August 23, 2023 - 11:00 A.M.
Hybrid Meeting - 13805 58th St. N.
Room 2-316
Clearwater, FL 33760
Zoom
*Join via Zoom – Meeting ID: 338 034 9468
Zoom Link
*Dial In via Phone – Meeting ID: 338 034 9468
Phone: +1 646-558-8656

Audit Committee Meeting
Agenda

Next Audit Committee Meeting – October 25, 2023 (11:00 am - 12:00pm)

**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.*

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 February 22, 2023, meeting of the Audit Committee have been prepared and are enclosed.

RECOMMENDATION

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

CareerSource Pinellas
Audit Committee Meeting Minutes

Date: February 22, 2023 – 11:00am

Location: Hybrid Meeting

Call to Order
Committee Chair Barclay Harless called the meeting to order at 11:09am.

Committee Members in attendance
Barclay Harless, Commissioner René Flowers, Scott Thomas

Committee Members not in attendance
David Fetkenher

Staff Present
Steven Meier, David Zirilli, Leah Geis

Public Comments – None

ACTION ITEM 1 – Approval of Minutes
The minutes of the October 26, 2022, Audit Committee Meeting were presented for approval.

Motion:	Commissioner René Flowers
Second:	Scott Thomas

The minutes were approved as presented. The motion carried unanimously. There was no further discussion.

ACTION ITEM 2 – Audit of June 30, 2023, Financial Statements
Enclosed is the Audit Engagement Letter with Thomas Howell Ferguson P.A. for the audit of the June 30, 2023, financial statements. The Engagement Letter serves as an agreement regarding the audit work to be done relating to the financial statements for the year ended June 30, 2023.

Thomas Howell Ferguson P.A. will audit the financial statements of WorkNet Pinellas, Inc., which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

The fees for the audit and the preparation of the Form 990 will be $26,350 which will include travel and other out-of-pocket costs.

This will be the third year of the contract for audit services. Per DEO's Audit and Audit Resolution Responsibilities, CareerSource Pinellas "must limit auditor retention to no more than five years."

RECOMMENDATION
Approval to enter into an agreement with Thomas Howell Ferguson P.A. to conduct a financial statement audit for the year ended June 30, 2023.

<u>Discussion</u>: None

Motion:	Scott Thomas
Second:	Commissioner René Flowers

The Audit Committee made a motion for approval to enter into an agreement with Thomas Howell Ferguson P.A. to conduct a financial statement audit for the year ended June 30, 2023. The motion carried unanimously. There was no further discussion.

ACTION ITEM 3 – Annual 401(k) Plan Audit

INFORMATION

401(k) Plan audits are required to have an audit if there are more than 100 eligible plan participants at the beginning of the plan year. At the beginning of 2022, there were 75 active participants. As of February 2023, there were 89 participants in the plan. Due to possible growth, the number of participants may exceed 100 participants again in the future. As a result, and for full transparency and fiduciary responsibility, staff is recommending that the WorkNet Pinellas, Inc. 401(k) Plan be audited for 2022.

Thomas Howell Ferguson P.A. in its third year as the organization's auditors, will audit the financial statements of WorkNet Pinellas, Inc. 401(k) Plan, which are comprised of the statement of net assets available for benefits as of December 31, 2022, the statement of changes in net assets available for benefits for the year then ended, and the related notes and report on the supplemental schedules for the year ended December 31, 2022.

For calendar year 2022 and similar to prior years. ERISA Section 103(a)(3)(C) allows for the audit not extend to any statements or information related to assets held for investment of the Plan by a bank or similar institutions that is regulated, supervised, and subject to periodic examination by a state or federal agency, The audit will not exceed $7,875.

The annual audit is to be completed and filed along with the Form 5500 by October 15, 2023.

RECOMMENDATION

Approval for Thomas Howell Ferguson P.A. to commence an audit of the WorkNet Pinellas, Inc. 401(k) for 2022.

<u>Discussion</u>: None

Motion:	Commissioner René Flowers
Second:	Scott Thomas

The Audit Committee made a motion for approval for Thomas Howell Ferguson P.A. to commence an audit of the WorkNet Pinellas, Inc. 401(k) for 2022. The motion carried unanimously. There was no further discussion.

INFORMATION ITEM 1 – Subrecipient Monitoring For the Period July 1, 2022 – June 30, 2023

2 CFR 200.331(d) requires that awarding agencies "monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward." CareerSource Pinellas conducts business with two entities that are considered subrecipients, Pinellas Education Foundation (Youth Connect) and Dynamic Workforce Solutions (One-Stop Operator). We contracted with Taylor Hall Miller Parker P.A. to conduct subrecipient monitoring on our behalf.

<u>Dynamic Workforce Solutions</u> (Report #3)

- There were no observations or findings.
- The report is attached for review and reference.

The subrecipient monitoring for Pinellas Education Foundation is not completed and the report will be included in the next Audit Committee meeting.

