

CareerSource Escarosa

BOARD OF DIRECTORS CALLED MEETING AUGUST 14, 2020 MINUTES (Meeting conducted via Microsoft Teams/Teleconference)

Members Participating: Steven Rhodes (Chair), Kathaleen Cole (Vice Chair), Dana Mullins (Secretary/Treasurer), Lloyd Reshard (Member at Large), Carol Archie, Russell Branch, Michael Johnson, Charlin Knight, Michael Listau, and Dianne Hatke

Members Not Present: Russell Green, Shannon Ogletree, Anna Weaver, and Tracy Andrews

Others Present: Eric Flora, Dr. Marcus McBride, and Janay Sims – CareerSource Escarosa

Chairperson Steve Rhodes called the meeting to order at 10:05 a.m. via zoom/teleconference. He called the roll to confirm participation. A quorum was present.

CALL FOR PUBLIC COMMENT

No public comments were noted.

WIOA FUNDING UPDATE

Dr. McBride gave an update on the WIOA funding. He noted the Executive Committee was informed of the financial challenges in the WIOA program at a special meeting of the Executive Committee on July 30, 2020, and this meeting is to inform the board of the deficit and to give an update.

CareerSource Escarosa (CSE) started this program year (2020-2021) with a deficit considering the amount for the actual fiscal commitments. There was an overflow from last program year (2019-2020) of actual fiscal commitments (students returning to the program), and they are being supported with the program year 2020-2021 award. The deficit amount is what supports training through Individual Training Accounts (ITAs).

The lack of internal control processes in place to ensure the appropriate tracking of all students (in the WIOA Adult program) with commitments and the funding CSE received for the current year is the challenge. It appeared that there was a serious financial management problem over the past 5-6 months of not calculating obligations relating to students in the WIOA adult program. CSE received an award from DEO in March of 2020 to aid the healthcare sector. The deficit along with the continued number of students in the program all confounded to be another incident where the actual dollars were not available to cover the students.

After conversation with DEO and CSF, the roll-over deficit is something CSE anticipate can be covered over the next few months but can have some financial impact for our organization that was not foreseen prior to rolling out the budget.

The CEO is making efforts to identify dollars to relieve the deficit. There may be an opportunity to receive additional funding from DEO. They are recommending that CSE: 1) fix internal controls and fiscal management processes immediately, 2) explore cross program allocations wherever possible for training needs, and 3) get the deficit down as much as possible by exploring other options. CSE received COVID-19 National grant dollars to provide temporary relief jobs to the food banks. When considering these dollars for adult

training rather than what they were initially planned for, this lowers CSE's deficit. CSF will seek out additional performance dollars to further relieve some of the deficit as well.

There are no full set of financials or financial data available, as staff want to ensure the information is accurate and that it represents the entire organization's financial state.

Several inquiries were made regarding: 1) CSE's excessive spending being disbursed to the employees or in other areas; 2) change to the ITA cap amount; and 3) how do we spend more dollars than what we have. It was noted that CSE is currently undergoing an audit review and there has been conversation with the auditors regarding the overall fiscal management as well as full transparency about the deficit issues. It is believed, based on the allocation that is provided for the program that there was an overcommitment of funds where too many participants were allowed into the program. There is a need for some fidelity to ensure that this is the actual case. The ITA cap would require review of the minutes for details, but ultimately, it's a matter of miscommunication or lack thereof within the organization to manage budget dollars and allocations appropriately. With the ITA cap adjustment and managing appropriately would not result in a deficit.

It was requested that the board have an opportunity to look at the dollars being disbursed, the way things are structured at each training facility, and programs and positive outcomes.

The CEO was charged with: 1) establishing a finance committee that will have thorough oversight of financials going forward; 2) putting more controls in place, and that the finance committee have thorough review of the control process; and 3) making a full set of financials available to the board asap, and there being more thorough conversation with our external auditors regarding this matter. The Treasurer will continue to meet with the financial management piece of the organization as well.

Inquiry was made regarding accepting WIOA applicants. CSE closed accepting WIOA applicants on July 22, 2020 and will not accept applications until this matter is resolved.

With the separation of the CFO, the CEO has reached out to partners within the workforce development network for support in the interim period of identifying a CFO.

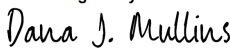
Erica Grancagnolo who is a new ex-officio member on the board representing Santa Rosa County introduced herself and expressed interest in serving on the finance committee.

CSE does not have a monitoring position within the organization, as the budget would not support the position, but this position will be revisited in the future.

An expression of thanks was extended for bringing this matter to the attention of the board.

All were reminded that the CSE Board is a sunshine board and that all should refrain from outside conversation regarding this matter and the separation of the CFO. All questions should be directed to the CEO.

There being no further business, the meeting adjourned.

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Dana Mullins, Secretary/Treasurer
CareerSource Escarosa