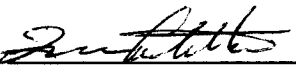


"FINANCIAL CONDITION & ACTIVITIES" POLICY MONITORING REPORT

TO: Workforce Solutions Cameron Board of Directors
FROM: Francisco Castellanos, Executive Director
RE: INTERNAL MONITORING REPORT - MANAGEMENT LIMITATIONS
Quarterly Monitoring on Policy 2.3: **FINANCIAL CONDITION & ACTIVITIES**

I hereby present my monitoring report on your Management Limitations policy 2.3 "Financial Condition and Activities," in accordance with the monitoring schedule set forth in board policy. I certify that the information contained in this report and the accompanying Statement of Revenue and Expenditures is true for the quarter ending **September 30, 2008**.

Signed , Executive Director Date: **December 2008**

Signed , Director of Financial Operations Date: **December 2008**

BROADEST POLICY PROVISION

"With respect to financial condition and activities, the Executive Director shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends policies."

Executive Director's INTERPRETATION:

With respect to *conditions or activities that develop fiscal jeopardy*, I believe the board has, comprehensively defined fiscal jeopardy in its subsequent policy provisions. My interpretations are set forth below with each of these policies. In addition to these policies, I interpret "fiscal jeopardy" to include a) the existence of material disallowed costs, and b) expenditures that are materially over or under budget in a manner inconsistent with Texas Workforce Commission expenditure policies (which could trigger a de-obligation of funds).

I interpret "material deviation" to mean actual expenditures that are not utilized in a manner consistent with the achievement of board ends policies and priorities. If there is no Board established priority, I will use our financial resources to make reasonable progress towards the achievement of all stated Ends with emphasis placed on those Ends I believe are most critical to achieve given the current state of workforce needs in the County. Any such emphases will be reported to the Board first in my "disclosure of planning assumptions" provided with budget monitoring data, and also in my Ends monitoring reports. Ultimately, the truest measure of the appropriateness of actual expenditures is the reasonable accomplishment of our Ends without material waste of resources.



I interpret “multi-year plan” to refer to the elements of our Strategic Plan that have multiple year implications and commitments, related to addressing the Workforce Solutions Cameron Industry Cluster Analysis, its Community Audit, and the companion Roadmap multi-year implementation strategy.

REPORT:

With respect to material deviation of actual expenditures from Ends, budgetary compliance is reported three times a year, in April, August and December. Expenses are reviewed for appropriateness at various times of the year as part of our internal controls process by federal and state program monitors, independent third-party program auditors, and independent corporate auditors hired by the Board of Directors. Since the budget itself may not deviate materially from Board stated Ends, actual expenditures are checked to make sure they do not materially deviate from the approved budget. They have not, affirmed by the fact that no monitor or auditor has reported a material deviation of expenditures from budget over the last reporting period. **I am reporting compliance.**

POLICY PROVISION #1: “*The Executive Director may not expend more funds than have been received in the current fiscal year.*”

CEO’S Interpretation: This policy requires that expenditures for the current year be less than corresponding revenues.

REPORT:

As of **September 30, 2008**, as indicated in the attached **Statement of Revenue and Expenditures**, total revenues actually received equal **\$31,792,268M.**; Total actual expenditures year-to-date are **\$21,276,781M.**, for a net balance of **\$10,883,280M.** **I am reporting compliance.**

POLICY PROVISION #2: “*The Executive Director may not incur debt.*”

CEO’S Interpretation: This policy prohibits borrowing of funds or using corporate assets as security for any purchase contracts. I interpret the regular use of credit cards for office supplies, meals, travel and incidental expenses to be a reasonable exception as a normal business purpose and practice, to be paid in full each month. All credit card usage is through a corporate travel coordinator, and purchasing agent, via a travel agency hired by the State of Texas, and governed by TWC regulations.

REPORT:



We have no debt. All credit cards are paid in full each month. As evidence, copies of statements are available upon request. All travel is approved in advance, and all travel reports are reconciled within 30 days. **I am therefore reporting compliance.**

POLICY PROVISION #3: *"The Executive Director may not fail to settle payroll and payables in a timely manner..."*

CEO'S Interpretation: All payroll obligations must be met bi-weekly. For all other payables, I interpret "timely" to mean within 30 days.

REPORT:

All payroll obligations have been paid bi-weekly during this reporting period. All invoices received during the quarter have been settled within thirty days.

I report compliance.

POLICY PROVISION #4: *"The Executive Director may not allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed."*

CEO'S Interpretation: All tax and governmentally required payments (990s, 941s w-2s, etc.) must be paid by their required due dates, or duly granted extensions thereof. . I interpret "inaccurate" to exclude minor typos or errors that do not affect the legitimacy of the filing or cause it to be rejected by the respective government authority.

