



June 29, 2020 – 11:30 A.M.

Virtual Zoom Meeting

\*Join via Zoom - Meeting ID: 953 4202 9697

Password: 036502

\*Dial In via Phone - Meeting ID: 953 4202 9697

Phone: +1 312-626-6799

## Audit Committee Agenda

- I. **Welcome and Introductions** ..... David Fetkenher, Chair
- II. **Public Comments**
- III. **Roll Call**
- IV. **Action/Discussion Items**
  - 1. Approval of Minutes: January 15, 2020 ..... Page 2
  - 2. Audit of June 30, 2020 Financial Statements ..... Page 5
  - 3. Agreed Upon Procedures for Six-Month PE 12/31/2019 ..... Page 12
  - 4. Annual 401(k) Plan Audit..... Page 15
- V. **Information Items**
  - 1. Independent Accountant’s Report ..... Page 20
  - 2. Five-Year Contract for Powell & Jones.....Page 27
- VI. **Other Administrative Matters**  
*(Items of urgency not meeting the seven-day guideline for review)*
- VII. **Committee Members Comments**
- VIII. **Adjournment**

### Next Audit Committee Meeting – August 26, 2020

*\*All parties are advised that if you decide to appeal any decision made by the Board with respect to any matter considered at the meeting or hearing, you will need a record of the proceedings, and that, for such purpose, you may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.*

*\*If you have a disability and need an accommodation in order to participate in this meeting, please contact Cindy Hockridge at 727-608-2426 or chockridge@careersourcepinellas.com at least two business days in advance of the meeting.*





## **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 January 15, 2020 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:** January 15, 2020 – 10:45 a.m.  
**Location:** Pinellas Technical College, 901 34<sup>th</sup> St. S (Room G-8), St. Petersburg, FL

### Call to Order

Chairman David Fetkenher called the meeting to order at 10:45 a.m. There was a quorum present, with the following Audit Committee members participating.

### Committee Members in attendance

David Fetkenher, Comm. Patricia Gerard (phone), Karla Leavelle.

### Committee Members Absent

None

### Guest

Richard Powell (Powell & Jones auditors)

### Staff Present

Jennifer Brackney, Steven Meier, Cindy Hockridge, René Davisson

### Action/Discussion Items

#### Action 1- Approval of Minutes

The minutes of the September 9, 2019 Audit meeting were presented for approval.

Motion:	Karla Leavelle
Second:	David Fetkenher

*The minutes were approved as presented. Motion carried unanimously.*

#### Action 2 – Annual Financial Audit for the Fiscal Year Ended June 30, 2019

##### Information

The audit firm of Powell & Jones, CPAs has completed the annual financial audit for WorkNet Pinellas, Inc. for the fiscal year ended June 30, 2019.

Enclosed is a copy of the audit report. Representatives from the firm presented the results to the Audit Committee on January 15, 2020.

##### Recommendation

The Audit Committee recommends approval of the Annual Financial Audit for the fiscal year ended June 30, 2019.

Discussion: Chair Leavelle asked for clarification regarding the Uncertainties of Regulatory Matters (page 2). Mr. Powell explained that on the original report, there was a noncompliance issue that related to the monitoring of subrecipients. This was categorized as an internal control finding that is either a significant deficiency or a material weakness. Upon review, it is now classified as a compliance finding. There was no incorrect expenditures and all expenditures were documented. Ms. Brackney added that this paragraph is relating to the USDOL Compliance Review of any potential disallowed costs.

General and administrative expenses increased due to legal expenses & consultants (HR and Accounting-nonrecurring expenses) relating to the year of transition.

Note 14-Contingent Liability - The ETA documented seventeen findings regarding grant administration of DOL funds totaling \$17,643,410. Approximately \$5,557,469 relates to funds administered by CareerSource Pinellas. At this point \$2.4 million is an unknown allocation. Historically it has been 60 percent Tampa and 40 percent Pinellas as a gauge.

Note 16-Subsequent Events. The Sale of the Science Center on November 20, 2019. Net proceeds were \$2,461,659 and will be classified as unrestricted reserves of WorkNet.

Subrecipient Monitoring-CareerSource Pinellas had three subrecipients of its grant funds totaling approximately \$573,567 in pass-through funds. It is recommended that CareerSource Pinellas implement procedures to assure that all subrecipients of its federal funds are fully monitored as required by Section D of the Uniform Guidance.

