



Board of Directors Meeting Minutes
Thursday, May 14, 2009
14155 58th Street North, Clearwater, FL 33760
Conference Room 191
Time 3:30 PM

Attendees:

Elise Minkoff, Chair	P	Michael Arendall, Treasurer	E
Ava VanNahmen, Secretary	P	Marcie Biddleman	E
Lori Lewis, Board Liaison	P		

I. Welcome <ul style="list-style-type: none"> • Elise Minkoff 	The meeting opened with a welcome by Minkoff at 3:35 PM
II. Minutes <ul style="list-style-type: none"> • Ava VanNahmen <ul style="list-style-type: none"> A. Special Meeting B. Providers Meeting C. April Board Meeting 	A. – C. The minutes were reviewed by the Board. VanNahmen moved to approve the Special Meeting, Providers Meeting and the April Regular Board Meeting Minutes with no revisions, seconded by Minkoff. The motion passed unanimously.
III. Update on Transition <ul style="list-style-type: none"> • Marcie Biddleman 	Due to being out of town, Marcie Biddleman provided a typed report for the Board which was the same status report from the earlier JWB Board meeting. The report covered some of the recent events. The issues noted in the PCMS Management Letter for the year ending September 30 2008 were addressed as follows: <ul style="list-style-type: none"> • Currently updating accounting software. • Internal controls over financial reporting are being implemented. • Policies and procedures given to the Board for review and up for approval in June. • Once approved the manual will be issued to all agencies. • Training session to be conducted with subcontracts to outline reimbursement procedure We are working with Faith Based groups to develop summer programs and amend their budgets. Literacy budget is to be revised to reallocate funds and positions for the LIFE program to the Neighborhood Family Center (NFC) budgets.

V. Continued

\$184,374.00 line of credit was taken out due to budget shortcomings where money was being spent faster than it was coming in. \$400,000 of operating cash was spent over what was brought in.

Mr. Fenlon reviewed the Management Letter with the Board along with their responses.

Government Auditing Standards state that we must communicate certain things concerning Internal Control over Financial Reporting. Most of which were significant deficiencies.

➤ Accrued Salaries and Vacation

A schedule was maintained but was not set up on the general ledger. It was recommended that PCMS reconcile the supporting schedules to the general ledger monthly.

➤ Personnel Files

Staff at the NFC's became PCMS employees January 1, 2008 but their files were often lacking items such as copies of driver's licenses, W-4 or documentation supporting pay rate. The files kept at the centers were mostly complete. It was recommended that PCMS maintain complete personnel files at their office for all employees on payroll.

➤ Shared Personnel Cost.

All staff salaries are paid by PCMS including staff that work on non-JWB programs. PCMS did not bill or collect reimbursements for the non-JWB funds in a timely manner. It was recommended that a reimbursement request be sent for the non-JWB portion of the salaries and personnel costs on the day the paychecks are issued.

The rest of deficiencies are Material Weaknesses.

➤ Bank Reconciliations

Bank accounts were not being reconciled to the general ledger every month. Reconciliation differences were coded to a suspense account titled "reconciliation discrepancies" and at one point reached a credit of \$96,797. It was recommended that the bank accounts be reconciled promptly after receiving the monthly bank statements. Also the CFO and Executive Director should review and initial the completed bank reconciliation. The Board Treasurer should receive copies of the bank statements and reconciliations, general ledger, and journals every month to ensure the work is done.

➤ Journal Entries

Entries were made at a high frequency without a log or a thorough explanation of why it was made. It was recommended that PCMS keep a log of the journal

V. Continued

entries with written explanations and backup for each in a binder. Journal entries should be limited to the head of finance and reviewed monthly by the Executive Director for approval.

➤ Financial Policies and Procedures Manual

PCMS has had a manual put together by contracting with a Human Resources Group but it has not yet been sent to or reviewed by the Board for approval. It was recommended that the Board should immediately review the manual and approve it after any necessary amendments. It should then be distributed to all staff and subcontracting agencies and provide any required training.

➤ Corporate Structure

The PCMS corporate governance was restructured. A new Board was put into place which no longer included Executive Directors from the NFC's. The transition was lacking documentation. The current Board falls short of the number of directors required by the contract with JWB. It is recommended that PCMS recruit a full Board of Directors, establish Board Training and orientation programs, and assemble legal documentation supporting the governance changes.

