



April 8, 2022 - 9:00 AM
Virtual Zoom Meeting

Zoom Info:

*Join via Zoom – Meeting ID: 338 034 9468

[Zoom Link](#)

*Dial In via Phone – Meeting ID: 338 034 9468

Phone: +1 646-558-8656

Special Board of Directors Meeting

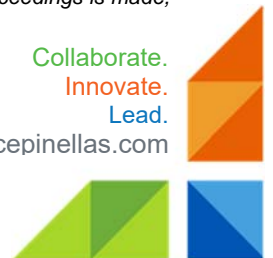
Agenda

- I. **Welcome and Introductions** Barclay Harless, Chair
- II. **Public Comments**
- III. **Roll Call**
- IV. **Chair’s Report**
- V. **CEO Report**.....Steve Meier
- VI. **Action/Discussion Items**
 - 1. Approval of Minutes: March 16, 2022, BOD Meeting.....Page 1
 - 2. DOL Compliance Review – Final Determination of Disallowed Costs.....Page 7
 - a. FL DEO Final Determination Monitoring Review MR-91021.....Page 9
 - b. CSPinellas R14 Disallowed Cost Transmittal Letter.....Page 29
 - c. Resolution of Audit Findings Policy.....Page 30
 - 3. Approve CEO Job Description.....Page 36
 - 4. Approve Retained Search Firm RFQ.....Page 40
- VII. **Other Administrative Matters**
- VIII. **Open Discussion**
- IX. **Adjournment**
 - Finance Committee – April 27, 2022 (10:00 am - 11:00 am)
 - Audit Committee – April 27, 2022 (11:00 am - 12:00 pm)
 - Compensation Committee – April 7, 2022 (11:00 am - 12:00 pm)
 - Workforce Solutions Committee – April 21, 17, 2022 (2:30 pm - 3:00 pm)
 - One-Stop Committee – April 21, 2022 (9:00 am - 10:00 am)
 - Next Board of Directors Meeting – May 18, 2022 (11:45 am - 12:45 pm)

**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 the executive assistant at 727-608-2551 or admin@careersourcepinellas.com at least two business days in advance of the meeting.*

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ACTION ITEM 1

Approval of Minutes

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

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

The draft minutes from the March 16, 2022, Board of Directors Meeting have been prepared and are enclosed.

RECOMMENDATION

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

**CareerSource Pinellas
Board of Directors Minutes**

Date: Wednesday, March 16, 2022, at 11:45 am.

Location: *Virtual Zoom

Call to Order

Commissioner Rene Flowers sat in for Board Chair Barclay Harless. She called the meeting to order at 11:46 a.m. There was a quorum present with the following board members.

Board Members in Attendance

Belinthia Berry, Candida Duff, Commissioner René Flowers, David Fetkenher, Jack Geller, Jody Armstrong, John Howell, Kevin Knutson, Michael Jalazo, Michael Logal, Michele Mathews, Patricia Sawyer, Scott Thomas, Elizabeth Siplin, Glenn Willocks, Kenneth Williams

Board Members Not in Attendance

Andrea Cianek, Barclay Harless, Celeste Fernandez, Chris Owens, Dr. Rebecca Sarlo, Ivonne Alvarez, Lisa Cane, Mark Hunt, Zachary White

Staff in Attendance

Steven Meier, Jay Burkey, Kris Lucas, Amy Leuschke

Public Comments

There were no public comments.

Interim CEO Report/Chair Report

The two biggest goals right now are to fill any critical roles that are currently open and improve employee morale. In addition, released RFQ for compensation review, the proposals are due back March 25. The RFP for One-Stop operator was released and responses are due back March 25. Attended Pinellas county economic development partners meeting March 4. Attended BOCC meeting March 8, officially appointed as interim CEO. The first Ad Hoc Search Committee meeting is set for March 22. DEO's annual programmatic and financial monitoring is occurring April 4-8. Compensation meeting April 7th. Starting to prepare budget for fiscal year 2022-2023.

Action Item 1 – Approval of the Minutes – 2.11.22 Board of Directors

The minutes of the February 11, 2022, Board of Directors meeting were presented for approval.

Discussion: None

Motion:	Jack Geller
Second:	John Howell

The minutes were approved as presented. This motion carried unanimously.

Action Item 2 – Approval of Revisions to By-Laws

Stephanie Marchman presented the suggested revisions to our by-laws.

RECOMMENDATION

Approval of the amended WorkNet Pinellas dba. CareerSource Pinellas by-laws, as outlined, subject to approval by the Pinellas County Board of County Commissioners.

Discussion: None

Motion:	Glenn Willocks
Second:	Kenneth Williams

The Board of Directors made a motion to approve of the revisions to the By-Laws. The motion carried unanimously.

ACTION ITEM 3 – Policy Approval – JVSG Administrative Policy 119, Consolidated Position Operational Requirements

RECOMMENDATION

Approval of JVSG Administrative Policy 119, Consolidated Position Operational Requirements

Discussion: None

Motion:	Scott Thomas
Second:	Jody Armstrong

The Board of Directors made a motion to approve of JVSG Administrative Policy 119, Consolidated Position Operational Requirements. The motion carried unanimously.

ACTION ITEM 4 – Policy Approval – WIOA Administrative Policy 118 – Adult and Dislocated Worker Funds Transfer Authority

RECOMMENDATION

Approval of WP Administrative Policy 118 – Adult and Dislocated Worker Funds Transfer Authority

Discussion: None

Motion:	Scott Thomas
Second:	Jody Armstrong

The Board of Directors made a motion to approve of WP Administrative Policy 118 – Adult and Dislocated Worker Funds Transfer Authority. The motion carried unanimously.

ACTION ITEM 5 – Policy Approval - WIOA Administrative Policy 093, One-Stop Delivery System and One-Stop Career Center Certification Requirements

RECOMMENDATION

Approval of WIOA Administrative Policy 093, One-Stop Delivery System and One-Stop Career Center Certification Requirements.

Discussion: No Discussion.

Motion:	Scott Thomas
Second:	Patty Sawyer

The Board of Directors made a motion to approve of WIOA Administrative Policy 093, One-Stop Delivery System and One-Stop Career Center Certification Requirements. The motion carried unanimously.

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ACTION ITEM 6 – Renewal of Training Providers – Keiser University and Palm Beach Code School

RECOMMENDATION

Approval of the renewal of Training Providers – Keiser University and Palm Beach Code School.

Discussion: None

Motion:	Jody Armstrong
Second:	Scott Thomas

The Board of Directors made a motion to approve of the renewal of Training Providers – Keiser University and Palm Beach Code School. The motion carried unanimously.

ACTION ITEM 7 – Memorandum of Understanding – Job Corps Renewal Adjustment

RECOMMENDATION

Approval of the Memorandum of Understanding for the Job Corps Renewal Adjustment.

Discussion: None

Motion:	Jody Armstrong
Second:	Jack Geller

The Board of Directors made a motion to approve of the Memorandum of Understanding for the Job Corps Renewal Adjustment. The motion carried unanimously.

ACTION ITEM 8 – Executive Compensation

RECOMMENDATION

Approval of the Chief Operating Officer’s salary of \$135,000, effective January 17, 2022, to comply with the requirements of DEO’s Grantee-Subgrantee agreement.

Discussion: None

Motion:	Jack Geller
Second:	Belinthia Berry

The Board of Directors made a motion to approve of the Chief Operating Officer’s salary of \$135,000, effective January 17, 2022, to comply with the requirements of DEO’s Grantee-Subgrantee agreement. The motion carried unanimously.

ACTION ITEM 9 – Recommendations for Employee Engagement

RECOMMENDATION

Approval of recommendations to improve employee engagement and organizational culture.

Discussion: None

Motion to approve recommendations to improve employee engagement & organizational culture:	Kenneth Williams
Second:	Belinthia Berry
Opposed:	Scott Thomas

Motion for RFQ for Employee Engagement Survey:	Belinthia Berry
Second:	John Howell
Opposed:	Scott Thomas

The Board of Directors made a motion to approve of recommendations to improve employee engagement and organizational culture. Also made a motion to approve of an RFQ for an Employee Engagement Survey. The motions carried, each had one opposed board member.

ACTION ITEM 10 – RFP Issuance – Office Imaging and Copiers

RECOMMENDATION

Approval of the issuance of a Request for Proposal for the provision of Office Imaging and Copiers.

Discussion: None

Motion:	Scott Thomas
Second:	David Fetkenher

The Board of Directors made a motion to approve issuance of a Request for Proposal for the provision of Office Imaging and Copiers. The motion carried unanimously.

ACTION ITEM 11 – Contract Amendment – Virtual Chief Information Officer

RECOMMENDATION

Approval to amend contract for Securance LLC, through June 30, 2022, for an additional amount of \$40,000, with total not to exceed \$246,200 for two-year period.

Discussion: None

Motion:	David Fetkenher
Second:	Pattye Sawyer

The Board of Directors made a motion to approve an amendment to the contract for Securance LLC, through June 30, 2022, for an additional amount of \$40,000, with total not to exceed \$246,200 for two-year period.. The motion carried unanimously.

ACTION ITEM 12 – 401K Trustee

RECOMMENDATION

Approval of Steven Meier, Interim CEO, as Trustee of the WorkNet Pinellas, Inc. 401(k) Plan.

Discussion: None

Motion:	Scott Thomas
Second:	Kenneth Williams

The Board of Directors made a motion to approve Steven Meier, Interim CEO, as Trustee of the WorkNet Pinellas, Inc. 401(k) Plan. The motion carried unanimously.

ACTION ITEM 13 – Employer of Record

RECOMMENDATION

Approval to enter into a contract with Manpower Group US, Inc. for a one-year term with up to three one-year renewals as Employer of Record for the summer youth employment program.

Discussion: None

Motion:	Belinthia Berry
Second:	Scott Thomas
Abstention:	Michael Logal

The Board of Directors made a motion to enter into a contract with Manpower Group US, Inc. for a one-year term with up to three one-year renewals as Employer of Record for the summer youth employment program. The motion carried unanimously.

General Counsel Update – GrayRobinson – Stephanie Marchman

Mrs. Marchman presented her summary of legal services and a litigation report. There is no pending litigation at this time against CareerSource Pinellas.

Presentation: Department of Economic Opportunity

CareerSource Pinellas 2020-2021 Annual Performance Presentation by Charles Williams
Mr. Williams gave the annual required performance presentation for DEO.

Information Items

Information Item 1 – vCIO Update

The vCIO update is in the board packet for viewing.

Information Item 2 – MOU Modification – Vocational Rehabilitation Renewal

Kristopher Lucas reviewed the MOU modification for Vocational Rehab Renewal.

Information Item 3 – Training Provider Spending, July 1, 2021 – December 2021

Steven Meier briefly reviewed trainer provider spending.

Information Item 4 – Work-based Learning Spending, July 1, 2021 – December 31, 2021

Steven Meier reviewed work-based learning spending.

Information Item 5 – December 31, 2021, Financial Reports

Steve Meier reviewed all financial reports.

Information Item 6 – Discussion: Recommendations to Realign and Elevate Customer Engagement

Summary of recommendations to realign and elevate customer engagement in board packet.

Information Item 7 – Board Member Forms

- Conflict of Interest
- Financial Disclosure
- Ethics and Transparency
- Statement of Commitment
- Contact Information
- Notice of Board Member Term Expiration

Open Discussion

None

Adjournment

Commissioner Flowers adjourned the meeting at 1:48 PM.