The Internal Control Questionnaire from DEO that each Local Workforce Develop Board (LWDB) is required to complete on an annual basis specifically asks whether LWDB monitors all subrecipients and communicates the monitoring results to the LWDB's board of directors.

***Subrecipient Monitoring Report was included in the meeting packet.**

Other Administrative Matters - There were no other administrative matters.

Open Discussion – None.

Adjournment - Chair Barclay Harless adjourned the meeting at 11:28am.

ACTION ITEM 2

Annual 401(k) Plan Audit

The Board of Directors elected to have an annual audit of WorkNet Pinellas, Inc. 401k Plan performed by an Independent CPA firm. The Audit Committee approved Thomas Howell Ferguson P.A. to perform an ERISA Section 103 (a)(3)(c) audit (previously "limited scope audit") of the 2022 financial statements at its February 22, 2023, meeting and the Board of Directors followed up with their approval at the March 15, 2023, meeting.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), the audits need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution). Thomas Howell Ferguson P.A. did perform audit procedures on employee eligibility, employer and employee contributions, employee loans, etc. Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with U.S. GAAP.

The attached financial statements along with the organization's Form 5500, will be filed with the IRS and Department of Labor by the October 15, 2023, deadline.

RECOMMENDATION

Approval of the enclosed WorkNet Pinellas, Inc. 401(k) Plan Financial Statements and Supplemental Schedule for the years ended December 31, 2022, and 2021.

Financial Statements
and Supplemental Schedule

WorkNet Pinellas, Inc. 401(k) Plan

Years ended December 31, 2022 and 2021
with Report of Independent Auditors

Thomas Howell
Ferguson P.A.

Certified Public Accountants

WorkNet Pinellas, Inc. 401(k) Plan

Financial Statements
and Supplemental Schedule

Years ended December 31, 2022 and 2021

Contents

Report of Independent Auditors

Plan Administrator
WorkNet Pinellas, Inc. 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed an audit of the financial statements of WorkNet Pinellas, Inc. 401(k) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2022 and 2021, and for the year ended December 31, 2022, stating that the certified investment information, as described in Note to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor’s Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of U.S. GAAP.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with U.S. GAAP.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter - Supplemental Schedule Required by ERISA

The supplemental schedule, Schedule H, Line 4i - Schedule of Assets Held at End of Year, for the year ended December 31, 2022, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

- The information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Tallahassee, Florida
NEED DATE

WorkNet Pinellas, Inc. 401(k) Plan

Statements of Net Assets Available for Benefits

	December 31, 2022	December 31, 2021
Assets:		
Investments	**$ 2,865,017**	$ 3,863,905
Receivables:		
Notes receivable from participants	**54,076**	110,411
Total receivables	**54,076**	110,411
Total assets	**2,919,093**	3,974,316
Liabilities:		
Excess contributions payable	**6,475**	6,182
Total liabilities	**6,475**	6,182
Net assets available for benefits	**$ 2,912,618**	$ 3,968,134

See accompanying notes to the financial statements.

WorkNet Pinellas, Inc. 401(k) Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2022

Additions:	
Interest income on notes receivable from participants	$ 4,376
Contributions:	
Participant	76,136
Employer	126,429
	202,565
Total additions	206,941
Deductions:	
Benefits paid to participants	628,977
Administrative expenses	27,492
Net Decrease in Fair Value of Investments	605,988
Total deductions	1,262,457
Net decrease in net assets available for benefits	(1,055,516)
Net assets available for benefits:	
Beginning of year	3,968,134
End of year	$ 2,912,618

See accompanying notes to the financial statements.

1. Description of Plan

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

General

The Plan was organized effective July 1, 2004. The plan has been amended throughout the years to comply with tax legislation, most recently restated effective January 1, 2022. The Plan is a defined contribution plan as described in Section 401 of the Internal Revenue Code (the Code) covering all employees. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). WorkNet Pinellas, Inc. (the Company) has overall responsibility for administering the Plan. The Plan’s Custodian is responsible for the management and control of the Plan’s assets. The Plan’s Custodian and administrative agent, John Hancock, is responsible for the management and control of the Plan's assets. The Board of Directors is responsible for oversight of the Plan. The Investment Committee determines the appropriateness of the Plan’s investment offerings, monitors investment performance, and reports to the Plan’s Board of Directors.

The Plan was amended during 2022 to reflect certain requirements stipulated by the Setting Every Community Up for Retirement Enhancement Act of 2019 (the SECURE Act) and the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Additionally, the plan was restated during 2022, effective January 1, 2022, in accordance with the IRS Revenue Procedure 2017-41.

Eligibility

The Plan covers all employees of the Company. Employees of the organization are eligible to participate in the deferral, employer nonelective and matching components of the Plan after completing six months of service. There is no minimum age requirement to participate in the Plan.

