

Summary of Report and Recommendations on CareerSource Pinellas

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Scope of Review

Evaluating and recommending revisions and improvements to the CareerSource Pinellas (CSPIN) Interlocal Agreement and bylaws relating to:

- governance and accountability;
- transparency;
- internal controls and separation of authority;
- best practices;
- Board of Directors structure and appointment process;
- the overall role of the Board of County Commissioners (BCC) in management, operational and decision making authority;
- designation of the fiscal agent, administrative entity and one-stop operator

Decision to Engage Consultant

In accordance with the applicable statutes and regulations (the Acts), the BCC, acting as the Chief Elected Officials (CEO), “shall serve as the local grant recipient for, and shall be liable for any misuse of, the grant funds allocated to the local area.” CSPIN is currently the subject of investigations and/or reviews by federal and state agencies. CSPIN has terminated the employment of senior management, and CSPIN and CareerSource Tampa Bay are dissolving their joint services arrangement. Evaluating and implementing improvements to governance and program oversight while CSPIN is restructuring its operations will support the continued delivery of effective and efficient workforce programs and services in Pinellas County.

Role of the BCC

- 1) Appointment of members to the Local Workforce Board (LWB);
 - the Acts prescribe mandatory appointments and authorizes the appointment of non-mandatory members as long as specified requirements are met;
 - the CEO must establish a formal nomination and appointment process consistent with the criteria in the Acts;
 - the CEO may convey voting privileges to non-required members;
- 2) Appointment (at its option) of a sub-grant recipient/fiscal agent for workforce program grant funds;
- 3) Approval of the local administrative entity;

Role of the BCC

- 4) Agreement to the LWB serving as a direct services provider;
- 5) Agreement of the LWB's designation/certification of the one-stop operator(s), the Memorandum of Understanding (MOU) with one stop partners, and one-stop system oversight;
- 6) Approval of the LWB budget;
- 7) Negotiating and reaching agreement (by/with the LWB, CEO, and Governor) on local performance measures;

Role of the BCC

8) Establishing bylaws that at a minimum address:

- the nomination process to select LWB members;
- term limitations and how appointments are staggered;
- the process to notify the CEO of board vacancies;
- the proxy and alternate designee process;
- the use of technology to promote LWB member participation;
- the process to ensure LWB members actively participate in convening system stakeholders, brokering relationships with a diverse range of employers, and leveraging support for workforce development activities;
- other conditions governing appointment or membership on the LWB as deemed appropriate by the CEO;

Role of the BCC

- 9) The LWB, in **partnership** with the CEO:
- conducts workforce program oversight;
 - develops and submits the 4-year and other regional plans;
 - ensures appropriate use, management and investment of funds:
 - (i) for youth, adult and dislocated worker activities and one-stop delivery system;
 - (ii) to maximize performance outcomes;

Recommendations

ORGANIZATIONAL STRUCTURE; FISCAL AGENT/ADMINISTRATIVE ENTITY:

- In its capacity as the Region 14 LWB, CSPIN operates as a 501(c)(3) not-for-profit Florida corporation. As at least 23 LWBs in Florida operate as a as not-for-profit corporations, this appears to be a best practice in Florida, and no changes are recommended;
- CSPIN operates as the local fiscal agent and administrative entity. At least 23 LWBs have been designated as the fiscal agent, and at least 20 LWBs as the administrative entity, and the designation of CSPIN as the local fiscal agent and administrative is consistent with organizational structure best practices in Florida. No changes to these designations are recommended currently;

Recommendations

ORGANIZATIONAL STRUCTURE; LOCAL FISCAL AGENT/ADMINISTRATIVE ENTITY:

- However, after stabilization of CSPIN, including resolution of the ongoing inquiries, the CSPIN Board of Directors (BOD) and the BCC should jointly determine the best service delivery model for the local region. Once those decisions are made, then the fiscal agent and administrative entity responsibilities can be jointly evaluated. Consideration should be given to separating those functions to segregate the fiscal and administrative entity functions to support effective program oversight;

Recommendations

GOVERNANCE: Policy making and program oversight responsibilities, as well as the business and affairs of CSPIN, should be conducted primarily by the full BOD, rather than the Executive Committee. Staff and Committee action items, reports, and recommendations should be presented to and considered by the full BOD, except in the limited circumstances described herein. Recommendations include:

- limit Executive Committee meetings to months when the full BOD does not meet and time is of the essence in taking any action, or to emergency situations where the failure to act would result in irreparable harm; revise bylaws to allow for 7 business days to request full BOD consideration for the Executive Committee consent agenda process;
- increase the number of BOD meetings to at least bi-monthly;

Recommendations

GOVERNANCE:

- recognize major decisions that can only be made by the full BOD (e.g. budget approval/modification; approval/modification of the 4-year plan; acquisition/conveyance of real estate; pledging real property, or personal property other than in the ordinary course of business; staff pay/compensation plans; adoption/amendment of policy manual; hiring, disciplining or discharging executive director and legal counsel);

Recommendations

GOVERNANCE:

- amend bylaws relating to quorum requirements to 40% plus 1 for full board; 50% plus 1 for Executive Committee.
- amend bylaws relating to Audit Committee and Finance Committee as detailed in the Report; establish an Ad Hoc Executive Director and Legal Counsel Hiring Committee (with the County representation as specified in the Report).

