participants. Each participant's account is credited with the participant's contribution and an allocation of (a) the Organization's contribution, and (b) Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Organization contributions portion of their accounts plus earnings thereon is based on continuous service. A participant is vested in and entitled to his/her entire account balance at the completion of one year of service (from date of hire) with the employee. A participant is vested in employer contributions as follows:

Vested Service	Vesting percentage
Less than 1 year	0%
At least 1 but less than 2 years	100%
At least 2 but less than 3 years	100%
At least 3 but less than 4 years	100%
At least 4 but less than 5 years	100%
Five or more years	100%

Payment of Benefits - Payment of benefits after termination of employment is determined by the participant's account balance. If the vested account balance does not exceed $5,000, the Plan will distribute the nonforfeitable portion in a lump-sum payment as soon as practicable following the date of termination. If the vested account balance exceeds $5,000, the Plan permits distribution as of any date following termination of employment with the employer at the election of the participant.

On termination of service due to death, disability or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in a lump-sum amount.

Forfeitures - The non-vested portion of the Employer Contribution Account of a participant who has terminated employment is forfeited as of the date on which he has a five-year Period of Severance or Break-in-Service. Forfeitures may be used to reduce employer contributions or pay Plan expenses. During 2018, employer contributions were reduced by $56,917 from forfeited non-vested accounts.

Investment Options - Participants may direct contributions, including employer contributions, into various mutual fund investment options. Participants may change their investment elections periodically. If not otherwise elected by Participants, there is a default investment option for the employer contributions.

Method of Allocation – The employer contribution is allocated to the participants account, using the pro-rata compensation allocation methodology.

Participant Loans - Participant loans are permitted by the Plan in accordance with its terms. Participants may borrow from their fund accounts a minimum of $500 up to a maximum equal to the lesser of $50,000 or 50% of their account balance. The notes are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest is paid ratably through monthly payroll deductions. Participants are allowed a maximum of three outstanding loans at any point in time.

Loans to participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2018, and 2017, no allowance for credit losses has been recorded. If a participant does not make loan repayments and the plan administrator considers the participant loan to be in

default; the loan balance is reduced, and the delinquent participant loan is recorded as a benefit payment based on the terms of the Plan document.

Normal Retirement Age - Normal Retirement Age is defined as the date the participant attains age 65.

Early Retirement Age - There are no provisions for Early Retirement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are presented on the accrual basis of accounting.

Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation - Investments of the Plan are stated at fair value. Securities traded in public markets are valued at their quoted market prices. Purchases and sales of securities are reflected on a trade date basis. The difference between cost and market value from one period to the next along with gains (losses) on sale of investments is recognized as net appreciation or depreciation in fair value of investments in the accompanying statement of changes in net assets available for benefits.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Payment of Benefits - Benefits are recorded when paid.

Administrative Expenses - The Organization pays certain administrative expenses of the Plan and does not expect the Plan to reimburse it for these expenses.

NOTE 3. FAIR VALUE OF INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at December 31, 2018 and 2017.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Collective Trust Fund: Valued at the NAV of units of the bank collective trust. NAV is a readily determinable fair value and is the basis for current transactions. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds	$ 2,105,653	$ -	$ -	$ 2,105,653
Common Collective Funds	-	950,615	-	950,615
Total investments at fair value	$ 2,105,653	$ 950,615	$ -	$ 3,056,268

	2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds	$ 4,558,824	$ -	$ -	$ 4,558,824
Common Collective Funds	-	1,277,550	-	1,277,550
Total investments at fair value	$ 4,558,824	$ 1,277,550	$ -	$ 5,836,374

Gains and losses included in changes in net assets available for benefits for the years ended December 31, 2018 and 2017 are reported in net appreciation in fair value of investments.

The Plan's policy is to recognize transfers between Levels 1 and 2 and into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2017, there were no significant transfers between Levels 1 and 2 and no transfers into or out of Level 3.

NOTE 4. TAX STATUS

The Plan is placing reliance on an opinion letter dated July 8, 2014 received from the IRS on the prototype plan indicating that the Plan is qualified under Section 401 of the IRC and is therefore not subject to tax under current income tax law. The prototype plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2013.

