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A Michigan Works! Agency

MEETING:	DESC Audit & Finance Committee Meeting	DATE:	June 9, 2025
ATTENDEES:	DESC Committee Members: Alice Thompson, Paul Trulik, Ric Preuss, Mark Redman, Terri Weems DESC Staff: Dana Williams, Madelyne Bernard-Diab, Sara Azu, Anthony Davis, Angela Smith, Rachel May, Elizabeth Hennessey, Robert Shimkoski, Carmen Bender, Sheila Johnson, Lynnette Robinson, Tara Lucas, Stephanie Nixon	LOCATION:	DESC HQ 115 Erskine, 2nd Fl Detroit, MI 48201
		CALLED TO ORDER:	10:10 a.m.
ABSENT:	Excused: Chris Uhl Unexcused: None	ADJOURNED:	11:20 a.m.
GUESTS & PUBLIC ATTENDEES:	Michelle Hodges & Karen LeGendre, Rehmann; Hector Hernandez (SWES)		
FACILITATOR:	Alice Thompson, Board Chairperson	DATE MINUTES APPROVED/ADOPTED:	August 11, 2025

ITEM	DISCUSSION	OUTCOME/ACTION ITEM(S)
I. Welcome & Introductions	<p>Alice Thompson, Board Chair, called the meeting to order.</p> <p>Ms. Thompson called for a motion to approve the agenda for the June 9, 2025 meeting:</p> <p style="text-align: center;"> Motioned: Ric Preuss Seconded: Paul Trulik Motion Carried: Approved Unanimously </p> <p>Ms. Thompson called for a motion to approve the meeting minutes for the March 17, 2025 meeting:</p> <p style="text-align: center;"> Motioned: Paul Trulik Seconded: Ric Preuss Motion Carried: Approved Unanimously </p>	

<p>II. Finance Team Update</p>	<p>Ms. Thompson introduced Dana Williams, DESC President, Karen LeGendre, Rehmann Consultant and Angela Smith, DESC Controller:</p> <p>Ms. Williams introduced Karen LeGendre to give an overview of Rehmann’s work with the DESC leadership and Finance staff focusing on some core areas:</p> <ul style="list-style-type: none"> • Creating the FY26 budget, reviewing cost structures, establishing templates, and performing financial reviews. • Understanding and streamlining the cost allocation process talking with team members across DESC to ensure this methodology supports both the programmatic and administrative costs associated with operations. • Examining grant management and spending compliance, which uncovered some reimbursement-eligible expenses that had not yet been invoiced for. • Ideating on a staffing structure best for the organization as the numbers of programs, amount of funding, and legislative landscape changes. <p>Ms. Williams added specific examples of this work and how conversations in all areas are evolving.</p> <p>Committee discussion ensued.</p> <p>Ms. LeGendre continued:</p> <p>We have taken actions to:</p> <ul style="list-style-type: none"> • Identify underlying causes of key issues • Create a balanced budget with clearer cost centers • Focus on allowable admin recoup compared to total admin costs • Increase transparency across key leaders for better organizational perspective <p>We are currently:</p> <ul style="list-style-type: none"> • Reconciling full impact of allocated cost issue • In discussion with key funders for potential additional recoup • Realigning / training with budget leads on direct vs. pooled costs <p>We continue to:</p> <ul style="list-style-type: none"> • Review and update the cost allocation plan • Finalize staffing structure and role clarity • Create process to monitor organizational costs at a consolidated level <p>Committee discussion ensued.</p>	
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Ms. Williams introduced Angela Smith:

Ms. Smith presented the Travel & Training Policy changes:

- The policy was ambiguous regarding who should be booking travel for employees. The language was made clear that a designated staff member will arrange travel for employees, using the corporate American Express card, no employee should be arranging their own travel.
- The language regarding use of the corporate card for incidentals when checking into a hotel was clarified, so that employees must present their own card for incidentals, because they receive a per diem, which includes incidentals, while the hotel charges and taxes are paid by the corporate card.
- The language regarding car rentals and use of Uber or Lyft was clarified so it is understood that DESC will no longer rent cars for employees, at the advice of our insurance brokers and legal counsel.

