



## North Central Texas Council of Governments

October 2, 2020

Mr. David K. Setzer  
Director of Workforce Development  
Workforce Solutions for North Central Texas  
P.O. Box 5888  
Arlington, TX 76005-5888

Dear Mr. Setzer:

The North Central Texas Council of Governments Risk and Compliance Division performed a Workforce Development Board (WFD) Budget Methodology and Process Review related to core grants and discretionary funding in accordance with Texas Administrative Code, Title 40, Part 20, Chapter 802, Subchapter D, Rule §802.64, and applicable provisions of 2 CFR §200. We reviewed the reasonableness of the activity against requirements for budget development, submission, controls and changes as prescribed by the Financial Manual for Grants and Contract, Chapter 6, Budget. The review was based on information provided WFD Managements, as Workforce Boards are required to exercise due diligence to provide oversight of fiscal, operational and program requirements. Fiscal monitoring activities are performed to ensure that resources are used efficiently and effectively for authorized purposes and are protected from waste, fraud, and abuse.

The attached report details the review of the FY2020 Workforce Development Budget for compliance with budget requirements and WFD procedures as recommended by Texas Workforce Commission. Of the items reviewed, there were no fiscal observations to be addressed and no recommendations needed to strengthen internal controls. This review is considered to be closed upon issuance of this report.

We appreciate your cooperation in providing us with the necessary information to complete the review. If you have any questions, please contact Debra Pirtle at 817-704-5622 or Fatima Parsons at 817-704-2536.

Sincerely,

Debra M. Pirtle, CPA, CFE  
Audit Manager  
Risk & Compliance Division

cc: **North Central Texas Workforce Development Board**  
Carlton Tidwell, Chairman, Oversight and Accountability

### **North Central Texas Council of Governments**

Molly Rendon, Director of Finance  
Debra Kosarek, Sr. WFD Program Manager -  
Compliance & Continuous Improvement  
Randy Richardson, Sr. Fiscal Manager

616 Six Flags Drive, Centerpoint Two  
P.O. Box 5888, Arlington, Texas 76005-5888  
(817) 640-3300 FAX: 817-608-2372  
[www.nctcog.org](http://www.nctcog.org)



***Workforce Development Board***  
***FY20 Budget Methodology and Process Review Report***  
for  
Workforce Solutions for North Central Texas

*Prepared by the*  
*Risk and Compliance Division*  
**North Central Texas Council of Governments**  
**Workforce Solutions for North Central Texas**  
October 2, 2020

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# North Central Texas Council of Governments

## Workforce Solutions for North Central Texas *FY20 Budget Methodology and Process Review Report*

### Background

The North Central Texas Council of Governments represents the North Central Texas Workforce Development Board as Administrative Entity and Grant Recipient/Fiscal Agent. The purpose of the NCTWDB is to advance an innovative workforce system that fosters a competitive economy and improves the quality of life in a 14-county region in North Central Texas.

All funding received from Texas Workforce Commission for the operation and management of Workforce and/or Child Care programs is subject to the requirements of TWC's Financial Management for Grants and Contracts for the accounting of these funds. NCTCOG Risk and Compliance Division completed a FY20 Budget Methodology and Process Review related to core grants and discretionary funding in accordance with Texas Administrative Code Title 40, Part 20, Chapter 802, Subchapter D, §802.64, applicable provisions of 2 CFR §200, and as prescribed by the Financial Manual for Grants & Contracts, Chapter 6, Budget. Fiscal monitoring activities are required to ensure that resources are used efficiently and effectively for authorized purposes and are protected from waste, fraud, and abuse. The budget processes and procedures are performed to develop a budget that will enable Workforce Development Board to comply with rules and regulations to compare actual expenditures or outlays with budgeted amounts for each grant or subgrant. The review was based on information provided by WFD management, as Workforce Boards are required exercise due diligence to provide oversight of fiscal, operational, and program requirements.

### Risk

NCTCOG conducted the review to address risks in order to ensure the following:

- Budget and planning system internal controls were effective,
- Budgetary data included review and approval,
- Segregation of duties was implemented,
- Budget and any revisions were approved by the Board of Directors.

### Objective

NCTCOG's overall objective of the review was to assess the WFD Budget methodology and associated procedures to ensure that the development, evaluation, authorization and implementation of the budget process was effective and reasonable.

The focused objective was to review documentation that provided assurance that fundamental components to effectively, adequately and appropriately generate the FY 2020 WFD Budget were in place and functioning correctly. R&C assessed planning, approvals, responsibilities, separation of duties and internal controls integrated into various processes for compliance with budget requirements and WFD procedures as recommended by TWC.

### Scope

R&C examined FY 2020 WFD Budgets for compliance with budget requirements and noted the following WFD procedures and internal controls were in place as recommended by TWC for:

- Budget development procedures,
- Budget submission requirement,
- Budget control,
- Budget changes, revisions and variances.

## **Methodology**

NCTCOG's review of an internal control self-assessment questionnaire and discussions with management included:

- Review of budget procedures and process flows,
- Evaluation of budget planning and data security,
- Assessment of budget review, preparation and approval,
- Evaluation of segregation of duties,
- Review of effectiveness of budget control and evaluation.

The examination of documents was neither meant to confirm, support, nor deny information obtained in other areas of the assessment. An expanded scope may have identified additional items that may or may not have been significant to the process and results.

## **Summary of Results**

Based upon review of the supporting documentation provided, including budget process flows, procedures, summaries, schedules and attachments, questionnaire responses, Board presentations, minutes, resolutions and approvals, the budget methodology and associated processes appear reasonable, complete and properly authorized. No errors, exceptions, or observations were noted.

## **Conclusion**

Of the items reviewed and our subsequent discussions with management, there appear to be no observations that would contribute to a material weakness or significant deficiency in fiscal internal controls. This review is considered to be closed upon issuance of this report and no response is required.

## Appendix A

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### Acronyms

2 CFR 200	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
NCTCOG	North Central Texas Council of Governments
NCTWDB	North Central Texas Workforce Development Board
R&C	NCTCOG Risk and Compliance Division
TWC	Texas Workforce Commission
WFD	Workforce Development Board