



North Central Texas Council of Governments

March 28, 2022

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 has completed a Payroll Review (Review) covering a bi-weekly pay period within Fiscal Year 2022 under contracts FY22-TWC-01 and FY22-TWC-02 with Equus Workforce Solutions for the management of Workforce and Child Care programs for Workforce Solutions for North Central Texas. The specific compliance areas reviewed included payroll and payroll 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 the payroll disbursement items selected from Equus bi-weekly pay period ended October 22, 2021. Of the items reviewed and our subsequent discussions with management, no findings were identified that would rise to the level of a reportable condition, significant deficiency, or material weakness in fiscal internal controls. This Review is 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 Fatima Parsons at 817-704-5671.

Sincerely,

Phedra Redifer
Executive Director of Workforce Development

cc: Moneisa Downs, Regional Director
Equus Workforce Solutions

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

Molly Rendon, Director of Administration,
Randy Richardson, Assistant Director of Finance
Debra Kosarek, Sr. Workforce Program Manager – Compliance and Continuous
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North Central Texas Council of Governments

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FY2022 Equus Payroll Review Report
for
Equus Workforce Solutions
Contracts FY22-TWC-01 and FY22-TWC-02

Prepared by the
North Central Texas Council of Governments
Workforce Solutions for North Central Texas
March 28, 2022

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North Central Texas Council of Governments

Workforce Solutions for North Central Texas *FY2022 Equus Payroll Review Report*

Equus Workforce Solutions - Contracts FY22-TWC-01 and FY22-TWC-02

Background

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

All funding received from Texas Workforce Commission (TWC) for the operation and management of these programs is subject to the requirements of TWC's Financial Manual for Grants and Contracts for the accounting of these funds. In accordance with §16.10 Monitoring, Audits, and Evaluations of contracts FY22-TWC-01 and FY22-TWC-02 and with Texas Administrative Code Title 40, Part 20, Chapter 802, Subchapter B §802.21 Board Contracting Guidelines, Subchapter D §802.64, 2 CFR 200.332, NCTCOG completed a Payroll Review (Review) to monitor the integrity of the Workforce and Child Care Systems subject to the Review's selections. The Board is required to provide oversight of fiscal, operational, and program requirements in exercising ongoing due diligence.

Risk

NCTCOG conducted the Review to consider risks in the Board's oversight relating to 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 monitoring and review process is focused on reviewing and testing strategic components of the processes within the Board's oversight to identify and present findings and issues for correction and improvement. As part of our review process, NCTCOG may perform a variety of procedures including the testing of internal controls and substantive testing of details as appropriate.

The focused objective of the Review was to test the sample of payroll disbursements for occurrence, completeness, accuracy, authorization, classification, and rights and obligations. The selected payroll disbursements were incurred in the normal course of business conducted on behalf of the NCTWDB and in accordance with Texas Grant Management Standards (TxGMS), section on Standard Financial Management Conditions, and subsections Financial Management and Internal Control.

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

The scope of the Review included payroll disbursements related to a sample of 30 employees selected

from the bi-weekly pay period ended October 22, 2021. Specific compliance areas reviewed included payroll, payroll policies, and payroll procedures as well as applicable federal or state guidance. With the input and approval of the Fiscal Manager at the time of the Review, a smaller overall sample size based on the ratio of the population was chosen for this review. While the payroll review ranked high on our annual work plan due to intrinsic risk associated with recurring high dollar expenditure consisting of multiple payments, only relatively minor concerns were noted in past reviews of this area. Additionally, Equus previously strengthened its policies and internal controls at our request and supporting documentation has been commendable. Fiscal leadership has been stable for the vast majority of both current and previous contracts. In the event issues are noted, we will revert to a larger sample size.

Methodology

NCTCOG’s review of payroll disbursements included:

- examination of allocation methodology utilized and agreement of completed allocation to general ledger.
- examination of payroll registers and supporting documentation for selected center and administrative employees.
- verification of the accuracy, reasonableness, and allowability of the activity against the contracts and other relevant standards including employee timesheets, payroll registers, compensation based on pay rates and hours worked, personnel action forms, case load analysis by program worksheet, general ledger reports, timesheet approval reports, employee listing, allocation entries, and ADP information.

Summary of Results

Below is the summary of categories reviewed for the sample of 30 employees tested.

Category	Elements	Total Reviewed
Verification	Pay Components: Gross, Regular, Overtime, Other, Misc. Income, PTO, Variances	210
Authorization	Timesheet, PAF, Overtime, PTO	120
Completeness and Accuracy	Hours per Timesheet to LDR	442
	Processed in Proper Period	
	LDR agrees to PAF	
	Home Dept. Variance between LDR & PAF	
	Pay tracks from LDR to General Ledger	
	Case Load Allocation by Program & General Ledger	
FMGC Components	Reasonable and Necessary	150
	Adequately Documented	
	Allowable	
	Allocation Accurate	
	Properly Classified and Recorded	
Total	--	922

Based upon review of the supporting documentation provided, the sample of 30 employees from the bi-weekly pay period of October 22, 2021, appears to have occurred, appears to be complete, appears to be accurate, appears to be properly authorized and classified, and the resulting liabilities appear to be obligations of Equus.

Conclusion

Of the items reviewed and our subsequent discussions with management, no findings were identified that would rise to the level of a reportable condition, significant deficiency, or a material weakness in fiscal internal controls. This review is considered closed upon issuance of this report. NCTCOG appreciates the cooperation and assistance received from Equus' management in providing us the necessary information to complete the Review.

Appendix A

Acronyms

ADP	Automatic Data Processing
CFR	Code of Federal Regulations
FMGC	Financial Manual for Grants & Contracts
LDR	Labor Distribution Report
NCTWDB	North Central Texas Workforce Development Board
PTO	Paid Time Off
PAF	Personnel Action Form
WF	Workforce

SharePoint URL

<https://connect.nctcog.org/extranet/AA/ResCare> > Payroll > FY 2022 folder > October 2021