



North Central Texas Council of Governments

February 6, 2026

Ms. Phedra Redifer
Executive Director
Workforce Solutions for North Central Texas
P.O. Box 5888
Arlington, TX 76005-5888

Dear Ms. Redifer:

The North Central Texas Council of Governments (NCTCOG) Fiscal Monitoring has completed the FY2026 Workforce Development (WFD) Cost Allocation Plan Review in accordance with Texas Administrative Code, Title 40, Part 20, Chapter 802, Subchapter D, Rule §802.64, and applicable provisions of 2 CFR §200.416 Uniform Administrative Requirements. We reviewed the reasonableness of the activity against documentation and guidance for cost allocation plans, controls and changes as prescribed by the Texas Workforce Commission (TWC) Financial Manual for Grants and Contract (FMGC), Chapter 11, Cost Allocation and Resource Sharing. The review was based on information provided by WFD management, as Workforce boards are required to exercise due diligence to provide oversight of fiscal, operational, and program requirements. 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 attached report details the FY2026 WFD Cost Allocation Plan Review for compliance with applicable requirements and WFD procedures, as recommended by TWC. Of the items reviewed and our subsequent discussions with management, there were **no** fiscal observations that would contribute to a material weakness or significant deficiency in internal controls. This review is finalized upon issuance of this report.

We appreciate the cooperation and assistance of WFD management in providing us the necessary information during this review. If you have any questions, please contact Fatima Parsons at 817-704-5671.

Sincerely,

Fatima Parsons

Fatima Parsons
Senior Auditor II, Workforce Development - Fiscal Monitoring

cc: **North Central Texas Workforce Development Board**
Christopher Bentle, Chairperson, Oversight and Accountability

North Central Texas Council of Governments
Randy Richardson, Director of Administration
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WORKFORCE DEVELOPMENT COST ALLOCATION INTERNAL CONTROL ASSESSMENT

Prepared by NCTCOG Fiscal Monitoring

Abstract

The report summarizes the background, scope, procedures, and results of the project to assess the internal controls surrounding the Workforce Development Cost Allocation Plan for a period covering October 1, 2025 to September 30, 2026.



February 6, 2026



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General Background

Workforce Solutions for North Central Texas (WFD) is overseen by the North Central Texas Workforce Development Board (Board). WFD utilizes the North Central Texas Council of Governments (NCTCOG) as a fiscal and administrative agent to execute many of the support processes for achieving their mission, which encompasses many different avenues and grant funding initiatives. Because of the variety of grant funded services utilized within WFD, the NCTCOG staff allocate certain pooled costs using a calculation amongst the different programs within the WFD functions. This allocation is tracked and monitored using a cost allocation plan (CAP), which is monitored monthly by NCTCOG staff and reviewed on an annual basis by NCTCOG leadership.

Per discussion with NCTCOG staff, the NCTCOG CAP is prepared and documented in accordance with Chapter 11 of the Financial Manual for Grants and Contracts (FMGC) including the maintenance of appropriate supporting documentation.

WFD Cost Allocation Background

WFD's primary spending process is driven by two major contracts with third-party providers to administer all the various programs within the Board's purview. Of those two contracts, child care service is the larger contract in terms of dollar spend. During the period under consideration herein, two separate entities managed the overall expenditure including Curantis, LLC (child care services) and Career Team (workforce services). As noted above, the variety of programs served and the existence of services that cannot be directly assigned to a particular funding area necessitate the need for an individual WFD CAP. The WFD CAP is examined on an annual basis by the Texas Workforce Commission (TWC) and reviewed and authorized annually by NCTCOG Senior Management. The purpose of the WFD CAP is like the NCTCOG CAP in that it seeks to allocate costs in a reasonable method amongst the various funding avenues for the WFD operations.

From the perspective of the WFD CAP, several factors are considered when managing, approving, and overseeing the WFD CAP on a monthly and yearly basis. These items include the following:

- Consistency of the method and process for updating and applying the CAP.
- The variety of funding sources and their relative size includes child care.
- The NCTCOG CAP process and the resulting cost pool allocation rates included therein.
- Other unique features to the WFD process including the use of the various WFD centers.