1. Description of Plan (continued)

Contributions

Each year, participants may authorize the Company to contribute to the Plan up to 80% of their eligible annual compensation, subject to the maximum annual amount permitted under the Internal Revenue Code (IRC). Participants who attain age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also make rollover contributions from amounts representing distributions from other qualified plans. Eligible employees may make pretax or post-tax contributions to the Plan. The Company may make nonelective contributions in a discretionary amount as determined by the Company, and such contributions are not contingent on current or retained earnings. During the year ended December 31, 2022, the Company contributed 5% of each eligible employee's salary on a bi-weekly basis. The Company may elect to make contributions in the form of a matching contribution, in relation to the participants' elective salary deferral contributions, subject to IRS limitations. The Company did not elect to make matching contributions for the year ended December 31, 2022. Participants direct the investment of contributions into various investment options offered by the Plan, subject to IRS limitations.

Participant Accounts

Each participant’s account is credited with the participant’s contribution, the Company’s contributions, and Plan earnings.

Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately fully vested in their contributions plus actual earnings thereon. Vesting in the Company's portion of their accounts and earnings thereon is based on years of continuous service. Participants are fully vested after one year of credited service. Participants become 100% vested upon death or becoming totally and permanently disabled while employed by the Company.

1. Description of Plan (continued)

Notes Receivable from Participants

Participants may borrow from their accounts a minimum of $500 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Three outstanding loans are allowed at a time. Loan terms range from one to five years and are repaid in equal payroll period installments. The loans are secured by the balance in each participant's account and bear interest at rates 5.25% to 7.50%. The interest rate on any loan to a participant shall be a reasonable interest rate commensurate with current interest rates charged for loans made under similar circumstances by persons in the business of lending money.

Payment of Benefits

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

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

Forfeitures

At December 31, 2022 and 2021, forfeited nonvested accounts totaled $3,538 and $3,538, respectively. These accounts may be used to reduce future employer matching contributions or to pay qualified plan expenses. During the year ended December 31, 2022, $1,626 of forfeitures were used to reduce employer contributions or pay plan expenses.

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting.

Payment of Benefits

Benefits are recorded when paid.

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan Administrator determines the Plan's valuation policies utilizing information provided by investment advisors, custodians, and insurance company. See Note 3 for additional discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded when received. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred.

No allowance for credit losses has been recorded as of December 31, 2022 and 2021. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Company. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivable from participants and benefit payments are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation in fair value of investments.

Subsequent Events

The Plan has evaluated subsequent events through NEED DATE, the date the financial statements were available to be issued. During the period from December 31, 2022 to NEED DATE, the Plan did not have any material recognizable subsequent events.

3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

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

3. Fair Value Measurements (continued)

Collective trust funds: Valued at the unit price reported by the sponsoring trust company. The underlying investments owned by the funds can include money market funds, stable value funds, fixed-income securities registered investment companies, common stocks, corporate bonds, U.S. Government securities, other collective trust funds, or guaranteed insurance contracts priced by the sponsoring insurance company using applicable interest rates and contract provisions. The unit price is based on the fair value of these underlying investments owned, less any accrual of fees and expenses borne by the fund, and divided by the number of units outstanding. The unit price is readily determinable and quoted on the active private market on which participants can transact daily with no redemption restrictions on these investments.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2022 and 2021:

	Investments at Fair Value as of December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	**$ 2,823,932**	**$ -**	**$ -**	**$ 2,823,932**
Collective trust funds	**-**	**37,547**	**-**	**37,547**
Interest-bearing cash	**3,538**	**-**	**-**	**3,538**
Total investments at fair value	**$ 2,827,470**	**$ 37,547**	**$ -**	**$ 2,865,017**

	Investments at Fair Value as of December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 3,845,425	$ -	$ -	$ 3,845,425
Collective trust funds	-	14,942	-	14,942
Interest-Bearing Cash	3,538	-	-	3,538
Total investments at fair value	$ 3,848,963	$ 14,942	$ -	$ 3,863,905

4. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contribution at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their entire account.

5. Tax Status

The Plan has not requested a determination letter from the Internal Revenue Service (IRS) regarding the Plan's exemption from federal income tax under Section 401(a) of the Code. However, the Plan adopted a non-standardized pre-approved profit sharing plan sponsored by FIS Business Systems, LLC. The pre-approved plan has received an opinion letter dated June 30, 2020 from the IRS as to the pre-approved plan's qualified status. The preapproved plan opinion letter has been relied upon by this Plan. The plan administrator believes the Plan is designed and is being operated in compliance with the applicable provision of the Code, and as such, no provision for income tax has been included in the Plan's financial statements.

6. Accounting for Uncertainty in Income

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2018.

7. Risks and Uncertainties

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

8. Information Certified by John Hancock

Certain information related to investments and notes receivable from participants disclosed in the accompanying financial statements and ERISA-required supplemental schedule, including investments and notes receivable from participants held at December 31, 2022, and net appreciation in fair value of investments, interest and dividend income, and interest income on notes receivable from participants for the year ended December 31, 2022, was obtained from management and agreed to or derived from information certified as complete and accurate by John Hancock, the Custodian of the Plan.