NOTE 5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Organization has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

NOTE 6. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500, "Annual Return/Report of Employee Benefit Plan":

	2018	2017
Net assets available for benefits per financial statements	$ 3,268,827	$ 6,315,356
Less current year employer contributions receivable	(19,734)	(28,399)
Less current year employee contributions receivable	(14,383)	(21,615)
Less deemed distributions	(6,896)	(8,084)
Net assets available for benefits per Form 5500	$ 3,227,814	$ 6,257,258

The following is a reconciliation of benefits paid to participants per the financial statements to Form 5500, "Annual Return/Report of Employee Benefit Plan":

Net decrease per financial statements	$ (3,046,529)
Less current year employer contribution receivable	(19,734)
Plus prior year employer contribution receivable	28,399
Less current year employee contribution receivable	(14,383)
Plus prior year employee contribution receivable	21,615
Plus current year deemed distributions	(6,896)
Less prior year deemed distributions	8,084
Net decrease per Form 5500	$ (3,029,444)

NOTE 7. PARTY-IN-INTEREST TRANSACTIONS

The Plan investments are managed by Reliance Trust Company. Reliance Trust Company is the trustee as defined by the Plan and, therefore, the investment transactions qualify as party-in-interest transactions.

NOTE 8. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

NOTE 9. DECREASE IN NET ASSETS

Prior to September 1, 2018, the Organization served as the employer of record for the employees of Tampa Bay Workforce Alliance (TBWA), a similar non-profit organization, through a shared services agreement. As such, the TBWA employees participated in the Plan. Effective August 31, 2018, the shared services agreement ceased and all TBWA employees were terminated by the Organization. A large number of the TBWA employees with vested funds withdrew their balances from the Plan in accordance with Terms of the Plan. The amount of these withdrawals was approximately $2.379,000 for the year ended December 31, 2018.

10. SUBSEQUENT EVENTS

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through August 9, 2019, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL SCHEDULE

WORKNET PINELLAS, INC. 401(K) PLAN
SCHEDULE H LINE 4I - SCHEDULE OF ASSETS HELD AT END OF YEAR
Year Ended December 31, 2018

EIN: 73-1678180
PN: 001

Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment	Cost**	Current Value
	Common/Collective Funds		
* SSgA	S&P 500 Index IX		$ 186,573
Invesco	Stable Asset		607,438
* SSgA	International Index Securities Lending Series VII		44,289
* SSgA	Russell Small Cap Index VIII		51,791
* SSgA	Active US Large Cap Blend Lending Series VII		41,044
* SSgA	Moderate Strategic Balanced Securities Lending Series VII		1,254
* SSgA	S&P Mid Cap Index NLJ		8,714
* SSgA	Aggressive Strategic Balanced Securities Lending Series VII		9,433
* SSgA	Cons Strategic Balance Securities Lending Series VII		79
	Total Common/Collective F unds		950,615
	Participant Loans Rates from 5.29 to 7.00%		$ 178,442
	Total assets held at year end		$ 3,234,710

*Indicates Party-in-interest
** Cost omitted for participant-directed accounts.

See notes to financial statements.

WORKNET PINELLAS, INC. 401(K) PLAN
SCHEDULE H LINE 4i - SCHEDULE OF ASSETS HELD AT END OF YEAR
Year Ended December 31, 2018

EIN: 73-1678180
PN: 001

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment	(d) Cost**	(e) Current Value
		Mutual Funds		
	Alger	Capital Appreciation Institutional Fund I		$ 206,387
	American Century	Income & Growth A		233,966
	American Century	One Choice 2035 A		457,275
	American Century	One Choice 2045 A		271,927
	American Century	Once Choice 2050 A		213,667
	American Century	One Choice 2025 A		93,310
	American Century	One Choice Retirement A		163,769
	American Century	One Choice 2040 A		177,238
	American Century	One Choice 2030 A		82,580
	American Century	One Choice 2020 A		136,208
	American Century	One Choice 2055 A		193,778
	Deutsche	Real Estate SEC A		8,257
	Franklin	Small Cap Growth A		273,866
	Franklin	Utilities Fund A		56,308
	George Putnam	Balanced M		68,418
	MFS	International New discovery		48,768
	Nuveen	Mid-Cap Growth Opportunities A		330,910
	Oppenheimer	International Growth A		20,139
	Oppenheimer	Global Fund A		426,261
	Oppenheimer	Developing Markets A		153,948
	PIMCO	Real Return A		23,714
	PIMCO	Income Fund A		52,778
	Pioneer	Bond Fund A		77,417
	Prudential	High Yield A		28,180
	T. Rowe Price	Mid-Cap Value A		405,622
	T. Rowe Price	International Value Equity		2,535
	Thornburg	Investment Income Builder R4		57,977
	Victory Integrity	Integrity Small Cap Value		293,621
		Total mutual funds		$ 4,558,824