ACTION ITEM 2

DOL Compliance Review Final Determination of Disallowed Costs

On March 11, 2022, the U.S. Department of Labor (DOL) issued their Final Determination (FD) based on the Compliance Review and its findings concerning the Workforce Innovation and Opportunity ACT (WIOA) Adult, Dislocated Worker and Youth and Wagner-Peyser (WP) Grants specifically in the CareerSource Tampa Bay and CareerSource Pinellas Local Workforce Areas (LWAs), awarded to the Florida Department of Economic Opportunity (DEO). The findings of the onsite visit listed \$17,702,839.87 in questioned costs and 17 findings. Of this amount, \$6,787,051.32 pertained to CareerSource Pinellas (38.3%). Through efforts of DEO working directly with the DOL, and supported by CareerSource Pinellas and CareerSource Tampa Bay, the amount allowed was \$13,353,462.90.

The FD establishes a debt owed to the DOL in the amount of \$4,349,376.97. The FD is calculated as followed:

- **Finding #2:** Lack of Documented Program and Service Eligibility for OJT Participants. \$2,408,912 disallowed and Subject to Federal Debt Collection.
- **Finding #3:** Supportive Service Payments Potentially Issued to Ineligible Participants. \$151,822 disallowed and Subject to Federal Debt Collection.
- **Finding #4:** Improper Business Services Staff Incentive Compensation. \$1,320,725.97 disallowed and Subject to Federal Debt Collection.
- **Finding #5:** Improper Executive Director and Management Compensation Salary Increases. \$467,917 disallowed and Subject to Federal Debt Collection.

The final amount determined to be disallowed for CareerSource Pinellas is \$1,862,989.81 (42.8%). The preferred method of repayment is lump sum, which no interest will be charged if received by April 24, 2022. The disallowed amount be repaid from non-federal funding sources.

Per DEO draft policy titled 'Resolution of Recipient and Subrecipient Monitoring and Audit Findings (Federal & State)', the subrecipient may request a formal appeal within 10 days following receipt of the *Final Determination* letter.

DEO will make the following repayment options available to subrecipients.



ACTION ITEM 2

DOL Compliance Review Final Determination of Disallowed Costs (continued)

Option 1: The Grantee pays the full amount in a lump-sum by sending a lump-sum repayment from non-federal/unrestricted funds to DEO within 30 days after issuance of the final determination, unless a repayment or offset/substitution plan is negotiated with and approved by DEO.

Option 2: The subrecipient may contact DEO to negotiate a short-term installment agreement (generally executed over a period of three years or less) in lieu of a lump-sum payment.

Option 3: Stand-in costs are defined as costs that may be used to substitute disallowed costs. If an organization agrees the cost is disallowed or decides not to contest the finding, it has the option of proposing stand-in costs as substitutes.

Staff feels, after discussion with DEO management and their belief that a favorable negotiated outcome occurred, that the findings in the FD and disallowed costs attributable to CareerSource Pinellas should be accepted.

In addition, when the Science Center was sold in November 2019, the Board designated the net proceeds from the sale of the Science Center to be unrestricted and held in a separate money market account pending the completion of the DOL compliance review. As of the end of February 2022, the amount in our money market account, representing net proceeds and accumulated interest) was \$2,379,338.74. Furthermore, CareerSource Pinellas has enough unrestricted funds that Pinellas County will not have to contribute any tax dollars to cover any of the disallowed costs.

RECOMMENDATION:

1. Approval to accept the Final Determination issued by the U.S. Department of Labor.
2. Approval to accept Florida Department of Economic Opportunity's determination of CareerSource Pinellas' share of disallowed costs of \$1,862,989.81.
3. Approval to accept Option 1, payment of full amount in a lump-sum by April 24, 2022, utilizing unrestricted funds set aside from the sale of the Science Center.
4. Authorize the CEO and General Counsel to research whether this payment of \$1,862,989.81 can be recovered from CareerSource Pinellas' insurance carriers or, alternatively, through legal action.

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



March 11, 2022

FINAL DETERMINATION
WIOA Adult, Dislocated Worker and Youth
Wagner Peyser Grants

Reference: ID Date: December 8, 2021

Mr. Dane Eagle
Executive Director
Florida Department of Economic Opportunity
The Caldwell Building, Suite 212
107 East Madison Street, MSC 100
Tallahassee, FL 32399-4120

Dear Mr. Eagle:

This letter is to transmit the Grant Officer's (GO) Final Determination (FD) based on the U.S. Department of Labor (DOL) Employment and Training Administration (ETA) Atlanta Regional Office's (the Region) Compliance Review, and its findings concerning the Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth and Wagner-Peyser (WP) Grants specifically in the CareerSource Tampa Bay and CareerSource Pinellas Local Workforce Areas (LWAs), awarded to the Florida Department of Economic Opportunity (FDEO). The findings of the onsite visit listed \$17,702,839.87 in questioned costs and 17 findings. The enclosed FD explains the reasons for the GO's decision regarding questioned costs and uncorrected identified significant issue, which are summarized as follows:

Grant Numbers: AA-32210-18-55-A-12, AA-33223-19-55-A-12,
ES-31841-18-55-A-12, ES-33387-19-55-A-12

Period of Performance: July 1, 2014 – June 30, 2018

Review Dates: April 1 – 20, 2018;
October 29 – November 2, 2018; and
November 5-9, 2018

Questioned Cost: \$17,702,839.87

Amount Allowed: \$13,353,462.90

Amount Disallowed and Subject to Federal Debt Collection: \$4,349,376.97

No. of Uncorrected Identified Significant Issue: 1

The FD, which is based on all information available as of the date of this letter, establishes a debt owed to the U.S. Department of Labor (DOL) in the amount of \$4,349,376.97. All funds returned are to be submitted electronically through the Payment Management System (PMS) operated by the U.S. Department of Health and Human Resources via the same method as a drawdown.

If there are any questions regarding the return of funds or your organization no longer has access to PMS, contact the U.S. Department of Labor/ETA Office of Financial Administration at eta-ARteam@dol.gov for further assistance.

In accordance with the Federal Claims Collection Standards, 20 CFR Part 20, Subpart C, interest on this debt shall accrue from the date of this letter. Interest shall be charged at the U.S. Treasury rate prevailing on that date. If the debt is paid before it becomes delinquent, which is thirty (30) days after the date of this letter, interest shall be waived.

Failure to honor this demand for repayment will result in collection actions pursuant to 29 CFR Part 20. In the event this debt becomes delinquent, it will be reported to a credit reporting agency, and collection by offset will be initiated if, in the opinion of the DOL, such collection is feasible and appropriate.

Delinquent debts that remain outstanding will, in some case, jeopardize your eligibility for receipt of Federal funds, and become the basis for the DOL recommending enforced collection through litigation.

In accordance with 2 CFR 2900.22(b), you may initiate an appeal of the open issues identified in the FD by filing a written request for hearing with the Chief Judge, Office of Administrative Law Judges, U.S. Department of Labor, 800 K Street, N.W.; Suite 400-North, Washington, D.C. 20001-8002. The request must be sent within 21 calendar days from receipt of this FD, should be accompanied by a copy of the FD and should specifically identify those sections of the determination upon which a hearing is requested. The request may be transmitted by certified mail, return receipt requested. Due to COVID-19, grantees may be able to file their appeal online, however official guidance on doing so has not been provided to ETA so grantees do so at their own risk. Grantees should follow the guidance found at the following hyperlink or contact the Office of the Administrative Law Judges at (202) 693-7300 for more information on filing their appeal online:

https://www.dol.gov/agencies/oalj/FILING_BY_EMAIL

Copies of the FD are being provided to the Office of the Inspector General for Audit and the ETA Regional Administrator.

Sincerely,

Anita Robinson
ANITA ROBINSON
Grant Officer
Division of Resolution and Closeout

Enclosure

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



March 11, 2022

FINAL DETERMINATION
WIOA Adult, Dislocated Worker and Youth
Wagner Peyser Grants

Reference: ID Date: December 8, 2021

SUBJECT: FINAL DETERMINATION

REFERENCES: **The Florida Department of Economic Opportunity**
Grant Numbers: AA-32210-18-55-A-12, AA-33223-19-55-A-12,
ES-31841-18-55-A-12, ES-33387-19-55-A-12
Period of Performance: July 1, 2014 – June 30, 2018
Review Dates: April 1 – 20, 2018; October 29 – November 2, 2018;
and November 5-9, 2018
Questioned Cost: \$17,702,839.87
Amount Allowed: \$13,353,462.90
Amount Disallowed and Subject to Federal Debt Collection: \$4,349,376.97

This is the Grant Officer's (GO) Final Determination (FD) based on the findings and recommendations contained in the following information concerning the U.S. Department of Labor (DOL) Employment and Training Administration (ETA) Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth and Wagner-Peyser (WP) Grants awarded to the Florida Department of Economic Opportunity, administered by CareerSource Tampa Bay and CareerSource Pinellas Local Workforce Areas (LWAs).

In March 2018, the Tampa Bay Times reported allegations of falsified job placements made by two (2) local workforce areas: the CSTB and CSP. DOL/ETA initiated a comprehensive compliance review to evaluate the validity of the allegations reported.

The monitoring review team was comprised of eight (8) Regional Office staff from ETA, in collaboration with FL DEO staff, who conducted an onsite review over multiple visits. The team reviewed financial records, contracts, leases, cost allocation processes, travel vouchers, audits, budgets, participant OJT agreements, participant files, payroll records, local board minutes, board policies, procedures, and bylaws, and interviewed Local Elected Officials (LEOs), and local workforce development board (LWDB) members and staff.

The review substantiated the allegations and identified that fraudulent job placements were made and records were falsified, including numerous other violations of the WIA and the WIOA. Mr. Ed Peachey, former CEO and President of the administrative entities for both the CSTB and

CSP Local Workforce Boards, managed these operations with improper governance and administrative structures, which resulted in a lack of adequate oversight, the mismanagement of funds, and other violations of WIOA provisions. Based on information obtained, the reviewers concluded that these structures were strategically developed to avoid implementing internal controls, leading to improprieties, conflicts of interest, undue influence, and other program risks.

Findings

Finding #1: Falsified Placements; Fabrication of Information and Records. RESOLVED.

Finding #2: Lack of Documented Program and Service Eligibility for OJT Participants. RESOLVED.

Finding #3: Supportive Services Payments Potentially Issued to Ineligible Participants. RESOLVED.

Finding #4: Improper Business Services Staff Incentive Compensation. RESOLVED.

Finding #5: Improper Executive Director and Management Compensation Salary Increases. UNRESOLVED.

Finding #6: Lack of Staff Grievance Procedures and Equal Opportunity Representation. RESOLVED.

Finding #7: Lack of Firewalls and Internal Control at CSTB and CSP. RESOLVED.

Finding #8: Board Recruitment, Vetting, Nomination, and Appointment Inconsistent with WIOA Provisions. RESOLVED.

Finding #9: Chief Elected Officials Improperly Delegated Key Roles and Responsibilities. RESOLVED.

Finding #10: Non-Compliant with WIOA Transparency and Sunshine Provisions. RESOLVED.

Finding #11: CSTB and CSP Lack Evidence of LWDBs Fulfilling Required functions. RESOLVED.

Finding #12: One-Stop Competitive Procurement Not Compliant. RESOLVED.

Finding #13: Conflict of Interest Policies Not Compliant. RESOLVED.

Finding #14: CSTB and CSP LWDB Compositions Not Compliant. RESOLVED.

Finding #15: Non-Compliant with Stevens Amendment. RESOLVED.

Finding #16: State Did Not Conduct Adequate and Effective Oversight. RESOLVED.

Finding #17: Lack of Internal Controls over Supportive Services & Prepaid Credit Cards. RESOLVED.