REPORT:

All withholding taxes and other such payments have been paid within deadlines. **I am reporting compliance.**

POLICY PROVISION #5: *"The Executive Director may not acquire, encumber, or dispose of real property."*

CEO'S Interpretation: All decisions regarding the purchase or sale of land, buildings, office or warehouse space are considered to be at the discretion of the board.

REPORT:

We have made no changes in property holdings during this reporting period. **I am therefore reporting compliance.**

POLICY PROVISION #6: *"The Executive Director may not obtain revenues from sources not, in fact and appearance, legal and consistent with the mission and values of the organization."*

CEO's INTERPRETATION: Staff has authority to identify and generate new revenue streams and sources without requiring explicit board approval (so long as they meet the "prudence" test). "Prudence" precludes any revenue sources that conflict with our mission and values.

REPORT:

WFS Cameron has implemented the National Emergency Grant (NEG) Cameron County portion of the activity. **I am reporting compliance.**

POLICY PROVISION #7: *"The Executive Director may not allow the use of restricted funds for purposes other than stated."*

CEO's INTERPRETATION: I interpret "restricted funds" to mean grants from foundations or funds received from government and private sources that contain explicit, written limitations on the use and purpose to which such funds may be applied. Where any ambiguity exists, I will seek clarification from the source of funds and from our auditors and State monitors concerning the appropriate accounting treatment for such funds. This policy requires that we manage funds consistently with generally accepted accounting principles regarding the segregation and use of restricted funds.

REPORT:

Funds have been spent as required by granting agencies as reflected in our current audit. Restricted funds are segregated by creating separate accounts and line items for ease of identification by auditors. At present, WFSC has 3 accounts ranging in size from \$10,000.00 to \$550,000.00. These accounts are USDA, EDA, and Energy Grant which are overseen internally by our CFO and regularly scrutinized by our independent auditors. These grants are cost reimbursement. As verified by our auditors at their annual audit, they have reported no irregularities or diversion of restricted funds for unintended purposes. **I am therefore reporting compliance.**

POLICY PROVISION #8: *"The Executive Director may not fail to exercise adequate internal controls over disbursements to avoid unauthorized payments or material dissipation of assets."*

CEO's INTERPRETATION: My interpretation of this policy to mean that controls must be in place to insure that all disbursements are appropriately authorized and that all payments, checks, credit card purchases, petty cash, etc., of both the workforce board and its contractors, must have adequate documentation and sufficient approval to meet internal/external auditor's standards. In addition, capitalized assets must be inventoried and managed to avoid loss/theft.



REPORT:

Controls for board expenditures are in place and are consistent with board policy and the requirements of state and federal agencies, as reflected by prior unqualified audits, the most recent of which was dated and submitted to the Board February, 2008. Federal and state regulations and policies require recipients of federal funds to conduct a financial evaluation of the application of these funds on at least an annual basis.

1. Federal and State legislation and policies allow that recipients of federal funds conduct a financial evaluation of the contractor. The monitoring report for the current review that is in progress by an independent auditor will be presented to the Audit Committee for review and discussion prior to distribution to the Board.

We are reporting compliance.