(continued)

WORKNET PINELLAS, INC. 401(k) PLAN
SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
Year ended December 31, 2018

EIN: 59-2871302
PN: 001

(a)	(b)	(c)	(d)	(g)	(h)	(i)
Identity of Party Involved	Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain (Loss)
Single Transactions that Exceed 5% of Value						

See notes to financial statements

Information Item 1

Financial Compliance Monitoring Report

The Department of Economic Opportunity (DEO), Bureau of Financial Monitoring and Accountability (FMA) uses its financial monitoring tool as a guide to conduct the monitoring. The tool was developed to provide the framework for monitoring activities performed by FMA as well as the criteria used to monitor. This tool was provided to the Local Workforce Development Board (LWDB).

This report was prepared at the conclusion of the DEO's financial monitoring activities performed for LWDB-14 for the 2017-18 and 2018-19 monitoring periods. Each monitoring period included a site visit that occurred during the weeks of April 2, 2018 and June 3, 2019.

Financial Compliance Monitoring Report
2017-18 and 2018-19

CareerSource Pinellas
Local Workforce Development Board No. 14

Bureau of Financial Monitoring and Accountability
Florida Department of Economic Opportunity

August 23, 2019

107 East Madison Street
Caldwell Building
Tallahassee, Florida 32399
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2017-18 and 2018-19 Financial Compliance Monitoring Report
CareerSource Pinellas
Local Workforce Development Board No. 14

Periods Reviewed: July 1, 2017 – March 31, 2019

Table of Contents

I. INTRODUCTION AND MONITORING APPROACH

As set forth in the following authoritative publications, annually the Department of Economic Opportunity (DEO) is required to perform monitoring of its subrecipients:

- Workforce Innovation and Opportunity Act (WIOA), Section 184
- 31 USC 7502(f)(2)(B), Single Audit Act Amendments of 1996, (Pub. L.104-156)
- 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 20 CFR 667, Administrative Provisions Under Title I of the Workforce Investment Act
- Federal granting agency regulations, including:
  - 29 CFR 95.21 and 97.20, Standards for financial management systems
  - 29 CFR 95.51 and 97.40, Monitoring and reporting program performance

The DEO, Bureau of Financial Monitoring and Accountability (FMA) uses its financial monitoring tool (tool) as a guide to conduct the monitoring. The tool was developed to provide the framework for monitoring activities performed by FMA as well as the criteria used to monitor. This tool was provided to the Local Workforce Development Board (LWDB).

The sample size and selections for each tool objective was based on, but not limited to, a risk assessment performed by FMA and reviews of the monthly general ledger and cost allocation statistics. The risk assessment includes factors such as the funding allocation to each LWDB; results of prior monitoring and audit reports; personnel and staffing changes; and organizational structure. Sample selections assist the monitors in the following:

- Gaining an understanding of the financial management systems processes and assess whether the policies and procedures provide for accurate, current and complete disclosure of the financial results of each grant program.
- Gaining an understanding of the internal control processes and assessing whether the internal controls reasonably assure compliance with federal laws, regulations, and program compliance requirements.
- Determining if appropriate and sufficient cash management and revenue recognition procedures are in place, being followed, and comply with federal and state requirements.

- Determining if the required reconciliations between the financial records and SERA have been appropriately performed on a timely basis and adequately documented.
- Determining if prepaid program items are adequately or accurately safeguarded, managed, tracked and reported.
- Determining if the cost allocations are accurate, supported and consistent with the cost allocation plan.
- Determining if payroll records are properly maintained for employees; if personnel activity reports (PAR) comply with applicable cost principles; and verify salary and benefit costs are charged/allocated to funding sources in accordance with the PAR and the cost allocation plan.
- Determining if salary and bonuses paid to employees and charged to grant programs subject to the Salary and Bonus Cap do not exceed the Cap for the calendar year.
- Determining if purchasing/procurement transactions comply with the appropriate federal or state procurement laws, and the organization's procurement policies.
- Determining if the LWDB's contracting process and contract monitoring comply with federal and state requirements, and the organization's contracting policies.
- Determining if the LWDB's subawarding and subrecipient monitoring activities comply with federal requirements, and the organization's policies and procedures.
- Determining if property management activities comply with federal requirements and the organization's policies and procedures.
- Determining if non-payroll related disbursements are reasonable, necessary, allocable and properly recorded in the financial records.