Findings Associated with Questioned Costs

Finding #2: Lack of Documented Program and Service Eligibility for OJT Participants. RESOLVED.

- 2.1 The local areas must abide by eligibility requirements of the OJT program and ensure that their policy, instructions, and processes comply with the criteria for program eligibility.
- 2.2 The local areas should provide training for all staff, both case managers and Business Services staff.
- 2.3 Both local areas must ensure the staff understand the requirements and intent of OJT, including how to communicate and explain the program to employers.
- 2.4 The LWDAAs must reevaluate and revise, as necessary, their current local OJT policy on assessing participants and developing documentation that supports the need for OJT training. This should include the use of assessment results, Individual Employability Plans (IEPs), case notes, and follow-up services to support the need for training and to ensure the participants' success in the program.
- 2.5 FLDEO must work with the local areas to ensure that all program participants have documented Assessments and present a need for OJT services with a well-developed IEP to support enrollment in program activities.
- 2.6 The local area staff must verify that all required actions are recorded, legible, accurate upon enrollment, and implemented in full compliance with program eligibility requirements.
- 2.7 FLDEO must review and determine that participants enrolled in the OJT program from July 1, 2013, through July 30, 2018, were eligible and suitable for the OJT program by following WIOA requirements. Reimbursement payments made to employers for OJT program services during the period July 1, 2013, through June 30, 2018, in the amount of \$9,753,923.75 are questioned and subject to disallowance.

DOL October 15, 2019 Response (specific to 2.6): The finding remains **UNRESOLVED**. Recalculation of questioned cost is solely at the discretion and authority of the ETA Grant Officer. ETA will resolve this finding when all corrective actions, including a timeline, are developed, implemented, and reviewed by ETA. ETA must be provided with documentation supporting that participants enrolled in the OJT program between July 1, 2013, and through June 30, 2018, were eligible and suitable for the OJT program, in accordance with WIOA requirements. Reimbursement payments made to employers for OJT program services during this period are subject to disallowance unless adequate documentation is provided.

FLDEO Corrective Action (specifically addressing 2.6): Recognizing the tremendous amount of time and additional resources that would be required to test all OJT transactions between July 1, 2013 through June 30, 2018, DOL permitted the Department to review the WIOA eligibility and compliance for 100% of OJT transactions in CareerSource Pinellas and CareerSource Tampa Bay that occurred during July 1, 2016 through June 30, 2017. The results of this review would be extrapolated to the remaining years to determine the total costs that would be disallowed.

Due to the volume of participant files to review by September 30, 2020, the Department has

outsourced this work to the accounting firm Carr, Riggs, and Ingram, CPA. However, prior to the start of the engagement, the Department’s programmatic monitoring team created a monitoring checklist based on WIOA compliance requirements to ensure the vendor had the tools necessary to perform testing in compliance with the federal regulations that govern the transactions. The Department held multiple training sessions and meetings to discuss issues and resolutions and provided direct oversight of the vendor to ensure that the work performed is of the same quality as if the work had been completed by Department staff.

The results of this testing are as follows:

OJT Population				
	CareerSource Pinellas		CareerSource Tampa Bay	
<u>Initial Population of Transactions</u>	491		811	
<u>Initial Population Amount Paid</u>	\$ 919,555.55		\$ 1,384,883.75	
<u>Non-WIOA Transactions Excluded</u>	235		398	
<u>Non-WIOA Transactions Excluded Amount Paid</u>	\$ 455,573.04		\$ 718,508.28	
<u>WIOA Transactions Subjected to Testing</u>	256	100%	413	100%
<u>WIOA Transactions Subjected to Testing Amount Paid</u>	\$ 234,530.00		\$ 666,375.47	
<u>Total Individual Exceptions</u>	59		226	
<u>Total Transactions with Exceptions</u>	34	13.28%	157	38.01%
<u>Total Transactions with Exceptions Amount Paid</u>	\$ 69,066.60	29.45%	\$ 261,052.28	39.17%
<u>Total Questioned Cost</u>	\$ 69,066.60	29.45%	\$ 261,052.28	39.17%

For Carr, Riggs, and Ingram, CPA’s full report, see Attachment 2.6.

DOL Response and Methodology for Determining Questioned Costs: ETA and FLDEO have reached a resolution on this matter. For OJT Payments, in the initial report, \$9,753,923.75 in costs were questioned. Since, DOL has determined that \$3,422,642.71 of this amount has been resolved. As such, \$6,331,281.04 is the remaining amount subject to disallowance.

Recognizing the amount of time and additional resources that would be required to test all OJT and supportive service payment transactions for the period of July 1, 2013, through June 30, 2018, DOL permitted FLDEO to review the WIOA eligibility and compliance for 100% of OJT.

The independent accounting firm used a monitoring checklist created by FLDEO’s programmatic monitoring team, based on WIOA compliance requirements, to perform testing in compliance with the federal regulations that govern the OJT agreements and supportive service transactions. The results of the CPA firm’s testing and review was then extrapolated over the years that were not reviewed to determine the amount of costs resolved and remaining costs subject to disallowance.

The USDOL issued an ID on December 8, 2021. In response to the ID, FLDEO indicated that it does not concur with the ID’s disallowed cost calculation for this finding. As agreed by DOL, DEO performed a review of 100% of OJT transactions for CareerSource Pinellas and CareerSource Tampa Bay that occurred between July 1, 2016, and June 30, 2017, to determine WIOA eligibility and compliance. The results of this review were extrapolated to program years 2013-2014, 2014-2015, 2015-2016, and 2017-2018 to determine the total costs that would be disallowed. Upon review of these files, it was determined that non-WIOA transactions were included in the baseline questioned costs. DEO’s review excluded the non-WIOA transactions and calculated an error rate based solely on transactions applicable to this finding. Based on this analysis, DEO has determined the total disallowed costs to be \$2,408,912.

Methodology - DEO contracted with independent CPA firm, Carr, Riggs & Ingram, LLC (CRI), to perform the review of 100% of the WIOA OJT transactions for CareerSource Pinellas and CareerSource Tampa Bay that occurred between July 1, 2016, and June 30, 2017. CRI excluded Non-WIOA transactions from the total OJT population and utilized a monitoring checklist created by DEO to perform the testing of WIOA participant case files. The review tested for compliance with WIOA and OJT eligibility and requirements. The review found that 29.45% of WIOA OJT payments for CareerSource Pinellas and 39.17% of WIOA OJT payments for CareerSource Tampa Bay were disallowed.

DEO then contracted with an independent CPA firm, KPMG, to determine the total disallowed costs for the remaining years utilizing the disallowed quotient determined by CRI for the program year 2016-2017. KPMG identified all Non-WIOA transactions to be excluded from the total OJT populations for program years 2013-2014, 2014-2015, 2015-2016, 2016-2017, and 2017-2018 to determine the total amount of WIOA OJT transactions subject to the respective disallowed cost quotients. The disallowed cost quotients for CareerSource Pinellas and CareerSource Tampa Bay determined by CRI were then applied to the sum of WIOA OJT transactions for each program year.

Calculations

CareerSource Pinellas OJT	PY 13-14	PY 14-15	PY 15-16	PY 16-17	PY 17-18
<i>WIOA Payments Value</i>	\$783,830	\$941,628	\$658,483	\$449,904	\$347,091
<i>CRI Questioned Costs Quotient</i>	29.45%	29.45%	29.45%	29.45%	29.45%
<i>Total Questioned WIOA Costs</i>	\$230,838	\$277,309	\$193,923	\$132,497	\$102,218
Total Questioned WIOA Costs for LWDB	\$936,786				

CareerSource Tampa Bay OJT	PY 13-14	PY 14-15	PY 15-16	PY 16-17	PY 17-18
<i>WIOA Payments Value</i>	\$956,648	\$1,056,945	\$607,842	\$690,963	\$445,902
<i>CRI Questioned Costs Quotient</i>	39.17%	39.17%	39.17%	39.17%	39.17%
<i>Total Questioned WIOA Costs</i>	\$374,719	\$414,005	\$238,092	\$270,650	\$174,660
Total Questioned WIOA Costs for LWDB	\$1,472,126				

Based on the review of 100% of the WIOA OJT transactions for CareerSource Pinellas and CareerSource Tampa Bay for the program year 2016-2017 and the extrapolation of these results

to all program years in question, DEO has arrived at a total disallowed cost of \$2,408,912, which differs from the DOL determination.

In the response to the ID, DEO asserts that based on their review of 100% of the WIOA OJT transactions for CareerSource Pinellas and CareerSource Tampa Bay for the program year 2016-2017 and the extrapolation of these results to all program years in question total disallowed cost of \$2,408,912, which differs from the DOL determination.

DEO's assertion that the disallowed costs should be \$2,408,912 instead of \$6,331,281 as stated in the ID is based on the results of an audit performed by an independent CPA firm, KPMG. DEO engaged KPMG to assist DEO in calculating the disallowed costs for CareerSource Pinellas and CareerSource Tampa Bay by analyzing detailed payment data for OJT and supportive services payments and applying the results of the 2016-17 program year review to the WIOA program payments as appropriate for the remaining program years. KPMG determined the total disallowed costs for the remaining years by utilizing the disallowed quotient determined by CRI for the program year 2016-2017. KPMG identified all non-WIOA transactions to be excluded from the total OJT populations for program years 2013-2014, 2014-2015, 2015-2016, 2016-2017, and 2017-2018 to determine the total amount of WIOA OJT transactions subject to the respective disallowed cost quotients. The disallowed cost quotients for CareerSource Pinellas and CareerSource Tampa Bay determined by CRI were then applied to the sum of WIOA OJT transactions for each program year.

ETA reviewed DEO's response and documentation that included the KPMG report and work papers. This information was not previously made available to ETA. ETA calculated the questioned costs using the results of the CRI report and then extrapolated over the years that were not reviewed to determine the amount of costs resolved and the remaining costs subject to disallowance. However, Non-WIOA transactions were not excluded when ETA applied the quotient to determine the remaining questioned costs for OJT payments subject to disallowance which resulted in transactions. Based on ETA's review of the documentation provided, ETA concurs that the non-WIOA transactions should have been excluded before the quotient was applied to calculate disallowed costs. Therefore, it is determined that costs totaling \$3,922,369 are allowable.

Determination: Based on the above, questioned costs of \$2,408,912 are disallowed and Subject to Federal Debt Collection.

Finding #3: Supportive Services Payments Potentially Issued to Ineligible Participants. RESOLVED.

- 3.1** Both CareerSource Tampa Bay and CareerSource Pinellas must develop supportive services policies and procedures that include appropriate assessment of participant need for supportive services and establish a supportive services system that provides assistance in the actual amount of need.
- 3.2** Both local areas must also document that they expended funds based on actual participant need. The gas/VISA cards issued in both local areas for supportive services from July 1, 2013, through June 30, 2017, in the amount of \$5,449,113 are questioned and subject to disallowance.

DOL October 15, 2019 Response (specific to 3.2): This finding remains **UNRESOLVED**. The supportive service policy and procedures, as well as the tools established to award and track expenditures, do not meet the requirements of WIOA and do not establish the necessary safeguards to account for the award of supportive service payments. Specifically, incentive payments are not allowable costs under 20 CFR 680.900-910. While the revision to the supportive service policy is more comprehensive, it still does not calculate the amount of supportive services a participant should receive based on the actual needs of the participant. Other areas not addressed include: the lack of a requirement to provide documentation regarding supportive service payments; and the requirement for documentation verifying that the supportive service payments were properly expended by recipient. Also, the policy describes the issuance of Visa cards to pay for participant needs, however, there is no control in place to ensure that the Visa cards are used to pay for the requested needs.