CAMERON WORKS, INC.
FOR THE MONTH ENDING SEPTEMBER 30, 2008

	<u>Award Amounts</u>	<u>Expenditures As of 9/30/08</u>	<u>Percent Expended</u>	<u>Balance Remaining</u>	<u>Percent Remaining</u>	<u>Grant Period</u>	
						<u>Begin Date</u>	<u>End Date</u>
1 Workforce Investment Act PY2007							
Adult	2,033,345.00	1,982,781.00	98%	50,564.00	2%	7/1/2007	6/30/2009
Local Activities - Adult	400,000.00	399,992.00	100%	8.00	0%		
Youth Administration	220,000.00	220,000.00	100%	-	0%		
Youth In School	644,167.00	644,167.00	100%	-	0%		
Youth Out School	1,479,722.00	1,479,722.00	100%	-	0%		
Local Activities - Dislocated	192,492.00	192,487.00	100%	5.00	0%		
Dislocated	348,438.00	348,438.00	100%	-	0%		
	5,318,164.00		0%	5,318,164.00	100%		
1 Workforce Investment Act PY2008							
Adult	1,502,497.00	161,493.00	11%	1,341,004.00	89%	7/1/2008	6/30/2010
Youth Administration	193,301.00	14,544.00	8%	178,757.00	92%		
Youth In School	471,913.00	94,043.00	20%	377,870.00	80%		
Youth Out School	1,217,796.00	297,677.00	24%	920,119.00	76%		
Dislocated	257,385.00	173,798.00	68%	83,587.00	32%		
Local Activities - Adult	200,000.00		0%	200,000.00	100%		
Local Activities - Dislocated	300,000.00		0%	300,000.00	100%		
Local Activities - Youth	50,000.00		0%	50,000.00	100%		
2 WIA Statewide - Branding Incentive	30,000.00	30,000.00	100%	-	0%	7/10/2007	6/30/2008
3 Wagner Peyser Employment Services 2008	30,667.00	27,810.00	91%	2,857.00	9%	10/1/2007	12/31/2008
4 Temporary Assistance for Needy Families 2008	2,321,028.00	2,321,028.00	100%	-	0%	10/1/2007	10/31/2008
5 Non-Custodial Parent Choices Demo Project	248,327.00	143,150.00	58%	105,177.00	42%	11/15/2007	8/31/2009
6 Food Stamp Employment and Training 2008	427,173.00	419,964.00	98%	7,209.00	2%	10/1/2007	10/31/2008
7 FSE&T Able Boded Adults Without Dependents only	181,609.00	61,218.00	34%	120,391.00	66%	10/1/2007	10/31/2008
8 Project Rio 2008	69,966.00	69,796.00	100%	170.00	0%	10/1/2007	10/31/2008
9 Transportation 2009 - TANF/FSET	588,790.00	34,956.00	6%	553,834.00	94%	9/1/2008	8/31/2009
10 WSA - Statewide Alternative Funding FY08	95,846.00	81,356.00	85%	14,490.00	15%	10/1/2007	12/31/2008
11 Disability Navigator Project	27,898.00	17,504.00	63%	10,394.00	37%	7/1/2008	6/30/2009
12 Trade Adjustment Assistance 2008	149,004.00	17,146.00	12%	131,858.00	88%	10/1/2007	10/31/2008
13 Migrant & Seasonal Farmworkers	27,494.00	27,494.00	100%	-	0%	10/1/2007	9/30/2008
14 Child Care 2008							
Administration	567,646.00	379,099.00	67%	188,547.00	33%	10/1/2007	10/31/2008
Child Care Management Operation	1,385,001.00	1,281,035.00	92%	103,966.00	8%		
Direct Payment to Child Care Provider	9,400,278.00	9,176,664.00	98%	223,614.00	2%		
15 Child Care Local Initiative 2008	1,097,573.00	1,036,097.00	94%	61,476.00	6%	10/1/2007	12/31/2008
16 Child Care DFPS PY09	314,748.00	41,226.00	13%	273,522.00	87%	9/1/2008	8/31/2009
National Emergency Grant	367,793.00	102,096.00	28%	265,697.00	72%	7/22/2008	3/31/2009
	\$ 31,792,268.00	\$ 21,276,781.00	67%	\$ 10,883,280.00	34%		

The Board is entitled to 10% for administration of the following grants: WIA Adult, Youth, Dislocated; WP Employment Services; Temporary Assistance for Needy Families; Non-custodial Parent Choices Demo Project; Food Stamps Employment and Training; Project Rio; WIA Statewide Alternative Funding; Disability Navigator Project; and Migrant Seasonal Farmworkers.

The Board is entitled to 5% for administration of the following grants: Child Care; Child Care Local Initiatives and Child Care DFPS.

Board Operating Budget

	<u>Budget Amount</u> <u>7/1/2008</u>	<u>Expenditures</u> <u>As of 9/30/08</u>	<u>Balance</u> <u>Remaining</u>	<u>Percent</u> <u>Remaining</u>
17 HBI Budget				
Wages & Fringes	\$ 910,684.00	\$ 207,331.13	\$ 703,352.87	77%
Travel (Board Staff & Members)	89,000.00	17,056.65	71,943.35	81%
Supplies & Others	137,200.00	21,427.70	115,772.30	84%
Contracted Services	171,500.00	3,828.67	167,671.33	98%
Facilities & Utilities	82,670.00	53,642.85	29,027.15	35%
Equipment	41,208.00	39,162.28	2,045.72	5%
Total	\$ 1,432,262.00	\$ 342,449.28	\$ 1,089,812.72	76%