Current Year Findings-2019-2 Indirect Cost Allocation. This had not been completely documented at the time of the audit. Subsequently, the Organization received an approved provisional rate from the DOL for the year ended June 30, 2019 and 2020.

Motion:	Karla Leavelle
Second:	Commissioner Gerard

*The Audit Committee recommends approval of the Annual Financial Audit for the fiscal year ended June 30, 2019. Motion carried unanimously.*

**Other Administrative Matters:** None

**Public Comments:** None

**Committee Members Comments:** None

**Adjournment**

The meeting was adjourned at 11:19 a.m.



## **Action Item 2**

### **Audit of June 30, 2020 Financial Statements**

Enclosed is the Audit Engagement Letter with Powell & Jones, CPAs.

The Engagement Letter serves as an agreement regarding the audit work to be done relating to the financial statements for the year ended June 30, 2020.

Powell & Jones, CPAs will audit the financial statements of WorkNet Pinellas, Inc., which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

The fees for the audit and the preparation of the Form 990 will be \$25,000 which will include travel and other out-of-pocket costs.

This will be the fifth and final year of the contract for audit services. Per DEO's Audit and Audit Resolution Responsibilities, CareerSource Pinellas "must limit auditor retention to no more than five years." For the audit of June 30, 2021 financial statements, CareerSource Pinellas will follow our standard procurement process to select a new qualified auditor.

#### **Recommendation**

Approval to enter into an agreement with Powell & Jones, CPAs to conduct a financial statement audit for the year ended June 30, 2020.



**Powell & Jones**  
Certified Public Accountants

Richard C. Powell, Jr., CPA  
Marian Jones Powell, CPA

1359 S.W. Main Blvd.  
Lake City, Florida 32025  
386 / 755-4200  
Fax: 386 / 719-5504  
admin@powellandjonescpa.com

June 3,2020

Mr. Barclay Harless, Board Chair  
WorkNet Pinellas, Inc  
13805 58<sup>th</sup> Street, North  
Clearwater, FL 33760

Dear Chairman Harless:

We are pleased to confirm our understanding of the services we are to provide for WorkNet Pinellas, Inc. for the year ended June 30,2020.

We will audit the financial statements of WorkNet Pinellas, Inc, which comprise the statement of financial position as of June 30,2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (the financial statements). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, [in a separate written report accompanying our auditor's report on the financial statements.

1) Schedule of expenditures of federal awards.

### **Audit Objectives**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

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Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Directors of WorkNet Pinellas, Inc.. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Controls**

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of WorkNet Pinellas, Inc.'s compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Organization's major programs. The purpose of these procedures will be to express an opinion on [Name of Nonprofit Organization]'s compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

### **Other Services**

We will prepare the Organization's federal information return for the year ended June 30, 2020 based on information provided by you. We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the Organization in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statements, schedule of expenditures of federal awards, related notes, and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

### **Management Responsibilities**

Management is responsible for (1) designing, implementing, and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us, and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on \_\_\_\_\_.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the

Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the tax services, financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Engagement Administration, Fees, and Other**

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, and if applicable, summary schedule of prior audit findings, auditor's reports, and corrective action plan, along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Powell & Jones CPAs and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Department of Labor or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Powell & Jones CPAs personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the US Department of Labor or Florida Department of Economic Opportunity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Richard C. Powell is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately September 14, 2020 and to complete your information returns and issue our reports no later than November 30, 2020.

Our fees for the audit and the preparation of the information return will be \$25,000 which will include travel and other out-of-pocket costs such as report production, word processing, postage, etc.. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered upon completion of the engagement and are payable on presentation.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



**Powell & Jones CPAs**

RESPONSE:

This letter correctly sets forth the understanding of WorkNet Pinellas, Inc.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## **Action Item 3**

### **Agreed Upon Procedures**

(For Six-Month period ended December 31, 2019)

Enclosed is the engagement letter for the agreed-upon procedures for the six-month period ended December 31, 2019. It was presented at the July 16, 2019 Audit Committee meeting but it was agreed by the Committee to table approving the engagement until completion of the audit of the June 30, 2019 Financial Statements.

The total fee will not exceed \$6,000 which is the fee included in current service contract with Powell & Jones, CPAs.

### **Recommendation**

Approval of the execution of the agreed upon procedures letter.



