



**JOINT FINANCE/AUDIT/EXECUTIVE COMMITTEE
MEETING MINUTES
Friday, February 20, 2009 at 8:30 a.m.
15506 County Line Road
Spring Hill, FL 34610**

Committee Members Present: Lisa Hammond; Chair, Sister Roberta Bailey, Elizabeth Callaghan, Jim Cook, Nicole Miller, Jean Rags (via phone)

Committee Members Excused: Susan Arnett, Curt Bromund, Dr. Burt Harres, Dr. Steve Kanakis

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

Others Present: Carol Eurton, CDS; Lorrie Neander, Williams, McCranie, Wardlow & Cash, P.A.; Rob Wardlow, Williams, McCranie, Wardlow & Cash, P.A.

I. Welcome and Call to Order - Ms. Lisa Hammond, Chair

Ms. Lisa Hammond, Chair, called the Joint Meeting of the Finance/Audit/Executive Committees to order at 8:45 a.m. Roll call and introductions were made. Ms. Hammond requested a motion to adopt the agenda. Mr. Cook moved to approve and Ms. Callaghan seconded the motion. All were in favor with no abstentions and the motion carried.

Ms. Hammond requested a motion to approve the minutes from the January 16, 2009 Finance Committee meeting. Mr. Cook moved to accept the minutes and Ms. Callaghan seconded. All were in favor with no abstentions and the motion carried.

II. Review/Approval of Revised 2008-2009 VPK Budget

Ms. Wersan stated that the Coalition received an additional \$1,044,289 for VPK and \$1,690 for VPK Outreach and Awareness/Monitoring Initiative from the AWI/Office of Early Learning (attached). The contract with CDS will be amended to place the additional VPK dollars into slots. Ms. Wersan explained the CDS utilizations for December 2008 reflected a deficit in VPK and these contracts will be amended to reflect the new amounts.

Mr. Cook inquired what the Coalition did to acquire these additional funds and was informed it was due to the increase of children based on December enrollments.

Ms. Hammond requested a motion to approve placing the additional \$1,044,289 into VPK slots. Ms. Callaghan moved to accept the motion and Ms. Miller seconded. All were in favor with no abstentions and the motion carried.

Ms. Wersan also explained the Coalition has been awarded an increase of \$1,690 for VPK Outreach and Awareness/Monitoring Initiatives. She recommends these funds be placed in the monitoring initiative budget.

Ms. Hammond requested a motion to approve placing the additional \$1,690 into the monitoring initiative budget. Sister Robert Bailey moved to accept the motion and Mr. Cook seconded. All were in favor with no abstentions and the motion carried.

III. Review/Discussion Auditor's Report – June 30, 2008

Ms. Wersan distributed copies of the auditor's report to Committee members. Mr. Rob Wardlow, of Williams, McCranie, Wardlow and Cash, P.A., gave a brief overview of the audit explaining the balance sheet, receivable balances, unrestricted net assets, disclosures, etc.

Mr. Wardlow explained that the reports written in the audit are summarized in the letters provided (SAS 112 and SAS 114). He explained that new auditing standards had been put into place because, in some instances, the Board of Directors or those charged with governance did not necessarily understand what management was doing and what policies had been put in place. Mr. Wardlow stated these letters are the result of those additional standards.

The first letter is the findings of significant deficiencies or material weaknesses in internal control. The first page defines what the auditor's responsibility was with the internal control system. Page two (2) begins the list of deficiencies. For Item #1, Mr. Wardlow stated in the past, it was common practice for the auditors to assist agencies with limited staff to get the financial records ready before they were drafted. That meant the auditor had become part of the internal control system. Mr. Wardlow stated that now it is their responsibility to inform the Board, those charged with governance, so the auditors can clearly define who is responsible for the financial statements. For the first item, Mr. Wardlow explained that due to the size of the organization and the complexity of the internal control structure, the auditors have made certain entries. The second item was the interest bearing account. The sweep account is not federally secured. Ms. Wersan stated the Coalition will be moving forward with the sweep into a treasury account. The third and last item was the Coalition did not achieve match.

