

Time: 8:30 a.m. – 10:30 a.m.
Location: 455 W. Fort Street, 4th Floor Conference Room #403, Detroit MI 48226
Facilitator: David Carroll, Chairman, presiding

Members Present: Gwen McNeal, Jerry Kaminski, and Alice Thompson (Teleconference)
DESC Staff Present: Pamela J. Moore, Kristin Bailey, Alessia Baker-Giles, Robert Shimkoski, and Jacqueline Kapilango

PROCEEDINGS

The Meeting of the Detroit Employment Solutions Corporation Board Audit and Finance Committee was called to order at 8:39 a.m. by David Carroll, Chair. A motion was made for approval of the following items: Draft Agenda for the June 17, 2013 meeting, the Draft Minutes for the May 22, 2013 meeting, and the Draft Minutes for the April 10, 2013 meeting. Motion carried unanimously.

REVIEW/APPROVAL OF FUNDING RECOMMENDATIONS

RFP (Request for Proposal) for One-Stop Case Management and Related Services Provider

DESC requested proposals from qualified vendors to provide case management and related services, including the administration of Individual Training Accounts (ITA). DESC's goal is to provide a full range of core, intensive and training services to the universal population through Detroit's One-Stop Service Centers. This system helps jobseekers and other individuals find new jobs, retain employment, and advance their skills.

DESC currently provides One-Stop services at one full-service location, two satellite locations, and a mobile unit located within the city of Detroit. Within the next year, DESC will expand its network to include two (2) to three (3) additional locations.

Six proposals were received and reviewed by the internal review committee. DB Grant Associates, Inc. (DB Grant) received the highest score, 78.2.

On April 12, 2013, DESC submitted a Correction Action Letter to DB Grant which cited the following seven (7) findings:

1. Cost Allocation – DB Grant failed to maintain adequate procedures to determine the allocation of costs to the WIA Adult and WIA Dislocated Worker programs as required under the Uniform Administrative Requirement applicable to commercial organization.
2. One Stop Management Information System (OSMIS) – DB Grant failed to enter all WIA Adult and Dislocated Worker participants into the State of Michigan One Stop Management Information System in a timely manner as required for One-Stop Certification.
3. Compensation in Excess of Executive Level II – DB Grant charged a direct cost of \$146,067 for seven months to the WIA Adult and Dislocated Workers fund for their Program Director. Effective July 1, 2012 the Executive Level II rate was \$179,000. The rate increased to \$180,600 effective March 28, 2013. At this rate DB Grant would exceed the Executive Level II rate for the Program Director by the end of April 2013.
4. Severance Pay – DB Grant charged DESC \$25,252.64 of severance payments based on documents they submitted.
5. Travel Costs – DB Grant has charged DESC to date approximately \$125,000.00 for travel expenses which is approximately \$75,000.00 over the budgeted amount.
6. Timely Submission of Job Placements – DB Grant submitted nearly 1,000 job placement forms on December 18, 2012 which covered July 2012 through December 2012. As a result of the large submission, this prevents DESC staff from verifying placements in OSMIS in a timely manner.

7. Accuracy of Job Placement Documentation – DB Grant submitted Job Placement Documentation which contained several inconsistencies. Some examples include: missing birthdates, telephone or email addresses, employer verification information and signatures.

DESC President, Ms. Pamela J. Moore, indicated that DB Grant has been awarded a six-month contract with a 90-day probation period. Also, DB Grant has approximately \$150,000 in disallowed cost: Severance Pay: \$25,252.64; and Travel: \$125,000.00.

Chair Carroll made a motion to approve the funding recommendations, supported by Member Alice Thompson to move the contract for the One Stop Center Services to the Corporation Board.

RFP for Professional Employer Organization (PEO) Services

DESC requested proposals from qualified vendors to provide PEO services to its employees and participants. DESC will contract with one (1) vendor to provide PEO services on its behalf. The vendor will provide PEO services which will include Employee Benefits Services, Payroll, and Tax Administration, and Human Resource Assistance. The vendor is also expected to:

- Assist in achieving a smooth transition from the existing payroll system to the new system; and
- Provide the needed levels of security for data input and for processing and accessing payroll information for DESC staff and program participants.

Three proposals were received and reviewed by the committee. ASE Employee Leasing, Inc. d/b/a/ ASE Professional Staff Management (ASE) received the highest score, 70. ASE will resubmit a revised budget for the upcoming year.