**Powell & Jones**  
Certified Public Accountants

Richard C. Powell, Jr., CPA  
Marian Jones Powell, CPA

1359 S.W. Main Blvd.  
Lake City, Florida 32025  
386 / 755-4200  
Fax: 386 / 719-5504  
admin@powellandjonescpa.com

June 18, 2019

Ms. Jennifer Brackney  
Chief Executive Officer  
WorkNet Pinellas, Inc.  
13805 58<sup>th</sup> Street N, Suite 2-140  
Clearwater, FL 33760

Dear Ms. Brackney:

We are pleased to confirm our understanding of the terms of our engagement and the nature and limitations of the services we are to provide for WorkNet Pinellas, Inc.

We will apply the agreed-upon procedures listed in the attached schedule that were specified and agreed to by the Finance Committee on the accounting records and internal controls of WorkNet Pinellas, Inc. as of and for the six-month period ended December 31, 2019. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures performed or to be performed is solely the responsibility of the Finance Committee and we will require an acknowledgment in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures to be assigned by you either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

Because the agreed-upon procedures to be performed do not constitute an examination or review, we will not express an opinion or conclusion on the sufficiency and effectiveness of the accounting records and internal control of the Organization. In addition, we have no obligation to perform any procedures beyond those listed e attached schedule.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the Finance Committee. You understand that the report is intended solely for the information and use of the Finance Committee, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might come to our attention that would have been reported to you.

An agreed-upon procedure engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting the Organization that come to our attention. Such disclosures, if any, may not necessarily include all matters that might have come to our attention had we performed additional procedures or an examination or review.

You are responsible for the accounting records and internal control and that it is in accordance with generally accepted accounting principles and principles of good internal control, and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes. You are also responsible for, and agree to provide us with, a written assertion about the accounting records and internal control. In addition, you are responsible for providing us with (1) access

to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

Richard C. Powell, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We plan to begin our procedures on approximately March 15, 2020 and, unless unforeseeable problems are encountered, the engagement should be completed by May 15, 2020. At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for the accounting records and internal control in accordance with generally accepted accounting principles and principles of good internal control.

Our fees for these services will be based upon actual hours worked at our standard billing rates for staff utilized plus travel expenses utilizing WorkNet Pinellas, Inc. travel policies. The total fee will not exceed \$6,000 which is the fee Included in our current service contract with WorkNet Pinellas, Inc. for annual Agreed Upon Procedures services for 2019. Our fees will be billed at the conclusion of our work and delivery of our reports.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, or the procedures need to be modified, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter.

Very truly yours,



Powell & Jones, CPAs

RESPONSE:

This letter correctly sets forth the understanding of WorkNet Pinellas, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## **Action Item 4**

### **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, 2019 and 2018 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, 2019.

For the calendar year 2019, 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, 2020.

#### **Recommendation**

Approval of a limited scope audit and execution of the engagement letter for the annual 401 (k) plan audit.



Richard C. Powell, Jr., CPA  
Marian Jones Powell, CPA

1359 S.W. Main Blvd.  
Lake City, Florida 32025  
386 / 755-4200  
Fax: 386 / 719-5504  
admin@powellandjonescpa.com

June 2, 2020

Mr. Barclay Harless  
Chairman  
WorkNet Pinellas, Inc. 401(k) Plan  
13805 58<sup>th</sup> Street, North  
Clearwater, Florida 33760

Dear Mr. Harless:

We are pleased to confirm our understanding of the services we are to provide for WorkNet Pinellas, Inc. 401(k) Plan (“the Plan”) for the year ended December 31, 2019 in connection with its annual reporting obligation under the Employee Retirement Income Security Act of 1974 (ERISA).

Except as described below, we 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, 2019 and 2018 and the related statement of changes in net assets available for benefits for the year then ended and the related notes to the financial statements (the financial statements) and report on the supplemental schedules of the Plan for the year ended December 31, 2019.

The following supplementary information accompanying the financial statements, as applicable, will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures.

1. Assets (Held at End of Year) and Assets (Acquired and Disposed of Within Year).
2. Loans or Fixed Income Obligations in Default or Classified as Uncollectible.
3. Leases in Default or Classified as Uncollectible.
4. Reportable Transactions.
5. Nonexempt Transactions.
6. Delinquent Participant Contributions.

These financial statements and supplemented schedules are required to be included in the Plan’s Form 5500 filing with the Employee Benefits Security Administration (ERISA) or the Department of Labor (DOL).