This report was prepared at the conclusion of the DEO's financial monitoring activities performed for LWDB-14 for the 2017-18 and 2018-19 monitoring periods. Each monitoring period included a site visit, that occurred during the weeks of April 2, 2018 and June 3, 2019.

II. ENTRANCE AND EXIT CONFERENCE

Entrance Conferences

The annual monitoring covered two monitoring periods, 2017-18 and 2018-19; entrance conferences conducted for each. When the 2017-18 monitoring occurred, CareerSource's Pinellas and Tampa Bay had combined administrative functions so the entrance conference was conducted with the representatives from both Pinellas and Tampa Bay. The entrance conference occurred on April 2, 2018 and present were Jennifer Brackney, Interim Director; Judith Dorcy, Interim Director; Anna Munro, Sheila Doyle and Jeannette Lugo; Directors of Finance; and Alice Cobb, Director Human Resources. Also, present at this entrance conference were Andrew Collins, Chief Operating and Financial Officer, CareerSource Florida; and DEO representatives Shila Salem, Kathy Keeton, Maureen Castaño, Chad Myrick and Tom Abney.

An entrance conference was conducted on-site June 3, 2019 for the onsite portion of the 2018-19 monitoring with Jennifer Brackney, President/CEO and Steve Meier, Chief Financial Officer, CareerSource Pinellas.

The general purpose of the entrance conferences was to discuss the annual monitoring, testing objectives and other issues.

Exit Conference

For the 2017-18 monitoring period, an exit conference was conducted April 6, 2018 with CareerSource's Pinellas and Tampa Bay representatives Anna Munro, Jeannette Lugo and Sheila Doyle. Issues noted during the on-site monitoring were brought to the attention of the LWDB management after the annual monitoring.

For 2018-19, an exit conference was conducted at the conclusion of the onsite portion of monitoring with Jennifer Brackney, President/CEO and Steve Meier, Chief Financial Officer, CareerSource Pinellas.

A summary of issues noted during the monitoring was provided in the exit conferences and detailed in the monitoring report.

III. MONITORING RESULTS

FMA performed financial monitoring procedures based on the DEO 2017-18 and 2018-19 Financial Monitoring Tool. The monitoring procedures performed included tests of transaction details, file inspections, and inquiries (1) to determine the status of recommendations from the prior year monitoring visit(s) and (2) to adequately support current year findings, other non-compliance issues and observations. Detailed information for these items is disclosed in the following section of this report.

Summarized below are the results of testing by category as detailed in the DEO 2017-18 and 2018-19 Financial Monitoring Tool:

2017-18 and 2018-19 Monitoring Results				
Category	**Repeat of Prior Year**	**Comment(s)**		
1.0 – Prior Year Corrective Action Follow-Up	-	N/A		
Category	**Findings**	**Issues of Non-Compliance**	**Observations**	**Technical Assistance Provided**
2.0 – Financial Management Systems	-	-	-	1
3.0 – Internal Control Environment	-	-	-	1
4.0 – Cash Management and Revenue Recognition	-	-	1	-
5.0 – SERA Reporting and Reconciliation	-	-	-	-
6.0 – Prepaid Program Items	-	-	1	-
7.0 – General Ledger and Cost Allocations	-	-	-	1
8.0 – Payroll and Personnel Activity Report (PAR) Testing	-	-	2	-
9.0 – Salary and Bonus Cap	-	-	-	1
10.0 – Purchasing	-	-	-	1
11.0 – Contracting / Contract Monitoring	-	-	1	-
12.0 – Subawarding / Subrecipient Monitoring	-	-	1	2
13.0 – Property Management	-	-	-	-
14.0 – Disbursement Testing	-	1	1	-
TOTAL	-	1	7	7

IV. FINDINGS

No findings during the monitoring period of July 1, 2017 – March 31, 2019.

V. OTHER NON-COMPLIANCE ISSUES

Issue of Non-Compliance #14-19-01

Category: Disbursement Testing

Condition: For sample items below:

- Disbursement #27; $97.90 for pest control services, was incorrectly charged to the Outreach and Marketing Cost Pool instead of the One-Stop Cost Pool (Tyrone Center). Also, it was incorrectly divided between the One-Stop Cost Pool and Science Center. The cost was charged 100% to the One-Stop Cost Pool (Tyrone Center); the correct split that should have been used was One-Stop Cost Pool, 91%; and the Science Center 9%. The percentage is based on the ratio of (Tyrone Center) one-stop employees to STEM, Science Center, employees.

