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A Michigan Works! Agency

MEETING:	DESC Audit & Finance Committee Meeting	DATE:	March 17, 2025
ATTENDEES:	DESC Committee Members: Chris Uhl, Alice Thompson, Terri Weems, Ric Preuss, Paul Trulik (via Zoom) DESC Staff: Dana Williams, Madelyne Bernard-Diab, Sara Azu, Anthony Davis, Angela Smith, Rachel May, Elizabeth Hennessey, Robert Shimkoski, Carmen Bender, Sheila Johnson	LOCATION:	DESC Corporate Offices 115 Erskine, 2nd Fl Detroit, MI 48201
		CALLED TO ORDER:	10:10 a.m.
ABSENT:	Excused: Mark Redman Unexcused: None	ADJOURNED:	11:20 a.m.
PUBLIC /ATTENDEES:	Michelle Hodges & Karen LeGendre, Rehmann; Nate Lundsden, MMA		
FACILITATOR:	Chris Uhl, Board Treasurer	DATE MINUTES APPROVED/ADOPTED:	06/09/2025

ITEM	DISCUSSION	OUTCOME/ACTION ITEM(S)
I. Welcome & Introductions	Chris Uhl, Board Treasurer & Committee Chair, called the meeting to order.	
II. Agenda Approval / Minutes	<p>Mr. Uhl called for a motion to approve the agenda for the March 17, 2025 meeting:</p> <p style="text-align: center;">Motioned: Terri Weems Seconded: Ric Preuss Motion Carried: Approved Unanimously</p> <p>Mr. Uhl called for a motion to approve the meeting minutes for the December 2 2024 meeting:</p> <p style="text-align: center;">Motioned: Alice Thompson Seconded: Ric Preuss Motion Carried: Approved Unanimously</p>	

III. Committee Chair Report	<p>Mr. Uhl remarked:</p> <ul style="list-style-type: none"> We have a robust agenda for today's meeting. I would like to introduce the Rehmann team who is helping us with budget preparation. <p>Michelle Hodges and Karen LeGendre of Rehmann introduced themselves to the Committee, and Ms. Hodges gave an overview of their engagement with DESC and their role in developing the new budget and as advisors for financial operations.</p> <p>Dana Williams, DESC President continued at Mr. Uhl's prompting:</p> <ul style="list-style-type: none"> Gave a more detailed overview of the engagement with Rehmann and explained their role as an advisor and thought partner, to help us check guidelines and appropriateness and construct best practices for the Finance team. They will propose solutions for our Finance team and their operations, in consideration of a lack of a leader in the Department. 	
IV. Finance Team Update	<p>Mr. Uhl introduced Dana Williams, DESC President and Angela Smith, DESC Controller:</p> <p>Ms. Williams continued:</p> <ul style="list-style-type: none"> We are monitoring on a daily basis, with assistance from Michigan Works Association, National Association for Workforce Development and a myriad of other resources, the changes, mainly on the Federal level that may impact our organization in the short and long term future. In the meantime, what we are doing is operating primarily at status quo. We have received early allocations from our typical Federal funding already. And so our budgeting process is going to follow typically what we've done. But I do believe that we have gotten so deep into our budgeting process that we can literally pick out one number and put in another and pivot pretty quickly. The same thing is happening within the delivery of our programs and services. They have different scenarios as well, in thinking about the different types of funding that we might have coming in. Ms. Williams also introduced the Committee to Angela Smith, the newly appointed Controller of DESC. We will first focus on first is review of revenue sources, that's really the key here. And will, dictate a lot of what we're doing. <p>Ms. Williams handed off the discussion to Ms. Smith:</p> <ul style="list-style-type: none"> In the past few weeks we have reviewed the Federal funding formula, Federal competitive funding, City of Detroit and philanthropic funding we currently have. We are currently down about \$20 million due primarily to ARPA funding drying up. We find that public funding is up from last year but we are losing funds in the competitive funding, which is partially offset by funding from City of Detroit. 	

	<p>Ms. Williams continued:</p> <ul style="list-style-type: none"> • While the number of \$20 million sounds big, we have communicated heavily to this body about the steps we have taken to prepare for that funding sunset, to restructure both people as well as some of our costs and our programs. Accordingly, to make sure that we're both capitalizing on the learnings that we got from ARPA, we are well prepared for the sunset of these dollars for us, June 30, 2025. • You heard Angela mention that our Federal funding is actually a little bit lower, and that's because we got a lower WIOA allocation, we kind of anticipated something like that coming. As more people go to work, and that unemployment rate goes down, the system thinks we need less money, and so that is incorporated into the formula as well. And then, lastly, there's a little bit of a change with regard to how we receive administration administrative dollars for some of our Federal funding as well. We'll see that as we get further into the details. But that's at play here, too. <p>Committee discussion ensued.</p> <p>Ms. Smith continued on a budget revision request:</p> <ul style="list-style-type: none"> • On every years annual audit, there is a statement that compares actual expenses versus budget and every year there have been some items overspent within categories. It has never been a problem, because DESC has always underspent the annual budget amount. After conversations with Maner last year they stated that if we overspend any items this year it will be a finding. • We started comparing actual to budget on a monthly basis when we close out and we have a couple of categories that we need to make some adjustments. • I'm proposing we move funds from miscellaneous fees and expenses to occupancy, so this will not be a finding on upcoming audit. <p>Committee discussion ensued.</p> <p style="text-align: center;">Mr. Uhl called for a motion to approve the budget revision:</p> <p style="text-align: center;">Motioned: Alice Thompson Seconded: Ric Preuss Motion Carried: Approved Unanimously</p>	
V. Human Resources Update	<p>Calethia Binion, Director, Human Resources introduced Nate Lundson of MMA to discuss upcoming changes to the healthcare plan:</p>	

	<p>Mr. Lundson continued:</p> <ul style="list-style-type: none"> • An overview of the ICHRA plan proposed for the upcoming years health insurance. <ul style="list-style-type: none"> ○ It affords the employees an excellent range of choice in healthcare providers and reduces significantly the cost to DESC. ○ We will also be moving DESC to an annual plan versus a fiscal year plan, so they will start a six month period in July 25 and go to the new annual calendar in January 2026. <p>Committee discussion ensued.</p>	
VI. Internal Audit & Compliance Update	<p>Mr. Uhl introduced Anthony Davis, Manager of Internal Audit & Compliance:</p> <p>Mr. Davis presented:</p> <ul style="list-style-type: none"> • Update to fiscal monitoring being done by Gaffney • Programmatic monitoring • Single audit tracker • External compliance reviews • Internal audits <p>Committee discussion ensued.</p>	
VII. Public Comments	<p>There were no public members in attendance</p>	
VIII. Adjournment	<p>Chris Uhl called for a motion to adjourn:</p> <p>Motioned: Alice Thompson Seconded: Terri Weems Motion Carried: Approved Unanimously</p>	

DRAFT SUBMITTED BY:

Printed Name: Elizabeth Hennessey Title: Special Projects Administrator

Date: 04/125/2025

DATE MINUTES APPROVED/ADOPTED: 06/09/2025 Initials: EMH

NEXT MEETING: June 9, 2025 at 10 a.m.