

Executive Committee Minutes

January 15, 2025

Actions Taken:

- Approval of November 6, 2024 Executive Committee Meeting Minutes
- Recommend Council approval of FY 2023 and 2024 Annual Audit conducted by Alegria & Co.
- Approval of NWC Policy EcSA 01-22, Rev 3: Incentive Payments for State Funded EcSA Participants
- Approval to Recommend Full Council Approval of Solicitation Process and Procurement materials for Independent Auditor
- Approval to maintain a regional minimum wage rate paid to WIOA participants enrolled in Work Experience activities set at the highest rate established by any regulatory authority within NWC's four-county region, subject to committee review should that threshold exceed \$3 above WA state's minimum wage rate.

I. Call to Order

The Executive Committee was brought to order at 12:35pm by chair, Mark Vorobik.

II. Review and Approval of Minutes

Approval of the November 6, 2024 Executive Committee Meeting Minutes was moved by Kevin Corrigan, seconded by Executive Sidhu Motion passed unanimously. Mark reminded members that once approved, meeting minutes are posted to the board website. www.nwboard.org

III. Board Business

A. 2024 Annual Single Audit and Financial Statements – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (formerly A-133 Audit) with Gilbert Plascencia of Alegria and Co.

Mark welcomed and introduced Alegria & Co. guests: Partner, Renee Arnits, CPA; and Senior Manager, Gilbert Plascencia, CPA, CFE, who provided a brief background on Northwest Workforce Council's annual independent financial audit requirements under the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirement, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Gilbert shared a presentation and details of the Council's Draft Financial Statement for Year End 2023 Audit. The presentation revealed yet another clean audit for the Council, with no questioned costs nor findings.

The following items were reviewed during Alegria's presentation:

- *Draft Audit Committee Letter.* Gilbert Plascencia reported that the audit was clean, with no adverse findings or deficiencies in internal controls identified. The *Audit Committee Letter* of communication to the NWC Committee is required to be prepared by the auditors. This letter reinforces that all significant transactions have been recognized in the financial statements in the proper period, that there are no sensitive estimates affecting the financial statements, that there were no material misstatements detected, and that there were no disagreements or difficulties

encountered with management during the course of the audit. There were no questions from the committee on the specifics to the letter.

- *Draft Financial Statement for 2023 and 2024.* Gilbert also discussed the *Draft Financial Statement for 2023 and 2024*. He noted the Committee should be aware that management prepares these financials, and there were no adjusted journal entries during the audit. The financial statement Audit received a clean, Unmodified Opinion, with no deficiencies in internal controls being identified. The audit was noted to be clean with no adverse findings and received the highest of recommendations. Gilbert called attention to the *Schedule of findings and questioned costs*, noting there were no deficiencies in internal control pertaining to major federal award programs (WIOA). He also noted there were no breakdowns in internal controls that needed to be highlighted, and, in fact, there are strong internal controls in place.
- *Draft Management Letter. Focus on internal controls and other observations.* Management letter states the auditors found no deficiencies in internal controls or any material weaknesses. Gilbert stated that the financial statements would be issued with an unmodified opinion, and that the audit committee letter, financial statements, and the management letter were clean all the way around.

Mark stated that the committee is pleased to see there are no findings and that it is once again a clean audit with nothing noted in the Schedule of findings and questioned costs. Gilbert expressed appreciation for the work of NWC management team supporting a clean Annual Audit. Mark called attention to NWC's strong accounting system, and staff's attention to adhering to the systems that are in place, noting it should be reassuring to the board that everything in the conduct of the business of the Northwest Workforce Council is going well.

Satpal Sidhu motioned to recommend Full Council approval of the audit. Kevin Corrigan seconded. The motion passed unanimously.

B. Committee Report Outs / Actionable Items carried forward

Mark stated that since September, committees have been meeting monthly and have made significant progress in defining their roles and responsibilities. Additionally, the first meeting of the Business Engagement Strategies Taskforce is scheduled for January 30th, and we look forward to receiving updates on their progress in the coming quarters. Given the high level of activity over the previous two quarters, we paused committee meetings in January. Committees are scheduled to reconvene in March.

C. Updated Local Policies for Board Review

a. Draft NWC Policy: EcSA 01-22, Rev 3: Incentive Payments for State Funded EcSA Participants

Mark directed members to the briefing note and draft policy, EcSA 01-22, Rev 3: Incentive Payments for State-Funded EcSA Participants, provided for review prior to the meeting. Malinda explained that the policy pertains to state-funded EcSA programs, one of three funding sources under the Economic Security for All initiative. The revisions aim to increase flexibility as the fiscal year for EcSA and Community Reinvestment Program (CRP) funds concludes. The most significant update allows the \$1,000 monthly stipend to be paid using EcSA funds instead of CRP funds. This change is advantageous as EcSA funds permit up to 20% carryover, unlike CRP funds. Previously,

the policy required board approval under a directive from the Employment Security Policy Division, but public comments are being sought to remove this requirement, given Grants Management's required approval. These updates, endorsed by Grants Management, enhance resource adaptability to remove barriers and incentivize program participants effectively. **Satpal Sidhu motioned that the Executive Committee Approval of NWC Policy EcSA 01-22, Rev 3, as presented. Kevin Corrigan seconded. The motion passed unanimously.**

D. Solicitation Packet for Firm to Conduct Annual Audit

Marissa directed committee members to review the audit solicitation materials included in their meeting packets: the Audit Firm Solicitation Letter and the Request for Quotes (RFQ). These documents will be sent to the identified audit firms and posted publicly on the NWC website. To prepare for this process, NWC surveyed Workforce Development Councils (WDCs) with comparable budgets across the state, which led to the identification of two additional auditing firms, alongside Alegría, for RFQ distribution. This approach aligns with the requirement to conduct periodic open procurement processes, and the Council's procurement policy.