9. Related Party Transactions and Party In Interest Transactions

During 2022, certain Plan investments were managed by John Hancock. Transactions involving these investments are considered to be party-in-interest transactions. Fees paid by the Plan to John Hancock for administrative services amounted to $27,492 for year ended December 31, 2022.

10. Reconciliation of Financial Statements to the Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2022 and 2021, to the Form 5500:

	December 31, 2022	December 31, 2021
Net assets available for benefits per the financial statements	**$ 2,912,618**	$ 3,968,134
Corrective distributions - 2021	**-**	6,182
Corrective distributions - 2022	**6,475**	-
Net assets available for benefits per the Form 5500	**$ 2,919,093**	$ 3,974,316

The following is a reconciliation of the change in net assets available for benefits per the financial statements for the year ended December 31, 2022, to the Form 5500:

Change in net assets available for benefits per the financial statements	**$ (1,055,516)**
Corrective distributions - 2021	**(6,182)**
Corrective distributions - 2022	**6,475**
Net increase in net assets available for benefits per the Form 5500	**$ (1,055,223)**

Supplemental Schedule

WorkNet Pinellas, Inc. 401(k) Plan

Schedule H, Line 4i - Schedule of Assets Held at End of Year

December 31, 2022

	Fair Value
John Hancock*	
Investments in Registered Investment Companies	
TIAA-CREF Lifecycle Index Retirement Income Fund	$ 1,382
TIAA-CREF Lifecycle Index 2015 Fund	8,869
TIAA-CREF Lifecycle Index 2020 Fund	52,213
TIAA-CREF Lifecycle Index 2025 Fund	498,684
TIAA-CREF Lifecycle Index 2030 Fund	211,258
TIAA-CREF Lifecycle Index 2035 Fund	444,618
TIAA-CREF Lifecycle Index 2040 Fund	804,107
TIAA-CREF Lifecycle Index 2045 Fund	437,507
TIAA-CREF Lifecycle Index 2050 Fund	189,606
TIAA-CREF Lifecycle Index 2055 Fund	69,172
TIAA-CREF Lifecycle Index 2060 Fund	53,903
TIAA-CREF Lifecycle Index 2065 Fund	3,702
John Hancock Stable Value Fund 10	37,547
BR INFLAT	6,493
U.S. High Yield Bond Fund	9,599
American Balanced Fund	6,843
TIAA-CREF Large-Cap Value Index Fund	7,308
Oppenheimer Global Fund	241
EUROPAC	5,528
500 INDEX FUND	4,129
TIAA-CREF Small-Cap Blend Index Fund	22
VS SCTEC	303
TIAA-CREF Large-Cap Growth Index Fund	5,021
Mid Value Fund	22
JPMorgan Emerging Markets Equity Fund	12
John Hancock Mid Cap Growth Fund	327
Invesco Small Cap Growth Fund	20
Fidelity Mid Cap Index Fund	19
Cohen & Steers Real Estate Securities Fund	2,528
BR Health	496
Total Investments in Registered Investment Companies	$ 2,861,479
Forfeitures (Interest-bearing cash)	$ 3,538
Total investments held at year end	$ 2,865,017
Notes receivable from participants (interest rates 5.25% - 7.50%)	$ 54,076

**Indicates a party in interest.*

Historical cost is not required to be presented as all investments are participant-directed.

The above information has been certified by John Hancock as complete and accurate.

See report of independent auditors.

Thomas Howell Ferguson P.A.
Certified Public Accountants

To the Plan Administrator and Management and those charged with governance of
WorkNet Pinellas, Inc. 401(k) Plan

We are pleased to present this report related to our audit of the financial statements WorkNet Pinellas, Inc. 401(k) Plan (the Plan) as of and for the year ended December 31, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Plan's financial reporting process.

Auditing standards generally accepted in the United States of America (GAAS) (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 17, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter. As management determined it is permissible in the circumstances and elected to have the audit of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C), the audit did not extend to any certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of the applicable financial reporting framework.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated May 17, 2023, regarding the planned scope and timing of our audit and identified significant risks.

Area	Comments
Accounting Policies and Practices	**Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Plan. AICPA Statement on Auditing Standards (SAS) 142–*Audit Evidence,* was implemented for the year ended December 31, 2022. The standard introduces changes to the auditing standards related to audit evidence, but had no effect on the financial statements. **Significant Accounting Policies** We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Significant Unusual Transactions** We did not identify any significant unusual transactions.
Management's Judgments and Accounting Estimates	The preparation of financial statements often requires management to make estimates and assumptions that affect amounts recorded and disclosed in the financial statements. During our procedures, we did not become aware of any significant estimates that had a material effect on the financial statements. However, those charged with governance should evaluate financial activity throughout the year for changes in operations that could involve estimates, and in such cases work with management to identify and monitor the processes used to determine and account for such estimates.

