

Early Learning Coalition of Broward County, Inc.

Audit Meeting Agenda

August 30, 2023, at 2:30 PM

Zoom Meeting

Meeting ID: 895 5851 5218 Passcode: 437323

<https://us06web.zoom.us/j/89558515818?pwd=NThDVEtTRUdXTFh2RU1nQWl2dUJ0QT09>

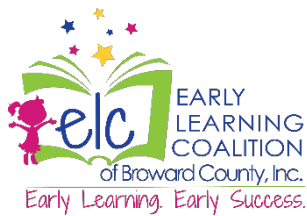
Members are reminded of conflict-of-interest provisions. In declaring a conflict, please refrain from voting or discussing and declare the following information: 1) Your name and position on the Board, 2) The nature of the conflict, and 3) Who will gain or lose as a result of the conflict. Please also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

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1.	Call to Order		Renee Podolsky, Audit Chair
2.	Roll Call		Melody Martinez, Board Liaison
3.	Consent Agenda 1. Approve June 05, 2023, Committee meeting minutes	2	Renee Podolsky, Audit Chair
4.	Regular Business 1. AUD242RB1 – Approve Draft 2022 403B Retirement Plan Audit Report and Draft 2022 Form 5500	3	Renee Podolsky, Audit Chair Christine Klima CAO 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: <u>January 31, 2024</u>		
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
June 05, 2023, at 11:30 AM
Virtual Meeting

Members in Attendance	Chair, Renee Podolsky; Michael Asseff; Beverley Batson; Monica King;
Members Absent	Twan Russell
Staff in Attendance	Renee Jaffe, CEO; Christine Klima, CAO; Judith Merritt, COO; Melody Martinez, Board Liaison; Lizbeth Juan, Executive Assistant; Reinier Potts, Financial Analyst; Kasey Lafrance, Contracts Administration Manager; Sandra Paul, Senior Director of Provider Reimbursement; Stephanie Landreville, Controller; Samantha Dempsey, Accountant; Roy Persaud, Accountant
Others in Attendance	Julie Klahr, Legal Counsel

Item	Action/Discussion
Welcome & Call to Order	Chair Renee Podolsky called the meeting to order at 11:33 AM. The roll was called, and a quorum was established.
Consent Agenda 1. Approve Audit Committee meeting minutes for February 21, 2023	A Motion was made by Monica King to approve the ELC of Broward Audit Committee meeting minutes from February 21, 2023. Seconded by Beverly Batson. Unanimously Approved. Motion Passes.
Regular Business 1. AUD233RB1 – Approve Keefe McCullough Engagement Letters for FY23 Audit and other Services	Approve Auditor Engagement Letters for FY23 A Motion was made by Monica King to Approve Auditor Engagement Letters for FY23 Audit and Preparation of Form 5500 Preparation for ELC 403B Retirement Plan. Seconded by Michael Asseff. Unanimously Approved. Motion Passes.
Other	There was no comment.
New Business	There was no comment.
Matters from the Committee	There was no comment.
Matters from the Chair	There was no comment.
Public Comments	There was no comment.
Next Meeting	TBD
Adjourn	Renee Podolsky adjourned the meeting at 11:35 AM

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 before approval at the next meeting.



ITEM/MEETING	AUD241RB1 / Audit Committee
DATE:	August 30, 2023
SUBJECT:	1. 403B Retirement Plan Audit Report for Plan Year 2022 2. 403B Retirement Plan IRS Form 5500 Plan Year 2022
FOR ACTION:	Yes
RECOMMENDED ACTIONS:	1. Accept Audit Report & Management Response for 403B Retirement Plan Year 2022 2. Accept IRS Form 5500 for 403B Retirement Plan Year 2022
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. We subsequently worked with an attorney specializing in retirement plan compliance to complete remediation steps and enter the IRS Voluntary Correction Plan (VCP) to resolve remaining open items. The VCP Application has been submitted but is still pending a response from the IRS.

While we wait for a response from the IRS on our self-correction plan, staff will initiate the process to procure a qualified third-party administrator with specialized expertise in Retirement Plan compliance to handle plan administration/compliance on behalf of the Coalition going forward.

Current Status:

The 2022 Plan Year 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 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 2022 Plan year audit process and has been reviewed by staff. The draft is still pending final quality assurance review by Keefe McCullough and there may be updates when the document goes to Board. Such updates are expected to be minor and will be noted for review.

Recommendation:

Staff recommend the following motions:

1. Accept Audit Report & Management Response for 403B Retirement Plan Year 2022
2. Accept IRS Form 5500 for 403B Retirement Plan Year 2022

Supporting Documentation:

1. 2022 403B Report to Management with Management Response
2. 2022 403B Retirement Plan Audit Report
3. 2022 403B Retirement Plan IRS Form 5500

Early Learning Coalition of
Broward County, Inc. Retirement Plan

Report to Management
For the Year Ended December 31, 2022



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, 2022, 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.

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

Fort Lauderdale, Florida
(DATE)

DRAFT

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

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.

2022 update/status:

During the 2022 audit, we noted that the VCP had been filed with the IRS and management was in the process of preparing a RFP for third-party administrative and compliance services for the Plan. We recommend that management continue to expedite the process to ensure the Plan’s compliance with the most recent IRS regulations.

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, ELC engaged an attorney specializing in retirement plan compliance to prepare the voluntary correction plan that has now been submitted to the IRS. While we wait for the IRS to accept and approve the Coalition’s corrections, staff are preparing to release a Request for Proposals solicitation 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:

2022-01: Defaulted Participant Loans: During our audit, we noted that there were several participant loans that were in default. Per IRS guidelines, uncured defaults cause the loans to become “deemed” distributions for tax purposes. Management was unable to obtain evidence from the service provider VALIC to determine if the defaulted loans had been properly treated as deemed distributions and reported on Form 1099-R in accordance with the Plan’s loan policy. We recommend that management review the IRS Self Correction Program and Voluntary Correction Program to correct any failures.

Current Year Internal Control Comments and Recommendations (continued):

Management's Response:

The service provider for the Plan has undergone multiple ownership changes in the last several years and it has become increasingly difficult to resolve open issues timely. Staff will continue to follow up to secure the documentation required while also pursuing the procurement strategy for a new service provider described above.

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