



North Central Texas Council of Governments

July 30, 2021

Ms. Katina Prescott
Project Director - Child Care
Equus Workforce Solutions
1300 Teasley Lane
Denton, Texas 76205

Dear Ms. Prescott:

The NCTCOG Risk and Compliance Division in conjunction with Compliance and Continuous Improvement Division completed a FY2021 Child Care COVID Payments Review for Enhanced Reimbursement Rates payments as mandated by Texas Workforce Commission. These payments were separate and distinct from our recurring, normal payment testing, as The Workforce Information System of Texas (TWIST) was not the documentation source, rather documents originated outside of TWIST. This review was completed per the request of the management of Workforce Solutions for North Central Texas.

The attached report details the scope and summary of monitoring results of COVID payments and related policies and procedures according to Workforce Development letter for transactions selected from the period of May 2021. Workforce fiscal management and Equus management provided timely responses and supporting documentation as requested. Of the items reviewed and our subsequent discussions with management, there appears to be no findings that would contribute to a material weakness in 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 Child Care COVID Payments Review Report
for
Equus Workforce Solutions

*Prepared by the
Risk and Compliance Division*
**North Central Texas Council of Governments
Workforce Solutions for North Central Texas**
July 30, 2021

Table of Contents

Background 3

Risk 3

Objective 3

Scope 4

Methodology 4

Summary of Results 4

Conclusion 5

Appendix A 6

**North Central Texas Council of Governments
Workforce Solutions for North Central Texas**

FY2021 Child Care COVID Payments Review Report
Equus Workforce Solutions

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, 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 contract FY21-TWC-01, 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, Workforce Boards are required to provide oversight of fiscal, operational, and program requirements in exercising due diligence. NCTCOG Risk and Compliance Division, in conjunction with the CCI Division, performed childcare monitoring activities of Enhanced Reimbursement Rates payments as mandated by TWC, separate and distinct from our recurring, normal payment testing, as The Workforce Information System of Texas was not the documentation source, rather documents originated from outside of TWIST.

Risk

NCTCOG conducted the review to address risks in order 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

NCTCOG's overall objective of the COVID Payments 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 COVID payments for occurrence, completeness, accuracy, authorization, classification, and rights and obligations. These disbursements were incurred in the normal course of business conducted on behalf of the NCTWDB and in accordance with UGMS Subpart C§ (b) (1) (2) and (3).

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 COVID payments related to Child Care policies and procedures and Workforce Development letters. The scope of the review included a sample of 26 COVID payments selected for May 2021 from the payments for Enhanced Reimbursement Rates.

Methodology

NCTCOG's review of COVID Payments included:

- Recalculation of ERR rates applicable to the payment service month
- Verification of the ERR paid separately from regular payments
- Tracked payment amount to General Ledger (CostPoint)

Summary of Results

Based upon review of the supporting documentation provided, the sample of COVID payments for the period May 2021 appears to have occurred, was complete, accurate, properly authorized and classified, noting that the resulting liabilities were obligations of Equus.

The table below provides the elements tested for the fiscal review:

Category	Elements	Observations noted	Total Reviewed
Completeness and Accuracy	Service Month	-	104
	Payment amount calculated	-	
	Enhanced Reimbursement Rate	-	
Verification	Enhancement rate payment separate from regular payments	-	26
Properly classified and Recorded	Payment tracked to General Ledger (CostPoint)	-	26
Total	---	-	156

CCI/ Quality Assurance

A sample of 26 providers that received enhanced payments was selected by fiscal from payments made for the two-week period from 4/18/21 through 5/1/21. All providers who received enhanced payments were reviewed for eligibility. Eligibility criteria reviewed included having a current rate agreement and no closure for licensing issues during the period in question. All providers on the sample selected were eligible to receive payments based on the criteria, no exceptions were noted (see table below).

Area of Review	Area of Testing	Period Reviewed	Number of Records Reviewed	Number of Errors tied to Number of Applicable Elements Reviewed
Provider Services	Eligibility – providers had a valid agreement	4/18/21-5/1/21	26	0/26
Provider Services	Eligibility – provider was not closed due to a licensing issue	4/18/21-5/1/21	26	0/26
Provider Services	Other – no other issues noted	4/18/21-5/1/21	26	0/26

Conclusion

Of the items reviewed and our subsequent discussions with management, there appears to be no findings that would contribute to 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 from Workforce fiscal management and Equus employees during the execution of the contract.

Appendix A

Acronyms

2 CFR 200	Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Grants
CCI/QA	Compliance Continuous Improvement/Quality Assurance
COVID	Corona Virus Disease
ERR	Enhanced Reimbursement Rates
Equus	Equus Workforce Solutions
NCTCOG	North Central Texas Council of Governments
NCTWDB	North Central Texas Workforce Development Board
TWC	Texas Workforce Commission
TWIST	The Workforce Information System of Texas
UGMS	Uniform Grant Management Standards

SharePoint URL: <https://nctcog.sharepoint.com/sites/Extranet-AA-ResCare> > Shared Documents > COVID Payments > FY2021 folder