Committee discussion ensued.

Ms. Thompson called for a motion to approve the Travel & Training Policy:

Motioned: Ric Preuss

Seconded: Mark Redman

Motion Carried: Approved Unanimously

Ms. Williams introduced the 9-month FY25 Budget-to-Actuals, and Ms. LeGendre walked the committee through the numbers represented.

Highlights included comments on the budget variance, expected decreased revenues due to the sunset of ARPA funding, salary decreases due to staff transitions and recalculation of fringe costs, and larger than expected spend in support services and training as the needs of customers grew, and rollover amounts for FY26.

As in previous years, DESC expects large amounts of invoicing to occur in June 2025, the impacts of which will be reported into the new fiscal year.

Committee discussion ensued.

Ms. Smith continued on to outline a request for a budget revision:

- Professional Fees – add \$100,000 / Salaries – deduct \$100,000
- Internet and Technology Costs – add \$150,000 / Employee Benefits – deduct \$150,000

	<ul style="list-style-type: none"> • Dues and Subscriptions – add \$200,000 / Employee Benefits – deduct \$200,000 • Supportive Services – add \$500,000 / Subcontractor Expense – deduct \$500,000 <p>Committee discussion ensued.</p> <p>Ms. LeGendre commented:</p> <ul style="list-style-type: none"> • The requested changes are net zero in the overall budget. <p style="text-align: center;">Ms. Thompson called for a motion to approve the budget revision: Motioned: Paul Trulik Seconded: Ric Preuss Motion Carried: Approved Unanimously</p>	<p>Ms. Weems requested that DESC return to the next committee meeting with a presentation of ARPA budget and spend analysis, particularly noting unspent allocations.</p> <p>Mr. Trulik moved to approve the budget revision provided that DESC to share Balance Sheet, Income Statement, and Cashflow at the next committee meeting, and at subsequent meetings or more frequently as deemed appropriate.</p>
III. DESC FY26 Budget	<p>Ms. LeGendre and Ms. Williams opened the discussion on the FY26 Budget.</p> <ul style="list-style-type: none"> • Presented initial revenue projections to this committee in March; total is largely unchanged since that time, though now included projected carryforward. • Added new grant awards, completed staffing allocations, considered decreases in federal funding, and accounted for the true sunset of ARPA funds. • Developed clear budgets by department allocating to specific grants, compiling information from HR, Finance, Communications, etc. <p>They reviewed funding sources and projected allocations, discussed federal changes impacts, and reminded the committee about ARPA impacts. While marketing, supplies, and technology spend is largely unchanged, notable were savings in staffing, facilities, and professional fees due to structural changes.</p> <p>Committee discussion ensued, particularly noting how things will change moving forward with the way services are delivered and the way the organization budgets.</p>	

	<p>Ms. Thompson called for a motion to approve the DESC FY25/26 budget:</p> <p>Motioned: Paul Trulik Seconded: Ric Preuss Motion Carried: Approved Unanimously</p>	<p>Ms. Weems recommended to the committee that they move to accept the budgeted as presented so that operations could continue, with the condition that DESC provide insights into its scenario planning considering the legislative and federal changes at play that includes a breakdown of major service areas according to % of revenue.</p>
IV. Public Comments	<ul style="list-style-type: none"> Hector Hernandez, MiSide Southwest Economic Solutions 	
V. Adjournment	<p>Ms. Thompson called for a motion to adjourn:</p> <p>Motioned: Ric Preuss Seconded: Mark Redman Motion Carried: Approved Unanimously</p>	

DRAFT SUBMITTED BY:

Printed Name: Elizabeth Hennessey

Title: Special Projects Administrator

Date: 06/13/2025

DATE MINUTES APPROVED/ADOPTED: 8/11/25 **Initials:** EMH

NEXT MEETING: August 11, 2025 at 10 a.m.