- Disbursement # 31; $1,576.51 for repairs and maintenance at the one-stop center was not correctly divided between the One-Stop Cost Pool and Science Center. The cost was charged 100% to the One-Stop Cost Pool; the correct split that should have been used was One-Stop Cost Pool, 91%; and Science Center 9%.

- Disbursement #39; $1,592.47 for repairs and maintenance at the one-stop center was not correctly divided between the One-Stop Cost Pool and Science Center. The cost was charged 100% to the One-Stop Cost Pool; the correct split that should have been used was One-Stop Cost Pool, 91%; and Science Center 9%.

- Disbursement #42, there was an unallowable food charge of $258.21, for a "Professional Mixer" charged to the Business Services Cost Pool, which is allocated to WIOA funds.

Criteria: 2 CFR 200.405, states, "If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit."

Florida Statute Section 445.007(10), "State and federal funds provided to the local workforce development boards may not be used directly or indirectly to pay for meals, food, or beverages for board members, staff, or employees of local workforce development boards, CareerSource Florida, Inc., or the Department of Economic Opportunity except as expressly authorized by state law."

Recommendation: For the disbursements #27, #31 and #39, we recommended each transaction be reviewed to determine whether these were charged to the correct cost pool and correctly split between the one One-Stop Cost Pool, 91%; and Science Center 9%.

For the disbursement #42, since this was an unallowable cost, we recommended the entire cost, $258.21, be repaid from the LWDB's unrestricted funds.

Furthermore, we recommend the LWDB update its current *Financial Policies and Procedures*, as necessary, to ensure all disbursement are accurately recorded and charged to the correct fund or cost pool; and update the cost allocation plan, see Technical Assistance #14-19-02.

Corrective Actions Taken: The following actions were taken by the LWDB as result of the monitoring recommendations for sample items #27, #31 and #39. Costs that were incorrectly charged and incorrectly split were corrected via journal entries JE 19-030119, JE 19-022819, and JE 19-053119. The $258.21 food charge was removed from the Business Services Cost Pool and repaid using unrestricted funds via JE 19-053119.

Additionally, since most of the notable issues above concerned splitting costs between the One-Stop Cost Pool and the Science Center (Tyrone Center), we recommended that all costs related to the Tyrone Center posted to the one-stop cost pool during the monitoring period be reviewed to determine if it was charged to the correct fund/cost pool; correctly split among the One-Stop Cost Pool and Science Center 91/9%; and if corrections are necessary, make additional adjusting entries. The review identified an additional $3,877.30 that needed to be reclassified to the correct fund. Journal entry 19-063019, Financial Monitoring Reclassifications corrected the cost that were initially charged to the Tyrone Center, One-Stop Cost Pool.

Since the LWDB's corrective actions taken, reclassifying costs/repaying unallowable costs, adequately address the conditions above, additional action is not required.

VI. OBSERVATIONS

2017-18 Observation #14-18-01

Category: Contracting

Condition: One of the contracts reviewed during monitoring, Dex Imaging, Inc, did not include the required provisions which address:

- Equal Employment Opportunity,
- Clean Air Act and the Federal Water Pollution Control Act, and
- Byrd Anti-Lobbying Amendment

Criteria: 2 CFR Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

"In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order

11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

(G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of $150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding $100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award."

Recommendation: To ensure compliance with 2 CFR, Part 200, Appendix II, DEO recommends that CareerSource Pinellas review all active vendor contracts to ensure they comply with the criteria set forth in 2 CFR, Part 200, Appendix II.

This condition was not observed in testing during the 2018-19 monitoring.

2017-18 Observation #14-18-02

Category: Disbursement Testing

Condition: Disbursement sample # 19 did not have a written labor agreement for the services provided. The agreement was a verbal agreement between the former CEO and the contractor.

Criteria: 2 CFR 200.403(g)- Factors affecting allowability of costs states, "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: … (g) Be adequately documented. See also, 2 CFR 200.302 Financial Management.

Recommendation: Ensure all agreements for services are documented through a written agreement, which includes the correct legal names of the parties to the contract, details about the scope of services to be performed, term, payment detail, negotiated pay rate and total hours of work expected, termination and remedies, performance, and other agreed upon requirements, as applicable.

The LWDB has taken measures to ensure there is an agreement for all goods and services. This condition was not observed in testing during the 2018-19 monitoring.