Ms. Callaghan asked if the newly approved Fiscal & Accounting Policies contained measures to address those listed in the first item. Mr. Wardlow stated he had not seen those policies but had given Ms. Wersan a sample Internal Control policy. Ms. Wersan stated the Coalition will be re-creating that policy to add to the current Fiscal & Accounting Policies. Mr. Wardlow stated the Coalition could have a good internal control system as long as the Board and management continue to be involved in the day-to-day activities such as reviewing financial reports, bank reconciliations, etc.

Mr. Wardlow stated that Items #2-3 relate to compliance items. Item #2 is a requirement put in place by AWI that any investments must be federally insured. In this case the investments being made with the sweep account are not. Ms. Wersan stated that the Coalition will be moving forward with having the funds swept into a treasury account.

Mr. Wardlow explained that Item #3 deals with the match and due to the compliance issues, it must be stated that match was not met.

Mr. Wardlow stated it is their responsibility to also point out if these items are material weaknesses and in this case Items #1-2 are and Item #3 is not. An update regarding the status of our bank account will be presented during the next meeting.

Mr. Wardlow went on to the next letter, a communication to those charged with governance. He explained this letter outlines who is responsible for what. Auditors were responsible for auditing the financial statements and the Coalition's Board is responsible for the financial statements. The auditors have to assess if the organization has the ability to accept responsibility for the financial statements. He also explained this letter discusses some of the qualitative aspects. The only thing to disclose as far as qualitative items is mentioned in the notes to the financial statements; there is a disclosure about being economically dependent on the continued support from state and federal organizations.

Ms. Miller requested Mr. Wardlow to provide an audit comparison between FY 07 and FY 08 audits. She stated seeing this comparison with variance percentages would be beneficial to the Board Members to see how the Coalition is progressing. It would be supplied as supplemental/internal information for the Board only. Mr. Cook explained that he also looks at the percentages more so than the dollar amounts. Mr. Wardlow will provide a supplemental page to Ms. Wersan showing the audit comparisons and percentage variance to forward to the Committee for review.

Ms. Wersan stated that a Corrective Action Plan has been submitted in regards to the findings and it is included with the audit packet.

Mr. Wardlow stated he has seen a huge improvement in this year's audit and stressed that Ms. Wersan contacts his office regularly with questions to ensure accuracy and compliance. He stated that fiscally the Coalition is on the right track.

Mr. Cook inquired if the Finance/Audit Committee could do more to assist in the audit area. Mr. Wardlow stated in some organizations the Audit Committee will make surprise visits and do some spot checking such as reviewing invoices, check sequences and payroll reports.

Mr. Farrelly remarked the Coalition was very fortunate to have the services of Mr. Wardlow and Ms. Neander as well as having a very competent Fiscal Manager.

Further discussion followed on quality assurance check lists and other check and balance systems. Mr. Wardlow stated the United Way of Citrus County's Audit Committee has developed some very good tools. Ms. Wersan stated that AWI/OEL will begin their financial monitoring in early March and a check and balance system is in place between herself and Mr. Farrelly.

Ms. Hammond thanked Mr. Wardlow and Ms. Neander for their time.

Ms. Hammond requested a motion to approve the June 30, 2008 Auditor's Report. Ms. Callaghan made a motion to approve the report and Mr. Cook seconded the motion. All were in favor with no abstentions and the motion carried.

The Board requested Mr. Wardlow to make his audit presentation to the full Board at their regular monthly meeting on Thursday, February 26, 2009 at 8:30 a.m.

IV. Schedule of Next Meeting Date

Proposed meeting dates for the next Finance/Audit Committee meeting will be e-mailed to the Committee members.

V. Public Input

None.

VI. Adjournment

Ms. Miller motioned to adjourn the meeting. The Joint Finance/Audit/Executive Committee meeting was adjourned, without further discussion, at 9:30 a.m.

Respectfully submitted by,

Ramute "Jak" Jakubauskas
Administrative Assistant