



North Central Texas Council of Governments

June 25, 2021

Ms. Juanita Budd
Project Director
Equus Workforce Solutions
624 Six Flags Drive, Suite 245
Arlington, TX 76011

Dear Ms. Budd:

The North Central Texas Council of Governments completed a Purchasing & Procurement Process Review under contract FY21-TWC-02 with Equus Workforce Solutions for the provision of Workforce Services for Workforce Solutions for North Central Texas. The specific compliance areas reviewed included purchasing and procurement transactions along with related policies in accordance with §16.10 Monitoring, Audits, and Evaluations of the contract.

The attached report details the scope and summary of monitoring results of FY2021 Equus Purchasing & Procurement Process Review selected from the month of November 2020. Of the items reviewed and our subsequent discussions with management, there appear to be no findings that would contribute to a material weakness in fiscal 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.

Sincerely,

David K. Setzer, CPSM, C.P.M., CWE
Director of Workforce Development

cc: **Equus Workforce Solutions**
Moneisa Downs, Regional Director

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

cc: **North Central Texas Council of Governments**
Molly Rendon, Director of Administration



FY2021 Equus Purchasing & Procurement Process Review
Report
for
Equus Workforce Solutions
Contract FY21-TWC-02

Prepared by the
Risk and Compliance Division
North Central Texas Council of Governments
Workforce Solutions for North Central Texas
June 25, 2021

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North Central Texas Council of Governments

Workforce Solutions for North Central Texas *Purchasing & Procurement Process Review Report* Equus Workforce Solutions - Contracts FY21-TWC-02

Background

The North Central Texas Council of Governments contracts with Equus Workforce Solutions to operate and manage Workforce Innovation and Opportunity Act, Trade Adjustment Act, and Child Care programs and funding in all 14 counties for the North Central Texas Workforce Development Board as part of the Board's oversight responsibility.

All funding received from Texas Workforce Commission for the operation and management of these programs is subject to the requirements of TWC's Financial Management for Grants and Contracts for the accounting of these funds. In accordance with §16.10 Monitoring, Audits, and Evaluations of Equus contracts FY21-TWC-02 and with Texas Administrative Code Title 40, Part 20, Chapter 802, Subchapter B §802.21 Board Contracting Guidelines and Subchapter D §802.64 Fiscal Monitoring Activities, 2 CFR §200.332 and FMGC Supplement on Procurement Appendix D, NCTCOG Risk and Compliance Division completed a Purchasing and Procurement Process Review to ensure the integrity of the Workforce System. Workforce Boards are required to provide oversight of fiscal, operational, and program requirements in exercising due diligence.

Risk

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

- requirements imposed by Federal laws and regulations, provisions of contracts or grant agreements, and any supplemental requirements imposed by the pass-through entity were followed,
- resources were efficiently and effectively used for authorized purposes, and protected from waste, fraud, and abuse, and misstatement of financial statements, and
- expenses incurred were allowable, necessary, and reasonable.

Objective

The overall objective of the Purchasing & Procurement Process Review was to strategically focus on fundamental components to ensure that systemic changes are occurring to prevent recurrence of findings, issues, or observations. NCTCOG reviews may include testing of internal controls, use of data analytics, and substantive testing of details.

The focused objective of the review was to test the sample of purchase and procurement transactions for occurrence, completeness, accuracy, authorization, classification, and rights and obligations. These transactions were performed in the normal course of business conducted on behalf of the NCTWDB, and in accordance with UGMS Subpart C §20 (b) (1) (2) and (3) and Part II Attachment A, C, FMGC Chapter 8 and 2 CFR §200.403(a).

NCTCOG did not test the implementation of internal controls in this review process nor was the primary intent of the review to test operating effectiveness. 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.

Scope

Specific compliance areas reviewed included purchasing and procurement expenditures along with related policies and procedures. R&C selected the only month containing a large purchase transaction qualified for procurement from the first of the fiscal year to date, November 2020. The scope of the review included a sample of 12 expenditure transactions for the month of November. During testing R&C determined the transaction was related to a procurement vetted in a prior review. Therefore, no procurement testing was performed on the transaction. We verified that the Cash Equivalents Agreement entered by Equus and the vendor was extended for a one-year term from the option in the agreement to extend for up to three additional years. November 2020 gas cards distributed per Equus Recap report agreed to general ledger. Additionally, Equus selects a Workforce Center monthly and conducts monitoring reviews. R&C verified and reviewed November 2020 monitoring documentation for reasonableness.

Methodology

NCTCOG's review of the purchasing and procurement transactions included:

- verified the request approval and timeliness as related to the expenditure transactions type per WSNCT Policy # CEW10-201611.
- determination that costs charged were reasonable and necessary for the proper and efficient performance and administration of the grant(s).
- determination that the expenditure was adequately documented.
- determination that the expenditures were allocated to benefit program(s) and allowable by the grant/contract, Federal and State rules, and regulations.
- determination of account properly classified and recorded.
- justification of reasonableness for a purchase being micro-purchase or small purchase (appropriate basis for award).

Summary of Results

Based upon review of the sample of expenditures tested for the month of November 2020, transactions appear to have occurred, complete, accurate, properly authorized and classified.

Below is the summary of elements reviewed.

Elements Reviewed	Number of Elements Reviewed	Observations Noted	Total Elements Reviewed
Request Approval	11	-	11
Request Timeliness	32	1	33
Reasonable and Necessary	11	-	11
Adequately Documented	11	-	11
Allocated Correctly	11	-	11
Allowable	11	-	11
Properly Classified and Recorded	11	-	11
Micro-Purchase: Appropriate Basis for Award	11	-	11
Small Purchase: Appropriate Basis for Award	11	-	11
Total	120	1	121

For the fiscal elements tested, one related observation was noted. The request was untimely processed more than 10 days as required by WSNCT Policy # CEW10-201611. Equus cleared the observation pertaining to the element before report issuance.

Conclusion

Of the items reviewed and our subsequent discussions with management, there appear to be no findings that would contribute to a material weakness in fiscal internal controls. This review is considered to be closed upon issuance of this report. NCTCOG appreciates the cooperation and assistance received by Equus employees during the execution of the contract.

Appendix A

Acronyms

FMGC	Federal Manual of Grants & Contracts
NCTCOG	North Central Texas Council of Governments
NCTWDB	North Central Texas Workforce Development Board
R&C	NCTCOG Risk and Compliance Division
Equus	Equus Workforce Solutions
TWC	Texas Workforce Commission
UGMS	Uniform Grant Management Standards
WF	Workforce

SharePoint URL

<https://connect.nctcog.org/extranet/AA/Rescare> >Purchasing and Procurement > FY 2021