

MINUTES

Detroit Employment Solutions Corporation (DESC) Board Audit & Finance Committee Meeting Wednesday, November 30, 2016

Time: 1:00 p.m. – 2:00 p.m.
Location: 440 East Congress St., Conference Room 3R, Detroit, Michigan 48226
Facilitator: Ric Preuss

Committee Members Present: Ric Preuss, Mark Redman, Alice Thompson (via phone) and Paul Trulik (via phone)

Committee Members Absent:

DESC Staff Present: Jose Reyes, Alessia Baker-Giles, Lynnette Robinson, Cassandra Ricks, Robert Shimkoski and Cristal Perry

Others Present: D'Zarea Jewel

Welcome and Introductions

The Meeting of the Detroit Employment Solutions Corporation (DESC) Board Audit and Finance Committee was called to order at 1:02 p.m. by Director Ric Preuss. A motion was made by member Mark Redman to approve the Draft Agenda of November 30, 2016, supported by Member Paul Trulik. Motion Carried Unanimously.

A motion was made by Member Paul Trulik to approve the minutes of September 28, 2016, supported by Director Alice Thompson. Motion Carried Unanimously.

Finance Report Update

Balance Sheet Review

Alessia Baker-Giles, Director of Finance, DESC, summarized the balance sheet as of October 31, 2016. Ms. Baker-Giles stated that everything was straight forward with the exception of the net assets. She explained that the non-restricted net assets increased to \$26,238 because the Focus and Mini-Van owned by DESC are no longer considered restricted assets. She also reported that some non-restricted funding came in from the Ralph Wilson Foundation and some funding left from the Aspen grant is considered non-restricted also contributed to the increase of the non-restricted net assets.

Monthly Grant Analysis

Ms. Baker-Giles gave an overview of the grant analysis and stated that going forward there will also be an additional report detailing the budget by line item. She reported that an invoice was submitted to the City of Detroit for the CDBG funds for the Summer Youth Program in the amount of \$1.5 million which has not been received but has been told that it may be this Friday or next Friday before the check is cut. Ms. Baker-Giles also reported talking to the Mayor's office and the Director of Housing regarding payment. Member Mark Redman asked what will be done with the \$1.5 million when it is received. Ms. Baker-Giles responded that DESC has been floating that \$1.5 million. She explained that DESC had to ensure that all of the youths were WIOA eligible in order for them to be paid with WIOA Youth funding so the \$1.5 million will go to the WIOA Youth. Director Preuss questioned at what point will DESC be in trouble if that money is not received and Ms. Baker-Giles responded that there are already some issues because several GDYT contractors have not been paid and until the \$1.5 million is received those checks are on hold. Ms. Baker-Giles reported that DESC is going to be the lead next year for GDYT and an advance will be requested. Director Preuss requested more information on the skilled trades training.

Draft YTD Budget v Expenditure Format

Ms. Baker-Giles explained that the statement of revenues and expenditures report gives a break out of the budget by line item as approved by audit and finance and the corporation board. Member Redman stated that he feels it would be more relevant to have a different number in the benchmark column that shows what the budget would be for the item to date. Ms. Baker-Giles asked if the committee would like to see this format overall by agency and then broken out by line item per grant which will make it several pages but can be done. Member Redman responded that if we get the summary part right first and it makes sense and then maybe add some of that detail. Ms. Baker-Giles stated that the adjustments for benchmarks and the actuals will be updated.

2016 DESC Audit

Ms. Baker-Giles reported that Abraham and Gaffney will present the 2016 Audit at the December 16, 2016 Corporation Board meeting but she wanted to make sure that the Audit and Finance Committee received the final documents in advance. She reported that there were no findings and that this is the first year in many years that DESC has not had any findings and wanted to publicly thank the accounting team. Director Thompson congratulated Alessia Baker-Giles on the audit. Member Redman inquired if there were any responsibility that the Audit and Finance Committee had to the Corporation Board in reviewing the audit and/or approving in advance of the board receiving it. Ms. Baker-Giles responded that would be a question for Kristin Bailey. Member Trulik stated that it would be beneficial to show a comparison between the 2015 and 2016 audits.

Walk on Discussion

Mr. Jose` Reyes, Interim President/CEO, DESC, reported talking to the Mayor's Office regarding a Governance Agreement for Randolph and asked Robert Shimkoski, Director of Planning, DESC if he would give the back drop around it. Mr. Shimkoski stated that the Mayor's office is working with Detroit Public Schools to create a MOU to provide services at Randolph Vocational Center but the terms of the agreement have not been finally decided and the general outline of what has been negotiated says that DESC will be fiduciary for funding that comes through a particular program. He went on to say that DESC will not provide education at the school, that will be provided by DPS, and DESC will not lease any part of the building. DESC will be fiduciary for funds generated through fundraising efforts by DTE, Quicken Loans and a few other organizations. Funds raised through the fundraising will be used for capital improvement in the building. Alessia Baker-Giles questioned if that would be something that would come to the Audit and Finance Committee first because it is going to change the budget. Mr. Shimkoski responded that he spoke with Kristin Bailey and she didn't think that it was required just for the MOU which does not have a financial piece identified in it so it would not technically affect the budget but she thought it would be a good idea to bring it before this committee whenever it was formalized just for informational purposes but the by-laws do say that any agreement that exceeds \$20,000 has to be approved by the full board so even though there is no money identified yet it would probably be a good idea to take it to the full board for final approval.

Ms. Baker-Giles questioned if the meeting scheduled for December 28th should be cancelled and if there should be some real discussion on if this should be a meeting that happens monthly. Director Preuss responded that in the beginning it was said that monthly meetings were necessary to right side the ship and now that we seem to be there maybe we can discuss quarterly meetings and asked the feelings of the board. After discussion, it was determined that the committee does not need to meet monthly and the committee also agreed to cancel the December 28, 2016 meeting due to not having a quorum.

Public Comment

No public comment was presented to the committee.

Adjournment

With no further business to come before the Audit and Finance Committee, a motion to adjourn the November 30, 2016 meeting was made by Director Thompson, supported by Member Trulik. Motion Carried Unanimously.

The meeting adjourned at 1:45 p.m.

Prepared by: Cristal Perry

APPROVED April 17, 2017