

MINUTES

Detroit Employment Solutions Corporation (DESC) Board Audit & Finance Committee Meeting Monday, August 21, 2017

Time: 9:00 a.m. – 10:30 a.m.
Location: 440 East Congress St., Conference Room 3R, Detroit, Michigan 48226
Facilitator: Chair Chris Uhl

Committee Members Present: Chris Uhl, Mark Redman (via phone) and Paul Trulik (via phone)
Committee Members Absent: Ric Preuss and Alice Thompson
DESC Staff Present: Nicole Sherard-Freeman, Alessia Baker-Giles, Lynnette Robinson, Cassandra Ricks, Chauncey Samuel, Joycelyn Malcolm-Carr, Cristal Perry and Jade Bursey
Others Present: Maria Woodruff-Wright

Welcome and Introductions

The Meeting of the Detroit Employment Solutions Corporation (DESC) Board Audit and Finance Committee was called to order at 9:06 a.m. by Chair Chris Uhl. A motion was made by Member Paul Trulik to approve the Draft Agenda of August 21, 2017, supported by Member Mark Redman. Motion Carried Unanimously.

A motion was made by Member Trulik to approve the minutes of June 13, 2017, supported by Member Redman. Motion Carried Unanimously.

Finance Unit

CFO Selection Update

Nicole Sherard-Freeman, President/CEO, DESC introduced Michelle Rafferty, COO DESC. Ms. Sherard-Freeman explained that the work of the COO in its current construct is different from the role of COO that existed at DESC a year ago. She also stated that Ms. Rafferty will be focused on strategic initiatives and other operations that are externally focused.

Ms. Sherard-Freeman stated that the new CFO, Ms. Terri Weems has 20 years of experience in Audit and Finance, internal operations, and IT. Ms. Weems will begin on September 7, 2017. Her focus will be on finance, internal operations, process improvements, project management, discipline, and structure.

Fiscal Year 2017 Audit Preparation Status

Alessia Baker-Giles, Director of Finance, DESC, stated that the finance team is currently in the process of reconciling all grants that ended June 30. The goal is to have everything reconciled and balanced by the end of August. Ms. Baker-Giles explained the process has been a little slow because the team is still working on GDYT.

Chair Chris Uhl inquired if there were any updates on GDYT and Ms. Sherard-Freeman stated that from an operational stand point the biggest hiccup last year was mostly around payroll. This year the level of inquiries were 0.03%, which is a lower payroll inquiry rate than corporations that run payroll as their core business. This year has gone exceptionally smooth in no small part due to the partnership with City Connect. In addition, we have Alessia, Bruce and others on the internal team doing a phenomenal job watching cash flow.

Review/Approval

Funding Recommendation – Audit Firm

Chauncey Samuel, Procurement Specialist, DESC, explained the reason and purpose of the funding recommendation for the Auditing Service RFP and stated that the funding amount for the agreement shall not exceed \$55,000 for the performance period September 1, 2017 through June 30, 2018. Ms. Samuel also stated that based on performance and availability of funds the contract may be extended two additional fiscal periods (2019 and 2020). Ms. Baker-Giles stated that the Audit firm will begin field work on September 1, 2017. They will be responsible for testing up to three major federal programs. They will prepare DESC's financial statements and the 990-tax return which is due to the IRS by February 2018. Ms. Samuel's explained that there were six submissions on behalf of this RFP and gave an overview of each of the companies that submitted proposals. She and Ms. Sherard-Freeman also summarized the reasons they were not chosen.

Member Mark Redman stated that at the request of Chris Uhl, he did review the proposals and assisted the DESC team in the review process and agrees with the recommendation by the DESC team. Member Paul Trulik questioned if George Johnson detailed in the proposal giving a discounted rate and locking that discount in for multiple years. Ms. Samuel stated that information was not detailed in the proposal for the review team. After discussion, a motion to recommend funding Plante Moran to provide auditing services to DESC was made by Member Redman, supported by Member Trulik. Motion Carried Unanimously.

Member Redman asked if anyone reached out to Abraham & Gaffney to explain the concerns regarding proper notification. Ms. Baker-Giles responded by stating she did not reach out to Abraham & Gaffney, the only person she had spoken with was Alan Panter. Mr. Panter stated Abraham & Gaffney was dissolving the monitoring component of their firm and would focus primarily on tax returns going forward. Abraham & Gaffney was sent the Public Notice announcing the new procurement of auditing services for DESC just in case something changed, and they wanted to respond. Abraham & Gaffney did not respond to the RFP. Member Redman inquired, and Ms. Baker-Giles confirmed that Alan Panter, the Principal Partner on our engagement went over to Yeo & Yeo.

Discussion

Scheduling of meetings for the remainder of the fiscal year

Alessia Baker-Giles stated that at an Audit and Finance meeting back in October or November, we were trying to determine how often the Audit and Finance committee wanted to meet. We had been meeting monthly and are trying to finalize our new meeting schedule. Member Redman stated that the monthly meetings were much to frequent. Member Trulik stated that monthly is to frequent. The discussion continued with quarterly meetings being the ideal frequency recognizing there may be a need for ad hoc emergency meetings. Member Trulik also stated that if the group needs to come together, a conference call can quickly be put together. Chair Uhl stated that he agrees with that and is comfortable with quarterly meetings subject to getting called in for additional meetings as necessary.

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 August 21, 2017 meeting was made by Member Redman, supported by Member Trulik. Motion Carried Unanimously.

The meeting adjourned at 9:30 a.m.

Prepared by: Cristal Perry

Approved: October 25, 2017