

## North Central Texas Council of Governments

November 2, 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 Training Provider Payments & Accruals 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 Training Provider Payments and Accruals, and related policies and procedures for 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 Training Provider Payments & Accruals Review selected from the period of April - June 2021. 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.

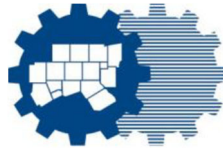
Sincerely,

Phedra Redifer  
Executive 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  
Randy Richardson, Assistant Director of Finance



***FY2021 Equus Training Provider Payments & Accruals  
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**

November 2, 2021

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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 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 contract 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, and 2 CFR §200.332, NCTCOG Risk and Compliance Division completed a Training Provider Payments & Accruals 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 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 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 Training Provider Payments & Accruals along with related policies and procedures. The scope of the review included a sample of 34 training provider payments and accruals transactions selected for the period April – June 2021.

## Methodology

NCTCOG's review of the 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 April - June 2021 appears to have occurred, was complete, accurate, properly authorized and classified, noting that the resulting liabilities were obligations of Equus.

Below is the summary of 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	3	-	105
Verification	Transaction Components	-	-	238
Authorization	Charges approved	-	-	68
Completeness and Accuracy	Invoice Paid timely	-	-	170
	Invoice Description matches	-	-	
	Payment file	-	-	
	Dept Fund Code	-	-	
	Contractor listed in ETPS	-	-	
	Accruals Properly recorded	-	-	272
FMGC Components	Necessary and Reasonable	-	-	170
	Adequately documented	-	-	
	Allocation amounts correct	-	-	
	Allowable Expense	-	-	
	Properly Recorded in WORCS	-	-	
<b>Total</b>	--	3	--	<b>1,023</b>

For the fiscal elements tested, Equus cleared the observations pertaining to the elements before report issuance.

**Continuous Improvement/Quality Assurance Testing Results:**

Workforce Development QA staff reviewed all 34 files in the sample provided by Risk and Compliance. The sample included cases from the Workforce Innovation and Opportunity Act (WIOA) programs, and the Trade Adjustment Assistance (TAA) program. The cases were read for adherence to data integrity\data validation standards as they relate to Individual Training Accounts (ITA's). Three exceptions were found in a total of 72 applicable elements.

**Gap Analysis:**

Three exceptions were found. Two exceptions were in one case: the dollar amount of the transaction was entered in TWIST service tracking incorrectly, and the training benchmarks are not being maintained. One TAA customer was not co-enrolled in WIOA and there is no case note to document the customers refusal.

**Required Response:**

Proof of error correction has been received from Equus and no additional response is required.

**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

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### Acronyms

2 CFR 200	Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Grants
Equus	Equus Workforce Solutions
ETPS	Eligible Training Provider System
FMGC	Federal Manual of Grants & Contracts
ITA	Individual Training Account
NCTCOG	North Central Texas Council of Governments
NCTWDB	North Central Texas Workforce Development Board
R&C	NCTCOG Risk and Compliance Division
TWC	Texas Workforce Commission
TWIST	The Workforce Information System of Texas
UGMS	Uniform Grant Management Standards
WORCS	Equus Workforce Solutions – Disbursements software
WF	Workforce

### SharePoint URL

<https://connect.nctcog.org/extranet/AA/Rescare> > Training Payments > FY 2021