



Meeting Minutes
TCWIB Executive Committee Meeting
March 16, 2015 11:30am
26 Franklin St., Bangor

Attendance:

Members: Ben Sprague - TCWIB Chair, Julie Johnston, Nicole Fletcher, Denice Conary, Scott Cuddy, Kerrie Tripp, and Dan Tremble

Guests: Robert Clark, NMDC and Ryan Pelletier, NMDC

TCWIB staff: Joanna Russell, Angela Oechsle

- I. Committee members had lunch prior to starting the meeting. Chair Sprague called the meeting to order at 11:46am.
- II. Review of and motion to approve Executive Committee Minutes:

MOTION:

Scott Cuddy made a motion to approve the minutes from February 6, 2015 meetings, which was seconded by Dan Tremble.
Motion carried unanimously.

TCWIB executive director reviewed agenda items. She informed the committee members that MDOL's Commissioner Paquette contacted her on Friday 3/13/15 last week to inform her that she had scheduled a meeting with Bob Clark for Monday 3/16/15 at 3:00pm. She asked Ms. Russell to join them.

Q: Did she say what she wanted to meet for? (EC member)

A: She has concerns that she wants to talk about and didn't go in to any detail. She wanted to make sure that it was possible for her to utilize this office to meet with Bob and me. So I said absolutely. (TCWIB Ex. Dir)

Q: Will you be able to give us an update on that meeting later? (EC member)

A: Yes, absolutely. (TCWIB Ex. Dir)

III. Communications with MDOL & NMDC-TCWIB Admin Draw Downs

Chair Sprague referenced the concerns that the EC has regarding the ongoing issues. He asked Bob and Ryan which particular point they wanted to address first. Bob asked Ryan to cover communications with BES/MDOL staff as he had previously reported to the Aroostook & Washington Workforce Investment Board on March 5th.

Mr. Pelletier stated that the last email communication he received from BES/MDOL was on March 4, 2015.

The following email was displayed on meeting LCD screen and read aloud:

*From: Carroll, Virginia A. [mailto:Virginia.A.Carroll@Maine.gov]
Sent: Wednesday, March 04, 2015 3:43 PM
To: Ryan Pelletier; Baldassini, Lisa A.; Joanna Russell
Cc: Freund, Richard; Paquette, Jeanne; Wiltuck, Katharine; Lane, Jennifer
Subject: RE: Breakdown of Ryan's JD-LEAD meeting.xlsx*

Hi Ryan,

Based on the documents sent, it is very difficult to identify how NMDC is determining who is in or is not in a specific cost pool. The journal entry to correct your travel charges outlined in the previously sent spreadsheet with yellow highlights does not split the costs the way you identified them. We cannot approve payment until journal entries are correctly explained and corroborate with related documentation and basic questions about how costs are being allocated across grants are answered completely.

Our fiscal staff are exhausted with the level of technical assistance required.

In my last response to you I requested documentation that travel charges adhere to the requirements laid out in the contract, specifically that they fall within GSA reimbursement rates, this has not been provided.

In response to the last iteration of federal compliance issues, NMDC stated they would hire a CPA to address the more than \$20,000 in questioned costs identified in the Federal Compliance review yet we have received nothing. As you know, these costs have to be explained based on the cost pools and cost allocation plans in place at the time they were made; however, we know this will be difficult as every time we question a cost NMDC provides a new/different cost pool rationale and makes edits to the cost allocation policy.

Please know these issues are high on our radar and are deemed extremely serious; MDOL is carefully considering next steps, once these have been decided NMDC will be informed.

*Ginny Carroll
Director Division of Policy & Evaluation
Maine Department of Labor
55 SHS, Augusta, ME 04333-0055
PH: 207-623-7974*

TCWIB executive director explained she spoke to Ryan about the seriousness of the concerns. She also stated that this level of concern is something out of her experience and beyond the scope of anything she has had to deal with.

IV. Penobscot County Rent Payments

Q: “What is going on with the rent? Is there a process by which the rent for 26 Franklin St. is paid?” (EC member)

A: “There is. And the County of Penobscot did not submit any rent invoices until November of 2014.” (NMDC)

Q: “Does that mean you have to wait for an invoice before you can pay?” (EC member)

A: “Absolutely, I can’t pay without an invoice.” (NMDC)

Q: “And if you don’t get one, does somebody call asking for one?” (EC member)

A: “Well that fell through the cracks, but you’d think that someone would send an invoice if you signed a lease with them.” (NMDC)

Q: “So, that was November...?” (EC member)

A: “We’ve had from July 2013 to June 2014 plus July 2014 to November 2014 (17 months) if you add that up, it’s a total of \$8,500.” (NMDC)