Area	Comments
Audit Adjustments	Audit adjustments proposed by us and recorded by the Plan are shown on the attached **Exhibit A**.
Uncorrected Misstatements	There were no uncorrected misstatements that management determined to be immaterial.
Form 5500 Filing	GAAS require that we obtain and read a draft of the Plan's Form 5500 that is substantially complete prior to the dating of our auditor's report in order to identify material inconsistencies, if any, with the Plan's audited financial statements. We read the Plan's draft Form 5500 filing for consistency with information in the financial statements. We did not identify material inconsistencies with the audited financial statements.

Area	Comments
ERISA-Required Supplemental Schedule	We subjected the information included in the ERISA-required supplemental schedule, other than that agreed to or derived from the certified investment information, to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with GAAS. The objective of these audit procedures was to determine whether the ERISA-required supplemental schedule, other than the certified investment information, is fairly stated in all material respects in relation to the financial statements as a whole, whether the form and content of the ERISA-required supplemental schedule are presented in conformity with the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure Under ERISA, and whether the certified investment information in the supplemental schedule agrees to, or is derived from, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C). We will include an other-matter paragraph in our auditor's report for the ERISA-required supplemental schedule. We did not identify inconsistencies with the audited financial statements or with the certified investment information.
Observations About the Audit Process	**Disagreements With Management** We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Area	Comments
Observations About the Audit Process (continued)	**Consultations With Other Accountants** We are not aware of any consultations management had with other accountants about accounting or auditing matters. **Significant Issues Discussed With Management** No significant issues arising from the audit were discussed or were the subject of correspondence with management **Significant Difficulties Encountered in Performing the Audit** We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Plan's financial and accounting personnel.
Reportable Findings	In planning and performing the audit, we considered plan provisions relevant to designing audit procedures for the purpose of expressing our opinion on the Plan's financial statements, but not for the purpose of expressing an opinion on the Plan's compliance with those provisions. Our audit was not designed to identify all instances that the Plan is not operating in accordance with the Plan's provisions or other specified criteria that might be considered reportable findings. A reportable finding is one or more of the following: • A matter that is identified as an instance of noncompliance or suspected noncompliance with laws or regulations • A finding arising from the audit that is significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process

Area	Comments
Reportable Findings (continued)	A deficiency in internal control identified during the audit that has not been communicated to management by other parties that is of sufficient importance to merit management's attention. We are required to communicate reportable findings from the audit procedures performed relating to the plan provisions to you, in writing.
Shared Responsibilities: AICPA Independence	The AICPA regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, those charged with governance, and audit firms work together in considering compliance with AICPA independence rules. For Thomas Howell Ferguson (THF) to fulfill its professional responsibility to maintain and monitor independence, management, those charged with governance, and THF each play an important role. **Our Responsibilities** • AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. THF is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement. Maintain a system of quality control over compliance with independence rules and firm policies.

Area	Comments
Shared Responsibilities: AICPA Independence (continued)	**The Plan's Responsibilities** • Timely inform THF, before the effective date of transactions or other business changes, of the following: – New affiliates, directors, officers, or person in financial reporting oversight roles. – New beneficial owners of the Plan Sponsor's equity securities that have significant influence. – Change in corporate structure impacting affiliates such as add-on acquisitions or exits. • Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations. • Understand and conclude on the permissibility, prior to the Plan and its affiliates, including the Plan Sponsor, and the officers, directors, or persons in a decision-making capacity, engaging in business relationships with THF. Not entering into relationships resulting in THF, THF covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Plan or Plan Sponsor.
Internal Control Matters	We did not identify any such matters requiring communication to those charged with governance during our audit of the financial statements.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our Firm and the management of the Plan, including the representation letter provided to us by management, are attached as **Exhibit B**.

Thomas Howell Ferguson P.A.
Certified Public Accountants

This report is intended solely for the information and use of those charged with governance of the Plan and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Plan.

Tallahassee, Florida
REPORT DATE

WorkNet Pinellas, Inc. 401(k) Plan

Year End: December 31, 2022
Journal Entries: Adjusting
Date: 1/1/2022 To 12/31/2022

8010

Prepared by	In-Chrg Review	Suprvsr Review
RP 8/2/2023	LC 8/15/2023	AKM 8/7/2023
Partner Review	**EQCR Review**	**Other Review**

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE#1	12/31/2022	Employee Contributions	30001	AJE#1		6,475.00			
AJE#1	12/31/2022	Excess Contributions Payable	30002THF	AJE#1			6,475.00		
		To adjust for corrective distributions related to 2022 which were not made until 2023.							Factual
AJE#2	12/31/2022	Employer Contributions	30000	7011. 4		1,626.00			
AJE#2	12/31/2022	Benefits Paid to Participants	50000	7011. 4			1,626.00		
		To correct distributions and employer contributions for amount forfeited and used to reduce employer contributions during FY22.							Factual
						8,101.00	**8,101.00**		

Net Income (Loss) **(1,055,516.00)**

REPORT DATE

Thomas Howell Ferguson P.A.
2615 Centennial Boulevard, Suite 200
Tallahassee, Florida, 32308

This representation letter is provided in connection with your audit of the financial statements of WorkNet Pinellas, Inc. 401(k) (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA). The Plan's financial statements comprise the statements of net assets available for benefits as of December 31, 2022 and 2021; the related statement of changes in net assets available for benefits for the year ended December 31, 2022; and the related notes to the financial statements.

