

## **WFSCA MONITORING SUMMARY – Executive Committee Meeting 09/17/26**

### **a.1 - 25.04 Baker Ripley Report 8.4.25 FINAL**

Entity: Ed Taylor and Associates

Purpose: Report on monitoring of WFSCA Contractor, Baker Ripley

Key Points: Several findings were noted.

1. Banking fees related to under-utilized line of credit do not provide benefit to the board. *Resolved. Amount is immaterial and should not be charged to the board in the future.*
2. Banking fees related to investment sweep are not allowable. *Resolved. Fees will not be charged to the board in the future.*
3. Explanation for membership dues does not demonstrate benefit to the Capital Area Contract. *Resolved. The board has determined the amount to be immaterial.*
4. Mileage reimbursement for training should have been charged to the benefitting board. *Resolved. The board has determined the amount to be immaterial.*
5. Documentation related to gift cards was not complete and consistent. *Resolved. Baker Ripley will reimburse the board for the applicable costs.*
6. Baker Ripley's did not provide documentation related to travel. *Resolved. Baker Ripley's travel policy does not require documentation that the conference hotel is less expensive than others in the area and does not require cost comparison.*

### **a.2 - Workforce Solutions – FINAL Baker Ripley Monitoring Resolution Letter**

Entity: WFSCA

Purpose: To address findings from 25.04 Baker Ripley Report 8.4.25 FINAL

Key points: WFSCA response to Baker Ripley.

1. Communicates the items deemed to be resolved due to immateriality.
2. Requests refund of questioned costs of \$368.85

### **b. - 2025-26 WFSCA Financial Risk Assessment 26.02**

Entity: Ed Taylor and Associates

Purpose: Annual Financial Risk Assessment Evaluation

Key Points:

1. BakerRipley overall risk rank was Medium-Medium, with 42 high-risk elements and 40 medium-risk elements out of 129 total risk elements. Their risk score was 1700 out of a possible 3741.
2. C2 Global Professional Services overall risk rank was Medium-Low with 33 high-risk elements and 40 medium-risk elements out of 129 total risk elements. Their risk score was 1444 out of a possible 3471.

### **c.1 - 5 Day Embargo 26.14.0001 WS Capital Area Report and Letter WFSCA Board Response 5.14.26**

### **c.2 - May 28.2026 Initial Resolution Letter Response 7.24.2026 Final with Documents**

### **c.3 - TWC Responses - Email**

Entity: TWC

Purpose: Monitoring findings and WFSCA initial responses

Key Points:

1. Insufficient documentation of certain travel costs, resulting in approximately \$900 in questioned costs. *WFSCA agrees with this finding and has enhanced the travel process and documentation required. In process.*
2. Procurement documentation deficiencies – this is a repeat finding. *WFSCA has enhanced procurement processes, designating one staff member to have oversight of all procurements. TWC has placed WFSCA on a Corrective Action Plan for this finding which requires the board to provide additional information and documentation.*

3. Weak bank reconciliation controls, resulting in several outstanding checks needing research and reconciliation. *WFSCA has improved the bank reconciliation process, including the follow up on outstanding checks. Resolved.*
4. Single audit policy needs enhancement. *WFSCA has modified the single audit review policy to include documented and timely review of contractor single audits. In process.*
5. Monitoring results not adequately reported to the board. *Monitoring results are presented to the board twice a year and documented in the agenda and minutes. In process.*
6. Access to WorkInTexas system not revoked in a timely manner. *WFSCA has improved the process of removing access to systems in a timely manner as well as a periodic review of users in each system. In process.*

**d. - Workforce Solutions FY2025 Monitoring Report\_revised**

Entity: Travis County

Purpose: Monitoring review of WERC and QC3 contracts.

Key Points:

1. Administrative Review – no findings or issues were identified.
2. Financial Review – one invoice was not paid in the month that it was included for reimbursement. *WFSCA will verify all costs have been paid before submitting reimbursement.*
3. Program Performance Review – no programmatic findings or performance issues were identified.

