



North Central Texas Council of Governments

October 06, 2020

Ms. Moneisa Downs
Project Director
Equus Workforce Solutions
624 Six Flags Drive, Suite 245
Arlington, Texas 76011

Dear Ms. Downs:

The North Central Texas Council of Governments (NCTCOG) completed its FY2020 Equus Training Provider Payments & Accruals Review in accordance with §16.9 Monitoring, Audits, and Evaluations of contract FY20-TWC-02 for the management of Workforce Services for Workforce Solutions for North Central Texas.

The attached report details the scope and summary of monitoring results of Training Provider Payments, Accruals, and related policies and procedures for transactions selected from the period of January – March 2020. Equus management provided timely responses and supporting documentation as requested. 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**
Lisa Boyd, 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



North Central Texas Council of Governments

***FY2020 Training Provider Payments & Accruals Review
Report***

for

Equus Workforce Solutions

Contract FY20 -TWC-02

October 06, 2020

Prepared by the

Risk and Compliance Division

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

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North Central Texas Council of Governments

Workforce Solutions for North Central Texas Training Provider Payments & Accruals Review Report Equus Workforce Solutions - Contract FY20-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, 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. NCTCOG Risk and Compliance Division completed a review under ResCare/Equus contract FY20-TWC-02 §16.9 Monitoring, Audits, and Evaluations and in accordance with Texas Administrative Code Title 40, Part 20, Chapter 802, Subchapter D §802.64 Fiscal Monitoring Activities and 2 CFR §200.331(d) 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 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 Training Provider Payments & Accruals 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 training provider payments/disbursements and accruals 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 Training Provider Payments & Accruals along with related policies and procedures. The scope of the review included a sample of 35 training provider payments and accruals transactions selected for the period January – March 2020.

Methodology

NCTCOG's review of Training Provider Payments & Accruals included:

- examination of Individual Training Account invoice packets in SharePoint and supporting documentation for payments issued by NCTCOG to training providers,
- tracking of payments to Payment Records Report generated from Equus Workforce Solutions WORCS and to the Equus ITA Accrual Report, and
- verification of the accuracy, reasonableness, and allowability of the activity for the sample tested against the contract and other relevant standards using the Equus Payment Files, NCTCOG Training Provider Payments Check Register, invoices, ITA vouchers, Equus WORCS documentation, NCTCOG general ledger, data analytics, and The Workforce Information System of Texas reports.

Summary of Results

Based upon review of the supporting documentation provided, the sample of Training Provider Payments & Accruals for the period January - March 2020 appears to have occurred, was complete, accurate, properly authorized and classified, noting that the resulting liabilities were obligations of Equus except for four exceptions relating to untimeliness and payments not properly recorded in WORCS.

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

Category	Elements	Exceptions Noted	Observations Noted	Total Reviewed
Eligibility	Regulatory requirements in the areas of program eligibility and participation	-	-	105
Verification	Transaction Components	-	-	245
Authorization	Charges approved	-	-	70
Completeness and Accuracy	Invoice Paid timely	2	-	175
	Invoice Description matches	-	-	
	Payment file	-	-	
	Dept Fund Code	-	-	
	Contractor listed in ETPS	-	-	280
Accruals Properly recorded	-	5		
FMGC Components	Necessary and Reasonable	-	-	175
	Adequately documented	-	-	
	Allocation amount correct	-	-	
	Allowable Expense	-	-	
	Properly Recorded in WORCS	2	-	
Total	--	4	5	1050

For fiscal elements tested, exceptions, and observations, noted Equus remediated the exceptions and observations pertaining to the elements before report issuance.

Quality Assurance Testing Results:

Workforce Development CIQA staff read all 35 cases in the sample provided by Risk and Compliance for adherence to data integrity\data validation standards as they relate to Individual Training Accounts (ITA's). The sample includes cases from the Workforce Innovation and Opportunity Act (WIOA) programs, and the Trade Adjustment Assistance (TAA) program.

Gap Analysis:

Minor gaps were found in the data entry. Of the 35 cases read 3 of them did not have withdrawal amounts entered into the TWIST ITA tab. One case that showed withdrawal amounts in the ITA tab did not have corresponding entries in TWIST service tracking to document.

Required Response:

The errors are not significant enough to require a formal response.

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 from 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
CI\QA	Continuous Improvement\Quality Assurance
Equus	Equus Workforce Solutions
ETPS	Eligible Training Provider System
ITA	Individual Training Account
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
WORCS	Equus Workforce Solutions Disbursements

SharePoint URL: <https://nctcog.sharepoint.com/sites/Extranet-AA-ResCare> > Shared Documents > Training
Provider Payments > FY2020 folder