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MEETING:	Audit and Finance Committee Meeting	DATE:	January 31, 2019
IN-PERSON ATTENDEES:	DESC Board/Committee Members: DESC Staff: Nicole Sherard-Freeman, Terri Weems, Michelle Rafferty, Alessia Baker-Giles, Robert Shimkoski, Cristal Perry, S. Rene Fowler Guests: Paul Bryant, Plante Moran	LOCATION:	440 E. Congress, Corporate Conference Room, 3R, Detroit, MI 48226
VIA TELEPHONE:	DESC Board: Chris Uhl, Paul Trulik, Ric Preuss, Alice Thompson, Maria Woodruff-Wright	CALLED TO ORDER:	10:10 a.m.
ABSENT:	Excused: Mark Redman Unexcused:	ADJOURNED:	11:07 a.m.
FACILITATOR:	Chris Uhl, DESC Audit and Finance Committee Chair	DATE MINUTES APPROVED/ADOPTED:	April 18, 2019

ITEM	DISCUSSION	OUTCOME/ACTION ITEM(S)
Call to Order, Welcome and Introductions	Chris Uhl, DESC Treasurer, Audit and Finance Committee Chair called the meeting to order at 10:10 am, January 31, 2019.	
Approval of Draft Agenda	Chris Uhl, Desc Treasurer, Audit and Finance Committee Chair Requested a Motion to approve the Meeting's Draft Agenda. Motedioned: Paul Trulik Seconded: Ric Preuss Motion Carried-Passed/Approved Unanimously	Approval of Meeting Draft Agenda Motion Carried-Passed/Approved Unanimously
Approval of Meeting Minutes: November 29, 2018	Chris Uhl, Desc Treasurer, Audit and Finance Committee Chair Requested a Motion to approve the Meeting's Draft Agenda. Motedioned: Paul Trulik Seconded: Ric Preuss Motion Carried-Passed/Approved Unanimously	Approval of Meeting Minutes dated November 29, 2018 Motion Carried-Passed/Approved Unanimously
Old Business	Chris Uhl, DESC Treasurer: None.	
Presentation of Financial Report	Terri Weems, CPA, CFO, DESC: The financials were presented verbally at the November 29 th meeting and were filed in December.	



Paul Bryant, Auditor- Plante Moran:

- We issued an unmodified opinion, which is the best opinion we as Auditors have the ability to give, when auditing an organization.
- This is our second-year auditing DESC, which continues to move in a positive direction. The organization continues to grow with a lot of moving pieces, maintaining control and positive financial results.
- The Balance Sheet/Statement of Net Position - We did a significant amount of work testing receivables and collectability, to make sure those are adequate, and they were.
- Net Position – Total net position is \$5.2M.
- The organization has done a good job in diversifying its revenue streams and it's not just relying on state and federal grants. Very healthy balance sheet and little 3rd party debt, with no reliance on outside borrowings to run the agency overall.
- Total revenue for the year at \$56.2M, with expenditures at \$53.1M.
- \$3.1M was added to the overall net asset for the year representing a 60% increase added to the bottom line, over one year.
- There were two control findings. One identified by the organization and multiple prevention methods have been put in place. The second was from prior years and has been downgraded from a significant deficiency to a control deficiency. There are additional controls that are put in place going forward with additional internal audit processes to catch errors and fix them on a live basis.
- The Agency has proven that internal controls and the items that are in place are in fact working.
- The agency had \$40M of expenditures in federal awards spent during the current year.
- There was a process finding concerning review of timesheets in support of payments. In the prior year; this was a much more severe issue, a modification of opinion, which we did not have this year. This year it is a significant deficiency and it is an improvement in your overall process.

“Great Audit this year! Overall it went well and there is an End of the year audit letter, on how the audit went overall. The audit went smooth, no disagreements.”

	<p>Terri Weems:</p> <ul style="list-style-type: none"> • Reported year over year comparisons. Our Net assets for several years were at the breakeven point. Last year net position \$2M, this year increased to \$5M. Trend moving in right direction, which is extremely healthy. Forecasted to be in the \$2M - \$5M range. <p>Nicole Sherard-Freeman, President, CEO, DESC:</p> <ul style="list-style-type: none"> • DESC reduced our reliance on federal funding, relying more on our Philanthropic funding resulted in more than 20% of our revenue coming from private sources. 	
<p>Sector Training Strategy</p>	<p>Terri Weems:</p> <p>Training is a significant part of what we do. On track to meet or exceed our budget of \$12M this year.</p> <p>Michelle Rafferty:</p> <p>Last year trained 2,500 people between the One-Stops and PATH offices. Most of that training was done through the traditional Individual Training Account (ITA) process.</p> <p>The traditional ITA approach, last year we achieved a lot of great results in terms of building people’s skills and connecting individuals to employment, but we believe we can do better and increase the percent of completers or obtaining training related employment. Looking at best practices across the country we have determined moving to a Sector Partner Based Model for training is more likely to help us achieve:</p> <ul style="list-style-type: none"> • Better results for job seekers, and better serve employers in the city and the region • Better mechanism in terms for us using our funds, strategic in investing our funds to help people move out of poverty and support our local businesses. 	