2017-18 Observation #14-18-03

Category: Payroll and PAR Testing

Condition: The Human Resource Generalist position shared duties for both CareerSource Tampa Bay and CareerSource Pinellas. DEO was provided with board minutes from 2011 that indicated the shared services agreed was approved by both boards whereby salaries, travel, and benefits would be shared 50/50 between the boards for the CEO, CFO, and COO positions. However, per inquiry, the boards currently share more than the 3 positions approved in 2011, but it appears that this arrangement was not approved by either Board of Directors nor had been formalized in a written agreement.

Criteria: Page 16 of the 2015-16 CareerSource Pinellas cost allocation plan states that they do not have formal resource sharing agreements, but further indicated that CareerSource Tampa Bay and CareerSource Pinellas have entered into a shared services agreement whereby the President/Chief Executive Officer is equally shared.

Recommendation: The board should ensure that all shared service positions are included as part of a written agreement, ensure that the positions are approved by both Board of Directors, and the information is included in the Cost Allocation Plan that is provided to the Department of Economic Opportunity.

Note: During the 2017-18 monitoring period, there were combined administrative functions shared with several staff between LWDB-14 and LWDB-15 which have since ceased. Since these two LWDB's no longer have combined administrative functions among its staff, shared services agreements are unnecessary.

2017-18 Observation #14-18-04

Category: Prepaid

Condition: During the monitoring period, an employee of CareerSource Pinellas was arrested for allegedly stealing several thousands of dollars in gas and prepaid VISA gift cards meant for individuals seeking assistance from CareerSource Pinellas. Per inquiry with board staff, DEO learned that this employee had access to the safe the cards were stored in and the safe was stored in this employee's office. Although the cards are not expensed to the program until the participant receives the gift card, DEO confirmed with board staff that the theft did not involve federal funds.

Criteria: In accordance with 2 CFR 200.303, Internal controls, CareerSource Pinellas must "establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States or the *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Recommendation: CareerSource Pinellas should ensure proper internal controls are in place for items that are a higher risk for theft, such as gas cards and prepaid VISA gift cards. The internal controls should focus on preventing and detecting theft through the separation of duties, limiting access, and

monitoring to increase the likelihood of the theft being timely identified. DEO noted that upon learning of the theft, CareerSource Pinellas staff immediately confiscated and secured the cards to mitigate any further loss. After this incident, board staff reviewed and updated the policy on gift cards to ensure the cards are safeguarded until distribution to the participant.

For the 2018-19 monitoring period, the LWDB had implemented new policies and internal controls to safeguard its assets. This condition was not observed in testing during the 2018-19 monitoring.

2018-19 Observation #14-19-01

Category: Cash Management and Revenue Recognition

Condition: For the five months tested, November 2018 through March 2019, of the operating bank account, payroll account, and savings account, we could not determine when the accounts were reconciled, or who reconciled and reviewed the reconciliations. Also, while reviewing the operating accounts reconciliation, March 2019, we noted several checks that had been outstanding longer than 120 days and there was no documented evidence of resolution.

Check No.	Check Date	Amount
28012	8/10/18	$16.00
28138	8/24/18	$670.72
28152	8/12/18	$16.00
28389	10/26/18	$192.56

Criteria: Regarding bank reconciliations the current policy states, "monthly reconciliation will be reviewed, approved and initialed by the Finance Director and the CEO." Regarding outstanding checks, current policy states, "The Finance Director will monitor checks that have been outstanding over 120 days. Based on the research, a decision will be made as to whether the check will be reissued or voided."

Recommendation: To prevent future findings or issues of non-compliance, we recommend the LWDB reconcile all monthly bank accounts in accordance with the current policy. The reconciliations should clearly identify the reconciler, reviewer and approver, and the dates of each. Additionally, stale or outstanding checks should be reviewed and monitored in accordance with the current policy.

LWDB Response: We concur that bank reconciliations are a key internal control. Reconciliations for the months noted were reconciled by the Chief Financial Officer and effective March 2019 through May 2019 were reviewed by the Administrative Services Coordinator. Beginning in June 2019, the Chief Executive Officer started reviewing and approving all bank reconciliations monthly.

In addition, the outstanding checks noted during the monitoring review were investigated, voided and re-issued to the payees prior to the end of the fiscal year. Monthly, we will ensure that we monitor the entire outstanding check list for checks outstanding over 120 days and resolve them on a timelier basis.