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

## **Audit Objective**

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America except that, as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and as instructed by you, we will not perform any auditing procedures with respect to asset information prepared and certified to by the Plan trustee, in accordance with 29 CFR 2520.103-5, other than comparing the information with the related information included in the financial statements and supplemental schedules. Under ERISA, the Plan administrator is generally responsible to the Plan participants for the financial information and the ability of the certifying entity to issue such ERISA certification. Because of the significance of the information that we will not audit, we will not express an opinion on the financial statements and supplemental schedules. We will issue a report upon completion of our audit of the Plan's financial statements. Our report will be addressed to the Board of Directors. We cannot provide assurance that a limited-scope disclaimer of opinion as permitted by Regulation 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA will be expressed. Circumstances may arise in which it is necessary for us make further modifications to our report, such as adding an emphasis-of-matter or other-matter paragraph. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified to by the trustee, will be audited by us in accordance with auditing standards generally accepted in the United States of America, and will be subjected to tests of your accounting records and other procedures we consider necessary to enable us to express an opinion as to whether they are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. If for any reason we are unable to complete the engagement, we may decline to issue a report or withdraw from this engagement.

## **Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of investments, and certain other assets and liabilities by correspondence with financial institutions, and other third parties. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations, including prohibited transactions with parties in interest or other violations of ERISA rules and regulations, that are attributable to the Plan or to acts by management or employees acting on behalf of the Plan.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and will include prohibited transactions in the supplemental schedule of nonexempt transactions as required by the instructions to Form 5500. Our

responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Except as described in the "Audit Objective" section, our audit will include obtaining an understanding of the Plan and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance or internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance and internal control related matters that are required to be communicated under professional standards.

In addition, we will perform certain procedures directed at considering the Plan's compliance with applicable Internal Revenue Service (IRS) requirements for tax exempt status and ERISA plan qualification requirements. However, you should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting plan qualifications or compliance with the ERISA and IRS requirements. If during the audit we become aware of any instances of any such matters or ways in which management practices can be improved, we will communicate them to you.

### **Management Responsibilities**

You are responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; for establishing an accounting and financial reporting process for determining appropriate value measurements; [for the acceptance of the actuarial methods and assumptions used by the actuary], and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Plan from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Plan involving (1) Plan management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Plan complies with applicable laws and regulations. You are also responsible for the fair presentation of the supplemental schedules and the form and content of the financial statements and supplemental schedules in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill,

knowledge, and/or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

**Engagement Administration, Fees, and Other**

We understand that your personnel will prepare schedules, analyses, and all confirmations we request and will locate any invoices or other documents selected by us for testing.

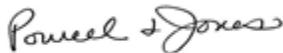
The audit documentation for this engagement is the property of Powell & Jones, CPAs and constitutes confidential information. However, we may be requested to make certain audit documentation available to the U.S. Department of Labor pursuant to authority given to it by law. If requested, access to such audit documentation will be provided under the supervision of Powell & Jones, CPAs personnel. Furthermore, upon request we may provide copies of selected audit documentation to the U.S. Department of Labor. The U.S. Department of Labor may intend, or decide to distribute the copies of information contained therein to others, including other governmental agencies.

Richard C. Powell, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately August 15, 2020 and to complete your Form 5500 and issue our report no later than October 31, 2020.

Our fees will be \$6,000. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered upon completion of the report, and are payable on presentation.

We appreciate the opportunity to be of service to the Plan and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



**POWELL & JONES**  
Certified Public Accountants

**RESPONSE:**

This letter correctly sets forth the understanding of WorkNet Pinellas, Inc. 401(k) Plan.

\_\_\_\_\_  
Plan Administrator's Signature and Title

Date: \_\_\_\_\_

Governance Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## **Information Item 1**

### **Independent Accountants' Report on Applying Agreed-Upon Procedures**

The audit firm of Powell & Jones, CPAs has completed their review of the Agreed-Upon Procedures for the six-months ended June 30, 2018 and submitted their report in April 2020. Enclosed is a copy of the report for the Audit Committee's review.

**WORKNET PINELLAS, INC.**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**August 20, 2019**



**Powell & Jones**  
Certified Public Accountants

Richard C. Powell, Jr., CPA  
Marian Jones Powell, CPA

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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

August 20, 2019

To the Board of Directors and  
Management of WorkNet Pinellas, Inc.