ETA will close this finding after the grantee implements a comprehensive system of policy and procedures which ensure that: supportive services are based on actual need; proper documentation is provided; and payments are used for allowable activities under WIOA.

FLDEO Corrective Action (specifically addressing 3.2): Recognizing the tremendous amount of time and additional resources that would be required to review all supportive services transactions between July 1, 2013, through June 30, 2017, DOL permitted the Department to review the WIOA eligibility and compliance for 100% of supportive service transactions in CareerSource Pinellas and CareerSource Tampa Bay that occurred during July 1, 2016, through June 30, 2017. The results of this review would be extrapolated to the remaining years to determine the total costs that would be disallowed.

Due to the volume of participant files to review by September 30, 2020, the Department has outsourced this work to the accounting firm Carr, Riggs, and Ingram, CPA. However, prior to the start of the engagement, the Department's programmatic monitoring team created a monitoring checklist based on WIOA compliance requirements to ensure the vendor had the tools necessary to perform testing in compliance with the federal regulations that govern the transactions. The Department held multiple training sessions and meetings to discuss issues and resolutions and provided direct oversight of the vendor to ensure that the work performed is of the same quality as if the work had been completed by Department staff.

The results of this testing are as follows:

Supportive Services Population

	<u>CareerSource Pinellas</u>		<u>CareerSource Tampa Bay</u>	
Initial Population of Transactions	6,728		12,602	
Initial Population Amount Paid	\$	407,990.00	\$	895,688.00
Non-WIOA Transactions Excluded	3,658		5,534	
Non-WIOA Transactions Excluded Amount Paid	\$	173,095.00	\$	385,140.00
WIOA Transactions Subjected to Testing	3,030		100%	7,068
WIOA Transactions Subjected to Testing Amount Paid	\$	231,155.00	\$	510,548.00
Transactions Untested due to Inability to Access File Documentation	40		1.32%	0
Transactions Untested Amount Paid	\$	3,740.00	1.62%	\$ -
Total Individual Exceptions	133		373	
Total Transactions with Exceptions	115		3.80%	315
Total Transactions with Exceptions Amount Paid	\$	10,015.00	4.33%	\$ 23,450.00
Total Questioned Cost	\$	10,015.00	4.33%	\$ 23,450.00
Transactions Untested due to Inability to Access File Documentation	\$	3,740.00	1.62%	\$ -
Total Questioned and Untested Costs	\$	13,755.00	5.95%	\$ 23,450.00

For Carr, Riggs, and Ingram, CPA’s full report, see Attachment 2.6.

Additionally, the Department has drafted a state-level supportive service policy that is expected to be finalized and presented to the State Board for approval at the December 2020 board meeting. The Department’s policy is summarized below:

- Included the eligibility qualifications to receive a supportive service;
- Described the requirements of the supportive services must meet a financial need;
- Included a list of expenses that are allowable and prohibited as supportive services in compliance with WIOA;
- Described the documentation required for the reimbursement of expenses incurred by the participants that qualify as a supportive service;
- Included a priority of service; and
- Described required elements to be included in each local area’s supportive service policy.

Upon approval of the supportive services policy by the State Board, the Department will host two (2) webinars to provide training on the state’s supportive services policy by January 31, 2021. Within 180 days of the state conducting their training on this policy, all LWDBs will be required to update, align, and receive local board approval on local policies developed to align with this State Board approved policy. The Department’s policy and guidance team will

review updated local policies for compliance with federal and state requirements within 90 days of the LWDBs updating its policies. The Department will begin monitoring the LWDB's compliance with its policy beginning with the 2021-22 program year.

DOL Response and Methodology for Determining Questioned Costs: ETA and FLDEO have reached a resolution on this matter. For Supportive Services Payments, in the initial report \$5,449,113 in costs were questioned. Since, DOL has determined that \$2,960,285.94 of this amount has been resolved. As such, \$2,488,827.06 is the remaining amount subject to disallowance.

Supportive Service Payment transactions in CSTB and CSP were reviewed for the period of July 1, 2016, through June 30, 2017. The results of this review were extrapolated to the remaining years to determine the total costs that would be disallowed. FLDEO engaged the services of an independent accounting firm to perform the review of participant case files and evaluate all records for participants who received OJT and/or support services payments during the period of July 1, 2016, through June 30, 2017. The results of the review were extrapolated to the remaining years to determine the total costs that would be disallowed.

The USDOL issued an ID on December 8, 2021. In response to the ID, FLDEO indicated that it does not concur with the ID's disallowed cost calculation for this finding. As agreed upon by DOL, DEO performed a review of 100% of supportive service transactions for CareerSource Pinellas and CareerSource Tampa Bay that occurred between July 1, 2016, and June 30, 2017, to determine WIOA eligibility and compliance. The results of this review were extrapolated to program years 2013-2014, 2014-2015, and 2015-2016 to determine the total costs that would be disallowed. Upon review of these files, it was determined that non-WIOA transactions were included in the baseline questioned costs. DEO's review excluded the non-WIOA transactions and calculated an error rate based solely on transactions applicable to this finding. Based on this analysis, DEO has determined the total disallowed costs to be \$151,822.

Methodology

DEO contracted with independent CPA firm, Carr, Riggs & Ingram, LLC (CRI), to perform the review of 100% of the WIOA supportive service transactions for CareerSource Pinellas and CareerSource Tampa Bay that occurred between July 1, 2016, and June 30, 2017. CRI excluded Non-WIOA transactions from the total supportive service population and utilized a monitoring checklist created by DEO to perform the testing of WIOA participant case files. The review checked for compliance with WIOA and supportive service eligibility and requirements. The review found that 5.95% of WIOA supportive service payments for CareerSource Pinellas and 4.59% of WIOA supportive service payments for CareerSource Tampa Bay were disallowed.

DEO then contracted with an independent CPA firm, KPMG, to determine the total disallowed costs for the remaining years utilizing the disallowed quotient determined by CRI for the program year 2016-2017. KPMG identified all Non-WIOA transactions to be excluded from the total supportive service populations for program years 2013-2014, 2014-2015, 2015-2016, and 2016-2017 to determine the total amount of WIOA supportive service transactions subject to the respective disallowed cost quotients. The disallowed cost quotients for CareerSource Pinellas

and CareerSource Tampa Bay determined by CRI were then applied to the sum of WIOA supportive service transactions for each program year.

Calculations

CareerSource Pinellas Supportive Services	PY 13-14	PY 14-15	PY 15-16	PY 16-17¹
<i>WIOA Payments Value</i>	\$102,868	\$209,400	\$191,265	\$237,540
<i>CRI Questioned Costs Quotient</i>	5.95%	5.95%	5.95%	5.95%
<i>Total Questioned WIOA Costs</i>	\$6,121	\$12,459	\$11,380	\$14,134
<i>Total Questioned WIOA Costs for LWDB</i>	\$44,094			

CareerSource Tampa Bay Supportive Services	PY 13-14	PY 14-15	PY 15-16	PY 16-17²
<i>WIOA Payments Value</i>	\$882,850	\$565,725	\$328,050	\$570,400
<i>CRI Questioned Costs Quotient</i>	4.59%	4.59%	4.59%	4.59%
<i>Total Questioned WIOA Costs</i>	\$40,523	\$25,967	\$15,057	\$26,181
<i>Total Questioned WIOA Costs for LWDB</i>	\$107,728			

Summary - Based on the review of 100% of the WIOA supportive service transactions for CareerSource Pinellas and CareerSource Tampa Bay for the program year 2016-2017 and the extrapolation of these results to all program years in question, DEO has arrived at a total disallowed cost of \$151,822, which differs from the DOL determination.

In the response to the ID, DEO asserts that based on their review of 100% of the WIOA supportive service transactions for CareerSource Pinellas and CareerSource Tampa Bay for the program year 2016-2017 and the extrapolation of these results to all program years in question total disallowed cost of \$151,822 which differs from the DOL determination.

DEO’s assertion that the disallowed costs should be \$151,822 instead of \$2,488,827 as stated in the ID is based on the results of an audit performed by an independent CPA firm, KPMG. DEO engaged KPMG to assist DEO in calculating the disallowed costs for CareerSource Pinellas and CareerSource Tampa Bay by analyzing detailed payment data for OJT and supportive services payments and applying the results of the 2016-17 program year review to the WIOA program payments as appropriate for the remaining program years. KPMG determined the total disallowed costs for the remaining years by utilizing the disallowed quotient determined by CRI for the program year 2016-2017. KPMG identified all non-WIOA transactions to be excluded from the total OJT supportive service payment populations for program years 2013-2014, 2014-2015, 2015-2016, 2016-2017, and 2017-2018 to determine the total amount of WIOA OJT supportive services payment transactions subject to the respective disallowed cost quotients. The disallowed cost quotients for CareerSource Pinellas and CareerSource Tampa Bay determined by CRI were then applied to the sum of WIOA OJT supportive services payment transactions for each program year.

ETA reviewed DEO’s response and documentation that included the KPMG report and work papers. This information was not previously made available to ETA. ETA calculated the questioned costs using the results of the CRI report and then extrapolated the results over the years that were not reviewed to determine the amount of costs resolved and the remaining costs

subject to disallowance. However, Non-WIOA transactions were not excluded when ETA applied the quotient to determine the remaining questioned costs for OJT supportive services payments subject to disallowance which resulted in transactions included in the equation that should have been removed. Based on ETA's review of the documentation provided, ETA concurs that the non-WIOA transactions should have been excluded before the quotient was applied to calculate disallowed costs. The ID tentatively disallowed costs totaling \$2,488,827.06 of which, it is determined \$2,337,005 are allowable.

DETERMINATION: Based on the above, questioned costs of \$151,822 are disallowed and Subject to Federal Debt Collection.

Finding #4: Improper Business Services Staff Incentive Compensation. RESOLVED.

- 4.1 The structure of the incentive plans in place emphasized performance results in ways that contributed to unethical behavior and the fabrication of records that the two (2) local areas should not have reported as positive outcomes. The LWDBs must put the incentive plans on hold until the issues identified in this report are resolved.
- 4.2 Additionally the LWDBs should review and revise these benefits to ensure that costs are reasonable, necessary for the performance of the award, and are a prudent use of federal funds.
- 4.3 While making sure to follow union agreements and local employment laws, the state should work with both local areas to reprimand or terminate employees who falsified records.
- 4.4 For the period of July 1, 2013, through June 30, 2017, ETA questions the Business Services staff incentives totaling \$2,031,886.12, subject to disallowance.

DOL October 15, 2019 Response (specific to 4.4): This finding remains UNRESOLVED. Recalculation of questioned costs is solely at the discretion and authority of the ETA Grant Officer. ETA will resolve the finding when all corrective actions, including a timeline are developed, implemented, and reviewed by ETA. Additionally, all documentation must be provided to support that incentive payments made to business services staff between July 1, 2013, and June 30, 2017, were reasonable, necessary for the performance of the award, and were a prudent use of federal funds. This incentive compensation to business services staff is subject to disallowance unless it is supported with this documentation.

FLDEO Corrective Action (specifically addressing 4.4): Due to the COVID-19 pandemic, the Department did not have sufficient resources to review all business incentive transactions for both CareerSource Pinellas and CareerSource Tampa Bay occurring between July 1, 2013, and June 30, 2017, in time to include the outcome in the CAP. Instead, the Department chose to utilize the work and results of an agreed-upon procedure performed by an independent accounting firm and extrapolate the results to the remaining years.