2018-19 Observation #14-19-02

Category: Payroll and Personnel Activity Report (PAR) Testing

Condition: There was a staff person who charged 100% of their work effort to the UC/RA fund, payroll department code 40005. However, during our interview with the person regarding their duties, functions and activities, we concluded the work activities appeared to benefit more than just the UC/RA. A portion of their time could be charged to other funding streams or cost pools that receive a benefit from the work effort. This issue was discussed with the President/CEO and Chief Financial Officer, who generally agreed.

Criteria: 2 CFR 200.405, states, "If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit."

Recommendation(s): To prevent future findings or issues of non-compliance, we recommend the LWDB include, but not limited to, the following:

- Review and update employee position descriptions, as needed.
- Review the activities/functions of staff to ensure costs are charged to the benefitting program(s) or cost pool(s).
- Review and ensure employee activities/functions is allocated in a manner that best reflects their efforts.
- Review and ensure each employee properly identifies the grant or cost pool activity that they work on each day on their PAR.
- Review and update policies and procedures, as needed.
- Train appropriate staff in the current or updated policies, as needed.

LWDB Response: We concur with this observation. We have instructed the supervisor over this program to ensure that employees working on this grant only charge their time that best reflects their efforts.

2018-19 Observation #14-19-03

Category: Subawarding / Subrecipient Monitoring

Condition: For the subrecipient, Junior Achievement of Tampa Bay, Inc. (JATB) for youth services, there was no evidence the LWDB conducted neither a risk assessment or evidence financial monitoring has occurred since the agreement was entered April 30, 2016. The LWDB had conducted programmatic monitoring of the JATB.

Also, the agreement between the two parties did not include information that is required by 2 CFR 331. The missing information was JATB's unique entity identifier; the federal award identification number (FAIN); and contact information for awarding official of the LWDB.

Criteria: 2 CFR 200.331, Requirements for pass-through entities.

Risk Assessment: 2 CFR 200.331, Requirements for pass-through entities, states "All pass-through entities must: (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar subawards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit...; (3) Whether the subrecipient has new personnel or new or substantially changed systems; and (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency)."

Monitoring: 2 CFR 200.331, Requirements for pass-through entities, states "All pass-through entities must: (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and performance reports required by the pass-through entity. (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means. (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

Additionally, the current LWDB policy, *Compliance Monitoring Policies and Procedures* states "Administrative and financial monitoring will be conducted at least annually. It further states, "…administrative and financial activities of subrecipients will be monitored as necessary to ensure that Federal awards are used for authorized purposes…"

Agreement Information: 2 CFR 200.331(a) Required information includes: (ii) Subrecipient's unique entity identifier; (iii) Federal Award Identification Number (FAIN);(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through.

Recommendations: DEO recommends the LWDB complete tasks that include, but are not limited to, the following:

Risk Assessment: Review and document the assessment of risk posed by all subrecipients using the criteria that's provided in 2 CFR 200.331(b) for each of the active subaward agreements. If there's no documented evidence a risk assessment was conducted, the LWDB should perform this task using the criteria that's provided in 2 CFR 200.331(b).

Monitoring: Develop a monitoring schedule for all subrecipients to ensure each subaward is monitored in accordance with 2 CFR 200.331 and LWDB policy. Furthermore, complete and document all tasks involved in performing the monitoring of subrecipients including the issuance of the final report in accordance with policy and procedures.

Agreement Information- Ensure all 2 CFR 200.331 required information is included in each of the active subaward agreements between the LWDB and subrecipients. If any information is omitted, an addendum should be added to the agreement to include the information. A subrecipient's unique entity identifier, also referred to as the DUNS number, should be obtained from the subrecipient. Also, the Federal Award Identification Number (FAIN) which is provided by DEO with its awards to the LWDB.

The information required to be included in subawards, 2 CFR 200.331(a), was also discussed as technical assistance in 2017-18; see Technical Assistance #14-18-03.

LWDB Response: The LWDB is in the process of performing Subrecipient risk assessment and monitoring of both Pinellas Education Foundation and Junior Achievement for the period ended June 30, 2018. Sub-recipient risk assessment and monitoring will be planned and performed annually. In addition, we will ensure that all subrecipient agreements contain all the necessary information.

VII. TECHNICAL ASSISTANCE

2017-18 Technical Assistance #14-18-01

Category: Internal Control Environment

Efficient and effective succession planning is imperative to the continuity of operations upon the voluntary or involuntary turnover of employees in key or critical positions. Succession planning acknowledges that staff will not be with an organization indefinitely and it provides a plan and process for addressing the changes that will occur when they leave. Succession planning also addresses hiring, recruiting, and training employees for critical positions for current and future leadership positions.

