

## MINUTES

### Detroit Employment Solutions Corporation (DESC) Board Audit & Finance Committee Meeting Friday, February 26, 2016

Time: 3:00 p.m. – 4:30 p.m.  
Location: 440 East Congress St., Conference Room 3R, Detroit, Michigan 48226  
Facilitator: David Carroll, Chairman

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Committee Members Present: David Carroll, Laura Hughes, Ric Preuss, Alice Thompson (via phone), and Paul Trulik  
Committee Members Absent: Paul Huxley and Kevin Howley  
DESC Staff Present: Pamela J. Moore, Jose Reyes, Alessia Baker-Giles, Lynnette Robinson, Cassandra Ricks, Kristin Bailey, Chauncey Samuel and Cristal Perry  
Others Present: Richard Briggs

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#### **Welcome and Introductions**

The Meeting of the Detroit Employment Solutions Corporation Board (DESC) Audit and Finance Committee was called to order at 3:01 p.m. by Mr. David Carroll, Chair. A motion was made by Director Alice Thompson to approve the Draft Agenda of February 26, 2016, supported by Director Ric Preuss. Motion Carried Unanimously. A motion was made by Director Laura Hughes to approve the minutes of January 25, 2016, supported by Member Paul Trulik. Motion Carried Unanimously.

#### **Contract Modifications**

##### **SER Metro (WIA Year-Round Youth/MDNR)**

Ms. Cassandra Ricks, Contract Management Supervisor, DESC, explained that the current contract is being increased by \$1,580.00 to reimburse for transportation services and food. She noted that it is a reimbursement, and that the contract needs to be increased by this amount in order to pay the contractor for its services. Chair Carroll asked how this modification relates to the overall budget, and Member Trulik asked if there is any corresponding revenue. Ms. Ricks stated that there is revenue for this modification through the Michigan Department of Natural Resources (MDNR) grant received by DESC. Ms. Alessia Baker-Giles, Director of Finance, DESC, stated that this grant was included in the total budget. Ms. Baker-Giles also noted that the MDNR grant arrived after the initial youth contracts were awarded. When the MDNR funding became available, it was noted that SER-Metro required \$1,580.00 of those dollars in addition to WIOA funding.

##### **Downriver Community Conference**

Ms. Ricks explained that Downriver Community Conference (DCC)'s contract needs to be increased by \$91,683.00. The modification will reimburse DCC for a service providing profiling services for UIA customers. Ms. Ricks stated that these dollars were awarded by the State of Michigan to provide these services for participants. Ms. Baker-Giles stated that all of the Michigan Works! agencies received this allocation. She also explained that DESC already has access to the funds, which have been drawn down. This contract needs to be modified in order for DCC to be paid.

##### **Jackets for Jobs**

Ms. Ricks explained that DESC needs to increase Jackets for Jobs' contract by \$27,500.00 to provide work readiness etiquette services to eligible PATH customers. She noted that Jackets for Jobs has been asked to expand its hours and this increase would help the company do so. Ms. Baker-Giles also stated that the Jackets for Jobs contract consists of PATH dollars. She noted that DESC is not overextended in PATH.

##### **SERCO, Inc.**

Ms. Ricks explained that this modification is the Demonstration grant for operating the One-Stop in the Ryan and

Macomb facilities. These dollars have been awarded to SERCO, Inc., increasing its contract budget by \$609,223.00.

Chair Carroll asked for a motion. A motion to approve all four contract modifications as listed and discussed was made by Director Preuss, supported by Director Hughes. Motion Carried Unanimously.