Prior to 2018, CareerSource Pinellas was the employer of record for the employees that dually worked on both CareerSource Pinellas and CareerSource Tampa Bay business. Due to the concerns raised by USDOL, CareerSource Pinellas procured the audit services of Powell & Jones, Certified Public Accountants, to perform agreed-upon procedures regarding the staff's compliance with the LWDB's internal controls, federal regulations, and state laws. The "Independent Accountant's Report on Applying Agreed-Upon Procedures" was issued

by Powell & Jones, Certified Public Accountants, on June 22, 2018, and is included as Attachment 4.4 to this report.

Per the report, CareerSource Pinellas established an incentive program for its employee recruiters and account executives beginning July 1, 2016. Through the program, employees were incentivized to earn up to \$1,000 a month for a maximum of \$12,000 a year of additional compensation to meet his or her goal in four (4) to six (6) different categories. However, if the employee failed to achieve 70% in one (1) of his or her performance metrics, he or she was not eligible to receive the incentive pay for the corresponding month. The policy permitted the Director of Business Services to approve the employee to receive a higher amount than what was earned, if deemed appropriate by the Director.

Effective August 1, 2017, the program was amended to provide up to \$1,400 a month instead of up to \$1,000 a month, and the employee would receive the amount of incentive funds earned and would no longer be prohibited from receiving any funds if the employee had failed to achieve 70% of his or her performance metrics. The Director of Business Services continued to have the power to override the calculation and award a higher incentive amount than was earned, if the Director deemed it appropriate.

The auditor utilized sampling to test 25 employees to ensure the incentive payments given were based upon the calculation, did not exceed the monthly maximum, were calculated in the same manner, and if exceptions were made to award a higher amount of incentive than what was earned, there was clear documentation evidencing the Director of Business Services approval.

Based upon testing performed, the auditor found that under the original parameters of the program, there were 48 instances, or 65% of employees, who did not achieve the 70% performance level; however, the employee was awarded a higher amount without documentation existing to support the adjustment. After the program amendment, any increase in pay was documented on the summary report with a brief explanation for the adjustment in the incentive awarded.

While the auditor did not provide the exact amount or percentage of incentive awards that did not meet the program parameters for the entire period tested, the Department believes that the utilization of the 65% error rate is reasonable and should be applied to the other program years to determine the amount of disallowed costs.

DOL Response and Methodology for Determining Questioned Costs: ETA and FLDEO have reached a resolution on this matter. To resolve these questioned costs, FLDEO chose to utilize the work and results of an agreed-upon procedure performed by an independent accounting firm engaged by CSP and extrapolate the audit results to the remaining years. The auditor used sampling to test 25 employees to ensure the incentive payments given were based upon the calculation, did not exceed the monthly maximum, were calculated in the same manner, and if exceptions were made to award a higher amount of incentive than what was earned, there was clear documentation evidencing the Director of Business Services approval.

Based upon testing performed by an independent accounting firm, the auditor found 65% of employees who did not achieve the 70% performance level were awarded a higher amount without documentation that supports the adjustment. While the auditor did not provide the exact amount or percentage of incentive awards that did not meet the program parameters for the entire period tested, FLDEO believes that the utilization of the 65% error rate is reasonable and should be applied to the other program years to determine the amount of disallowed costs. ETA used this 65% error rate to extrapolate the amount of costs subject to disallowance.

For Business Services incentives, in the initial report, \$2,031,886.12 in costs were questioned. Since, DOL has determined that \$711,160.14 of this amount has been resolved. As such, \$1,320,725.98 is the remaining amount subject to disallowance.

In the response to the ID, **DEO Response:** Utilizing the 65% error rate determined by an independent accounting firm in review of CareerSource Pinellas' business incentive transactions, DEO is in agreement with the determination that \$1,320,726 in costs are disallowed.

Methodology

Due to the concerns raised by USDOL, CareerSource Pinellas procured the audit services of Powell & Jones, Certified Public Accountants, to perform agreed-upon procedures regarding the staff's compliance with the LWDB's internal controls, federal regulations, and state laws. The "Independent Accountant's Report on Applying Agreed-Upon Procedures" was issued by Powell & Jones, Certified Public Accountants, on June 22, 2018, and determined that 65% of employees did not meet the required performance level but were awarded incentives higher than allowed per the program calculations and without supporting documentation.

DEO contracted with an independent CPA firm, KPMG, to determine the total disallowed costs for the remaining years utilizing the 65% error rate. KPMG applied the error rate to the sum of all business staff incentive payments for CareerSource Pinellas and CareerSource Tampa Bay for program years 2013-2014, 2014-2015, 2015-2016, and 2016-2017.

Summary - Based on the error rate determined by Powell & Jones for business staff incentive payments for CareerSource Pinellas and the extrapolation of these results to CareerSource Pinellas and CareerSource Tampa Bay for all program years in question, DEO has arrived at a total disallowed cost of \$1,320,726 and agrees with the DOL determination.

DEO agrees with the total disallowed cost of \$1,320,725.98 as stated in the initial determination.

DETERMINATION: Based on the above, \$1,320,725.98 is disallowed and Subject to Federal Debt Collection.

Finding #5: Improper Executive Director and Management Compensation Salary Increases. UNRESOLVED.

5.1 The CareerSource Tampa Bay and CareerSource Pinellas LWDBs should have ensured that

they paid salary increases and cost of living adjustments in accordance with each entity's personnel policy and procedures.

- 5.2** The CEO's salary increased seven (7) times between September 2006 and December 2017 without formal approval by the CareerSource Pinellas or CareerSource Tampa Bay. Costs totaling \$408,487, equivalent to the increase in salary not formally approved by the LWDBs, are therefore questioned and subject to disallowance.
- 5.3** In addition, bonuses paid to four (4) individuals, totaling \$59,430, are questioned and subject to disallowance, since they exceeded reasonable salary increases approved by the LWDBs. These four (4) individuals also received substantial salary increases in addition to the annual bonuses.

DOL October 15, 2019, Response (specific to 5.2): This finding remains UNRESOLVED. Recalculation of questioned costs is solely at the discretion and authority of the ETA Grant Officer. ETA will resolve this finding when all documentation regarding compensation paid to the CEO/President is provided to ETA for final review. Any compensation paid to this individual will be subject to disallowance unless it is supported by board approval, via vote, and validation that it was compliant with the entity's personnel policy regarding compensation.

CareerSource Pinellas and CareerSource Tampa Bay must provide documentation of the implementation of new personnel policies and procedures put in place to prevent unauthorized pay raises and bonuses to staff. Acceptable documentation includes: accurate position descriptions; wage levels of all positions at both entities; comprehensive personnel policies governing all staff; processes related to annual performance award bonuses; and the establishment of an independent human resources department to oversee staff pay and personnel issues.

FLDEO Corrective Action (specifically addressing 5.2): To calculate the disallowed costs, the Department has reviewed the former CEO's personnel file, board meeting minutes, evaluation forms, payroll reports, and W-2 statements to justify the salary increases given between September 2006 and December 2017. As a result of this review, the Department has identified \$22,296 of salary increases that appear to lack board approval. See Attachment 5.2 for the Department's calculation of the disallowed cost and supporting documentation.

For corrective action undertaken by CareerSource Pinellas on the revision and adoption of new personnel policies, establishment of wage levels by job title and human resources department, and amendment or adoption of compensation policies, see the steps outlined in the response to Finding 5.3.

DOL October 15, 2019, Response (specific to 5.3): This finding remains UNRESOLVED. Recalculation of questioned costs is solely at the discretion and authority of the ETA Grant Officer. ETA will resolve this finding when all documentation regarding compensation paid to the staff is provided to ETA for final review. Any compensation paid to the four (4) individuals referenced will be subject to disallowance, unless it is supported by, and compliant with, approved compensation policies and procedures.

CareerSource Pinellas and CareerSource Tampa Bay must provide documentation of the

implementation of new personnel policies and procedures prohibiting unauthorized pay raises and bonuses to staff. Acceptable documentation includes: accurate position descriptions; wage levels of all positions at both entities; comprehensive personnel policies governing all staff; processes related to annual performance award bonuses; and the establishment of an independent human resources department to oversee staff pay and personnel issues.

FLDEO Corrective Action (specifically addressing 5.3): Prior to 2018, CareerSource Pinellas was the employer of record for the employees that dually worked on both CareerSource Pinellas and CareerSource Tampa Bay business. CareerSource Pinellas provided the Department payroll reports for 3 of the 4 individuals with compensation subject to disallowance. The Department noted that none of these individuals are currently employed with the board. While it was determined that two (2) of the employees received bonuses, which were approved by the board, that were approximately 5% of his or her salary, the increase in salary along with the bonuses appear to be excessive.

To address the issues identified in USDOL's report, CareerSource Pinellas has taken or is taking the following corrective actions to remedy these issues and prevent future reoccurrence:

- CareerSource Pinellas updated and received board approval on its policy for pay raises and bonuses to staff as documented in the response to Finding 5.1. Please see this finding for additional information.
- CareerSource Pinellas completed a compensation review for all positions, which was approved by the board on June 5, 2019. Please see Finding 4.2 for additional information.
- After competitively procuring the services, CareerSource Pinellas' Board hired the human resource consulting firm Engagement Advisors, which was approved during the June 6, 2018 meeting, to assist the LWDB in transition of staff, analyze the day-to-day operations, identify best practices, and make suggestions for improvements. The contract extension was approved under Action Item 7 by the Board during the February 6, 2019, meeting as evidenced by the minutes located at <https://careersourcepinellas.com/wp-content/uploads/2019/06/BOD-Minutes-02-06-2019.pdf>
- In the September 16, 2020, board meeting, CareerSource Pinellas' Board of Directors meeting included information regarding an RFQ released on September 3, 2020, for a human resource consultant to assist in hiring an HR Director, provide oversight and alignment with best practices, provide strategic planning guidance, and offer training to the supervisor/leadership team. The contract was anticipated to begin in late September 2020, with a termination date of June 2021. For evidence of this action, see the board meeting notice at <https://careersourcepinellas.com/wp-content/uploads/2020/09/2020.09.16-Board-Agenda-Packet-R6.pdf>.

To address the issues identified in USDOL's report, CareerSource Tampa Bay has taken or is taking the following corrective actions to remedy these issues and prevent future reoccurrence:

- CareerSource Tampa Bay updated and received board approval on its policy for pay raises and bonuses to staff as documented in the response to Finding 5.1. Please see this finding for additional information.

- CareerSource Tampa Bay completed a compensation review for all positions, which was approved by the board on October 31, 2019. Please see Finding 4.2 for additional information.
- CareerSource Tampa Bay hired the human resource consulting firm My Benefit Partner in June 2018, to assist with updating position descriptions and assist with other human resource duties. The consulting firm continued to provide human resource services until October 1, 2019. However, in June 2020, CareerSource Tampa Bay hired a full-time human resources director to oversee the operations.

DOL Response and Methodology for Determining Questioned Costs: FLDEO did not provide adequate documentation to resolve the questioned costs related to CEO salary increases and bonuses and unsupported bonuses to management staff. Neither the FLDEO nor CSTB and CSP, could provide documentation to support these increases were within agency policies or documentation to show they were properly approved.

In FLDEO's most recent response dated June 9, 2021, FLDEO provided pay period listing of wages to Mr. Peachey in the years 2014, 2015, & 2016. He was paid \$274,615, \$281,266, and \$282,097 respectively. However, each of these three years exceed the amounts listed in the report. Furthermore, the wages include large bonus payments; \$17,654, \$25,961, & \$25,168 (2014-16) without any explanation or documentation. FLDEO did not provide any documentation on if these large one-time payments were approved and the amounts paid during these years exceed the salary cap limits. Therefore, more analysis is needed from FLDEO on this finding.