We elected to have the audit of the plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. We acknowledge that the audit did not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier, that is regulated, supervised and subject to periodically examination by a state or federal agency, a qualified institution, that prepared and certified the investment information in accordance with 29 CFR 2520.103-5 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. We have determined that an ERISA Section 103(a)(3)(C) audit is permissible under the circumstances. We have also determined that the investment information is prepared and certified by a qualified institution as described by 29 CFR 2520.103-8, that the certification meets the requirements in 29 CFR 2520.103-5 and that the certified investment information is appropriately measured, presented and disclosed in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The purpose of an ERISA Section 103(a)(3)(C) audit is to express an opinion on whether the amounts and disclosures in the financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with U.S. GAAP and that the assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the certified investment information.

We confirm, to the best of our knowledge and belief, that as of REPORT DATE:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 17, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for administering the plan and determining the plan’s transaction that are presented and disclosed in the ERISA plan financial statements are in conformity with the plan’s provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.

5. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

6. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represented our best estimate of fair value as of the measurement date in accordance with the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in FASB ASC 820.

7. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

8. Transactions with parties in interest, as defined in Section 3(14) of ERISA and regulations thereunder, including sales, purchases, loans, transfers, leasing arrangements and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed.

9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

11. We have no intention to terminate the Plan.

12. We have properly reported and disclosed amendments to the Plan instrument, if any.

13. With respect to financial statement preparation services performed in the course of the audit:

    a. We have made all management decisions and performed all management functions;

    b. We have assigned an appropriate individual to oversee the services who possesses suitable skills, knowledge, and/or expertise;

    c. We have evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;

    d. We have accepted responsibility for the results of the services; and

    e. We have accepted responsibility for all significant judgments and decisions that were made.

14. We have no knowledge of any uncorrected misstatements in the financial statements.

Supplementary Information

15. We acknowledge our responsibility for the presentation of the ERISA-required supplemental schedule in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. In this regard:

    a. We believe such schedule, including its form and content, is presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

    b. The methods of measurement or presentation have not changed from those used in the prior period.

    c. We will only present the ERISA-required supplemental schedule together with the audited financial statements and auditor's report thereon and will not separate the ERISA-required supplemental schedule from the audited financial statements and auditor's report thereon in any document that contains such information.

Information Provided

16. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

b. Additional information that you have requested from us for the purpose of the audit;

c. Unrestricted access to persons within the Plan from whom you determined it necessary to obtain audit evidence;

d. The currently effective version of the Plan document, including the pre-approved plan document and adoption agreement, the trust agreement or insurance contracts, and all related amendments. The Plan was most recently restated effective January 1, 2022;

e. A draft of the Form 5500 that is substantially complete;

f. All correspondence, filings, reports and determinations with the Internal Revenue Service (IRS) and the DOL relating to the Plan's compliance with ERISA and the maintenance of its tax-exempt status;

g. All Plan financial records and related data. In that regard, the payroll information we provided you covered all employees that were eligible to participate in the Plan; and

h. All minutes of the meetings of the Plan's Administrative Committee, or summaries of actions of recent meetings for which minutes have not yet been prepared.

17. All transactions have been recorded in the accounting records and are reflected in the financial statements.

18. The Plan Sponsor's management designated an individual with sufficient skills, knowledge and experience to oversee the financial statement preparation process and take responsibility for the results of the financial statement preparation services. This individual performed a detailed review of the financial statements, consisting of the following procedures:

- Reconciliation of the trust activity to the financial statements.

- Review and approval of all journal entries proposed by you, including the review of supporting documentation and explanations.

- Review of the adequacy of financial statement disclosures by review and approval of the disclosure checklist completed by you.

- Review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements.

- Applying analytical procedures to financial statements.

19. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

20. We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

21. We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators or others.

22. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and neither we nor the Plan Sponsor, or others acting on behalf of the Plan, have consulted a lawyer concerning litigation and claims or other matters affecting the Plan.

23. We have disclosed to you the identity of all of the Plan's related parties and parties in interest and all the related-party and party-in-interest relationships and transactions of which we are aware.

24. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Plan's ability to record, process, summarize and report financial data.

25. We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities.

26. The Plan or trust has satisfactory title to all owned assets that are recorded at fair value, and all liens, encumbrances or security interests have been properly disclosed.