**e. - 2027 Fiscal Integrity Report 8.6.26**

Entity: Ed Taylor and Associates

Purpose: To determine whether a contractor can responsibly manage public funds. The review is required by Texas Workforce Commission (TWC) before contract renewal.

Key Points – BakerRipley:

1. Significant Finding: \$3.6 million in duplicate childcare assistance payments, of which \$2.5 million has been recovered as of May 2026. *This occurred at another board and Capital Area's funding process would not allow this to occur. The board should require status reports on recovery of the remaining funds and evidence that duplicate-payment prevention controls have been fully implemented.*
2. BakerRipley reported a prior fraud incident involving vendors within another program area, though not related to this contract.
3. The organization did not provide a detailed listing of audit and monitoring findings from the prior three years, instead stating that all findings were resolved.
4. Physical inventory and insurance requirements were documented and appeared adequate.

Key Points – C2 Global Professional Services:

1. \$14k in questioned costs and \$8k in disallowed costs incurred during the prior five-year period. *The board should require evidence that the disallowed costs has been repaid or otherwise resolved.*
2. The cost allocation plan provided was unsigned. *The board should require submission of a signed cost allocation plan.*
3. C2 indicated it does not perform an annual physical inventory, relying instead on Board-owned equipment inventory procedures. *C2 should document that equipment inventory requirements are being met.*
4. The FY27 indirect cost rate methodology was not clearly identified in the questionnaire response. *C2 should confirm the indirect cost rate to be used in FY27.*

Conclusion: Both Baker Ripley and C2 were found to have the financial systems, controls, compliance history, and corrective-action processes necessary to responsibly manage public funds and remain eligible for renewal. However, BakerRipley's unresolved duplicate payment recovery and C2's documentation and compliance issues warrant continued monitoring and follow-up during FY27.

### **f.1 - 26.05 C2 Global Draft Report 9.4.26**

Entity: Ed Taylor and Associates

Purpose: To assess the reliability of fiscal data, compliance with applicable contracts and federal, state, and Board requirements, and the adequacy of C2's internal fiscal controls for May 1, 2025, through April 30, 2026

Key Points:

1. C2's audited financial statements for fiscal years 2023 through 2025 reported no findings or questioned costs. However, the FY2025 audit was issued after the required Uniform Guidance deadline.
2. Cost allocation: Certain programs may not have received their proportionate share of pooled costs, and an employee appeared to charge time using predetermined amounts, which is not permitted.
3. Payroll: Several employees reported identical program hours across successive pay periods, raising concerns that charges may not reflect actual activity.
4. Disbursements: Exceptions included a missing WERC incentive policy, transactions recorded in the wrong accounting period, and incomplete supporting documentation.
5. On-the-job Training testing: Testing could not be completed because requested documentation remained outstanding.
6. The report remains draft and incomplete, so the findings may change before final issuance. Currently awaiting C2's response.

### **f.2 - 26.04 Baker Ripley Report 9.4.26 FINAL**

Entity: Ed Taylor and Associates

Purpose: To assess the reliability of fiscal data, compliance with applicable contracts and federal, state, and Board requirements, and the adequacy of Baker Ripley's internal fiscal controls for April 1, 2025, through March 31, 2026

Key Points:

1. 2025 Audit finding: One issue involved duplicate child care assistance payments. Management agreed with the finding and implemented corrective actions. Another issue related to direct disbursement documentation and auditors recommend executing contracts when required by FMGC and procurement guidance. Both issues were found at another board, not WFSCA.
2. Cost allocation and indirect rates: Testing found no material exceptions and methodology was applied correctly.
3. Child Care Program Testing: No reportable issues were identified during testing.
4. Payroll, Cash Management, and Procurement: No findings resulted from these review areas.

### **f.3 - 26.06 Goodwill Industries Report 9.6.26**

Entity: Ed Taylor and Associates

Purpose: This report documents the closeout financial review of Goodwill Industries of Central Texas, evaluating compliance with contract requirements, financial controls, payroll, training accounts, cash management, disbursements, and work experience activities associated with Board-funded workforce programs.

Key Points:

Audit review, financial testing performed, payroll and work experience reviews, disbursement testing all resulted in no issues or findings.