We have performed the procedures enumerated below, which were agreed to by the Management of WorkNet Pinellas, Inc. (CareerSource Pinellas) solely to assist you in determining whether CareerSource Pinellas staff are complying with established internal control policies and procedures, as well as applicable federal and state, laws and regulations. CareerSource Pinellas is responsible for the establishment and maintenance of effective internal controls over financial reporting and the safeguarding of assets. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

### **OUR PROCEDURES AND FINDINGS**

#### **1. Benefit Stipends**

##### Overview

CareerSource Pinellas offers health and welfare benefits through the "WorkNet Pinellas Employee Benefit Plan", a cafeteria plan under IRS Code Section 125 to eligible employees that are regularly scheduled to work 30 or more hours per week. Eligibility for these benefits begins the first of the month following the completion of a 30-day waiting period. CareerSource Pinellas provides employees with a percentage of their salary approved by the Board to purchase health and welfare benefits. Currently, the Organization provides a benefit stipend equal to 28 percent of the employee's eligible earnings. ADP, the payroll provider, automatically calculates the 28 percent for each bi-weekly payroll period and adds the benefit to each employee's biweekly pay. Any portion of the stipend not used for health benefits is added to the employee's taxable earnings.

## Our Procedures

We obtained the following documents:

- Excerpt from employee handbook describing the benefit stipend.
- Form 5500, “Annual Return/Report of Employee Benefit Plan” filed for the cafeteria plan for 2016.
- Pay period dates for the fiscal years ending June 30, 2018 and 2019.
- Salary reconciliation reports for the pay periods selected by our auditors to be tested.
- Documentation of approved annual salaries of the employees selected by the auditors.

Using the above resources, we performed the following procedures:

- A sample of (20) employees was selected including (3) newly hired employees and (17) other employees.
- We reviewed the annual salary report for each employee selected to confirm that the gross pay and benefit stipend was calculated correctly.
- We examined the cafeteria plan health benefits selected by the employee to verify that FICA and Medicare taxes were calculated correctly, and then compared our calculations to the ADP calculations.

## Findings

- (1) From our review of the annual salary report we found that one employee received a gift card of \$325 for referral incentives which was allowed under the board policy at the time of the receipt. However, the payroll record indicates pay of \$461.97 with taxes being deducted to arrive at \$325, which means that the FICA and Medicare taxes were calculated at the \$461.97 rate. Only \$125 of the \$325 incentive documentation was available.
- (2) Upon reviewing Employee action forms, we found that one of the selected employee received a paycheck at an increased salary rate that was not approved until the following pay period.

## **2. Non-elective Contributions (NEC) to Pension Plan**

### Overview

CareerSource Pinellas offers employee access to WorkNet Pinellas, Inc. 401(k) Plan retirement plan. Employees are eligible to enroll after completing six months of employment. CareerSource Pinellas currently makes payments of 5 percent of their eligible earnings on a bi-weekly payroll basis. ADP automatically calculates the 5 percent for each bi-weekly payroll period and deposits the contributions to the retirement plan.

### Our Procedures

We obtained the following documents:

- Excerpt from employee handbook describing the retirement plan contributions.
- Pay period dates for the fiscal year-ending June 30, 2018 and 2019.
- Salary reconciliation reports for the pay periods selected by our auditors to be tested
- Documentation of approved annual salaries of the employees selected by the auditors.
- Selected employees' 401(k) individual accounts reflecting deposit of the NEC.

Using the above resources, we performed the following procedures:

- A sample of (20) employees was selected including (3) newly hired employees and (17) other employees.
- We recalculated the bi-weekly gross pay to confirm that the calculated NEC and then compared our calculations to the ADP calculations.
- We reviewed the employees' individual 401(k) accounts to confirm that the calculated NEC was deposited in their account.

### Our Findings

We found that the calculated NEC for one of the selected employee was based on a higher rate which was not in effect until the following pay period.

## **3. Supportive Service Cards**

### Overview

CareerSource Pinellas utilizes supportive service cards (Visa cash cards and gas cards) as components of providing eligible supportive services to its eligible participants. This practice is specifically authorized in federal regulations relating to the Workforce Innovation and Opportunity Act (WIOA), Welfare Transition, and other grant-funded training programs. Such programs are also widely used by other Workforce Boards in Florida and across the country.

### Objective

We were asked to review the policies and procedures in place relating to the receipt, distribution, issuance, monitoring and storage of the supportive service cards and to verify compliance with the written procedures regarding these cards.