Marissa encouraged committee members to recommend additional auditors to receive the RFQ. She outlined the procurement timeline: the RFQ will be issued on February 3, 2025, followed by a Q&A period throughout February. Responses will be due by March 7, 2025, after which submissions will be evaluated. Recommendations will be presented to the Executive Committee for review at their next meeting. The audit contract will cover one fiscal year, with an option to renew for up to three additional years.

Following brief discussion, Kevin Corrigan motioned approval to advance the solicitation process and accompanying documents to the Full Council for approval. Hart Hodges seconded the motion, which passed unanimously.

E. Board Bylaw Update

Mark referred members to the briefing notes and draft bylaws contained in their meeting materials. He reminded the committee that, in alignment with the Consortium Bylaw amendment transitioning from a 27-member JTPA board to a 19-member WIOA board, the Executive Committee membership may also be reduced from seven members to five. Mark elaborated that the proposed reduction is designed to enhance efficiency and streamline decision-making processes. By forming a smaller, more agile group, the committee can facilitate quicker deliberations, address scheduling challenges, and ensure effective governance. This adjustment preserves diverse representation while promoting engagement and collaboration among members. Additionally, the change reflects best practices for agile leadership, ensuring the board can adapt to evolving organizational needs while maintaining a strategic focus.

Following brief discussion, Satpal Sidhu motioned to recommend the Full Council approve the reduction of the Executive Committee from seven members to five. Hart Hodges seconded the motion, and it passed unanimously.

F. New Committee Implementation

Mark reminded committee members that the Council is now in the final quarter of its interim board rehabilitation phase, which will conclude with the committee meetings scheduled for March 5th. Starting next quarter, the regular quarterly meeting schedule will resume. A key takeaway from this interim phase has been the critical importance of providing sufficient time between committee activities and Executive Committee meetings. To address this, the upcoming calendar will include a two-week interval between meetings, allowing for improved alignment and thorough preparation when necessary.

Marissa highlighted that, over the past six months, significant strides have been made in enhancing transparency by offering real-time access to data. These advancements have not only streamlined the flow of information but have also effectively highlighted the valuable contributions of the staff and leadership team.

IV. System Oversight

1. Upcoming Monitoring Activities:

Marissa informed the committee of upcoming monitoring activities, listed below.

1. WIOA IB Internal PY24 Q2 Program Monitoring is scheduled for 01/13-17/2025
2. Annual WIOA IB PY24 State Monitoring scheduled for April 7-11, 2025

Old Business -

- **Executive Committee Review of the region's minimum wage paid to participants in work experience activities.** Marissa updated the committee on the City of Bellingham's plan to gradually increase its minimum wage to a static rate that is consistently \$2 above the state's minimum wage. In 2024, the board approved establishing the regional minimum wage at the highest rate set by any regulatory authority within NWC's four-county region, with the stipulation that the Executive Committee review and approve the new rate annually. In 2025, the City of Bellingham implemented a two-step process to align its minimum wage to \$2 above the state minimum wage. As of January 1, 2025, the city's minimum wage increased to \$17.66, which is \$1 above the state's rate of \$16.66, with a second increase planned for May, raising it to \$18.66.

Committee members deliberated on aligning the regional wage rate with the City of Bellingham's minimum wage. They noted that increasing the rate would have minimal impact on the NWC youth program budget and would ensure compliance with the work-based ratio rule. Members emphasized the importance of staff engaging in intentional conversations with participants to manage expectations regarding realistic wage levels for entry-level jobs, should that align with their career pathways.

To streamline future adjustments, the committee discussed adopting a standardized approach that removes the need for recurring votes whenever the minimum wage changes. Members agreed to maintain alignment with the highest rate set by any regulatory body within the four-county region, while continuing the annual review by the Executive Committee. Furthermore, if the regional rate were to exceed \$3 above the state's minimum wage, staff would be required to bring the matter to the Executive Committee for review and consideration.

Mark Vorobik motioned to approve maintaining the regional minimum wage rate for WIOA participants enrolled in Work Experience activities, with an immediate increase to \$17.66 to match the City of Bellingham's current rate, and a subsequent adjustment in May to align with the anticipated increase to \$18.66. Subject to review if the regional rate exceeds \$3 above the state's minimum wage rate. Kevin Corrigan seconded the motion. The motion passed unanimously.

- **Board Membership.** Marissa directed members to review the Full Council Board Membership document in their meeting packet. She summarized the board's composition, highlighting 10 business seats, four workforce seats, two education and training seats, and three government seats. She noted current vacancies, and members discussed the need to engage with board's local elected officials in recruitment of board members.

New Business - None

Public Comment - None

Adjourn: Mark Vorobik adjourned the meeting at 1:42 pm.

Attendance

Board Members: Hart Hodges, Kevin Corrigan, Mark Vorobik, Satpal Sidhu

Guests: Gilbert Plascencia (Alegria), Renee Arnits (Alegria)

Staff: Marissa Cahill, Malinda Bjaaland, and Liz Vaughn