



FINANCE AND AUDIT COMMITTEE MEETING MINUTES
Tuesday, December 16, 2008 at 4 p.m.
15506 County Line Road
Spring Hill, FL 34610

Committee Members Present: Jim Cook, Chair; Susan Arnett, Sister Roberta Bailey, Elizabeth Callaghan

Committee Members Excused: Curt Bromund, Dr. Burt Harres

Staff Present: Jim Farrelly, Ramute “Jak” Jakubauskas, Maryrose Wersan

Others Present: Tom Scheffey on behalf of Curt Bromund

I. Welcome and Call to Order - Mr. Jim Cook, Chair

Mr. Jim Cook, Chair, called the Finance and Audit Committee meeting to order at 4 p.m. Roll call and introductions were made. Mr. Cook requested a motion to adopt the agenda. Ms. Callaghan moved to approve and Sister Roberta seconded the motion. All were in favor with no abstentions and the motion carried.

Mr. Cook requested a motion to approve the minutes from the November 21, 2008 meeting. A correction to page 3 of the minutes will be made to amend the next scheduled meeting date from Friday, January 16, 2009 to Thursday, December 16, 2008. Ms. Callaghan moved to accept the minutes and Sister Roberta seconded, as amended. All were in favor with no abstentions and the motion carried.

II. Review/Discussion of Amended Fiscal and Accounting Policies

Ms. Wersan, Fiscal Manager, stated the Coalition has not yet received any amendments from Committee members on the accounting policies. Ms. Callaghan stated she was still reviewing the policies. Mr. Cook suggested the following:

- Page 11 – recommend not using any names in this area, only titles.
- Page 27 - #7 – Mr. Cook asked for clarification on this point and was informed that the State does not allow the use of petty cash.
- Page 33 – Fixed Assets – Under the definition of who can dispose of fixed assets, Mr. Cook suggested that this should be the Treasurer not the President. Mr. Farrelly advised that the Coalition’s Analyst, Jack Hamilton, has to inspect and approve designated assets before they are disposed. The Coalition may e-mail other state agencies or coalitions that items are available; transfer of ownership would then be completed or donations may be made to providers.

Mr. Cook requested a motion to accept the Amended Fiscal and Accounting Policies. Since Committee members are still in the process of reviewing the policies, Mr. Farrelly proposed that the Committee should take another month to review them.

The motion to approve the Amended Fiscal and Accounting Policies was tabled until the January meeting.

III. Review of Bank Account FDIC Limits

Ms. Wersan informed the Committee that she has been in contact with SunTrust Bank regarding information on non-interest bearing accounts that are secured in case of bank failure. However, the State requires Coalition funds be kept in an interest bearing account. SunTrust recommends stopping the “sweep account” and making the operational account non-interest bearing. In addition, SunTrust also recommends establishing an interest bearing Money Market fund with a \$250,000 balance. Ms. Wersan informed the Committee that on interest bearing accounts, the Coalition may only retain \$100; any monies over that amount must be returned to the State, on a quarterly basis.

The Coalition has no guarantee the bank will not fail; however, we need to guarantee the funds. Mr. Farrelly does not believe the State will allow the operational account become non-interest bearing even though it protects the State’s money. The Coalition is waiting for a response from the State and no action will be taken until that response is received. The Committee will continue to be updated.

IV. Discussion of Unemployment Tax Employer’s Quarterly Reporting

Ms. Wersan reported that approximately two (2) weeks ago, she received a phone call from the Florida Department of Revenue’s Unemployment Office informing her that the Coalition had been delinquent since 2004 on filing quarterly reports. Ms. Wersan contacted the Coalition’s payroll processing contractor, Paychex, who prepares the forms for the Coalition. She reported the Coalition originally engaged Paychex, in July of 2004, and was erroneously coded within their system as an “exempt” employer.

Ms. Wersan is working with the Coalition’s auditor and Paychex, who has since updated their system and will prepare the reports for 2008. For the prior years' delinquency, Paychex will assess a fee of \$4,500 for their staff to manually recreate the necessary reports. Discussion followed on how the account was originally set up and who was responsible for incorrect information being given to Paychex.

Ms. Wersan reported that the Coalition’s CPA firm, Williams, McCranie, Wardlow and Cash, P.A., has a payroll specialist who can prepare the reports for \$1,800. Ms. Arnett replied that she will put Ms. Wersan in touch with a representative from her office who prepares United Way’s payroll reports. Ms. Wersan explained that timing is an issue because of the penalties being assessed and the CPA firm’s specialist can begin immediately. Current penalties are estimated to be \$6,500.

Mr. Farrelly stated that he has reviewed the information and does not believe blame falls on Paychex; they did what they were told to do even though it was wrong information. Ms. Wersan stated that Paychex does currently supply her with payroll and 941 reports, on a regular basis. Ms. Arnett recommended putting the service out to bid at least once a year and having an annual meeting with Paychex to review the account.

A discussion followed regarding conflict of interest if the Coalition employs a staff person from the Coalitions' auditor's office and whether or not they could maintain independent audit status. Ms. Wersan will verify with the auditor as to the "specialist" being an employee or a contracted individual. Ms. Wersan will discuss the potential of in-house correction, at the suggestion of Ms. Arnett.

Mr. Farrelly shared that he had spent the last three (3) days at state-level meetings. He informed the Committee that the word is not good financially. Other coalitions are not in the same financial shape we are because the "hold back" is now a "give back". Mr. Farrelly indicated the Coalition should plan for a 6-10% cutback of this year's funds. He reminded the Committee that the Board of Directors had voted at the November meeting to close the waiting list to prevent dis-enrollment. The Florida legislature has scheduled a session in January to discuss the budget.

Mr. Farrelly stated he had met Florida Representative Susan Lynn who had reviewed a Coalition document and made a recommendation not to include words such as "enhancement" or "maintaining", but to simply reference what state-wide Coalitions can do to save millions of dollars.

Mr. Farrelly has requested that CDS supply their regular monthly utilization report, as of December 31, along with another report showing both a 10% and a 5% reduction. He indicated that as long as the wait list is maintained, the Coalition may not have to dis-enroll children. He hopes to have these reports prior to the next Finance and Audit Committee meeting.

Mr. Farrelly shared that there may be a consolidation of coalitions in July; from 31 to 25. Discussion followed on the Coalition's total administrative cost of 4.2%, the economy, and the need for non-profit agencies to collaborate and share staff, technology, etc.

Ms. Arnett stated that a poll of United Way's 2-1-1 calls from across the state indicated there is a 65% increase in requests for assistance with utility bills and a 35% increase in overall assistance requests. She also reported seeing more ELC signs at provider locations. Mr. Farrelly reported that the Coalition will also have an ad in the newspapers on the Sunday before the Super Bowl, a postcard direct mailing will go out the second week of January to parents of VPK-aged children, and the Coalition has an ad currently appearing at movie theaters in both Pasco and Hernando counties.

V. Schedule of Next Meeting Date

The next meeting date was scheduled for Friday, January 16, 2009 at 8:30 a.m.

VI. Public Input

None

VII. Adjournment

Mr. Cook asked for a motion to adjourn the Finance and Audit Committee meeting. Sister Roberta so moved and the meeting was adjourned, without further discussion, at 5 p.m.

Respectfully submitted by,

Ramute "Jak" Jakubauskas
Administrative Assistant