



Early Learning Coalition of Broward County, Inc.

Audit Meeting Agenda

February 21, 2023, at 9:00 AM

Zoom Meeting

Meeting ID: 834 7173 8220

Passcode: 313193

<https://us06web.zoom.us/j/83471738220?pwd=Wnh4SEFLcVZuem04NGgrL3NIU3p0UT09>

Members are reminded of conflict-of-interest provisions. In declaring a conflict, please refrain from voting or discussing and declare the following information: 1) Your name and position on the Board, 2) The nature of the conflict, and 3) Who will gain or lose as a result of the conflict. Please also fill out form 8B prior to the meeting.

PAGE

1.	Call to Order		Renee Podolsky, Audit Chair
2.	Roll Call		Melody Martinez, Board Liaison
3.	Consent Agenda 1. Approve August 31, 2022, Committee meeting minutes	2	Renee Podolsky, Audit Chair
4.	Regular Business 1. AUD232RB1 – Approve Draft FY22 Audit Report and Draft 2021 Form 990 2. AUD232RB2 – Approve Draft 2021 403B Retirement Plan Audit Report and Draft 2021 Form 5500	3 4	Renee Podolsky, Audit Chair Martha Parker, CPA & Partner, Keefe McCullough CPAs
5.	Unfinished Business New Business Matters from the Board Matters from the CEO Matters from the Committee Matters from our Partners Public Comment		
6.	Next ELC Audit Meeting: TBD		
7.	Adjourn		

Please Note: Agenda is subject to revisions and additions at the discretion of the Chair of the Coalition. Notification will be sent of any such revisions or additions. **Members of the Public:** Please sign up at the entry desk for public comments to be made on any particular agenda items no later than five minutes after the Coalition meeting has been called to order.

“As per [§286.0105, Fla. Stat.](#) Any person who decides to appeal any decision of the Board with respect to any matter considered at this meeting will need a record of the proceedings and for such purpose, may need to ensure that a verbatim record of the proceedings is made which record includes testimony and evidence upon which the appeal is to be based.”



Early Learning Coalition of Broward County, Inc.

Audit Committee Meeting Minutes

August 31, 2022, 12:30 PM

Virtual

Members in Attendance	Chair, Renee Podolsky; Beverley Batson; Michael Asseff
Members Absent	Monica King; Twan Russell
Staff in Attendance	Renee Jaffe, CEO; Christine Klima, CAO; Judith Merritt, COO; Hubert Cesar, CIO; Melody Martinez, Board Liaison; Reiner Potts, Financial Analyst; Kasey Lafrance, Contracts Administration Manager
Others in Attendance	

Item	Action/Discussion
Welcome & Call to Order	Chair Renee Podolsky called the meeting to order at 12:35 PM. The roll was called, and a quorum was established.
CONSENT AGENDA a. Approve Audit Committee meeting minutes for February 7, 2022	A Motion was made by Michael Asseff to approve the ELC of Broward Audit Committee meeting minutes from February 7, 2021. Seconded by Beverly Batson. Unanimously Approved. Motion Passes.
Audit Committee REGULAR BUSINESS: a. AUD231RB1 Approve Amendment #4 of Keefe McCullough Agreement for FY22 Financial Audit and other Services for the period July 1, 2022 – June 30, 2023	Approve Amendment #4 A Motion was made to Approve Amendment #4 of Keefe McCullough Agreement for FY22 Financial Audit and other Services for the period July 1, 2022-June 30, 2023, by Michael Asseff. Seconded by Beverly Batson. Unanimously Approved. Motion Passes. Michael Asseff thanked Christine and her team for all their amazing work with audit and enrollment.
OTHER	There was no comment.
NEW BUSINESS	No discussion
MATTERS FROM THE COMMITTEE	No discussion.
MATTERS FROM THE CHAIR	No discussion.
PUBLIC COMMENT	There was no comment.
NEXT MEETING DATE	TBD
ADJOURN	Michael Asseff adjourned the meeting at 12:38 PM

These minutes contain the action items of the Board meeting of the Early Learning Coalition of Broward. They do not include all of the Committee's discussions or comments on each matter or issue raised during the meeting. A tape recording of the meeting is held in the Coalition office. Corrections from the Committee will be taken prior to approval at the next meeting.

