

**ALLIANCE FOR STRATEGIC GROWTH, INC.
BUDGET & ADMINISTRATION COMMITTEE
November 14, 2011
Meeting Minutes**

Present: Stuart Armstrong, Dr. Rob Jeffs and Jerry Sprouse

Absent: None

Others Present: Cathy Cross, Mellisa Leaming and Barbara Street

Quorum to conduct business: Yes

Required votes to conduct business: Majority

CALL TO ORDER: The meeting was called to order at 11:00 AM at the WorkOne Office.

DECLARATION OF CONFLICTS OF INTEREST: None were declared.

REVIEW AND APPROVAL OF MEETING MINUTES: The minutes of the September 14, 2011 meeting were reviewed and approved by motion of Jerry Sprouse with a second by Stu Armstrong and motion passed unanimously.

FINANCIAL REVIEWS

Monthly Board Governance Reports: The monthly board governance report for months ending August and September 2011 were reviewed. Cathy Cross recommended the increase of the budget overall by \$12,000 for the actual cost of liability insurance which is a result of the elimination of the liability previously assumed by JobWorks through the subcontract, which is now directly the liability of the corporation. If approved, this will increase the Board Governance Budget from \$62,370 to \$74,370. There was discussion that this expense crosses two program years and the practice of how to expense an amount which in an annual payment and those which cross program years. Cathy will reconsider all methods and adjust methodology if it makes sense and does not overly complicate the accounting and reporting or provide opportunity for error. After further discussion Stuart Armstrong made a motion to accept the report as published and to recommend approval of the budget increase. Dr. Rob Jeffs seconded the motion and the motion was approved unanimously.

Monthly Financial Metric Report: The Financial Metric Report for the first quarter of PY 11 ending September 30, 2011 was reviewed with the Committee. Dr. Rob Jeffs made a motion to accept the report as published. Jerry Sprouse seconded the motion and the motion was approved unanimously.

9/30/11 Quarterly Report – Balance Sheet & Income Statement: Cathy Cross distributed to and reviewed these reports with the Committee. She noted that these reports were somewhat of a duplication of the Metrics Report with the exception of the Balance Sheet. Dr. Rob Jeffs made a motion to accept the report. Jerry Sprouse seconded the motion and the motion was approved unanimously.

Audit & Monitoring Reports for Year Ending June 30, 2011:

A copy of the notes from the Audit Fieldwork was shared with the Committee. No action was required and the draft Audit Report is expected by early January 2012. It should be available for the Board meeting in January and not later than the February meeting. Street advised the Committee that with regard to the request of the Governor to approve the structure in which all functions except Youth Service Provider are directly provided by staff employed by ASG, Inc., one of the requirements was to provide an assurance to the state that firewalls were in place.

Specifically there is a requirement to monitor Service Provider operations, but it is a conflict of interest for staff to monitor their own work. As such the Board needs to retain an independent third party to conduct Service Provider monitoring and issue a report to the Board and LEO. By consensus it was agreed that a Monitoring RFP would be developed by staff for consideration by the Board soon after the first of the year. The Budget & Administration Committee will approve and provide the oversight to this process.

ASG BOARD CONTROLS REPORT: The Budget & Administration Committee recommended a set of controls which were approved by the Board on June 9, 2011. Those controls required periodic after the fact reports on actions delegated to staff. Those areas are 1) Multi-Year Contracts or any one purchase which exceeds \$20,000 and 2) All equipment purchases. Cathy provided a copy of all of the procurements which fall in these categories for review by the Committee with feedback as to the adequacy of this information. Those items reviewed were:

- Office Cleaning Contracts for Fayette, Henry, Jay and Rush counties
- Copier leases for Blackford, Delaware, Fayette, Henry, Jay, Randolph and Wayne counties
- Printing, Graphic Design, Layout & Production Vendors for Marketing

It was the consensus of the Committee that the detail of the information was very adequate for their review.

PY 11 (7/1/11 – 6/30/12) BUDGET UPDATE AS IT RELATES TO

PY 12 (7/1/12 – 6/30/13) BUDGET PROJECTION: Cathy Cross reviewed with the Committee the updated Budget Projection for PY 11 and 12. At the last meeting of the Budget & Administration Committee the members were advised of the encouragement by Indiana Dept. of Workforce Development for WIBs/RWBs to plan for a carry-in of funds for first quarter of PY12 (7/1/12 – 9/30/12) in anticipation of federal funding reductions and/or rescission of funds. At the September 28, 2011 WIB meeting a motion was approved to not declare Adult training funds limited effective 10/1/11. While this action was approved staff were directed to provide the Executive Committee a projection for the current and upcoming year under this policy. In addition, in some cases actual expenses are exceeding the budget projections. EOS, the IT firm for our region, has also made recommendations with regard to technology needs and options for consideration which were not included in the current budget. In addition the Delaware County WorkOne Center Lease expires on 12/31/11.

Cathy provided an update to the Committee on the PY 11 budget which included increased revenue and increased expenses, some of which are net. Areas discussed are as follows:

- Assumed maintenance of the field services work week at 37.5 hours for non exempt staff.
- Recommendation to reinstate limited funds for WIA Adult Training
- Necessity to establish Youth Programming Priorities for PY 12
- Continue to implement cost reduction measures
- Continue Resource development measures
- Increased Board Governance Budget by \$12,000 to offset additional liability insurance final costs.
- PY 11 budget increase to offset actual cost of Major Medical Expenses at age/gender banded rates
- Decreased security expenses due to state payment for expenses.

There was also a discussion of the quarterly cash flow which could be a factor for 1st quarter PY 12 and a current projected shortfall of \$341,877 for 1st Quarter with an overall \$1,031,118 projected shortfall for the year without additional revenue increases or expense decreases. Cathy discussed other implications on the current year and those requiring Board action.

1. Delaware County WorkOne Office Lease renewal. She noted that currently the negotiations are for improvements to the restrooms at no cost and a reduction of the lease cost by 5%. Requires approval. (Budget Decrease projected \$16,125 savings)
2. Application for funding to assist in training tuition costs, some fixed costs and marketing costs in partnership with Ivy Tech for Advanced Manufacturing. (If awarded would reduce fixed cost of operation.)
3. Replacement of aging servers and emergency expense to replace Server supporting Randolph County. (Budget Increase projected at \$59,532) Seeking state support at 50% which could reduce the cost by approximately \$30,000).
4. Re- institution of Limited Funds Policy for WIA Adult (Budget Savings of \$39,858 of freed up Adult funds)

The Committee recommended the summary level information to be provided to the Executive Committee for consideration. No recommendations were made for consideration.

ADJOURNMENT: With no other business to be acted on at this time the meeting was adjourned at 1:05 PM. The next meeting is scheduled for 11/18/12 @ 11:00 AM.

Respectfully submitted,

Barbara Street