Q: “So, what about November through now? Are you waiting for another invoice for that chunk of time? I assume rent is monthly.” (EC member)

A: “Yes, you pay every month.” (NMDC)

Q: “Is there money in the check that you’re writing for that?” (EC member)

A: “I just met with Bill Collins [Penobscot County Administrator] and I paid him \$8,500 today, okay, so he’s got that. But I told him since DOL hasn’t released any funds that I can’t pay anything more, I am not going to take anymore financial risk on this until MODL releases funds. You have to understand that of the list of draw downs that we have they are holding every one of them.” (NMDC)

(Referenced document can be viewed [here](#))

Q: “Have EMDC and ACAP been paid their money? So they are not waiting for dollars?” (EC member)

A: “Oh yeah, not a problem. Even when their draws are wrong – not a problem – go right through – paid.” (NMDC)

Q: “When you say they’re wrong, they’re wrong from what’s being submitted?” (EC member)

A: “Yeah, there’s...just you’re bound to have errors and that sort of thing, but it’s always a phone call and they’re good to go, so it’s all on the admin side. So it’s really the JDNEG I think that is the one that had the question, right Ryan?” (NMDC)

Ryan Pelletier stated that the question of his travel allocations goes back to the cost pool. He said: "BES requested over a year ago that NMDC establish a cost pool to allocate shared time across all contracts in each division, ours being one of them. And so there was a particular trip in October that started off with a meeting here in Bangor with Joanna and Jon Farley and Theresa at EMDC on one day. And this was my traveling down to Bangor for that meeting and then continuing down to Augusta where I had some meetings not related to workforce development and then at the tail end of that trip driving to East Millinocket for our joint strategic planning session. So it was a series of meetings over a series of days. When I coded in my time and travel I coded it to the cost pool to spread across all programs. Two months later, when that draw finally gets processed and reviewed or whatever happens in Augusta; Lisa Baldassini questioned it and said 'what exactly transpired?' So we explained to her what the trip entailed."

Q: "So do you rent a car?" ~ (EC member)

A: "That particular trip, I rented a car." ~ Mr. Pelletier

Q: "So if you rent a car do you also swipe like a government card for the gas portion of that?" ~ (EC member)

A: "Correct." ~ Mr. Pelletier

"Well, we don't have government cards." ~Mr. Clark

"Well, an NMDC card." ~ Mr. Pelletier

Q: "Is there other travel that you get as well?" ~ (EC member)

A: "For that particular trip there was hotel charge, meals, whatever. The charges themselves were not questioned. I just want to be clear on that. It wasn't the individual charges; it was where they were charged to. And so the question became, if it was clearly identifiable where your time was being spent and what you were doing, you should have charged to the individual contracts and not charged to the cost pool. That is basically what it came down to, which was fine. So we resubmitted, made some journal entries to allocate to that appropriate time. That's really where we've been going back and forth. I don't know if this email string has all that but everything has been submitted to BES at this point and I don't know if it's a matter of them still feeling like the items resubmitted in that draw aren't lining up with the descriptions given for that trip. Or what exactly the issue is. In my opinion, it has been rectified. So I don't what the outstanding issue is in regards to that." ~Mr. Pelletier

TCWIB executive director summarized the process for questioning costs as well as provided the group understanding as to how the four new cost pools were developed in order to keep economic development and workforce development funds separate.

Mr. Pelletier indicated that the cost pool allocation is a separate issue from the indirect rate allocation question.

Discussion about indirect cost rate allocation and method occurred.

Q: “Does every local area have to use the formula they’re requiring to calculate indirect cost rate?” ~ (EC member)

A: “As I understand it, every year an approved indirect cost rate approval letter has to be submitted and the indirect cost plan has to be submitted. The information is reviewed and if questions are asked that’s submitted to the Local Workforce Investment Board. Right now this is pertaining to LA1 and LA 2 and the questions are directly to NMDC because they are the fiscal agent. Everybody goes under the same monitoring process.” ~ (TCWIB executive director)

Q: “So if they have a standard formula or calculation they want to see, why would they only request it of one agent?” ~ (EC member)

A: “Because we’re high risk they do a much more in-depth review. They don’t question any of this stuff in the other two areas.” ~ (Mr. Clark)

Q: “How do you plan to resolve the concerns raised in this message [email from BES]”? ~ Chair Sprague

A: “That’s a good question. We all met in this office on October 1, 2014 and of everything that was lined out for BES and DOL to do, nothing, not one thing has been done. And we all agreed that they’d do this, this and this and they haven’t done one thing. So it’s holding us up from answering other stuff. But I’m going to go ahead and do all of it myself this week.” ~ (Mr. Clark)

A: “Also, we have been told we cannot go directly to USDOL, but that we have to work through BES/MDOL. It has been told to us multiple times.” ~ (Mr. Pelletier)

Chair Sprague indicated that this issue should be considered “urgency topic #1 every day until it gets resolved.”