Recommendations

GOVERNANCE:

- establish and limit the delegated authority to the Executive Director (ED) to approve contracts, purchases and other CSPIN obligations, and report delegated approvals to the CSPIN Board;
- limit the delegated approval authority of the interim director to \$10,000 for each contract/purchase not pre-approved by the BOD;
- revise/update the CSPIN policy manual, including financial, procurement, and employment policies, as well as delegated authority;
- eliminate the requirement that the Treasurer be appointed from the private sector membership;
- eliminate any reference to “President” in the bylaws, policy manual or position description, because the ED is not a corporate officer;

Recommendations

DIRECTORS APPOINTMENT AND MEMBERSHIP: The BCC has previously directed that the County's Boards and Commissions application process be utilized for appointments to the CSPIN BOD. Recommendations include:

- amending the CSPIN bylaws to delete the current nomination process therein;
- incorporating the WIOA nomination requirements into the County's Boards and Commissions application process;

Recommendations

DIRECTORS APPOINTMENT AND MEMBERSHIP:

- require immediate notification of vacancies to the County;
- require CSPIN to post notifications of vacancies on its website with links to the County's application process, and provide the opportunity for the CSPIN BOD to comment on applicants as part of the BCC selection process;
- clarify the bylaws to provide that the BCC has the authority to remove directors when it determines that the best interests of workforce programs will be served;

Recommendations

DIRECTORS APPOINTMENT AND MEMBERSHIP:

- cap the number of BOD members to the current membership (adjusted for any additions made to the Board as recommended in the report), and over time cap the number of members to 25, or the minimum required by the WIOA;
- maintain the policy of allowing attendance/participation at BOD meetings by phone or other electronic means;
- consider adding another elected official (e.g. School Board member) to the CSPIN BOD;

Recommendations

TRANSPARENCY: Directing major policy decisions as well as staff and committee action items and reports to the BOD for consideration and approval, instead of to the Executive Committee, should by itself increase the flow of information on program activities and financial matters to all BOD members. Recommendations include:

- financial reports, DEO monitoring reports, annual financial and other audits, delegated authority approvals, and independent accountants' reports should be presented to the full BOD on a periodic basis.

Recommendations

TRANSPARENCY:

- a “voucher and paid bills report” should be presented to the BOD on a periodic basis, preferably through the Finance Committee;
- financial statements, federal and state monitoring reports, financial and other audits, and independent accountants’ reports should be filed with the County on a periodic basis;
- for documents requiring BCC approval/agreement, the County must be given adequate time to review said documents and resolve any questions/issues (at least 60 days);

Recommendations

INTERNAL CONTROLS: It is beyond the scope of this review to evaluate whether the internal controls of CSPIN were appropriate or effective for its programs and operations. However, one of the goals of internal controls is to create business practices that serve as checks and balances on staff to reduce risk of misappropriation or misuse of funds. Specific recommendations include:

Recommendations

INTERNAL CONTROLS:

- pursuant to the terms of the existing Interlocal, the County should initiate an Operational audit of CSPIN to evaluate management's performance in establishing and maintaining internal controls, conducted by the Clerk's Office of Inspector General.
- Require CSPIN to retain an independent accounting firm to recommend appropriate internal controls, CSPIN after stabilization. Thereafter, there should be periodic compliance monitoring of established internal controls.

Recommendations

APPOINTMENT OF CSPIN EXECUTIVE DIRECTOR AND LEGAL COUNSEL:

- the County does not have a direct role in hiring the executive director or legal counsel for CSPIN; however, those responsibilities are not specifically addressed in the bylaws. The bylaws should be amended to confirm the BOD has the authority to hire the executive director and legal counsel;

Recommendations

APPOINTMENT OF CSPIN EXECUTIVE DIRECTOR & LEGAL COUNSEL:

- The bylaws should be amended to create an Ad Hoc CSPIN Executive Director and Legal Counsel Search Committee; duties include updating qualifications and recommending a search process (subject to full Board approval), screening and ranking applications/proposals; members to include the County Commissioner Vice-Chair and PCED Board member. *[NOTE THAT CSPIN HAS ESTABLISHED A TEMPORARY SEARCH COMMITTEE FOR THE EXECUTIVE DIRECTOR SEARCH]*

Next Steps

- Incorporate BCC policy directives and revisions into the bylaws and interlocal agreement.
- Present proposed interlocal agreement and revised bylaws to the CSPIN Board of Directors (at its September 19, 2018 meeting).
- CSPIN report on progress of amending the bylaws and interlocal agreement (at the December 11, 2018, BCC meeting), and at least quarterly thereafter.
- Schedule BCC consideration/approval of the agreement and revised bylaws once the CSPIN BOD has approved these documents.

Questions

Questions?