By the 2018-19 monitoring period, CareerSource Pinellas developed a formal, written succession plans and keep the plans on record for use as necessary.

2017-18 Technical Assistance #14-18-02

Category: ETA Salary

Section 7013 of Public Law 109-234 limits salary and bonus compensation for individuals who are paid by funds appropriated under Employment and Training Administration (ETA). None of the funds available for expenditure on or after the date of enactment of the section (June 15, 2006) shall be used by a recipient or subrecipient of such funds to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II. This limitation shall apply to funds provided by contract, grant, or interagency agreement, but shall not apply to contractors providing goods and services as defined in 2 CFR 200.330, Subrecipient and contractor determinations.

The ETA Salary Calculation provided represented the President/CEO salary was equally shared between CareerSource Tampa Bay and CareerSource Pinellas. Upon further inquiry, it was determined that the President/CEO's time was charged 55% to CareerSource Tampa Bay and the remaining 45% to CareerSource Pinellas. Assistance was provided to ensure the salary amounts provided for the President/CEO were accurately allocated between the two boards, and DEO verified that the salary and bonus over the ETA cap was reclassified using its unrestricted funds.

This condition was not observed in testing during the 2018-19 monitoring.

2017-18 Technical Assistance #14-18-03

Category: Subawarding

2 CFR 200.331(a)(1)(x) states,

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification.

(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

CareerSource Pinellas should provide the name of the Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity in the contract.

During the 2018-19 monitoring, some information required by 2 CFR 200.331(a), was not included in the agreement; see Observation #14-19-03, page 12.

2018-19 Technical Assistance #14-19-01

Category: Financial Management Systems and Internal Control Environment

We recommend the financial and operating policies and procedures for CareerSource Pinellas be updated to reflect the current structure of the organization. In several instances, the policies refer to the previous structure and processes when some functions were combined with the CareerSource Tampa Bay.

2018-19 Technical Assistance #14-19-02

Category: Cost Allocation Plan

We recommend the LWDB update its cost allocation plan. The current plan in use is based on dated 2017-18. The plan should be updated to include, but not limited to:

- Description of the LWDB, its service area, and service providers system.
- Listing of current partners, centers where they operate and funding sources.
- Narrative of organization structure, describing shared services and delivery method of core services.

- Organization chart depicting relationship between the board and partner(s).
- Identify if the LWDB has Resource Sharing Agreements.
- Address the use of DEO staffing to deliver certain services such as Wagner-Peyser, Disabled Veterans Outreach Program (DVOP), Local Veterans Employment Representatives (LVER)
- Description of Costs and Allocation Methods
- Cost pool explanation and function of each cost pool to fully describe costs charged to the pool.
- Benefit statement which fully describe costs that are charged into the pool.
- Allocation methodology should include, the basis and justification of the allocation (must be allocated in accordance with relative benefits received), frequency of allocation, supporting documentation that is maintained to support each allocation,
- Provide sample schedules for each cost pool.
- Cost Category Guide indicating whether costs are treated as Administrative or Programmatic

Though policy, AWI FG 05-050, *Final Guidance on Cost Allocation Plans for Regional Workforce Boards* was superseded by DEO Policy Number 86, *Indirect Cost Rate Proposal Preparation for Local Workforce Development Boards,* the section pertaining to the preparation cost allocation plans and resource sharing agreements is still relevant. A copy of AWI FG 05-050, *Final Guidance on Cost Allocation Plans for Regional Workforce Boards* was provided to CareerSource Pinellas as guidance when updating its cost allocation plan.

2018-19 Technical Assistance #14-19-03

Category: Purchasing

We recommend the Procurement Policies and Procedures be updated to reflect the current structure of the organization. CareerSource Pinellas' current policy is a combined policy with CareerSource Tampa Bay and references such. Since these are separate entitles, we recommend the current policy be updated to reflect the change.

2018-19 Technical Assistance #14-19-04

Category: Subawarding

During testing of the subrecipient Junior Achievement of Tampa Bay, Inc., we could not determine whether salary and bonus cap was tested for 2018 to verify, salaries, either direct or indirect did not exceeded the salary cap as established in Section 7013 of Public Law 109-234. Salary limitations were included as part of the agreement however there is no evidence testing was performed.

We recommend CareerSource Pinellas test the 2018 salaries as part of the subrecipient monitoring to ensure salaries, either direct or indirect did not exceeded the salary cap.