Mr. Pelletier responded with: “the meeting this afternoon with the Commissioner is as high in the department of labor as we can go so if that doesn’t come to some resolution than I guess we have to go to a higher authority. That’s all we can do.”

Mr. Clark then said: “I will tell her this afternoon that everything to do with fiscal management will be coming to me, after this afternoon, and I will get to the bottom of it. I think some of the folks at DOL think our staff is incompetent, we think their staff is incompetent. It doesn’t make a difference we still have to work with each

other. We're advertising this week for a new finance person. Ruby is retiring in June and I'm going to bring on a new person sooner than that."

Mr. Clark went on to say: "They've got to talk to us. It's hard to get things resolved if they don't talk to us. If they don't talk to us, then I'll go to USDOL. That will be the next step. But I have gone as far as I can go as far as financial risk goes. We're up to [\\$80,000](#). Either they release the money this week, or I'll suspend operations until we get it figured out because I can't put any more money into it than I've put into it." ~ (Mr. Clark)

Q: So, when you say suspend operations would that impact the Tri County area?
~ (EC member)

A: Absolutely and the Aroostook Washington Area and everything. I can't keep incurring costs, and they not respond to us. I have three months worth of receivables that haven't been paid." ~ (Mr. Clark)

Q: "Does that impact our participants and people getting services and what not?"
~ (EC member)

A: "No it does not. EMDC and ACAP will continue their services. They need to have a check in order to pay that and if he says he's suspending operations.... Does that mean you are not paying a check to EMDC, or ACAP or BES?" ~ (TCWIB executive director asked Mr. Clark)

Response: "I'm not processing anything. I'm not doing anything." ~ (Mr. Clark)

Ms. Russell said "I have to tell you that is an infraction on our contract. It's 24/7, it cannot stop like that and it won't be allowed to stop like that. So, I hear what you're saying but it won't be allowed to stop like that."

Response: "That is the only leverage point I have left. What other choice do I have?" ~ (Mr. Clark)

A discussion around the contract and agreed upon [MOA](#) conditions occurred next.

More discussion regarding MDOL's withholding of funds occurred.

Q: "What do you think is their reason for not paying?" ~ (EC member)

A: "There is something going on behind the scenes. From some of the intelligence I have gathered, there is some things going on and they just want to push us out of this and what better way to do that than to squeeze the money."

- V.** TCWIB Executive Committee Questions & Response- Fiscal Agent Costs
Executive Director referenced emails related to the questions and responses by NMDC. We still have one remaining question. Question posed on March 4th to

Bob Clark: "What is the total NMDC admin cost for each contract above and beyond the indirect cost charges excluding Joanna and Angela total expenses and including all cost pool allocations?"

Communications went back and forth. A response provided by Mr. Clark contained 100+ page documents.

Discussions occurred on calculation methods.

Q: Can you tell us why we're calculating admin as 54.65% and not the 35% as agreed to?

A: Direct charges are additional to indirect.

Assumptions were made and that was not clarified during the transition of fiscal agent.

Discussion on Mr. Pelletier's vehicle allowance occurred. His vehicle allowance was not presented in the budget.

VI. Existing High Risk Designation- 2010

As discussed previously NMDC inherited a high risk designation in 2010 when they assumed the role of fiscal agent for Aroostook Washington Workforce Investment Board (AWWIB). NMDC worked to resolve the issues from a federal monitoring however, since then they have had their own errors, questioned costs and concerns that have kept them in high risk, rather than move out of the status of '**high risk designee**'.

The [chronology of high risk designation](#) was reviewed.

Mr. Pelletier said that "of all of the findings and areas of concerns, only one is left and that is the indirect cost rate." NMDC shows it one way and DOL is requesting it another way.

Q: "Have they shown you how they want it?" ~ (EC member)

A: "No. They say you've done this wrong. Now correct it."

VII. Problem Solving & MDOL Responses- NMDC Time Charges

Q: Where is the time to put together these packets and information, where is that being charged to?

A: I don't know. So....

*Executive committee member noted that they had already said they will charge directly to who requested it.

Executive Committee made it very clear that they did not want to see NMDC time charges to TCWIB contracts to deal with the high risk issues and responses, etc.

Regular meeting ended at 1:37pm and committee moved into executive session.
Executive session adjourned at 1:55pm

Respectfully submitted,
Angela Oechsle