Member Gwen McNeal made a motion to approve the funding recommendations, supported by Member Thompson to move the contract for PEO Services to the Corporation Board.

RFP for Payroll Services

DESC requested proposals from qualified vendors to meet its current and future payroll needs. Proposals were sought from applicants with significant experience providing outsourced payroll processing and related payroll services such as data entry, time-attendance tracking, tax filing and reporting, and benefit management to small businesses, non-profit organizations, and small public agencies. The selected vendor will be expected to provide payroll solutions for DESC. The vendor will provide youth payroll services for the year.

Only one vendor submitted its RFP, the incumbent, Payroll 1, Inc. which received a score, 78.

Motion was made by Member Thompson to approve the funding recommendations, supported by Chair Carroll, to move the contract for Payroll Services to the Corporation Board.

RFP for Security Services

DESC sought out qualified vendors to provide Security Services for the Michigan Works! One Stop Centers located in the city of Detroit. Security Services will be performed by the vendor at the time indicated by DESC and at the following locations: 707 W. Milwaukee Street, Detroit, MI 48202; 455 W. Fort Street, Detroit, MI 48226; and 5555 Conner Avenue, Detroit, MI 48213. Additional security services may be requested at times different from normal operating hours. All security personnel furnished by the vendor shall provide all phases of building and personnel security, including: personal property protection and vehicle protection, both inside and outside of the above-mentioned locations.

Eleven proposals were received and reviewed by the internal committee; Guardian Guard Services received the highest score, 91. Motion was made by Member Thompson to approve the funding recommendations, supported by Member McNeal to move the contract for Security Services to the Corporation Board.

RFP for Website and Social Media Planning, Design, Build and Implementation Services

DESC requested proposals for implementing a new website in order to better inform its customers of its services and opportunities. As a new organization with a new brand, DESC is working to establish its identity as the premier employment and training entity in the city of Detroit. While the DESC website (www.detroitmiworks.com) has been

in place for more than two years, it has limited functionality, is not easily accessible and does not showcase the organization's scope of services effectively. The organization is now in need of assistance in establishing an easily recognizable yet unique identity as it seeks to establish itself as a leader in employment and business attraction and retention.

Six proposals were received and reviewed by the committee. Mort Crim Communications, Inc. received the highest score, 87. Motion was made by Member McNeal to approve the funding recommendations, supported by Member Jerry Kaminski, to move the contract for Website and Social Media Planning, Design, Build and Implementation Services to the Corporation Board.

WIA Year-Round Youth Provider Funding Allocation Approval

Ms. Alessia Baker-Giles, Director of Finance and Accounting at DESC, presented a WIA Year-Round Youth Budget provider awards. Chair Carroll indicated that no additional review was needed by the committee, since the new budget falls within the initial dollar amount approved.

BUDGET

DESC's Proposed Fiscal Year (FY) 2014 – Operating Budget

Ms. Baker-Giles gave a report on the DESC's proposed Fiscal Year 2013 – 2014 DESC's budget which includes the estimated 12% decrease in funding. The current budget is \$43,135,102.00 in total revenues, which includes \$5,370,727.00 in projected carry-in.

Motion was made by Member Thompson, supported by Member McNeal, to move DESC's Proposed Fiscal Year 2014 – Operating Budget to the Corporation Board.

RFP APPROVAL PROCESS

RFP Approval Process

Member Thompson ensured that under the State of Michigan's Open Meetings Act, all committees and board meetings are open and accessible to the public and are as transparent as possible. President, Pamela J. Moore indicated until further notice, all committees and board meetings will be publicly announced and posted in all buildings.

Ms. Moore recommended moving the RFP Approval Process, supported by Member Thompson, to the Corporation Board.

PROCUREMENT SCHEDULE

Mr. Robert Shimkoski, Planning Manager at DESC, presented a DESC Procurement Schedule to the Board. Mr. Shimkoski indicated that all contracts are for one (1) year with an option for two additional one-year periods based on performance and the availability of funding. Currently, DESC has 15 procurements which are usually staggered; however, based on DESC being a new entity, this process is ongoing. Chair Carroll recommended combining and reviewing both the Procurement Schedule and Contract Schedule from oldest to newest so that all language, structure, and format are identical.

GOOD AND WELFARE

The next scheduled Audit and Finance Committee meeting is scheduled for Wednesday, September 25, 2013. With no further business to come before the Audit and Finance Committee, the meeting was adjourned 10:08 a.m.

Prepared by: Jacqueline Kapilango