

WIOA Area 15

Ohio Valley Employment Resource

Financial Procedures Manual and Guidelines

(For Procurement specific guidance see the Procurement Manual and Guidelines)

Revised for the 2 CFR 200 Updates effective 8/13/20, 11/12/20 & 2/22/2021



This manual prescribes the procedures to be followed for maintaining a Financial Management system to meet federal, state, and internal management requirements.

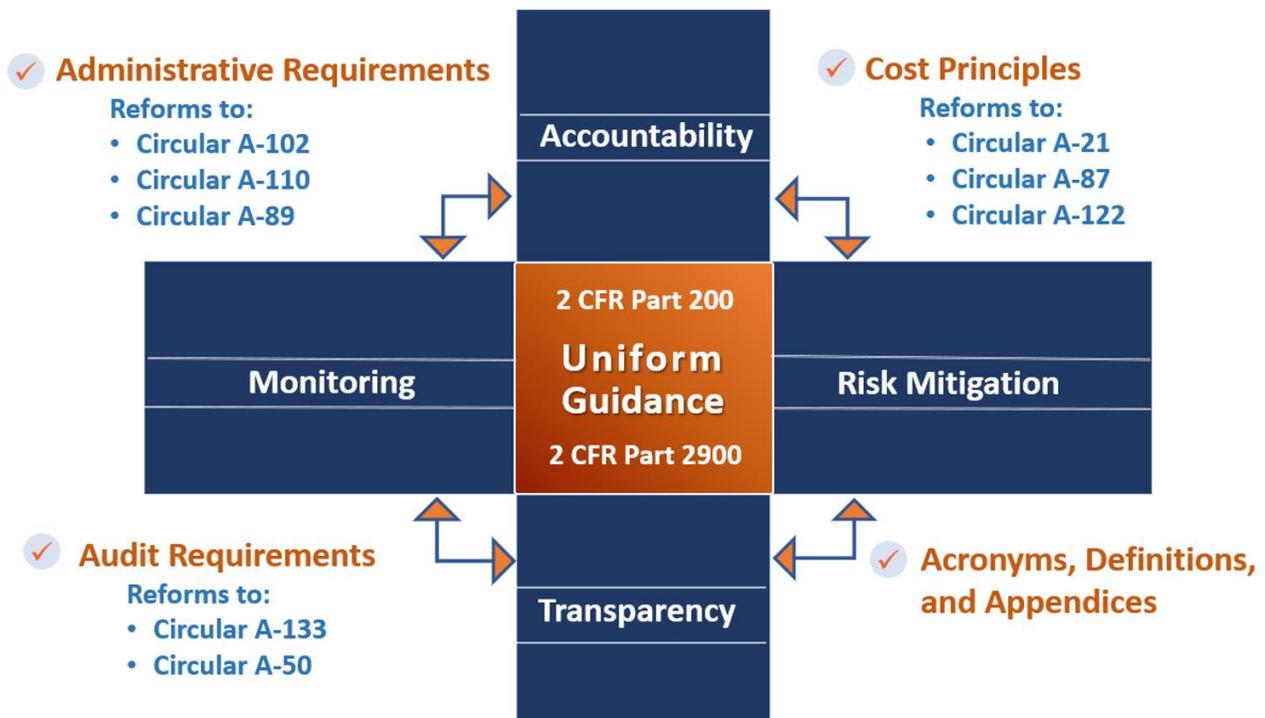
All financial transactions must be in compliance with the applicable Act(s), Federal Register(s), Office of Management & Budget Circulars, State Directives, and Generally Accepted Accounting Principles.

TABLE OF CONTENTS

<u>Page</u>	<u>Section</u>
3	ADMINISTRATIVE/FINANCIAL REQUIREMENTS
4	Internal Controls
5	Funding Liability
5	Payments
5	Program Income
6	Real Property, Equipment, and Intangible Property
7	Conflict of Interest
7	Public Records / Open Meetings
8	Cost Allocation
12	Financial Reporting
12	Audit Resolution
14	Cost Categories & Limitations
20	Debt Collection
22	Monitoring
27	Property
28	Reporting Requirements
28	Financial Reports
30	Drawdowns and Cash Management
31	State of Ohio Fraud Hotline
31	Unallowable Costs
33	Reconciliation of Reports to Accounting System
35	Reference Links

ADMINISTRATIVE/FINANCIAL REQUIREMENTS

The purpose of this section is to provide information regarding general and specific requirements of a financial system. Each section provides general comments about varying aspects of financial activity and shall not be interpreted as the only standards by which a local area may be held accountable. All references to "Recipient" within this section are applicable to the local board, One-Stop Service Provider, Fiscal Agent, and any other subrecipient of OVER or the workforce area. Ohio Valley Employment Resource allowable costs shall be determined in accordance with the Office of Management and Budget, Uniform Guide found in 2 CFR, Part 200 known as the Uniform Guidance and/or Omni Circular, DOL codification of the Uniform Guidance-found at 2 CFR 2900, the WIOA Act, and its implementing regulations. Nothing in this section may be less restrictive than any of the guidelines found in those rules and law.



