



North Central Texas Council of Governments

September 8, 2020

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

Dear Ms. Downs:

The North Central Texas Council of Governments completed a Support Services Review under contract FY20-TWC-02 with Equus Workforce Solutions, (formerly ResCare Workforce Services), for the management of Workforce programs for Workforce Solutions for North Central Texas. The specific fiscal compliance areas reviewed included support services payments along with related policies and procedures in accordance with §16.9 Monitoring, Audits, and Evaluations of the contract.

The attached report details the scope and summary of fiscal and quality assurance monitoring results of Support Services Payments selected from the month of 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 internal controls. This report 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.

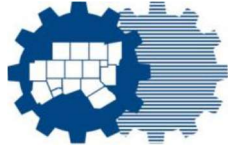
Sincerely,

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

Support Services Review Report

for

Equus Workforce Solutions

Contract FY20 -TWC - 02

Prepared by the

Risk and Compliance Division

North Central Texas Council of Governments

Workforce Solutions for North Central Texas

September 8, 2020

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Background

The North Central Texas Council of Governments contracts with Equus Workforce Solutions, (formerly ResCare Workforce Services) to operate and manage Workforce Innovation and Opportunity Act, and 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 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 at the time the expense was incurred.

Objective

The overall objective of NCTCOG's 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, enhanced use of data analytics, and substantive testing of details.

The focused objective of the review was to test the sample of support service transactions 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 Part III Subpart C §20 (b).

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 support services payments and associated program eligibility along with related policies and procedures. The scope of the review included support services payments from a sample of 40 transactions selected from the month of March 2020.

Methodology

NCTCOG's review of support service disbursements included:

- examination of the US Bank transaction report for payments, general ledger detail, proof of payment, and supporting documentation.
- verification that the transactions were accounted for in the general ledger individually and in aggregate, and
- verification of the accuracy, reasonableness, and allowability of the activity for the sample tested against the contract and other relevant standards using the general ledger reports, receipts, invoices, Equus WORCS, and other supporting documentation.
- Review of participant eligibility, participation, and need, contemporaneous to the time the expense was incurred to ascertain the allowability of the payments. This review was conducted using information from TWIST to ensure compliance with Federal, State and NCTWDB programmatic regulations, rules and policies.
- Adherence to data integrity\data validation standards.

Summary of Results

Based upon review of the supporting documentation provided, the sample of support services payment transactions from the month of March 2020 appears to have occurred, was complete, accurate, properly authorized and classified, and the resulting liabilities were obligations of Equus with the exception of one transaction that was not recorded in the general ledger. The support services provided to the 40 participants were determined to be allowable based on review of documentation of participant eligibility, participation and need. Below is the summary of categories reviewed for the sample of 40 transactions tested.

Category	Elements	Observations Noted	Total Reviewed
Eligibility	Regulatory requirements in the areas of program eligibility and participation	-	120
Verification	Transaction Components	-	120
Authorization	Charges approved	-	40
Completeness and Accuracy	Invoice Payment timely	-	320
	Invoice Amount correct		
	SSRF/TRARF Amount		
	General Ledger Amount		
	TWIST ID		
	SSRF/TRARF Funding Source		
	Funding source match WORCS & GL		
	Proof of payment		
FMGC Components	Necessary and Reasonable	1	205
	Adequately documented		
	Allocation amount correct		
	Allowable		
	Properly Classified and Recorded		
	Appropriate basis for award		
Total	--	1	805

For fiscal attributes tested and related observation(s) noted: Equus cleared the observation pertaining to the attribute before report issuance.

For Quality Assurance testing:

Workforce Development CI/QA staff read all 40 cases in the sample provided by Risk and Compliance to determine if the cases met regulatory requirements in the areas of program and participation eligibility. The cases were also read for adherence to data integrity\data validation standards. No eligibility errors were found; however, gaps were found at several important data integrity points including:

- 1 case that did not adequately document the sequence of events, including the procurement process for a customer's car repairs,
- a case in which the support services paid were not entered in the TWIST service tracking - support services tab, and
- 1 case with a discrepancy between the dollar amount documented in case notes and the dollar amount entered in TWIST service tracking.

Gap Analysis:

Front line staff did not clearly and accurately document all support services payments. Improvement is needed in management controls pertaining to the provision of support services.

Response Conclusion:

Equus has provided a response to, and correction of the case with the inadequate documentation of the procurement process. The documentation on file now shows that the bid process was accomplished prior to the payment for the car repair and that the vendor was paid in a timely manner. All other errors will be corrected where possible.

Conclusion:

Of the items reviewed and our subsequent discussions with management, there appear to be no fiscal 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

GL	General Ledger
NCTCOG	North Central Texas Council of Governments
NCTWDB	North Central Texas Workforce Development Board
SSRF	Support Services Request Form
TRARF	Transportation Assistance Request Form
TWC	Texas Workforce Commission
UGMS	Uniform Grant Management Standards
WORCS	Equus Disbursements Software
CI/QA	Continuous Improvement/Quality Assurance

SharePoint URL

[https://connect.nctcog.org/extranet/AA/ResCare/Support Services/March 2020](https://connect.nctcog.org/extranet/AA/ResCare/Support%20Services/March%2020)