### Our Procedures

We obtained the written CareerSource Pinellas policies relating to the administration of the supportive services card program. We reviewed these policies and procedures for compliance with the Welfare Transition and WIOA requirements regarding the utilization of supportive service cards. We also reviewed the established procedures relating to internal controls over this process.

We selected a sample of the cards issued to participants consisting of 46 payments over the year period. We requested backup documentation relating to these participants to verify that the cards issued were in compliance with the policies of CareerSource Pinellas and the federal regulations.

### Our Findings

Based upon our procedures we found the following:

- The documentation maintained for supportive services cards issued to participants in our sample was adequate to support eligibility for the cards.
- The policies and procedures relating to the accountability and custody of the cards are detailed and comprehensive and are substantially complied with in practice.

## **4. Use of Corporate Credit Cards by Staff**

### Objective

Our objective was to determine if CareerSource Pinellas' credit card activities adhered to applicable policies and procedures.

### Documents Provided Us

Credit card statements including supporting documentation for all charges for the months of January and April, 2019.

### Our Procedures

We reviewed all transactions listed on the credit card statements for reasonableness and identified specific transactions for further allowability testing. We then reviewed supporting documentation to determine if Finance maintained approval documentation/authorization for the transactions.

### Our Findings

We had no reportable findings or exceptions associated with the credit cards based upon the two months selected.

## **5. Employee Expense Reports**

### **Overview**

CareerSource Pinellas reimburses employees for out of town and local business travel expenditures in accordance with its Policy and state and local law. Currently, mileage is reimbursed at the State of Florida specified maximum rate of \$0.445 per mile. Meals are reimbursed based on the federal per diem rates in effect. Employee travels due to work-related meetings and trainings required for their position. Employees are expected to spend within reasonable amounts using the most economical means of transportation and accommodation.

### **Objective**

Determine if CareerSource Pinellas travel activities adhered to its policies.

### **Our Procedures**

We selected 10 transactions from the detailed consolidated listing of travel expense for the period January through June, 2019. The selected transactions back-up documentation was reviewed to make sure it is authorized and approved by CEO (or designee). Authorization and approval of payment/reimbursement of travel expenses were based on the official business of CareerSource Pinellas.

### **Our Findings**

Based upon our review of the sample of travel transactions, we found that the transactions are in adherence with CareerSource Pinellas procurement policies.

## **CONCLUSION**

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on compliance with established internal control policies and procedures, as well as applicable federal and state laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and Management of WorkNet Pinellas, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties. We do acknowledge that this report is a public record via Florida Law.



**POWELL & JONES**  
Certified Public Accountants  
August 20, 2019



## **Information Item 2**

### **Powell & Jones, CPAs – Five Year Contract**

Enclosed is the five-year contract for the audit firm, Powell & Jones, CPAs.



**Powell & Jones**  
Certified Public Accountants

Richard C. Powell, Jr., CPA  
Marian Jones Powell, CPA

1359 S.W. Main Blvd.  
Lake City, Florida 32025  
386 / 755-4200  
Fax: 386 / 719-5504  
admin@powellandjonescpa.com

Mr. Aundre Green  
Board Chair  
WorkNet Pinellas, Inc.  
13805 58<sup>th</sup> Street, North, Suite 2-140  
Clearwater, Florida 33670

Dear Mr. Green:

We are pleased to confirm our understanding of the services we are to provide for WorkNet Pinellas, Inc. (WorkNet) for the fiscal years ended June 30, 2016, 2017, 2018, 2019 and 2020. These services are subject to yearly renewals if agreed upon by both parties.

We will audit the financial statements of WorkNet, which comprise the statement of financial position as of June 30, 2016 and succeeding years, the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements:

- 1) Schedule of expenditures of federal awards.

**Audit Objectives**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and thereafter and OMB Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance)..

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The OMB Uniform Grant Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Uniform Grant Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996 and subsequent; and the provisions of OMB Uniform Grant

Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Uniform Grant Guidance, and other procedures we consider necessary to enable us to express such an opinion. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Directors of WorkNet (the Organization). We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion on the financial statements or the Single Audit compliance opinion is other than unmodified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue a report, or we may withdraw from this engagement.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Uniform Grant Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Uniform Grant Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance

internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Uniform Grant Guidance.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of WorkNet's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Uniform Grant Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the "OMB Uniform Grant Guidance Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the Organization's major programs. The purpose of these procedures will be to express an opinion on WorkNet's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Uniform Grant Guidance.