PROGRAM DESCRIPTION

- 1 Through Title I of the WIA of 1998, workforce investment activities are provided that increase occupational skill attainment, employment and employment retention and earnings of participants. Activities must seamlessly integrate industry and employer demand with the preparation of job seekers for the transition to new employment as quickly as possible.
- 2 On May 20, 2007, the Commission approved the distribution of WIA Statewide Activity Funds to assist each Board with the cost of implementing the statewide common brand name by July 1, 2008 and to enhance outreach efforts under the common brand name.
- 3 The purpose of this grant award is to establish an organizational framework to integrate the delivery of Wagner-Peyser funded Employment Services into the workforce centers established by the Board and provide the funds to do so directly to the Board.
- 4 The goal of Choices services is to end the dependence of needy parents on public assistance by promoting job preparation, work, and marriage by providing services described in 40 Texas Administration Code Chapter 811 and 45 Code of Federal Regulations Parts 260-265.
- 5 The project is an employment demonstration project for low-income unemployed or underemployed non-custodial parents (NCPs). The project goals are to target NCPs whose child is currently receiving public assistance or previously received public assistance; and help the NCPs through employment services so they can better financially support their children.
- 6 This program is designed to assist food stamp recipients in obtaining employment through participation in allowable job search, training, education, or workfare activities that promote long-term self-sufficiency.
- 7 This program is designed to assist food stamp recipients in obtaining employment through participation in allowable job search, training, education, or workfare activities that promote long-term self-sufficiency.
- 8 The Project for Reintegration of Offenders (Project RIO) is a statewide employment referral service designed to reintegrate into the labor force persons sentenced to the Texas Department of Criminal Justice Correctional Institutions Division and adjudicated youth committed to the Texas Youth Commission. Post release employment activities and support services are provided through the Texas Workforce Centers and are designed to provide ex-offenders and adjudicated youth with employment activities and support services that promote employment, meet the needs of Texas employers and help reduce recidivism.
- 9 Labor Code §301.063 directs the Agency to contract with the Texas Department of Transportation to deliver public transportation services to all eligible TANF/Choices and FSET customers.
- 10 The goal of providing Workforce Investment Act (WIA) Statewide Alternative funding is to support WIA activities that increase the employment, retention, and earnings of participants; increase occupational skill attainment by participants; provide continuous leadership in the development and improvement of a comprehensive workforce investment system; and enhance services to assist employers in finding a qualified workforce.
- 11 The purpose of this grant award is to expand universal access to the One-Stop delivery system to job seekers with disabilities and provide enhanced comprehensive and seamless employment services to those individuals.
- 12 The primary goal of Trade services is to assist trade certified dislocated workers in locating new jobs as rapidly and as effectively as possible. The Trade Act of 2002 amends the Trade Act of 1974 to ensure that intervention strategies used for programs, benefits, and services will offer rapid, suitable, and long-term employment for adversely affected workers.
- 13 The purpose of this grant award is to provide additional resources to provide required outreach and services to Migrant and Seasonal Farmworkers (MSFWs) adult and youth which are qualitatively equivalent and quantitatively proportionate to services provided to non-MSFWs. An MSFW is an individual who is a migrant farmworker, a migrant food processing worker, or a seasonal farmworker.
- 14 Child care services are provided to families who meet the eligibility criteria established by the Board in accordance with state and federal rules, regulations, and guidelines. These direct child care services allow parents to work or to attend school or training, which helps them achieve economic self-sufficiency.
- 15 Child care services are provided to families who meet the eligibility criteria established by the Board in accordance with state and federal rules, regulations, and guidelines. These direct child care services allow parents to work or to attend school or training, which helps them achieve economic self-sufficiency. Through written pledge agreements with contributors, the Board shall provide at least the amount of non-federal share as identified in the contract budget or through other written notice from the Agency.
- 16 The purpose of this contract award is to purchase child care services for children who are deemed eligible and authorized for services by DFPS. The Board, under this contract will provide these services by making the established network of child care providers available to all DFPS referrals.
- 17 In accordance with Financial Manual for Grants and Contracts (FMGC) Chapter 6 Budget, Boards are asked to submit to the Commission the Board-approved operating budget within 90 days following the beginning of the Board's fiscal year. In preparation of the budget: only include itemized cost associated with the board; cost paid by the board on behalf of one-stop providers such as rent and travel expenditures should be reported as service delivery cost; total object of expense should equal total method of finance for each fiscal year; the Board's budgeted annual salary; purchase of new equipment should match schedule of capital expenditures.

CAMERON WORKS, INC.
FOR THE MONTH ENDING SEPTEMBER 30, 2008

	<u>Award Amounts</u>	<u>Expenditures As of 9/30/08</u>	<u>Percent Expended</u>	<u>Balance Remaining</u>	<u>Percent Remaining</u>	<u>Grant Period</u>	
						<u>Begin Date</u>	<u>End Date</u>
1 USDA	250,000.00	1,243.96	0%	248,756.04	100%	11/6/2007	10/6/2009
2 EDA	300,000.00	57,226.65	19%	242,773.35	81%	10/1/2007	9/30/2009
3 TEEM	540,977.81	75,158.77	14%	465,819.04	86%	8/1/2008	9/30/2008