FLDEO must provide documentation to support the following: 1) Executive Director and Management salary/wages were approved; 2) An explanation on why they exceed the amounts stated in the board minutes and notes, and 3) What the large one-time bonus payments were based on? For improper Executive Director and Management compensation salary increases in the initial report, \$467,917 in costs were questioned; none of these costs have been resolved. As such, \$467,917 is the remaining amount subject to disallowance.

In response to the ID, **DEO Response:** DEO agrees that seven salary increases for the Executive Director between September 2006 and December 2017, totaling \$408,487, were not supported or formally approved and documented in the board minutes. DEO also agrees that bonuses paid to four individuals, totaling \$59,430 were not supported or formally approved.

However, USDOL stated that the amounts paid to the former Executive Director for 2014, 2015, and 2016 "exceed the salary cap limits" which implies all amounts paid were from federal sources. While the total salary and bonus paid by the LWDB exceeded the Level II Salary and Bonus cap, any amounts that exceeded the cap were offset by the LWDB using non-federal funding sources. This was also confirmed by a member of the USDOL review team while onsite.

In response to the ID, DEO asserts the statement that the amounts paid to the former Executive Director for 2014, 2015, and 2016 "exceeded salary cap limits" is incorrect. DEO states it confirmed the Executive Director's compensation did not exceed the Level II salary and bonus

cap, and that any amount that exceed the cap was offset by the LWDB using non-federal funds. ETA concurs that the salary cap limits were not exceeded. ETA confirmed that DEO provided documentation of their analysis of the salary limitation which verifies that the salary limitation calculations were not exceeded.

DEO agrees that seven salary increases for the Executive Director between September 2006 and December 2017, totaling \$408,487, were not supported or formally approved and documented in the board minutes. DEO also agrees that bonuses paid to four individuals, totaling \$59,430 were not supported or formally approved.

DETERMINATION: Based on the above, questioned costs of \$467,917 are disallowed and Subject to Federal Debt Collection.

Summary of Questioned Costs

Finding	Description	Finding Resolved/ Unresolved	Questioned Costs	Amount Resolved	Amount Disallowed and Subject to Federal Debt Collection
1	Fabrication of Placements, Falsification of Information and Records	Resolved	N/A		
2	Lack of Documented Program and Service Eligibility for OJT Participants	Resolved	\$9,753,923.75	\$7,345,011.75	\$2,408,912
3	Supportive Services Payments Potentially Issued to Ineligible Participants OJT	Resolved	\$5,449,113	\$5,297,291	\$151,822
4	Improper Business Services Staff Incentive Compensation	Resolved	\$2,031,886.12	\$711,160.14	\$1,320,725.98
5	Improper Executive Director and Management Compensation Salary Increases	Unresolved	\$467,917	-0-	\$467,917
6	Lack of Staff Grievance procedures and Equal Opportunity Representation	Resolved	N/A		
7	Lack of Firewalls and Internal Control at CSTB and CSP	Resolved	N/A		

Finding	Description	Finding Resolved/ Unresolved	Questioned Costs	Amount Resolved	Amount Disallowed and Subject to Federal Debt Collection
8	Board Recruitment, Vetting, Nomination, and Appointment Inconsistent with WIOA Provisions	Resolved	N/A		
9	Chief Elected Officials Improperly Delegated Key Roles and Responsibilities	Resolved	N/A		
10	Non-Compliant with WIOA Transparency and Sunshine Provisions	Resolved	N/A		
11	CSTB and CSP Lack Evidence of LWDBs Fulfilling Required Functions	Resolved	N/A		
12	One-Stop Competition Not Compliant	Resolved	N/A		
13	Conflict of Interest Policies Not Compliant	Resolved	N/A		
14	CSTB and CSP LWDB Compositions Not Compliant	Resolved	N/A		
15	Non-Compliant with Stevens Amendment	Resolved	N/A		
16	State Did Not Conduct Adequate and Effective Oversight	Resolved	N/A		
17	Lack of Internal Controls for Supportive Services & Prepaid Credit Cards	Resolved	N/A		
Total			\$17,702,839.87	\$13,353,462.90	\$4,349,376.97

Anita Robinson

ANITA ROBINSON

Grant Officer

Division of Resolution and Closeout

Ron DeSantis
GOVERNOR



Dane Eagle
SECRETARY

March 25, 2022

Honorable Commissioner Charlie Justice, Chair
Pinellas County Board of County Commissioners
315 Court Street
Clearwater, Florida 33756

Dear Mr. Justice:

The Department of Economic Opportunity (DEO) has received the U.S. Department of Labor's Final Determination letter, dated March 11, 2022, regarding the Workforce Innovation and Opportunity Act Adult, Dislocated Worker, and Youth and Wagner-Peyser Grants for CareerSource Pinellas and CareerSource Tampa Bay (see attached). The final amount determined to be disallowed for CareerSource Pinellas is \$1,862,989.81, which is subject to federal debt collection. The disallowed amount must be repaid from non-federal funding sources.

Questioned Cost: \$6,787,051.32

Amount Allowed: \$4,924,061.51

Amount Disallowed and Subject to Federal Debt Collection: \$1,862,989.81

The preferred method of the repayment is lump sum, which no interest will be charged if received within 30 days of the date of this letter. If the county is unable to pay in full, interest will be charged at the U.S. Treasury rate prevailing on March 11, 2022. If the debt is not paid by lump sum, a proposed repayment schedule, generally not to exceed 36 months, must be submitted to DEO within 30 days of this letter. Attached is the remittance advice that provides instructions for the return of funds to DEO.

If you have any questions, please contact Tisha Womack, Deputy Chief Financial Officer, at 850-245-7126.

Sincerely,

Allyce Moriak
Chief Financial Officer

AM/tw

Florida Department of Economic Opportunity | Caldwell Building | 107 E. Madison Street | Tallahassee, FL 32399
(850) 245.7105 | www.FloridaJobs.org | www.Twitter.com/FLDEO | www.Facebook.com/FLDEO

An equal opportunity employer/program. Auxiliary aids and service are available upon request to individuals with disabilities. All voice telephone numbers on this document may be reached by persons using TTY/TTD equipment via the Florida Relay Service at 711.



**DIVISION OF FINANCE AND
ADMINISTRATION**

121

TITLE:	Resolution of Recipient and Subrecipient Monitoring and Audit Findings (Federal & State)
PROGRAM:	All Recipients and Subrecipients of DEO Funds
EFFECTIVE:	3/25/2022

I. PURPOSE

The purpose of this policy and incorporated procedure is to provide information and guidance for the resolution of findings and disallowed costs arising from monitoring reviews, investigations, other Federal and state monitoring reviews, and audits (including under 2 CFR Part 200) of (sub)recipients awarded funds through a Federal or state award.

II. SCOPE

All monitoring and audit findings and cost disallowances for (sub)recipients of Federal and state awards will be treated in accordance with this policy and incorporated procedure.

III. BACKGROUND

The Department of Economic Opportunity (DEO) is responsible for ensuring that its (sub)recipients take timely and appropriate action on all deficiencies pertaining to their Federal and State awards detected through audits, on-site reviews, and other means. DEO is also responsible for resolving findings that arise from these oversight activities. Resolution may include, but not be limited to the establishment and enforcement of corrective action plans and/or the establishment and repayment of debt. Responsibility for debt collection resides in the Bureau of Financial Management within DEO.

IV. AUTHORITY

2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

45 CFR Part 75, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for HHS Awards

2 CFR Part 200.331 - 200.333, Subrecipient Monitoring and Management

20 CFR Part 683.420, What procedures apply to the resolution of findings arising from audits, investigations, monitoring, and oversight reviews?

V. DEFINITIONS

Corrective Action is the action taken by the (sub)recipient that corrects identified deficiencies, produces recommended improvements, or demonstrates that the audit finding is either invalid or does not warrant auditee action as defined by 2 CFR 200.1 or applicable state statutes, regulations, or rules.

Disallowed costs mean those charges to a Federal or state award that the Federal or state awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable Federal or state statutes, regulations, or the terms and conditions of the Federal or state award.

Final Determination is the awarding agency's final decision to disallow a cost and/or final decision on the status of administrative (nonmonetary) findings.

Initial Determination is the awarding agency's preliminary decision to allow or disallow a questioned cost and/or present its nonmonetary findings.

Administrative (Nonmonetary) Finding is a finding concerning deficiencies in the (sub)recipient's management of the Federal or state award or its financial controls, procedures, or systems.

Questioned Cost means a cost that is questioned by auditors, monitors, investigators, etc. because it resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal or state award, are not supported by adequate documentation, or the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

VI. POLICY

DEO and its (sub)recipients must have written monitoring and audit resolution, debt collection, and appeal procedures. Monitoring and audit resolution procedures must be consistent with 2 CFR Part 200 or applicable state statutes, rules, or regulations. Resolution will consist of processes that include the *Initial Determination*, informal resolution period, the *Final Determination*, an appeals process, debt repayment, and debt collection.

DEO is responsible for coordinating and communicating with the (sub)recipient, DEO, and other responsible parties that issue findings, determinations, responses, and correspondence that arise as a result of the monitoring, auditing, investigation, or other related activity.

DEO, is responsible for monitoring the (sub)recipient's corrective actions and/or tracking the collection of the resulting debt repayments.

(Sub)recipients must maintain adequate documentation in their financial records to properly account for all funds received/expended under the grant. Documentation must be ³¹

sufficient enough to provide a proper audit trail and must be presented if/when refuting findings and questioned with DEO.

VII. PROCEDURE

Monitoring and Related Activities:

Findings may be discovered as a result of monitoring and audit activities including, but not limited to: (1) site visits; (2) review of documents related to the (sub)recipient's grant; (3) analysis of data collected or reported by the (sub)recipient related to activities carried out under the grant agreement; (4) Single Audits; and (5) other audits or investigations conducted by agencies outside of DEO. Findings may be administrative (nonmonetary) and/or fiscal (questioned costs).

Resolution:

If findings are identified, DEO will notify the (sub)recipient in writing of the findings and give the (sub)recipient a period not to exceed 60 days to comment and to take appropriate corrective actions.

Adequate Resolution: If after reviewing the (sub)recipient's response, corrective actions, and DEO agrees, it will notify the (sub)recipient in writing. This written notification constitutes final agency action.

The written notification will establish all of the details specific to the audit resolution process, including, but not limited to establishing required corrective actions, timelines for completing those actions, establishment of disallowed costs, repayment amounts, and timelines for repayment.

Inadequate Resolution: In the event DEO is not satisfied with the (sub)recipient's disposition of an audit or other resolution of findings (including those arising out of site visits, incident reports or compliance reviews), or with the recipient's response to findings resulting from investigations or monitoring reports, the initial and final determination process as detailed below is used to resolve the matter.

Initial Determination:

Upon receipt of a response that is deemed to be inadequate or in the event no response is received within the initial 60-day period, DEO will issue an *Initial Determination* letter to the (sub)recipient via certified mail with return receipt requested. The letter will make an initial determination on the findings where there is agreement and those where there is disagreement with the (sub)recipient's resolution, including the allowability of questioned costs or activities. This initial determination is based upon the requirements of the Federal or state award, applicable regulations, and the terms and conditions of the grants or other agreements under the award.

The *Initial Determination* letter should include:

- A list of all questioned costs.;

- Whether the costs are allowed or disallowed, including the reasons with appropriate citations for such actions.;
- Acceptance or rejection of any corrective action taken to date, including corrective action on administrative findings;
- Possible sanctions; and
- The opportunity for informal resolution of no more than 60 days from the date of *Initial Determination*.