27. Financial instruments with off-balance-sheet risk have been properly disclosed.

28. Concentrations of credit risk have been properly disclosed.

29. We have answered your questions about the Plan's tax compliance to the best of our knowledge and belief.

30. There have been no communications, whether written or oral, from regulatory agencies concerning noncompliance with, or deficiencies in the operation of the Plan.

31. We have complied with (a) all aspects of debt and other contractual agreements, including provisions of the Plan, that would have a material effect on the financial statements in the event of noncompliance, (b) the fidelity bonding requirements of ERISA, (c) all participant eligibility and coverage requirements of the Plan, ERISA and the Internal Revenue Code (IRC), and (d) the filing requirements of appropriate agencies.

32. We have complied with the DOL's regulations concerning the timely remittance of participants' contributions to trusts containing assets for the Plan

33. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations.

34. The Plan has adopted a non-standardized pre-approved profit sharing plan sponsored by FIS Business Systems LLC. The pre-approved plan provider has received an opinion letter from the IRS as to the pre-approved plan's qualified status. The pre-approved plan opinion letter has been relied upon by the Plan. The Plan Administrator believes the Plan is designed and is being operated in compliance with the applicable provisions of the IRC. The Plan qualified under the appropriate section of the Internal Revenue Code (IRC) and intends to continue as a qualified Plan. We have operated the Plan in a manner that did not jeopardize this tax status.

35. We have reviewed the complementary user entity control considerations of the Service Organization Controls (SOC 1) Report for John Hancock dated March 29, 2023 for the period ended December 31, 2022, and we believe all applicable controls are properly designed and implemented and operating effectively.

36. There are no:

    a. Non-exempt (prohibited) party-in-interest transactions that were not disclosed in the financial statements or supplemental schedule.

    b. Notes receivable from participants or other receivables or investments in default or considered to be uncollectible that were not disclosed in the financial statements or supplemental schedule.

    c. Reportable transactions that were not disclosed in the supplemental schedule.

    d. Guarantees, whether written or oral, under which the plan is contingently liable to a bank or another lending institution.

37. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

____

Steven Meier, CEO

INFORMATION ITEM 1

Subrecipient Monitoring

For the Period July 1, 2022 – June 30, 2023

2 CFR 200.331(d) requires that awarding agencies "monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward." CareerSource Pinellas conducts business with two entities that are considered subrecipients, Pinellas Education Foundation (Youth Connect) and Dynamic Workforce Solutions (One-Stop Operator) which was shared at the previous Audit Committee meeting.

Pinellas Education Foundation

Period Reviewed – As of February 24, 2023, for the program year ending June 30, 2023.
Contracted Amount - $525,000

Findings

- A formal corrective action plan was not prepared and submitted to CareerSource Pinellas for review and approval.
- A certified cost allocation plan was not provided for inspection. This is a repeat comment. Recommend PEF elect a de minimis rate of 10% for indirect cost allocation.
- One employee's time was charged to the project erroneously.
- Benefit costs not properly reduced for one employee.

Observations

- Monthly Youth Services Reports should be supported by client data and counts to substantiate the information presented. The participant lists did not indicate the total number of individuals earning a credential or measurable skills gain.

The Internal Control Questionnaire from DEO that each Local Workforce Develop Board (LWDB) is required to complete on an annual basis specifically asks whether LWDB monitors all subrecipients and communicates the monitoring results to the LWDB's board of directors.

CAREERSOURCE PINELLAS

PROGRAM YEAR 2022-2023

FINANCIAL & PROGRAMMATIC MONITORING
AS OF FEBRUARY 24, 2023

SUBRECIPIENT MONITORING REPORT

REPORT #4

Taylor | Hall | Miller | Parker | P.A.

THMP Taylor | Hall | Miller | Parker | P.A.

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Certified Public Accountants

Florida Institute of
Certified Public Accountants

Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Directors and Management of CareerSource Pinellas:

We have performed the procedures enumerated below in the attached sections on the fiscal and programmatic records of CareerSource Pinellas (CareerSource) as of February 24, 2023, for the program year ending June 30, 2023. CareerSource's management is responsible for the fiscal and programmatic records.

CareerSource has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of conducting fiscal and programmatic monitoring. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

For reporting purposes, findings and observations are as follows:

> Findings—These items reflect non-compliance with governing regulations, internal policies, or contractual requirements and may illustrate questionable costs and/or problematic deficiencies in internal controls. These items can also indicate ineffective or improper procedures, systems, and/or records maintenance.
>
> Observations—These items may be proactive in nature and highlight specific situations where particular changes may enhance customer service and program outcomes, strengthen internal controls, or improve financial information and documentation.

The procedures and associated findings and observations are detailed in the following sections:

I. Subrecipient Financial – Pinellas County Education Foundation, Inc.

We were engaged by CareerSource to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the fiscal and programmatic records of CareerSource. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of CareerSource and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Taylor Hall Miller Parker, P.A.

