

Deep East Texas Local Workforce Development Board
Executive/Finance Joint Committee Meeting

September 13, 2011; 1:30 P.M.
539 South Chestnut, Suite 300
Lufkin, Texas

MINUTES

Members Present:

Wayne Haglund
Ellen Mills
James Mize
Charles Rushing
Tyane Dietz
David Hailey

Staff Present:

Rita Fancher, Recording Secretary
Marilyn Hartsook
Charlene Meadows
Linda Mott

Guests Present:

Members Absent:

Garvey Jackson
Jerry Whitaker
Sue Wood

Call To Order

Tyane Dietz, Acting Chair, called the meeting to order at 1:45 p.m. A quorum was verified. Everyone was reminded of the Conflict of Interest policy.

Discussion/Action

Action Item: Approval of Executive/Finance Committee Minutes of July 12, 2011

David Hailey made a motion to approve the minutes of July 12, 2011. Ellen Mills seconded. Motion carried.

Public Comments

None.

Information Items

Status of FY 12 Budgeting and Cost Containment

Charlene Meadows distributed copies of Allocations Comparison by LWDA and Funding Source and Summary of FY 2012/PY 2011 Allocations. Charlene reported the Board received an increase of \$200,000 in Child Care Funds. The report demonstrates Allocations for FY 2011 were \$11,843,947 and Allocations for FY 2012 are \$11,693,199. Charlene stated space in the Board office, Center, Lufkin, and Crockett Workforce Centers has been minimized to assist with decreasing of costs. She reported that 1863 Solutions Inc.'s staff has reduced to 55.

Discussion/Acceptance

Financial Report and Funds Utilization for the period ending July 31, 2011

Linda Mott presented the financial reports for the period ending July 31, 2011. Some line items in the Statement of Revenues and Expenditures were discussed.

Discussion/Possible Action

Action Item 11-29: Fraud Policy Revision

Lynne Bauereiss presented this action item as a recommendation from the staff. Lynne stated the Board had previously approved a fraud policy was issued to the Board staff and the contractors. TWC issued WD Letter 13-11 titled: Requirements for Reporting, Fact-Finding, and Prosecution of Fraud, Waste, Theft, and Program Abuse Cases, and Collect of Overpayments. This letter requires that the Board change some of the fraud policies that are currently in place. Changes to current policy are requested as follows:

1. Investigating allegations of fraud by Board or contractor staff. Current policy states that the Executive Director and the Board's fraud investigator conduct an investigation and report the results to the TWC Office of Investigations (OI). WDL 13-11 requires that the Office of Investigations maintains full jurisdiction over cases involving TWC employees, Board employees, and Workforce and Child Care Services employees. The Executive Director or Board fraud investigator will now immediately report these cases to the OI. The Board will not conduct any fact-finding or investigation into these matters unless specifically directed to do so by OI.
2. Threshold for reporting cases to the OI. The current threshold for reporting cases of non-employee fraud is \$500. The new threshold is \$3,000. Cases involving less than the new amount will be handled at the Board or contractor level.
3. Handling fraud cases. The OI will determine on a case-by-case basis who takes the lead in conducting fact-finding for cases that involve employees, or nonemployee cases over \$3,000.
4. Report of Findings. The Board must submit a Report of Finding to OI after the fact-finding process has been concluded.
5. Final Action Report. This new report is submitted to OI for all cases in which the Board takes final action.
6. Parent Agreement. OI requires that the Board either uses the TWC developed Customer Awareness Form (RID-51) or a locally developed form. The Board previously adopted the Parent Agreement form, which covers all of the TWC required elements.
7. Due Diligence. The Board is expected to use due diligence in reporting, fact-finding, and collection of overpayments. When there is clear and convincing evidence that a person committed fraud, the Board's fraud investigator may refer the case to the appropriate authorities for possible prosecution. Failure to do so may result in disallowed costs.

Lynne quoted the staff recommends that the Board approve the fraud requirements as specified in WDL 13-11 and as stated in the attached revised fraud policy. Charles Rushing made a motion to accept the staff recommendation and present to the full Board for approval. Jimmy Mize seconded motion. Motion carried.

Action Item 11-26: Award of Auditor Contract

Charlene Meadows presented this action item as a recommendation from the staff. Charlene stated that per the Texas Workforce Commission's Financial Manual for Grants and Contracts, Chapter 20, Section 20.1, TWC requires annual audits in accordance with OMB Circular A-133. She informed the committee that the Board issued a Request for Proposals (RFP) #11-291 for auditing services on August 1, 2011 and four proposals were received. The proposers are:

Proposers	
Gollob, Morgan, Peddy PC	Tyler, TX
Gomez and Company	Houston, TX
Alexander, Lankford & Heirs, Inc.	Lufkin, TX
Halls, Johnson, McLemore, Redfield & Rodrigues, LLP	Nacogdoches, TX

Charlene told the members the review committee consisted of herself, Marilyn Hartsook, Darla Johnson, and Linda Mott. She states the staff recommends contracting with Alexander, Lankford & Heirs, Inc. for the amount of \$28,000. Wayne Haglund made a motion to approve the staff recommendation and present to the full Board for approval. Jimmy Mize seconded. Motion carried.

Any time-sensitive item(s) brought for action by the Executive Committee due to another committee's inability to meet and take action

None.

Closed Session Pursuant to Government Code Section 551.074

- Discussion with Executive Director regarding Board Staffing for FY 2012

Open Session

- Action, if any, as a result of Closed Session- No action was taken.

After no further business, the meeting was adjourned at 2:40 p.m.

Transcribed by:

Rita Fancher, Recording Secretary

Date: September 23, 2011

Approved by:

Garvey Jackson, Chair

Date: _____