SMART: Strategies in navigating the administration of your grants around four themes: **Monitoring, Accountability, Risk Mitigation and Transparency.**

General Guidelines

All WIOA expenditures must be accounted for in accordance with state and federal laws and procedures which cover all other funds which are expended by an entity. Records must be sufficient to allow the preparation of reports required by general and program-specific terms and conditions and the tracing of funds to a level of expenditure adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award. Recipient account information must include identifying information, as required by § 200.211 "Information contained in a federal award:"

- (1) Recipient name (which must match the name associated with its unique entity identifier as defined at [2 CFR 25.315](#));
- (2) Recipient's unique entity identifier;
- (3) Unique Federal Award Identification Number (FAIN);
- (4) Federal Award Date (see Federal award date in [§ 200.201](#));
- (5) Period of Performance Start and End Date;
- (6) Budget Period Start and End Date;
- (7) Amount of Federal Funds Obligated by this action;
- (8) Total Amount of Federal Funds Obligated;
- (9) Total Approved Cost Sharing or Matching, where applicable;
- (10) Total Amount of the Federal Award including approved Cost Sharing or Matching;
- (11) Budget Approved by the Federal Awarding Agency;
- (11) Federal award description, (to comply with statutory requirements (e.g., FFATA));
- (12) Name of Federal awarding agency and contact information for awarding official,
- (13) Assistance Listings Number and Title;
- (14) Identification of whether the award is R&D; and
- (15) Indirect cost rate for the Federal award (including if the de minimis rate is charged per [§ 200.414](#)).

Costs must be reported on an accrual basis monthly. The WIOA entity is not required to establish books of account on an accrual basis, but must be able to supplement their books of account with sufficient information and documentation to allow monthly accrual reporting. Reporting must include information regarding funds authorized, obligations, unobligated balances, assets, expenditures, income and interest; and be supported by source documentation. Assets must be safeguarded and ensure that they are being used for the intent and purposes of the WIOA programs. Written financial management procedures and policies must be in place for each recipient.

Internal Controls

Each Recipient must maintain an effective internal control system that provides reasonable assurance that funds are managed in compliance with federal statutes, regulations, terms of the federal award, terms of the agreement between the WIOA local board and the subrecipient and the WIOA Handbook. Compliance includes following the "Standards for Internal Control in the Federal Government" (issued by the Comptroller General of the U.S., commonly referred to as the "Green Book") [GAO-14-704G, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT](#) and "Internal Control Integrated Framework" (issued by the Committee of Sponsoring Organizations of the Treadway Commission) [Executive Summary \(coso.org\)](#).

Bonds

Fidelity bonding coverage is required in order to ensure that the Recipient has protection in place for federal interests invested in the programs.

Funding Liability

There are multiple levels of responsibility and liability for the funds expended through the WIOA program. The hierarchy is as follows:

1. The State is responsible to the federal government for all funds drawn against the Adult, Youth and Dislocated Worker programs;
2. The local Chief Elected Officials (COG) board has liability for all funds allocated to the various local counties. Any costs found to be unallowable at the local level, must be repaid by the COG board to the State;
3. The local WIOA and/or One-Stop Service Providers (Recipients) are responsible for the repayment of any unallowable costs, to the local COG board;
4. Fiscal Agents have limited liability to the COG board. If unallowable costs are found by State to be the fault of the Fiscal Agent, then the Fiscal Agent is liable to the COG board;
5. WIOA Subrecipients are liable to the local Recipient from which they contracted, for any costs found to be unallowable; and
6. Vendors have no liability for funds, so long as the goods or services delivered are in accordance with the agreements made by either state, local boards, recipients or subrecipients. Vendors are entities that do not provide any direct services to participants.

A contractual agreement shall be made between State and the local WIOA area and for each lower relationship that outlines these responsibilities/liabilities between the two entities. All agreements should clearly state the liability for the local funds allocated, the oversight and monitoring responsibilities of the contract relationship.