➤ Payroll

There were no detailed payroll journals and/or payroll registers printed with the paycheck runs and kept with the copies of the paycheck stubs. It was recommended that detailed payroll transaction reports be printed and kept with copies of the paycheck stubs.

Also the net amount of several paychecks during the January and February 2008 pay period did not match the general ledger. When the payroll was setup there was an error in the tax coding. The coding was fixed but the paychecks were then recalculated after they were issued. It was recommended that no paycheck be changed in the computer after the paycheck is cut. Checks should be voided and kept with correct payroll run if the check has not been disbursed. If an error is found after checks have been disbursed then the adjustments need to be made in the next payroll run.

➤ Reimbursement Request to JWB

PCMS is responsible for entering data into SAMIS and then collecting reimbursements from JWB for the Centers.

Expenses paid for by individual centers are included on their accounting records and reported as pass through funds on PCMS' statement of activities and

V. Continued

are reported as expenses on its financial statements. Audits performed on the NFC's for Program Expenses Paid by Individual Centers turned up the following deficiencies:

- Non-payroll program expenses recorded on their accounting records and vouched to invoices but not included on SAMIS or reimbursed by PCMS or JWB even though they were submitted to PCMS. Requested reconciliation between reimbursements and SAMIS was never supplied.
- Salaries and related personnel expenditures recorded and vouched to supporting reports but again not included in SAMIS for that period.
- During the first 3 months under the previous CFO, advances and payments were issued to centers without documentation of what was reimbursed.
- Center bills were paid late incurring late charges.

These deficiencies were from a lack of communications between the Centers and PCMS.

The following was recommended:

- Provide subcontractors with the Policies and Procedures Manual once approved.
- Conduct group training with the PCMS accounting staff and subcontracting agencies outlining the reimbursement procedures.
- PCMS must reconcile SAMIS monthly.
- Visit centers regularly to monitor fiscal operations and address issues on a timely basis.
- All invoices and reimbursement requests must be dated upon receipt.

Most of these deficiencies were noted in the JWB site visit report.

Program Expenses Paid by PCMS

272 non-payroll expenditures totaling \$109,996 of disbursements directly paid by PCMS and reported on SAMIS were reviewed. Invoices or supporting documents were not located for 14 disbursements totaling \$4,011 and many invoices were difficult to find. It was recommended that we staple the original invoice or supporting documents to the copy of the check as soon as it is signed. The filing system needs to be improved, keeping them on file in alphabetical or chronological order by check number. The staff knew that there were problems but they thought

V. Continued

things were getting better.

➤ Fiscal Monitoring of Subcontractors

Fiscal monitoring of subcontracts was not being done in accordance with JWB. The CFO had done some but did not have them in written a format. JWB noted the same. It was recommended that PCMS conduct site visits providing written reports and follow-up on findings as required.

Some of these material weaknesses are possible compliance issues.

➤ Bank Overdraft and Short Term Debt

PCMS had a bank overdraft of \$206,742 and a short term demand notes balance of \$184,374. Cash flow difficulties caused PCMS to pay overdraft fees of \$5,655 most of which were incurred in August and September 2008. The recommendations for these issues are limited since funds are only available on a reimbursement basis. It was suggested that PCMS work with JWB regarding methods to speed up the process.

➤ Temporarily Restricted Net Assets

PCMS received a grant in 2004 from the Eckerd Family Foundation (EFF) to establish a Youth Technology Education programs at the NFC's and other sites in Pinellas County. The funds were provided on a 3 year payment plan and not reimbursement. There are questions of whether the EFF grant was being spent to meet their recommendations.

In an audit we want to know where you spent the money some money was used for computers and some for mentors. There are issues from previous audits on whether expenses were properly coded. It was recommended that we examine in detail accounting records looking for expenses of the program that were misclassified. Also PCMS should communicate with EFF to determine whether they are satisfied that the provisions of the grant were met and whether they will release remaining restriction.

Danielle Berche and other JWB staff came up with responses to the audit and added them to the management letter.

VanNahmen noted on page 13 about the disbursements on the separate audits. Mr. Fenlon stated that a consolidated audit was not feasible because control was not there. Disbursements are

V. Continued

shown on each Centers books.

VanNahmen asked about the Fiscal monitoring of subcontracts and Mr. Fenlon said JWB requires annual written reports on all contracts.