### **Finance Report Update**

Ms. Baker-Giles discussed the monthly grant analysis report, which is a spreadsheet listing all grants and how much cash has been drawn down and expended to date as of January 31<sup>st</sup> (benchmark versus the percentage used). Last month, there were issues with three grants, specifically Aspen, WIOA Administration (WIOA Admin.) and WIOA Youth. As of January 2016, there is no longer an issue with WIOA Youth. The expenditure levels for WIOA Youth have leveled out at 58%. WIOA Admin. has an issue: it should be at 58%, and it is currently at 71%. Last month, WIOA Admin. was over by approximately \$138,000.00, and now it is over by \$166,000.00. This is the grant that DESC's finance team is spending time attempting to resolve, specifically regarding expenditures impacting this grant on a monthly basis. During the staff meeting earlier today, staff members were informed that they needed to start direct-charging their time instead of charging to certain pools like WIOA Admin. Ms. Baker-Giles noted that every two weeks, staff are required to submit a time distribution sheet where they allocate their work hours to grants. If hours are not logged correctly, those errors could negatively impact remaining allocation/dollar amounts. Ms. Baker-Giles also stated that due to delayed layoffs, there was an issue specifically with the WIOA Adult and Dislocated Worker pool. That issue has since been corrected. Ms. Pamela Moore, President/CEO, DESC, also stated that there are some staff members who work on PATH that were probably not charging an appropriate amount of time to that grant, and have been instructed to correct how they charge their time going forward. Ms. Baker-Giles also stated that a meeting is scheduled in the Mayor's office to discuss a certain amount of Admin. dollars.

Ms. Baker-Giles also informed the committee that funds are needed for the Grow Detroit's Young Talent project. The agency has received a few small donations, but the contractor needs to start increasing its staffing levels and more funding is needed.

Director Hughes asked Ms. Moore and Ms. Baker-Giles to update the committee on the outcome of the meeting at the Mayor's office since there is a tight timeline with this matter. She also stated that since Aspen consists of private foundation dollars, DESC, if this has not yet happened, needs to have a conversation with the funder of the grant and notify them of what is taking place regarding this particular budget. Director Hughes requested an update from DESC on this matter as well at the next committee meeting.

### **Financial Operations Discussion**

Chair Carroll asked for an update on the agency's financial operations. Director Hughes stated that at the last Corporation Board meeting, a discussion took place regarding the agency's organizational assessment and its key scope and questions. The assessment, along with questions, were sent to Ms. Moore, the Mayor's Workforce Development Board, and feedback relating to the agency's financial matters was received from several individuals. She noted that it would be appropriate due diligence of the Audit and Finance Committee to understand and discuss those questions as well. Ms. Baker-Giles read the questions and provided answers. During the discussion, Chair Carroll asked Ms. Baker-Giles if she could share with the committee the agency's organization chart, and Ms. Baker-Giles responded in the affirmative. Chair Carroll inquired as to whether a presentation package should be developed for potential donors to the agency. Ms. Moore noted that Mr. Tom Diehl, CPA, could develop this package since he is familiar with these kinds of metrics and has consulted on programmatic and fiscal matters for DESC.

Director Hughes requested that DESC memorialize their answers in writing for the organizational assessment. She noted that the items discussed during this meeting could be included in the financial analysis of the organization. Director Hughes also stated that at the last meeting, the committee talked about capital position and unrestricted net

assets. She explained that this is a \$400,000.00 hole which is not going to disappear by June unless outside dollars are raised. She noted that it is a reality that this committee and DESC needs to address. Ms. Baker-Giles stated that the dollar amount is different at this point because Youth dollars have leveled out, and hopefully the agency will be able to attain better control over WIOA Admin. Director Hughes stated that a proposal should be presented at the next committee meeting about what changes need to take place in order to resolve the current deficit. She noted that the committee could select a sub-group or meet with other Board members to determine a resolution.

#### **Public Comment**

Mr. Carroll asked if there were any members of the public that wish to comment. A public constituent raised a few questions about various program initiatives and training opportunities. Committee members and DESC staff provided information as requested and recommendations regarding various opportunities available through DESC at the moment.

#### **Adjournment**

With no further business to come before the Audit and Finance Committee, a motion to adjourn the February 26, 2016 meeting was made by Director Thompson, supported by Director Hughes. Motion Carried Unanimously. The meeting adjourned at 4:22 p.m.

Prepared by: Cristal Perry