ITEM/MEETING	AUD232RB1 / Audit Committee
DATE:	February 21, 2023
SUBJECT:	Draft Audit Report for Fiscal Year 2022 and 2021 Form 990
FOR ACTION:	Yes
RECOMMENDED ACTIONS:	<ol style="list-style-type: none"> 1. Approve Draft Financial Audit Report for Fiscal Year 2022 2. Approve Draft 2021 Form 990
FINANCIAL IMPACT:	None
ELC STAFF LEAD	C. Klima

Background Information:

In accordance with the Early Learning Coalition’s fiscal policies and the DEL Grant Agreement, an audit of the Coalition’s financial operations is performed annually. For FY 2022, ELC’s external audit firm, Keefe McCullough, began a virtual site visit in October 2022 and completed a Draft Audit Report and Draft Form 990 on February 1, 2023.

Current Status:

Keefe McCullough will present their results at the meeting:

- The Preliminary Draft Audit Report contains no findings.
- IRS Form 990 was prepared by Keefe McCullough’s tax team. It reflects financial data tested during the FY22 audit process and has been reviewed and reconciled by staff to the financials.

Recommendation:

Staff recommend the following motions:

1. Approve Draft Audit Report for Fiscal Year 2022
2. Approve Draft Form 990 for 2021

Supporting Documentation:

- Draft FY22 Audit Report (separate link # 1)
- Draft Form 990 2021 (separate link # 2)

ITEM/MEETING	AUD232RB2 / Audit
DATE:	February 21, 2023
SUBJECT:	1. 403B Retirement Plan Audit Report for Plan Year 2021 2. 403B Retirement Plan IRS Form 5500 Plan Year 2021
FOR ACTION:	Yes
RECOMMENDED ACTIONS:	1. Approve Audit Report & Management Response for 403B Retirement Plan Year 2021 2. Approve IRS Form 5500 for 403B Retirement Plan Year 2021
FINANCIAL IMPACT:	None
ELC STAFF LEAD	C. Klima

Background Information:

As of December 31, 2020 the number of employee participants in ELCS’s 403B Retirement Plan exceeded the Department of Labor threshold that triggers an annual audit requirement for the Plan. In 2021 CPA firm Keefe McCullough LLP, the firm which also conducts our annual Financial Audit, conducted the first Audit of the Plan since the Plan was established in 2002. Prior to and during that engagement, staff identified a number of historical compliance problems with the Plan and we continue to work with Tripp Scott attorney Tanya Bower (a specialist in retirement plan legal matters) to complete remediation steps and enter the IRS Voluntary Correction Plan (VCP) in order to resolve remaining open items.

After the IRS formally accepts ELC’s VCP application, staff will procure a qualified third-party administrator with specialized expertise in Retirement Plan compliance and best practices to handle plan administration/compliance on behalf of the Coalition going forward.

Current Status:

The Audit Report contains no findings.

However, in a Report to Management (attached below), the Auditors confirmed the compliance problems that ELC previously identified and highlighted areas where controls should be strengthened going forward. We have agreed with all of the recommendations in our response to each issue, outlined the steps we have taken to correct the problems and affirmed our commitment to procure a qualified Third-Party Administrator with specialized expertise in Retirement Plan compliance and best practices to handle Plan administration/compliance on our behalf going forward.

IRS Form 5500 was prepared by Keefe McCullough’s tax team. It reflects financial data tested during the 2021 Plan year audit process and has been reviewed and reconciled by staff.