Based on those items above, the NCTCOG staff create and maintain the WFD CAP. The CAP is approved for a fiscal year, monitored and adjusted monthly, and is reviewed before the next fiscal year for accuracy and reasonableness using a document called the "Fiscal Model." The WFD CAP process has supporting policies and procedures, a certification process, and a detailed calculation, which is connected to the NCTCOG financial system into the WFD records. Based on Fiscal Monitoring's (FM) understanding of the WFD CAP process, the following scope and procedures were executed to review and consider internal controls within the WFD CAP and



review two months of the ongoing monitoring of the CAP for the months of October and November 2025.

Project Scope

Based on the above listed background, FM reviewed the processes and internal controls relating to the WFD CAP that was effective beginning on October 1, 2025, through September 30, 2026. NCTCOG CAP was not subject to the scope of this project.

Project Procedures

FM performed the following procedures relating to the WFD CAP document itself as well as the two monthly processes examined including:

- Reviewed the prior FM report issued during 2022.
- Discussed the cost allocation process with applicable NCTCOG personnel to gain an understanding of the internal controls in place to create the WFD CAP Plan.
- Documented the expected process for creating the WFD plan within a short narrative or flowchart.
- Reviewed any policies or procedures relating to the WFD CAP.
- Obtain a copy of the completed cost allocation plan and perform a high-level review of the document(s).
- Tie an individual period of the cost allocation plan from the worksheet calculation to the accounting system. Observe this process in the NCTCOG accounting system for the months of October and November 2025.
- Create a listing of internal controls from FMGC Chapter 11 to review against the WFD Plan process.
- Obtain documentation to support the testing of internal controls relating to the items identified from the appropriate reference materials.
- Create a high-level memo relating to the Plan and the results of the procedures.

Project Internal Control Testing Results

FM performed the following tests of internal controls relating to the items presented in FMGC Chapter 11. Generally, the major internal control items listed in the FMGC Chapter 11 relevant to the WFD CAP were supported by reasonable documentation and in existence. Certain items mentioned in FMGC Chapter 11 are relevant to the NCTCOG CAP, which is not the focus of this project. Of the 6 major internal control statements in FMGC Chapter 11 relevant to the WFD CAP, **NCTCOG staff utilized in place and effective internal controls to address the 6 expected items.** A partial listing of the procedures and results of the tests (i.e., effective, ineffective, or partially effective) are noted below as an example.



#	Procedure	FMGC (Ch. 11) Reference	Control Frequency	Number Tested	Result
1	Discuss the process for maintaining accounting records with NCTCOG. Observe the process within CostPoint.	All costs and other data used to distribute the costs in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to federal or state awards.	Monthly	1	Effective
2	Review the NCTCOG organizational chart and related documentation for the WFD CAP.	An organization chart that is sufficiently detailed to show operations including the activities of the organization whether or not they are shown as benefiting from those functions being allocated.	As Needed	1	Effective
3	Review the prior period financial statements for NCTCOG and confirm the timing of the upcoming external audit with staff.	A copy of the organization's financial statements for the period covered by the costs (such as a comprehensive annual financial report, where applicable), or a copy of the approved budget if the plan covers budgeted costs. The financial statements are required to support the allowable costs of each activity included in the plan.	Annual	1	Effective
4	Review a copy of the certification and validate the inclusion of the appropriate statements and signature of the certifying official.	A certification that the plan 1) was prepared in accordance with the applicable cost principles, 2) contains only allowable costs, and 3) was prepared in a manner that treated similar costs consistently among the various federal or state awards and between federal and other non-federal awards/activities. The certification is discussed further under Certification in this Section 11.1.	Annual	1	Effective
5	Inquire to management about the certification requirements of the WFD CAP and NCTCOG CAP.	If the cost allocation plan is one that must be approved by a federal or state agency, documentation of the approval must also be maintained.	Annual	1	Effective
6	Determine if sufficient detail exists within the WFD CAP to explain allocated costs by reviewing the policies, procedures, and the WFD CAP calculation.	Certain information must be provided for every allocated cost as bulleted below. Brief description of the service Identification of the unit rendering the service Identification of the operating activities receiving the service Items of expense included in the cost of the service Method used to distribute the cost of the service to the benefited entity Summary schedule showing the allocation of each service to the specific benefited entity	Annual	1	Effective

Other Testing Procedure Results

As noted above, FM also agreed a selection of calculated percentages from October 2025 and November 2025 WFD CAP to the Comma Separated Values (CSV) file used for importation in the CostPoint system. The selected items from the WFD CAP tied to the importation file without exception. The percentages and general ledger accounts were considered during the testing.

Project Recommendations

The basis of the management recommendations presented below originated from the procedures performed as well as the internal control testing results. All project recommendations should be assessed for cost-benefit purposes and are the responsibility of NCTCOG staff to consider and implement. *The management recommendations are, essentially, suggestions for continuing to improve the WFD CAP process and **are not** related to any deficiencies or findings in internal controls or inconsistencies in the process of importing the percentages into the accounting system, which were both noted as effective above. It is important to note that FM validated that NCTCOG implemented recommendations made from the October 2022 WFD CAP process review.*



Item #	Observation	Recommendation	Management Comment
1	The yearly preparation and planning of the WFD CAP were heavily reliant upon Senior Fiscal Manager using the Fiscal Model .	Request that the Senior Fiscal Manager prepare a narrative explaining the interaction with the Fiscal Model and utilization for the WFD CAP . This narrative will serve as a resource for training additional staff involved in the annual process.	Management agrees with this recommendation and will ensure a narrative is drafted prior to the implementation of the FY 2027 CAP.
2	The monthly WFD CAP process is based on the utilization of a detailed Excel file with direct data connections and many formulas.	At least annually, a comprehensive review of the Excel file links and formulas should be performed and documented to ensure that it is working as intended.	This recommendation will be incorporated into the annual CAP process.
3	Monthly allocation percentages uploaded into CostPoint from Excel are overwritten.	Set up a process in CostPoint to extract a final report, monthly, showing the utilized percentages uploaded through the Excel process.	This recommendation will be incorporated into the monthly CAP process.
4	The “Fiscal Model” is continually updated and revised during the year.	Create a “final” copy that supports the official WFD CAP that was approved by NCTCOG. The copy can be in the form of a locked Excel file with the WFD CAP date, an extracted PDF, or both.	This recommendation will be incorporated into the monthly CAP process.

Project Conclusion

After reviewing the WFD CAP process and supporting documentation, FM concludes that the internal controls around the WFD CAP process are operating in a reasonable and effective manner when considering the six requirements applicable to the WFD CAP of the Financial Manual for Grants & Contracts, Chapter 11. Continued improvement of documentation will only help to enhance the WFD process that has been developed over an 18+ year period. As noted above, the four management comments should serve as guidelines for improvement and are not necessarily a reflection of the effectiveness of internal controls within WFD CAP. FM appreciates the assistance of the NCTCOG staff in providing documentation and their time to assist in the completion of the project.



Project Limitations

The project was limited to procedures around the WFD CAP process. If additional procedures would have been performed on other processes, other matters of significance may have been identified. While procedures considered directives under organizations such as the American Institute of Public Accountants, the project was not designed nor completed using any specific professional standards including those required of external auditors.

Appendix A

Acronyms

2 CFR 200	Uniform Guidance, Title 2 U.S. Federal Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
AAG-GAS	Citations from AICPA Audit Guide “Government Auditing Standards and Single Audits” updated 3/1/2019
NCTCOG	North Central Texas Council of Governments
NCTWDB	North Central Texas Workforce Development Board
FM	Fiscal Monitoring
TWC	Texas Workforce Commission