March 1, 2023

I. Subrecipient Financial – Pinellas County Education Foundation, Inc.

Subrecipient Audit Review

1. We reviewed the following audit reports submitted by CareerSource's subrecipients:

   - Pinellas County Education Foundation, Inc., and Subsidiary – June 30, 2022

   There were no findings or observations identified as a result of applying the procedures above to the sample selected.

Subrecipient Payment Requests

1. We obtained a list of subrecipient payments for PY 2022-2023 and, based on this list, randomly selected the payment request submitted by Pinellas County Education Foundation Inc. (PEF) for the month of December 2022, and performed the following:

   a. Confirmed the mathematical accuracy.

   b. Traced line-item costs to the subrecipient's general ledger.

   c. For a random sample of payroll disbursements, obtained the supporting detail by employee salary and related benefits to determine whether the costs were allowable and properly allocated, and whether payroll allocation percentages recalculated and traced to supporting documentation and PARs (Personnel Activity Reports).

   d. For a random sample of operating disbursements, determined whether the vendor invoice was present and supported by proof of payment (copies of checks), and the costs were allowable, properly allocated and classified, and traced to the general ledger.

   e. For a random sample of training-related disbursements, traced the amount billed to the supporting documentation and determined whether:

      1. the costs were supported by appropriate documentation, proof of payment, and receipt by the student;

      2. the student was enrolled as WIOA Youth with a corresponding activity open in EF; and

      3. costs were properly classified as WIOA Out-of-School or In-School.

   f. Determined whether costs were properly allocated and classified in accordance with the subrecipient's cost allocation plan.

   g. Determined whether indirect costs were properly billed in accordance with the subrecipient's approved indirect rate.

h. Traced the payment request to CareerSource's general ledger.

i. Determined if the contract was posted on CareerSource's website.

j. Determined if a risk assessment had been completed by CareerSource.

k. Determine if a corrective action plan had been submitted for the prior year's internal monitoring conducted.

Findings:

1. There were no findings identified as a result of applying the procedures above to the payment request, except for:

Corrective Action Plan

- A formal corrective action plan was not prepared and submitted to CareerSource for review and approval.

Cost Allocation

- A certified cost allocation plan was not provided for inspection. This issue was also noted during the prior monitoring.

Personnel Costs

- For S. Hillstock, the three pay periods billed 50% to this contract included days worked in November 2022; however, per correspondence with PEF, this employee did not work on this contract until December 2022 and, as a result, payroll costs were overbilled for this employee. Based on the timesheet/PAR provided for December 2022, which was missing approvals, only 64 hours related to these three pay periods should have been billed; this appears to have resulted in an overbilling of $778.00 in gross pay plus applicable payroll taxes.
- For K. Robillard, there were three pay dates in December 2022 and all three pay periods had benefit deductions from pay; however, the benefit costs for the month were reduced by employee deductions for only two of the pay periods.

Recommendation:

CareerSource and PEF should review the invoices submitted and make adjustments as necessary to ensure that amounts reimbursed are supported by proper documentation, only allowable and allocable costs related to this contract are reimbursed, and appropriate credits are issued or paid to CareerSource. Furthermore, PEF should document and certify its cost allocation plan and submit formal corrective action plans to CareerSource for monitoring reports. In the future, reimbursement should be requested only for allowable costs that are both incurred and paid. Additionally, CareerSource should periodically request supporting documentation for a small sample of expenditures to validate amounts billed and to support action taken related to the risk assessment.

Programmatic Review

1. We selected the corresponding Monthly Youth Services Report for December 2022 submitted by Pinellas County Education Foundation Inc. and inspected the report and supporting documentation provided to determine whether performance outcomes were properly substantiated and calculated.

   As a result of applying the procedures to the sample selected, we observed the following that should be addressed to improve performance information:

   Observations:

   1. The participant detail provided to support the customer counts recorded on the Monthly Youth Services Reports reviewed contained information related only to cases that were closed. The participant lists did not indicate the total number of individuals earning a credential or skills gain each month, only those whose cases were exited. Additionally, the various attainment and completion rates listed on the reports are based on the counts of Active Youth and Active Youth in Training, but these total counts were not supported by customer data.

      We also noted that for some of the attainment rates listed, the results were directly entered into the Excel spreadsheet rather than formula-based, and there were no explanations as to how the rates were calculated. Additionally, we noted a few instances where it appeared that Excel formulas were overwritten with manually entered information.

      As such, we were unable to verify total monthly counts and various attainment rates related to the performance goals listed in the contract.

      Recommendation:

      Each Monthly Youth Services Report submitted should be supported by customer data and counts to substantiate the information presented. Additionally, the Excel document used should be reviewed by the subrecipient and the formulas updated as appropriate to ensure that attainment rates are properly calculated and explanations are provided for those measures that are not formula-based; for clarity, attainment rates that are cumulative in nature should be identified as such. CareerSource staff should ensure that the report and related supporting documents are carefully reviewed when submitted each month.