Informal Resolution:

The initial determination must provide for an informal resolution period of at least 60 days from issuance of the *Initial Determination* letter. If the matters are resolved informally DEO must issue a final determination which notifies the (sub)recipient in writing of the nature of the resolution.

During informal resolution, the (sub)recipient may provide documentation to support allowability of costs and proposed corrective action for administrative findings. Informal resolution discussions should be well documented. Negotiations for repayment may also be initiated at this time.

Final Determination:

Upon completion of the informal resolution process, DEO will issue a *Final Determination* letter to the (sub)recipient via certified mail with return receipt requested. DEO shall issue the final determination no later than 180 days from the date the (sub)recipient was first notified of the findings in writing or the date of the *Initial Determination* letter.

The *Final Determination* letter should include:

- Indicate whether efforts to informally resolve matters contained in the *Initial Determination* have been unsuccessful;
- List those matters upon which the parties continue to disagree;
- List any modifications to the factual findings and conclusions set forth in the *Initial Determination* and the rationale for such modifications;
- Establish a debt, if appropriate;
- Require corrective action, when needed;
- Determine liability, method of restitution of funds, and sanctions; and
- Offer an opportunity for a hearing in accordance applicable rules.

Unless an appeals hearing is requested, the final determination constitutes final agency action.

Appeal Process:

(Sub)recipients may request a formal appeal from the Division of Administrative Hearings for the appropriate state court in Leon County, Florida within 10 days following the receipt of the certified *Final Determination* letter. The request must be sent to DEO or its designated point of contact via certified mail with return receipt requested.

If an appeal is requested, the corrective action and debt collection processes, as applicable, will be stayed pending a decision regarding the appeal.

Failure by the (sub)recipient to timely request an appeal hearing constitutes a waiver of the (sub)recipient's right to a hearing.

The final determination resulting from the appeal process will constitute final agency action.

Repayments:

In cases where a final determination has been made that includes disallowed costs, DEO will enter into a settlement agreement with the (sub)recipient. The settlement agreement will confirm the debt, outline the chosen repayment option, and establish a repayment schedule if applicable.

The Department's Bureau of Financial Management will maintain a copy of the agreement for inclusion in the audit resolution records and for tracking purposes. In addition, copies of the agreement will be forwarded to the applicable Bureau to which the audit finding and disallowed costs pertain to.

DEO will make the following repayment options available to (sub)recipients.

Option 1: The Grantee pays the full amount in a lump-sum by sending a lump-sum repayment from non-federal/unrestricted funds to DEO within 30 days after issuance of the final determination, unless a repayment or offset/substitution plan is negotiated with and approved by DEO.;

Option 2: The (sub)recipient may contact DEO to negotiate a short-term installment agreement (generally executed over a period of three years or less) in lieu of a lump-sum payment; or

Option 3 (Stand-In Costs): Stand-In costs are defined as costs that may be used to substitute disallowed costs. If an organization agrees the cost is disallowed or decides not to contest the finding, it has the option of proposing stand-in costs as substitutes. Proposals for stand-in costs should be presented early in the resolution and negotiation processes. Proposals should be in writing and included in applicable audit resolution documentation.

For cost to be considered as stand-in, it must meet the following criteria:

- Incurred and allowable costs that have not been charged to the program;
- Included within the scope of the audit or monitoring cycle;
- Accounted for in the entity's financial system required by 2 CFR 200 or applicable state

rules as appropriate;

- Come from the same year as the costs that they are proposed to replace; and
- Not cause a violation of the administrative or other cost limitations.

Once a repayment plan is negotiated and approved and a settlement agreement has been reached the (sub)recipient is expected to commence repayment within the agreed upon timeline.

DEO will provide receipts when payments or offsets deductions are made. In the event the Grantee does not adhere to the approved negotiated repayment plan, the outstanding balance will be treated as a lump sum debt as described in Option 1 and will be due within 30 days.

DEO may approve or deny a (sub)recipient's use of a payment option at its sole discretion. DEO, however, will make every effort to accommodate each request based on the evidence available and the circumstances surrounding the case. Repayment options may be subject to restrictions due to applicable laws, rules, regulations, administrative, fiscal, or legal requirements, etc.

Resolution & Closure:

Upon full satisfaction of required corrective actions and repayment of the outstanding debt, DEO will issue a *Satisfactory Resolution* letter acknowledging final approval of the corrective actions taken and receipt of repayment, closing the audit/monitoring process. However, DEO reserves the right to reopen the process in the event the Federal or state agency disagrees with the final resolution.

Should repayment not be received within the 30-day period, a second notice will be sent by certified mail. This notice will state that repayment must be submitted within 30 days of issuance of the second notice. It will also state that interest on the outstanding debt began to accrue on the first day following issuance of the final determination. If repayment of the outstanding debt is not received within 30 days after issuance of the second notice, a final notice will be sent by certified mail. The final notice will state that DEO must receive repayment within 10 days of issuance. It will also list the amount of accrued interest due on the debt. The notice will also state that should repayment of the debt and interest not be received, appropriate legal and/or programmatic sanctions may be instituted. These sanctions may include the following:

- Withholding a percentage of payments until the debt is resolved satisfactorily;
- Withholding or disallowing administrative costs; and
- Withholding the federal funds until the debt is resolved.



ACTION ITEM 3

CEO Job Description

The CEO job description approved at the April 4, 2022 Ad Hoc Search Committee meeting is attached for review and approval.

RECOMMENDATION

Approval of the attached CEO job description.



Chief Executive Officer (CEO)

Pay Grade: 221
FLSA Status: Exempt

SUMMARY:

Reporting directly to the CareerSource Pinellas Board of Directors (“Board”), with oversight by the Pinellas County Board of County Commissioners (“County”), the CEO is responsible for leading the agency with the highest degree of integrity, both strategically and operationally. Responsibilities include: 1) the development, administration, and operation of CareerSource Pinellas programming in compliance with federal, state, and local laws, internal policies, and strategic plans and with the highest standards of integrity; 2) maintaining a system of internal controls to safeguard the integrity and financial viability of the agency; 3) working with agency and community leaders to develop key success criteria; and 4) monitoring and reporting on program success and financial stewardship.

ESSENTIAL JOB FUNCTIONS:

The following duty statements are illustrative of the essential functions of the job and do not include non-essential or marginal duties that may be required. CareerSource Pinellas reserves the right to modify or change the duties or essential functions of this job at any time.

- Provides strong leadership to the Board and works with the Board to fulfill the agency’s mission; communicates regularly with the Board by providing all information necessary for the Board to function properly and to make informed decisions; plans, notices, and attends meetings of the Board in accordance with the Sunshine Law
- Liaisons with the County to aid the County in its oversight functions of the agency
- Oversees all agency operations, including management of all departments, employees, vendors, IT infrastructure, facilities, programs, and communications
- Leads the development of a strategic plan that fosters stakeholder relationships on city, county, state, and national levels, as well as leads in the development and negotiation of contracts with stakeholders
- Creates and maintains internal control systems for monitoring and measuring program success and financial stability of the agency
- Manages the annual operating budget, working with leaders to ensure programmatic success and compliance with all contractual and program requirements
- Develops and maintains systems of internal controls to safeguard financial assets of the organization and oversee government and private awards and programs. Oversees the coordination and activities of independent auditors ensuring all audit issues are resolved, and all compliance requirements are met
- Develops a senior leadership team that carries out the agency’s mission with a high degree of success and integrity
- Coordinates with local, state, and federal workforce agencies, local municipalities, community development agencies, businesses and other groups to identify workforce development projects to enhance and increase economic development in Pinellas County

- Confers with governmental officials to effect changes in local and state policies or ordinances to encourage effective job development, incentives and partnerships
- Ensures preparation and required approvals of annual budgets and operational plans
- Coordinates activities such as research, analysis, and evaluation of technical information to determine feasibility and economic impact of proposed job expansions and development
- Identifies and applies for appropriate state, federal, public, and private funding for economic and workforce development projects
- Facilitates cooperation between local service agencies, educators and businesses to promote workforce programs and economic development for mutual benefit
- Serves as the public records custodian for CareerSource Pinellas
- Carries out responsibilities of the CEO as provided in the agency's by-laws, including handling Board resignations

MINIMUM EDUCATION AND EXPERIENCE:

- Bachelor's Degree
- Seven years of senior leadership experience in nonprofit or governmental setting with proven success in developing and mentoring a strong leadership team
- Five years' experience in workforce development and economic opportunity programming
- Five years' experience financial management, including in-depth knowledge of funding sources, grant management, and compliance requirements related to a variety of funding sources

PREFERRED EDUCATION:

- Bachelor's Degree in business, public administration or other related field
- Master's Degree

PREFERRED SKILLS:

- Proven success using influencing, relationship-building and effective partnering, to position an agency to serve as a creative, forward-thinking organization with the highest ethical standards
- Demonstrated building strategic alliances with government agencies, community organizations, and business leaders
- Demonstrated skills for coaching and building a successful leadership team in a nonprofit or governmental setting
- Demonstrated experience leading in an ethical and transparent environment
- Ability to manage grant funded programs to ensure compliance and performance
- Ability to understand, develop, and review the various components of a contract
- Proficient in project management
- Superior organizational skills
- Ability to maintain detailed records, develop presentations of composite data, and perform comparative analysis of operational performance data
- Knowledge of business and management principles involved in strategic planning, resource allocation, leadership techniques, and coordination of people and resources
- Ability to use critical thinking to identify the strengths and weaknesses of alternative solutions, conclusions, or approaches to problems
- Ability to judge and make appropriate decisions when considering the relative costs and benefits of potential actions
- Ability to communicate effectively, both orally and in writing, and to present and communicate ideas and concepts in public and private

- Ability to monitor and control resources
- Ability to establish and maintain effective and constructive working relationships with others, both internal and external to the organization
- Understand the CareerSource Pinellas, workforce development system and various programs operated by the administrative entity
- Ability to respond effectively and timely to the most sensitive inquiries or complaints
- Ability to successfully navigate in a dynamic, fast-paced, outcome-driven environment



ACTION ITEM 4

RFQ for Retained Search Firm for CEO

The Ad Hoc Search Committee decided at its March 22, 2022, meeting that the organization should utilize the services of a retained search firm to recruit for the CEO position. Board of Director and Committee member, Kevin Knutson, indicated that Pinellas County recently utilized the services of a retained search firm to recruit for the Pinellas County Economic Development Director position. He supplied the organization with the County's Request for Proposal to use as a starting point.

Since the fees charged by the retained search firm will be under \$150,000, it was decided to use Procurement by Small Purchases utilizing a Request for Quote process. Small purchases are relatively simple and informal procurement methods for securing services, supplies, or other property that are less than \$150,000.

The attached Request for Quote (RFQ), approved at the April 4, 2022 Ad Hoc Search Committee meeting details the timeline, scope of services, and qualifications and requirements of the search firm. The RFQ is attached for review and approval.

RECOMMENDATION

Approval of the attached Request for Quote for a retained search firm for the recruiting of the Chief Executive Officer for CareerSource Pinellas.



**REQUEST FOR QUOTE (RFQ)
Search Firm for Position of
Chief Executive Officer**

ISSUED:
RFQ No. 22-0412

1. OVERVIEW

CareerSource Pinellas is soliciting quotes from an outside, independent firm to conduct a national search (“Services”) for filling the position of Chief Executive Officer.

