

Audit Ad Hoc Committee Meeting Monday, October 26, 2009 Meeting Minutes

The Audit Ad Hoc Committee of the Southwest Wisconsin Workforce Development Board (SWWDB) met on Monday, October 26, 2009 at the SWWDB Administrative Office in Platteville. Attendance was as follows:

Members Present:	Mr. Jim Finley * Mr. Tom Schraeder*	Mr. Scott Stocker
Members Excused:	Mr. Randy Jacquet	Ms. Shari Schaff
Guests Present:	Mr. David Odahl, Wegner LLP* Ms. Nicole Riley, Wegner LLP	Mr. Tom Rose, Wegner LLP
Staff Present:	Dr. Robert Borremans* Ms. Kathy Kessler*	Ms. Annette Meudt

*Via Teleconference

Ms. Meudt called the meeting to order at 9:37 a.m.

1. **Discuss 2008-09 Audit Procedures with Wegner, LLP Audit Associates**

Ms. Meudt advised the Committee that Mr. Tom Rose and Ms. Nicole Riley, from Wegner LLP, are at the Southwest Wisconsin Workforce Development Board (SWWDB) office to conduct the field work for the audit. Mr. Odahl who joined by teleconference, began by giving an overview of the new audit standards and how they will affect the 2008 -2009- audit.

Mr. Odahl stated that Wegner, LLP Audit Associates are required to communicate their responsibilities as stated in the audit standards. He further explained that this is done by drafting an engagement letter, which was forwarded to Dr. Borremans for signature. Mr. Odahl recommended that the letter also be extended to the members of the Ad Hoc Audit Committee and the Board members for their review.

Mr. Odahl explained that this is a single audit, which combines the audit of financial statements and the audit of compliance with major federal programs. He added that included in the plan scope and engagement letter is the overview of what an audit is. Mr. Odahl provided clarification and stated that the audit firm examines evidence on a test basis and samples transactions. He explained that another requirement is to obtain an understanding of the entity and its environment as well as the internal controls they have in place. Mr. Odahl added that one of the changes to this year's audit is that the auditors will be speaking to all levels of the organization's employees ranging from Board members to finance, program operators and administrative personnel.

Mr. Odahl stated that the objective of the audit is to assess the risks for:

1. Material misstatements of the entity's financial statements
2. Material non-compliance of the requirements of the major federal programs

Ms. Meudt noted that there has been fiscal and programming monitoring for the American Recovery and Reinvestment Act (ARRA) and for regular WIA programs, but to date, no written report has been received regarding the financial portion. SWWDB received a good verbal report with no findings in either the program or fiscal modules.

Mr. Odahl stated that his initial assessment, based on the preliminary financial statements provided by

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Ms. Meudt, is that SWWDB's overall revenue has increased by approximately 2 million. Mr. Odahl noted that the focus of SWWDB for 2008-2009 appeared to be program-focused, rather than generating business service revenue. Ms. Meudt responded that because of the economic status, SWWDB has become more grant and new program focused, with emphasis on the American Recovery and Reinvestment Act (ARRA) dollars.. She added that the Business Service position was vacant for most of the fiscal year. Ms Meudt stated that 73% of the ARRA dollars received went toward training and support of participants; therefore very little funds were allocated to staff.

Mr. Odahl explained that they are required to audit all major programs, traditionally the Workforce Investment Act (WIA) and Wisconsin Senior Employment Programs. Mr. Odahl asked if the ARRA dollars used different CFDA numbers, which would result in new federal programs, or if the ARRA dollars are a part of the WIA dollars. Ms. Meudt responded that the ARRA dollars were given the same CFDA numbers as the WIA allocations so they are not a new Federal Program

Mr. Odahl further explained that another new component to this year's audit is the redesign of the Internal Revenue Service (IRS) Form 990. Mr. Odahl highlighted the changes that would affect SWWDB, and explained that they are primarily related to governance practices and policies. Policies that Mr. Odahl noted are currently in effect including conflict of interest, whistle blower and a procedure to determine executive compensation. Mr. Odahl asked if a copy of the Form 990 is distributed to each Board member before being filed with the IRS. He explained that this is not required, but the government sees them as good governance practices. Mr. Odahl added that SWWDB may want to consider adopting a more formal policy of reviewing and approving the Form 990 and ensure that the Board receives a copy.

Mr. Finley asked if this was a warning to establish good governance policies. Mr. Odahl confirmed that these policies are used by the IRS for gathering data, and are not required. He added that the 990 document is a public document. Mr. Finley added that abiding by them without the requirement shows good governance practices.

Mr. Odahl asked if there were any additional requirements related to the General Motors (GM) plant closure. Ms. Meudt clarified that there are many companies other than GM included in the National Emergency Grant (NEG) grant and any references should be termed "auto related". Dr. Borremans added that SWWDB is serving auto related individuals through the Workforce Investment Act (WIA) allocation dollars, and clarified that there are no special provisions or emphasis as part of the auto-related grants.

It was noted that Ms. Meudt prepared all of the financial statements for the fiscal year ending June 30, 2009, and all of the pre-audit preparations have been made.

2. Closed Session

Pursuant to Wis. Stats. 19.85 (1)(f), if necessary, the Committee may hold confidential discussions with Mr. Odahl and guests regarding issues or concerns they would want examined during the audit. Mr. Finley asked the members present if there was a need to meet independently. It was unanimously decided that there was no need to convene to a closed session.

3. Adjournment

Motion by Mr. Finley, second by Mr. Schraeder to adjourn at 10:26 a.m. **Motion carried unanimously.**