Minkoff asked Ms. Berche to make a statement on the responses. Ms. Berche is currently using QuickBooks for accounting and will be switching to Great Plains (JWB's accounting software) tomorrow. We are changing a lot of internal controls and we will have a lot more reporting capabilities on Great Plains. Minkoff said that it would be ok to approve the management letter with the Boards responses. Mr. Fenlon agreed.

VanNahmen moved to approve the Management Letter with the PCMS responses included, Minkoff seconded. The motion passed unanimously.

VanNahmen moved to approve the PCMS FY07-08 Audit as presented, Minkoff seconded. The motion was approved unanimously. PCMS will get an updated letter sent out.

Mr. Fenlon still needs to have the Representation letter signed and is unsure about how things will move forward. Minkoff deferred to JWB to answer that question of whether PCMS would still be here. Mr. Fenlon needs to be comfortable saying that the organization will still be there. Otherwise they will need to put a statement in the letter saying that the organization may not be around in a year. Minkoff stated that the decision has not been made on whether PCMS will be around by the JWB Board of Directors.

VanNahmen was uncomfortable with the current wording

Mr. Fenlon said that he can look at the wording if the current wording makes the Board uncomfortable. Minkoff asked what would happen if the Board did not sign. Mr. Fenlon said it does not change the financial statements but the issue would be how JWB views it. The Board can make a disclaimer to the letter. They can give a qualified opinion with exceptions to information that the Board was not given. It will give an opinion. Ms. De La Torre of JWB said that one center would be adversely affected with a qualified opinion.

VanNahmen asked Mr. Zinzow, PCMS attorney, his opinion on the letter.

Mr. Zinzow said he would need to review in more depth to give an opinion. Mr. Zinzow stated that a representation letter does not need to be signed in its current form, modifications can be made.

<p>V. Continued</p>	<p>Mr. Fenlon said if the modifications were minor he could still do the letter. VanNahmen moved to approve the Representation Letter with the ability to make appropriate modifications after review from Mr. Zinzow and the Board and for the Board to then sign the letter, Minkoff seconded. The motion passed unanimously. Minkoff said that these modifications must be done in the next 7 to 10 days.</p>
<p>VI. Records Request</p> <ul style="list-style-type: none"> • Update from Justin Zinzow 	<p>Mr. Zinzow explained the request from Citizens for Sunshine. PCMS does not have staff in place for such a large request. There is an added complication from gathering the information in Native File Format (NFF). There is no in house IT staff, but Vertical IT offered some help. We are waiting on the response on if they still need all the information in NFF. Check register request is about 2000 pages. The cost is minimal right now with the check register but with the emails will have a higher cost involved. His contact did not want to pay the amount that he would incur from bringing in an IT consultant. Colleen Flynn said that there was software from JWB that did keyword search. The board needs to consider bringing in IT in limited fashion to help in assembly. Minkoff wants to hold off until we have we have a better idea of our financials. Ms. Berche said that we should know within the next week or so. Citizens for Sunshine would need to submit a deposit to us so that we can do this. Minkoff said that we will hold off till we hear from Mr. Zinzow.</p>
<p>VII. Outstanding Issues</p> <ul style="list-style-type: none"> • HIPPY Update • Personnel and Finance Manuals • PCMS By-Laws 	<p>HIPPY was moved to 695 Central Avenue in St. Petersburg, FL 33701. Personnel and Finance Manuals were included in the Board Packets for their review. Minkoff asked Ms. Lewis, Board Liaison, to submit the PCMS By-Laws to Mike Stone and Pam Needham to put together a final draft for the Board to review.</p>
<p>VIII. Public Session</p>	<p>Sandra Lyth, Executive Director of Hispanic Outreach Center – City of Clearwater is asking for a meeting with Marcie Biddleman and Gay Lancaster because they were selected to receive a Grant. Lisa Sahulka of JWB said they were currently working on it and were resolving the issues. Michelle Wilson, Executive Director of GRAYDI –</p>

VIII. Continued	<p>Recently received their 990. Their audit shows a different amount.</p> <p>Mr. Fenlon stated that audit only showed the JWB funding.</p> <p>Janet Hooper, Executive Director of Safety Harbor NFC, asked when she can reconcile with Ms. Berche. Ms. Berche stated that it would be best to wait until after the transition.</p>
IX. Meeting Adjourned	<p>VanNahmen moved to adjourn the PCMS Board meeting at 5:00 p.m., Minkoff seconded.</p>

Respectfully Submitted by:

Ava VanNahmen
Board Secretary