	<p><u>SECTOR PARTNERSHIP MODEL</u></p> <p>Employers have been actively involved since the beginning, (co-owners of the effort) coordinated way to enforce workforce effort.</p> <p>Mayors Workforce Development Board (MWDB) has identified a household income of \$50,000 as a threshold. If you are under that, you are eligible for services and training. No household sizes.</p> <p>Training requirements must help us meet the wage requirements \$11.00 to \$15.00 p/h, (\$15.00 will be graded higher).</p> <p>DESC is focused on high growth and high demand sectors Health Care, Information Technology, Manufacturing, Construction and Transportation, Retail Hospitality, and Entertainment.</p> <p>We want to be more diversified in our training.</p> <p>Nicole Sherard-Freeman announced; Nicole Stallings Bates has taken on the role of Director of Employer Engagement in the Mayor’s office of Workforce Development. Her team will be involved in evaluating the proposals we receive for training interventions. This model will allow greater insight into the types of employers that are benefiting from our training and the quality of those jobs.</p>	
<p>Finance Report</p>	<p>Policy Review</p> <p>DESC Disbursement of Funds Policy was updated:</p> <ul style="list-style-type: none"> • How to draw funds in advance in order to pay our obligations to vendors, subcontractors, and contractors. • To require additional actions be taken when requests are made to modify vendor information and payment records in order to improve internal control. • Updated the policy that change requests require a call-in addition to a confirmation email to authorize representatives. Any requests for wire transfers in addition to that call and confirmation email to an authorized representative to contact information that we have on record, in addition we will be requiring authentication from the authorized rep and the banking institution. <p>A motion to approve the Disbursement of Funds Policy was made by member Alice Thompson and supported by member Paul Trulik.</p>	<p>Motion Carried – Passed/Approved Unanimously</p>

Budget and Actual Review

Terri Weems:

- Salary information is on track. Additional hires have corresponding increase, in funding.
- Subcontractor expenses – All together they are all on track.
- Started a pilot program through LYFT. That program is funded through our PATH budget. Facilities and Vehicle expenses are trending lower because of timing. We expect expenses to increase later in year as we move toward our relocation of our corporate space.
- CTE building improvement is trending higher. We previously budgeted \$500,000 for Breithaupt only. When our budget was developed. Those were the only revenue sources that were identified at the time. We expected Breithaupt funding raising to increase, and it has.
- Professional services and meeting expenses have increased year over year, that's a reflection of GDYT, additional support for CAP program, costs associated with launch events for the GDYT program.
- Technology program – Started this month. Selected a vendor, Launchpad (Salesforce) for our new Technology Solution. City of Detroit has also partnered with Salesforce to advance discussion, we are coordinating so that our systems are aligned and compatible.

At a glance, pleased where we are compared to our budget.

DESC is monitoring training closely. In June identified several risks when we presented our budget. One of those risks is that the demand for our services might outpace the funding that we have for our participants. As a result, we are implementing some of our mitigation strategies.

- Traffic to the One-Stops – has increased by 50% and has continued to increase through the first half of this year. Exceeded our goals with respect to the number of individuals who have developed individual career plans, received career readiness or occupational training and/or who attained employment.

Executive Summary – see pre read materials

	<p>Preview Next Meeting</p> <p>Preliminary Budgets and allocations for your review.</p>	
New Business	<p>Nicole Sherard-Freeman:</p> <p>The CEO provided a preview in advance of the GDYT fundraising for 2019. Our Goal is 8000 youths (14 – 24 years old), we expect to accomplish that through a \$11.9M fundraising target. We have high confidence in \$9.1M of funding and that's through data as recent as January 30, 2019. We are further ahead here on January 31st on fundraising for the current year of GDYT programming than we have been in any prior year</p> <p>We must raise another \$350,000 for our in-school programming (GDYT CAP), which will run in four public high schools and serve 250 youths. We are confident we will close that GAP.</p> <p>CEO will be presenting a more detailed report at the Corporate Board Meeting</p>	
Public Comment	No Public Comment.	No members of the public were present.
Adjournment	<p>Chris Uhl, DESC Treasurer, Audit and Finance Committee Chair Requested for Motion to adjourn the meeting:</p> <p>Motioned: Alice Thompson Seconded: Paul Trulik</p>	<p>Approval for Adjournment</p> <p>Motion Carried – Passed/Approved Unanimously</p>

DRAFT SUBMITTED BY:

Printed Name: S. Rene Fowler

Title: Executive Administrative Assistant

Signature: *S. Rene Fowler*

Date: February 11, 2019

DATE MINUTES APPROVED/ADOPTED: April 18, 2019 **Initials:** SRF

NEXT MEETING:

