

North Central Texas Council of Governments

To: Randy Richardson, Debra Kosarek, Molly Rendon
From: Debra Pirtle
Date: August 18, 2021
Subject: WSNCT Pre-Award Fiscal Integrity Evaluation Indicators Review of Equus Workforce Solutions for the Workforce and Child Care Service Provider Contracts

Background

The North Central Texas Council of Governments (NCTCOG) receives pass-through funding from Texas Workforce Commission (TWC) to manage Workforce operations throughout a fourteen-county region overseen by the North Central Texas Workforce Development Board (NCTWDB). Workforce Boards are required to provide oversight of fiscal, operational, and program requirements in exercising due diligence, and to address any additional program requirements set forth in rule, law or policies and procedures to ensure the integrity of the Workforce system. Additionally, the operation of these programs is subject to requirements of Uniform Guidance, NCTCOG, and TWC's Financial Manual for Grants and Contracts (FMGC) for proper accounting and oversight of the Workforce and Child Care funds. In accordance with Texas Administrative Code Title 40, Part 20, Chapter 802, Subchapter B, Rule §802.21, Section (a) Fiscal Integrity Provisions (TAC), NCTCOG Fiscal Monitoring Department (FM) completed a fiscal integrity evaluation indicator review as a measure of due diligence for NCTWDB prior to the award of fiscal year 2022 contract amendments.

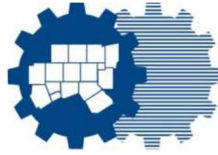
Objective/Risk

The objective of the fiscal integrity evaluation indicators review is to identify any observations, issues, risk factors or concerns from a fiscal perspective that could negatively impact a NCTWDB decision to proceed with Equus Workforce Solutions, a subsidiary of Phoenix Guarantor Inc., as the ongoing Subrecipient for both the Workforce Services and Child Care Service contracts. Any identified concerns would require risk discussions or additional procedures, including determining the necessity for mitigating factors. Since Equus Workforce Solutions is currently under contract with NCTWDB, the fiscal integrity evaluation indicators review encompasses ongoing fiscal year 2021 reviews to ensure that Equus meets performance measures in compliance with requirements contained in Federal and state statutes; regulations and directives of the Commission or Agency, FMGC, and Uniform Guidance, and other safeguards to ensure proper and effective use of funds placed under Equus' control.

Scope

The annual fiscal integrity evaluation indicators review included review of Phoenix Guarantor, Inc., and Subsidiaries December 31, 2020 and 2019 Audited Financial Statements and FY2021 insurance information which addressed TAC compliance requirements as follows:

- Single Audit Desk Review in accordance with Uniform Guidance and the Council of Inspectors General on Integrity and Efficiency
- Prior Three-Year Financial History Review consisting of side-by-side comparison of financial data (only two years available)
- Insurance and bonding review of contractual compliance, complete pending successful review of bonding calculations and forthcoming insurance payment information due to timing considerations.



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Summary of Results

Internal controls, and fiscal policies and procedures of Equus are continuously reviewed and tested by FM according to the Workforce Rotational Review Workplan. As such, fiscal monitoring activities were deemed sufficient during TWC's January 2021 annual review of NCTWDB. Additionally, the annual review of fiscal integrity evaluation indicators as noted above revealed no unacceptable or unreasonable concerns and appeared adequately to meet or exceed FMGC minimum requirements. Information included in this memo was discussed with Workforce Senior Fiscal Manager, Senior WFD Program Manager of Compliance and Continuous Improvement, and the Director of Administration with no further actions expected or necessary.

Conclusion

Of the items provided and reviewed as fiscal integrity evaluation indicators, there appear to be no findings, observations, issues, or concerns that would prevent NCTWDB from advancing to the contract phase with Equus Workforce Solutions. As the contract proceeds, FM will continue to provide review of policies and procedures through specific area monitoring efforts to ensure Equus Workforce Solutions provides current, accurate and complete information regarding day-to-day fiscal operations.