Recommendation:

Staff recommend the following motions:

1. Approve Audit Report & Management Response for 403B Retirement Plan Year 2021
2. Approve IRS Form 5500 for 403B Retirement Plan Year 2021

Supporting Documentation:

1. 2021 403B Report to Management with Draft Response
2. 2021 403B Retirement Plan Audit Report (separate link # 3)
3. 2021 403B Retirement Plan IRS Form 5500 (separate link # 4)

Early Learning Coalition of
Broward County, Inc. Retirement Plan

Report to Management
For the Year Ended December 31, 2021



To the Board of Directors
Early Learning Coalition of Broward County, Inc. Retirement Plan

Except as discussed in the following paragraph, in planning and performing our audit of the financial statements of Early Learning Coalition of Broward County, Inc. Retirement Plan (the "Plan") as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of issuing our report on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

We were engaged to perform an audit of the Plan as permitted by ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the ERISA Income Security Act of 1974 (ERISA). Our audit did not include all of the procedures required by auditing standards generally accepted in the United States of America and did not include a consideration of internal control relating to the information summarized in Note 3 to those financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in the Plan's internal control, discussed on the accompanying memorandum, to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We will review the status of these comments during our next audit engagement. We have already discussed this comment and suggestion with various Plan personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

CPA's + Trusted Advisors

Early Learning Coalition of Broward County, Inc. Retirement Plan

This communication is intended solely for the information and use of Plan management, the Plan Administrator, Trustees, and others within the management of the Plan Sponsor, and is not intended to be, and should not be, used by anyone other than these specified parties.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
February 9, 2023

**Early Learning Coalition of Broward County, Inc. Retirement Plan
Internal Control Comments and Recommendations
December 31, 2021**

Status of Prior Year Internal Control Comments and Recommendations

	STILL APPLICABLE	IMPLEMENTED OR NO LONGER RELEVANT
2020-01: Plan Administration	X	
2020-02: Documentation contained in personnel files	X	
2020-03: Calculation of Employer Matching Contributions		X
2020-04: Participant Loans		X

Prior Year Internal Control Comments and Recommendations:

2020-01: Plan Administration: It was noted during our audit procedures, that the Plan is self-administered. Due to the complex and specialized nature of employee benefit plans subject to ERISA, certain required compliance tests were not performed timely. The Plan was also not operating under a fully adopted plan document. In addition, the Plan had several other compliance failures and is in the process of submitting a plan to the IRS’s Voluntary Compliance Program (VCP) to correct compliance failures in the Plan.

2021 update/status:

During the 2021 audit, we noted that this item was not resolved. Our findings and recommendations remain applicable.

Management’s Response:

Management agrees. The decision to self-administer the Plan was made at the time the Coalition was formed in 2002 when the organization had less than 10 employees. However, no internal Plan Administration policies or procedures were developed for the Coalition until staff began making ERISA compliance inquiries with Plan Sponsor Valic in 2016. In 2017, when significant compliance failures dating back to 2009 came to light, staff began consulting with ELC’s external auditors and Valic staff to identify the full scope of the problems and formulate a plan for corrective action. Staff also began a search for a Broward-based attorney that specialized in ERISA law to shepherd the agency through the necessary corrective action filings and procedures. In 2020, with the help ELC’s newly procured audit firm, ELC engaged the law firm Tripp Scott to prepare the voluntary correction plan filing with the IRS that is now ready for submission. Once the IRS accepts and approves the Coalition’s corrections, the Coalition will procure a qualified, specialized third party administrator for the Plan to handle all administrative transactions and ensure ERISA compliance going forward.

2020-02: Documentation Contained in Personnel Files: During our testing of participant data, we noted that there were instances where employee personnel files did not contain adequate support for the employees’ elective deferrals. We recommend that documentation be obtained and maintained in employee files to support plan operations.

2021 update/status:

During the 2021 audit, we noted that this item was not resolved. Our findings and recommendations remain applicable.

Prior Year Internal Control Comments and Recommendations (continued):

Management's Response:

Management agrees. In 2019 ELC implemented new internal controls and documentation requirements for all new and updated employee deferral elections. In January 2021, staff completed a comprehensive review of all participant documentation on file and secured new Salary Reduction Agreements (SRA) from all participants. Staff also implemented new controls to ensure the timely submission of SRA's from all newly hired staff. In February 2023 staff will roll out comprehensive enrollment, notice and monitoring procedures to avoid compliance errors in the future. Management also intends to procure a qualified, specialized third party administrator for the Plan to handle all administrative transactions and ensure ERISA compliance going forward.

Current Year Internal Control Comments and Recommendations:

None