A. RFQ Timeline

Action	Date
Issue RFQ	April 12, 2022
Responses to RFQ Due	May 3, 2022
Proposal review and evaluation	May 4 – May 18, 2022
Vendor Approval	May 26, 2022 (Board meeting)
Contract Negotiations	As soon as approval occurs
Contract Start	As soon as contract signed

CareerSource Pinellas is funded entirely by federal grants. Accordingly, 100% of the cost will be financed with federal funding from the US Departments of Labor, Health and Human Services and Agriculture as part of awards totaling approximately \$11,103,000.

B. Proposal Submission

Quotes must be received no later than May 3, 2022, at 5:00 PM. Proposals may be sent via U.S. Mail, Courier, Hand Delivered or emailed to the location and individual indicated below:

CareerSource Pinellas
Attn: Steven Meier, Interim CEO
13805 58th Street North, Suite 2-140
Clearwater, FL 33760

If emailing a Response, it must be submitted as a single pdf document, inclusive of all attachments and be submitted to: rfp@careersourcepinellas.com.

2. BACKGROUND OF ORGANIZATION

WorkNet Pinellas, Inc. dba CareerSource Pinellas, is a 501(c)(3) non-profit organization. CareerSource Pinellas entered into an interlocal agreement with Pinellas County Board of County Commissioners (BCC) to provide workforce services for all programs under the federal Workforce Innovation and Opportunity Act (WIOA). CareerSource Pinellas is certified to serve as Region 14 Local Workforce Development Board for Pinellas County by the Florida Governor, whose responsibility has been delegated to CareerSource Florida, Inc., the state workforce board. This public-private partnership supports and promotes economic growth through workforce development. CareerSource Pinellas is one of twenty-four local workforce development boards in Florida. The BCC oversees certain functions of CareerSource Pinellas, including the hiring of its CEO, which the BCC must approve. CareerSource Pinellas is subject to the Sunshine Law and Public Records Law. Accordingly, all meetings of the CareerSource Board of Directors must comply with the Sunshine Law and the records of CareerSource Pinellas must be maintained and available for inspection or copying under the Public Records Law.

3. SCOPE OF SERVICE

A. Purpose

To obtain the services of an outside, independent firm to conduct a national search for a Chief Executive Officer. The firm will perform the recruitment and screening necessary to provide the Board of Directors with a list of up to fifteen (15) of the highest caliber of candidates who are qualified and interested in the position. The Board of Directors will make a final selection from this list, however, the Board of Directors selection is subject to approval by the BCC.

Background information about the position of Chief Executive Officer is contained in Attachment A.

B. Scope of Work

CareerSource Pinellas wishes to employ a firm to conduct a national search for the purpose of identifying high quality applicants for the position of Chief Executive Officer from which the Board of Directors may make a final selection, subject to approval by the BCC.

The search is to result in the development of a list of candidates interested in the position who possess the qualities, experience, and training defined by the Board of Directors. Based on an analysis of the background, education, training, experience, and other desirable qualities of the candidates a final list of up to fifteen (15) candidates is to be provided to the Board of Directors for their consideration.

The firm should provide the following services as a minimum but not be limited to:

- A. Providing written bi-weekly activity reports summarizing and detailing the progress of this employment search. Agree to respond immediately to any/all inquiries from the Board of Directors or BCC related to the progress of this employment search.
- B. Consulting with the members of the Directors to develop/determine the profile (background, education, training, experience, knowledge, skills, abilities, management style, and other appropriate characteristics) desired of the individual to be selected as Chief Executive Officer.
- C. Developing a strategy for carrying out the recruitment, including outreach to qualified candidates who might not otherwise express an interest, whether currently employed or not, to encourage applicants from diverse backgrounds to apply. Recruitment strategy should include other Local Development Workforce Boards, State Level Workforce organizations, National Workforce Associations, and any additional appropriate venues identified by the firm.
- D. Reviewing resumes of all applicants for background and qualifications to identify up to fifteen (15) candidates who present the most promising qualifications for the position of Chief Executive Officer.
- E. Conducting interviews (by phone, video-conference or face-to-face) with candidates identified above (Step D) to clarify each applicant's experience and to prepare a written summary of the candidates.
- F. Further evaluating the candidates including review of the interview results and conducting in-depth reference checks with individuals who are or have been in positions to evaluate the performance of the candidate on the job to produce a list of at least eight (8) and no more than fifteen (15) candidates who merit the most consideration for the position of Chief Executive Officer.
- G. Verifying the educational background and experience of the selected candidate (or candidates), and conducting criminal, financial, newspaper, and civil litigation check.

- H. In the event politically-sensitive or potentially embarrassing issues arise in a candidate's background, to conduct in-depth interviews with principle parties to clarify the event in order to clearly describe the event to the Board members.
- I. Finalizing a process with the Board of Directors for interviews and coordinating candidate's participation in interviews.
- J. Debriefing with the Board of Directors following the interviews and identifying additional candidates if necessary.
- K. Presenting the Board of Directors selected candidate to the BCC for approval.
- L. Assisting the Board of Directors with the negotiation of the contract (including compensation and relocation) with the selected candidate/finalist, at the option of the Board of Directors.
- M. Notifying non-selected applicants and candidates.
- N. Maintaining and allowing for inspection or copying all records related to the CEO hiring process in accordance with the Public Records Law.
- O. Ensuring all meetings with the Board of Directors and BCC are conducted in accordance with the Sunshine Law.

The Board of Directors will entertain alternate proposals which achieve the Board's purpose of obtaining a successful placement.

4. QUALIFICATIONS AND REQUIREMENTS

The following requirements should be addressed and submitted as part of your written response. Failure to comply will severely weaken your proposal's evaluation score and could result in your proposal receiving minimal or no consideration.

A. Information about the Firm:

- 1. Full Legal Name of Company.
- 2. Primary Contact.
- 3. Contact Information: Company Address; Phone Number, Fax Number, E-mail address.
- 4. How long has the firm been in business under the present name and structure? Provide any other names under which the firm has done business and the date it operated under each name and the locations at which it operated under each name.
- 5. State of Incorporation/Formation and the date incorporated/formed/qualified to do business.
- 6. Type of Entity (Corp., Gen. or Ltd. Partnership, etc.).
- 7. Identify the President, Vice President, Secretary, Treasurer, and Director/General Partner/Partners/Members. Indicate whether each is active and if in good standing.
- 8. Indicate whether the firm is a Florida corporation and whether the firm is qualified to do business in Florida.

9. Are you affiliated with any other business entity, i.e., are you a subsidiary, do you have subsidiaries or joint partnerships? If yes, please identify the organization(s) and the relationship(s).
10. How long has the company been at the location which you designated above as the company address? How many other company locations do you have and in what cities are they located?
11. Current total number of individuals employed by the firm nationally and total number of individuals employed at the above listed address.
12. What is the focus of your firm (what are the primary purposes of the firm)? What are the primary markets served?
13. Does your firm offer outplacement and/or career counseling to executives? If so, what percent of your business is outplacement and/or career counseling?
14. Is your firm an active/current member of the Association of Executive Search Consultants (AESC)?

If your firm is not a current AESC member, is it willing to abide by/adhere to the Professional Guidelines and Ethics of the Association of Executive Search Consultants (AESC)?

15. Provide a detailed description of comparable public and private contracts (similar in scope of services to those requested herein) which the Proposer has either ongoing or completed within the past three years. The description should identify for each project: (i) the client, (ii) description of work, (iii) total dollar value of the contract, (iv) contract duration, (v) customer contact person and phone number for reference, (vi) the results of the project, and (vii) tenure of the selected candidate in the position. Where possible, list and describe those projects performed for governmental clients or similar size private entities.
16. How many other assignments is the firm currently handling, and what is the timetable for completing those assignments?
17. How many searches have you done for positions of Chief Executive Officer for Local Workforce Boards? Of these, how many were for jurisdictions with populations of one million or more?
18. Provide at least five (5) references (at least three (2) of which should be similar organizations to CareerSource Pinellas, if possible). Include size of the government entity and the name, address and telephone number of a contact person currently available. Include specific corporations in which you have placed candidates at the level of Vice President or higher. Include the name, address and telephone number of a contact person currently available.
19. Describe any prior or pending litigation, either civil or criminal, which may affect the performance of the services to be rendered, in which the firm, any of its employees, subcontractors or sub-consultants is or has been involved within the last three (3) years. Include the nature, resolution and/or current status of the litigation.
20. What distinguishes your firm from your competitors?

B. Information about the Project:

1. Provide a narrative describing the Proposer's project plan, methodology (including recruitment strategy and affirmative action), and recommended solutions in performing the services described in this section and describe the specific policies, plans, procedures or techniques used in providing the services to be performed.
2. Provide an organization chart showing all individuals, including their titles, who would be assigned to this project.
 - a. Describe the experience, qualifications and other vital information, including relevant experience on previous similar projects, of all key individuals who would be assigned to this project. This information should include the functions to be performed by the key individuals.
 - b. Provide resumes and job descriptions and other detailed qualification information on all key personnel who will be assigned to this project. All key personnel include all partners, managers, seniors and other professional staff that will perform work and/or services on this project.

C. Timetable:

1. Provide a project schedule identifying specific key tasks and duration.
2. What progress reports would be made, in what format, and at what stages of the project?

D. Costs:

1. Describe the full fixed/basic fee and all associated reimbursable costs to conduct the specified services and to obtain a successful placement.
2. Is there a cap on reimbursable costs?
3. What are the projected travel expenses, if any?
4. Is your firm willing to provide additional services as needed at an hourly rate? If so, at what rates?
5. Guarantees:
 - a. Describe any guarantees and the nature of the guarantees that you are willing to make with regard to the quality of your work, including any guarantee relating to any early separation of the selected candidate.
 - b. Describe what happens if the Board of Directors is not satisfied with the slate of candidates presented to them or the BCC is not satisfied with the candidate recommended for approval by the Board of Directors?

Note: Public Records Law: Be advised that, after opening of proposals, all information and documentation submitted as part of, or in support of, proposals and all information and documentation submitted to the executive search firm in support of his or her candidacy, and any and all other documentation used by the executive search firm in connection with the services covered by this RFQ, will be available for public inspection and copying in accordance with Chapter 119 of the Florida Statutes, the Public Records Law. Florida's Sunshine Law requires that all meetings of the Board of Directors at which official acts are to be taken are declared to be public meetings open to the public at all times. This includes all interviews and discussions with the hired firm at which two or more members of the Board will be present.

Relationship Disclosure Form

This form must be completed by the Respondent. In the event any information provided on this form should change, the Respondent must file an amended form on or before the date the item is considered by CareerSource Pinellas.

Part I

INFORMATION ON RESPONDENT:

Legal Name of Respondent: _____

Business Address (Street/P.O. Box, City and Zip Code):

Business Phone () _____

Facsimile () _____

Part II

IS RESPONDENT A RELATIVE OF ANY CAREERSOURCE PINELLAS EMPLOYEE OR BOARD MEMBER?

___ YES ___ NO

IS ANY CAREERSOURCE EMPLOYEE OR BOARD MEMBER AN EMPLOYEE OF RESPONDENT?

___ YES ___ NO

IS RESPONDENT AN EMPLOYEE OF ANY CAREERSOURCE PINELLAS EMPLOYEE OR BOARD MEMBER?

___ YES ___ NO

IS RESPONDENT A BUSINESS ASSOCIATE OF ANY CAREERSOURCE PINELLAS EMPLOYEE OR BOARD MEMBER?

___ YES ___ NO

If you responded "YES" to any of the above questions, please state with whom and explain the relationship:

(Use additional sheets of paper if necessary)