#### **Other Services**

Form 990 - We will prepare the Organization's IRS Form 990 for the fiscal years ended June 30, 2016 and subsequent years, based on information provided by you. We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the Organization in conformity with U.S. generally accepted accounting principles and OMB Uniform Grant Guidance based on preliminary financial statements provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Monitoring Reviews - We will apply agreed-up procedures to certain aspects of WorkNet's policies and procedures for provision of services and administrative processes to evaluate internal controls and compliance with state and federal laws and regulations. These engagements will cover the period July 1, through December 31, 2016-2019 and will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

In these reviews, we will monitor and evaluate internal controls related to the following and other areas of responsibility. In cooperation with you, we will select activity from each of these areas in order to ascertain WorkNet's staff compliance with established internal control policies and procedures as well as applicable federal, state and local laws and regulations. We will provide a report to the Audit Committee summarizing the findings, recommendations and any corrective actions necessary as a result of the review.

- a. Compliance Monitoring will determine compliance with contract requirements, which focus on compliance of financial systems, cost limitations and expenditure rates. It will also include compliance with OMB Uniform Grant Guidance with regard to sub-recipients' fiscal audits and monitoring.
- b. Performance Monitoring will determine whether the selected contractor is performing the contracted service at the required level.
- c. Managerial Monitoring will involve the review of program processes and program outcomes and the emphasis placed on the quality of outcomes and performance levels relative to cost.
- d. Other Areas will include other areas of concern with respect to the contractual, legal, administrative, or financial aspects of WorkNet's administration of the workforce development programs, as such concerns may emerge during the course of the audit.

We will confer with you in selecting the areas for review, so as to maximize value for our services and to facilitate gathering of necessary documents for review.

## **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us, and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Uniform Grant Guidance, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be made available for our review.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with OMB Uniform Grant Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Uniform Grant Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Uniform Grant Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the tax services, financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare any cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Powell & Jones, CPAs and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Powell & Jones, CPAs personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agency, oversight agency for audit, or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Richard Powell is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit at a time to be determined and to complete your information returns and issue our reports on a date to be discussed and agreed upon.

The schedule of our fees for the audit and other services including the preparation of the information returns are as stated in the attached schedule. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered upon completion of our services each year and are payable on presentation.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

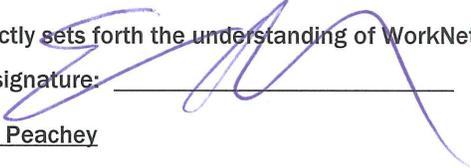
Very truly yours,

*Powell & Jones*

Powell & Jones, CPAs

**RESPONSE:**

This letter correctly sets forth the understanding of WorkNet Pinellas, Inc.

Management signature:  \_\_\_\_\_

Name: Edward Peachey

Title: President/CEO

Date: 1/11/17 \_\_\_\_\_

Governance signature:  \_\_\_\_\_

Name: Aundre Green

Title: Board Chairman

Date: 1/11/17 \_\_\_\_\_

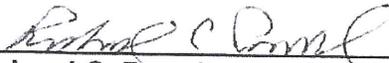
**COST PROPOSAL**

**CAREERSOURCE PINELLAS**

**Powell & Jones, CPAs  
1359 S.W. Main Blvd.  
Lake City, Florida 32025**

<b>Audit and Tax Services Fiscal Year Ended:</b>	<b>Total Cost</b>
June 30, 2016	\$ 24,500
June 30, 2017	24,500
June 30, 2018	25,000
June 30, 2019	25,000
June 30, 2020	25,000
<b>Total Cost of Audit Services</b>	<b>124,000</b>
<b>Agreed Upon Procedures, 6 Months Ending:</b>	<b>Total Cost</b>
December 31, 2016	\$ 5,500
December 31, 2017	5,500
December 31, 2018	6,000
December 31, 2019	6,000
<b>Total Cost of Agreed Upon Procedures</b>	<b>23,000</b>
<b>TOTAL COST OF PROPOSAL</b>	<b>\$ 147,000</b>

This all inclusive fee includes the full scope of services outlined in the Request for Proposal, including preparation of Form 990 and ongoing telephone and e-mail consultations and support for the Finance Director.

  
Richard C. Powell, CPA, President