

Audit Committee Exit Conference Minutes

**Todd Kearney, Chair
Melanie Bruins
Kathy Cromeey
Paul Dietmann
Dave Robinson**

**Wednesday, December 7, 2022
9:30 a.m. to 10:00 a.m.**

**DoubleTree by Hilton Madison East
4402 E Washington Ave
Madison, WI 53704**

Members Present: Todd Kearney, Chair; Melanie Bruins, Kathy Cromeey, Paul Dietmann, Dave Robinson

Staff Present: Seth Lentz, Lameece Tyne, Chris Ziegel

Guests Present: John Hemming, Wipfli

Agenda Item 1 – Introductions and Announcements

Kearney welcomed everyone and called the meeting to order at 9:33 a.m. Kearney noted that the meeting was properly noticed and a quorum was present.

Agenda Item 2 – Review and Approval of the September 14, 2022 Meeting Minutes

Kearney asked for a motion to approve the minutes of the September 14, 2022 Audit Committee meeting as presented. Dietmann moved to approve the minutes as presented. Bruins offered the second. No discussion followed on this motion. The vote was unanimous in favor of the motion.

Agenda Item 3 – Annual Agency-wide Audit Exit Conference

Hemming began with the highlights of the audit—Wipfli issued an unmodified opinion in regards to the financial statements and Notes to Financial Statements, the Report on Compliance and Internal Control, and the Report on Compliance for Major Programs. There were no deficiencies and no instances of non-compliance to report. Financial Year 2022 audit tested the WIOA cluster which constitutes 65% of federal dollars received. The Independent Living program was also tested this year as this is the first year these grant funds amounted to more than the \$750,000 threshold subject to uniform guidance requirements. The WDBSCW was determined to be a low risk auditee.



Partnerships and pathways for economic growth

WDBSCW
3513 Anderson St, Ste 104
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This is an open meeting and will be held in accordance with all applicable laws, ordinances, and regulations pertaining to open meetings. The Workforce Development Board of South Central Wisconsin and WorkSmart Network are equal opportunity employers and program service providers. If you need this information or printed material in an alternative format or in a different language (any of these free of charge), please contact us at 608-249-9001. Deaf, hard of hearing or speech impaired callers may contact us through Wisconsin Relay Services at 7-1-1. Proud partners of the American Job Center network. This workforce product was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it.

Hemming summarized the audit was performed following Generally Accepted Audit Standards, Government Auditing Standards, and Uniform Guidance. WDBSCW does not have any significant estimates and disclosures are neutral, consistent, and clear. There were no difficulties encountered with the audit, no corrected and uncorrected misstatements, no disagreements with management, no consultations with other accountants, and no internal control related matters.

Hemming presented on the Statement of Financial Position, Statements of Activities, and Statements of Cash Flows highlighting three years' worth of activity. Amounts remain consistent with about a 5% increase in expenditures and no depreciation.

Hemming outlined operating statistics and comparisons with six other Workforce Development Boards within Wisconsin. WDBSCW revenue and expenses are up 22.3% from last year. Program expenses are at 93.7% which is comparable to the other six boards audited, averaging at 87.97%. Hemming added that this highlights the efficiency in organizational operations which results in nearly 94 cents for every dollar received by the WDBSCW, committed to program services and delivery. WDBSCW operates nine (9) federal programs with WIOA expenditures totaling \$5.3 million and is 43% of total expenses. Current year change in Net Assets Without Donor Restrictions amounts to \$9,504.

Hemming finished with Upcoming Accounting Standards which include:

- ASU No. 2016-02, Leases – Leases with a term greater than 12 months will require recognition with a Right-of-Use Asset and Liability. This will affect the main WDBSCW lease. Calculation and journal entry requirements going into the new fiscal year, which will be effective for WDBSCW's 6/30/2023 audit (if material).

Hemming opened the conversation up for any questions from the committee.

Dietmann inquired on benchmarks to attain to in regards to working capital as well as any cash flow issues.

Hemming posited grant revenue can be increased but will not change the net asset position. Funding streams and additional income, such as fee-for-service, that can be operated at generating revenue would help to provide additional working capital.

Tyne stated any income generated from program(s) must be invested back into their respective program(s). The organization has not had any cash flow issues.

Dietmann asked about the splitting of current and non-current assets and liabilities for next year's accounting report.

Hemming responded the right to use asset will not show up under current assets. Current liabilities will show the annual amount owed for leases. If implemented today, \$85,000 would be a current liability.



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The standard provides requirements of outstanding obligation(s) to appear on the financial statement. The organization does not have a formal liquidity policy, nor is one required.

Tyne added payments are going out as cost reimbursement to subcontractors.

Kearney suggested a narrative to be addressed for the covering of liquidity as opposed to the establishment of a policy. This concept was acknowledged by Hemming as a common and acceptable practice by others.

Kearney requested motion to accept the audit as presented. Bruins moved to approve the motion as presented. Dietmann offered the second. No discussion followed on this motion. The vote was unanimous in favor of the motion.

Agenda Item 4 – Adjournment

With no additional business for the Committee, Kearney moved to adjourn at 10:11 a.m.

Adjourned: 10:11 a.m.

Respectfully Submitted:

Pam Christenson
Board Secretary
Workforce Development Board of South Central Wisconsin, Inc.

Attachment for Board Records:

- Agenda
- Draft Minutes from September 14, 2022
- Wipfli Audit Presentation



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