Payments

Payments by fiscal agent to the subrecipient must be done in a manner that ensures that the receipt of funds is timed in a manner that minimizes the time elapsing between the receipt and the disbursement of those funds. Funding is ordered by the local entities on the state accounting system prior to Friday. No later than Friday, the fiscal agent must review the requests for reasonableness and approve the request, causing it to be submitted to the state. The state will generally pay out funds on the following Friday of each week, unless holidays cause movement forward or back, the date of the release of those funds. The fiscal agent bank will generally clear the funds and enable them for pay out funds on Wednesday of each week, unless holidays cause us to move forward or back, the date of the release of those funds. Funds advanced should be kept in an interest-bearing account whenever possible. The Recipient should make arrangements to disburse funds consistent with the dates of receipt. If these policies are not followed by the Recipient or other non-compliance is found in regards to a Recipient; restrictions may be imposed on payments, such that they are made on a reimbursement basis.

Program Income

Recipients are encouraged to earn income to defray program costs where appropriate. Program Income earned by a Recipient may include:

- a. Fees for services performed or conferences;
- b. Use or rental of property or equipment;
- c. Interest income;
- d. Sale of commodities or items fabricated under a contract; and
- e. Revenue received that is in excess of expenditures for services rendered;

Program income reportable shall be those funds received in excess of the amount expended on generating the income. The "Addition" method of tracking Program Income is used for all WIOA programs. Program income must be reported separately on the monthly financial reports; used within the program year earned; and may only be used for allowable goods and services as described in the Cost Categories and Limitations section of the WIOA Handbook and on the program that generated the income.

Equipment disposal must be reported for a determination of how to account for fixed assets and any proceeds, if sold.

Real Property, Equipment and Intangible Property

No real property will be purchased from funds from the WIOA program unless it is an ADA compliance requirement for the One-stop.

Equipment with a useful life greater than a year and a unit acquisition value of \$5,000 is tracked at the WIOA area for the area. The equipment must be maintained on an inventory and the Recipient shall ensure that it has safeguarded the equipment, including any applicable insurance as protection from loss. At least annually, a physical inventory of property shall be conducted by the Recipient. Equipment must be used for the intent of the WIOA program from which it was purchased. If no longer necessary for those purposes, the Recipient shall contact the WIOA area for further instructions on either disposal or use by other programs. Determination will be in compliance with section 2 CFR 200.313, Uniform Guidance.

Intangible property shall follow the guidelines established for state held intangible property. Intangible property which cost \$500,000 or more shall be considered inventory and included on a property inventory. Generally, intangible assets are software development related items, for WIOA purposes and rarely occur at the Recipient level. However, they must be addressed in this section in accordance with 2 CFR, Part 200 guidelines. Some intangible property may take months or years to fully develop. Therefore, the Recipient will need to determine in advance, whether or not a particular item could exceed \$500,000 by the time it is completed and track all related start up and completion costs associated with this asset. If meeting the threshold, it shall be included as reportable property inventory.

Conflict of Interest

No employee, officer or agent may participate in the selection, award, or administration of a contract supported by these federal funds if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner or an organization which employs any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The WIOA Area has a conflict of interest policy detailing the issue. It is required that the policy be reviewed and signed annually by all staff and board members. Violations of such standards by officers, employees or agents may result in the disallowance of costs and / or termination of the agreement which has been written with the Service Provider. (See www.omj15.com policy page for policy).

Public Records / Open Meetings

Openness leads to a better-informed citizenry, which leads to better government and better public policy. It is the mission and intent of OVER to at all times fully comply with and abide by both the spirit and the letter of Ohio's Public Records Act and the Sunshine Law. All Workforce Development Board and Council of Government meetings are public open meetings. Schedules and locations for both are listed on the website: <https://www.omj15.com/our-boards> along with authoritative documents and past meeting minutes. Michelle Hooper is the designated employee to handle public records requests. She can be reached at: michelle@omj15.com or 740-275-8813. If Michelle leaves OVER the individual in the Grants Assistant role handles these, if the position is vacant, the Executive Director is responsible. The complete policy is, "Ohio Valley Employment Resource Policy Letter No. 2-17 (Public Records Request) and is on the policy page of www.omj15.com.

Reasonableness

Before directly or indirectly allocating an expense to these programs, the Recipient must first determine if the cost is reasonable in nature. The cost must not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The Recipient must be able to answer the following questions in the affirmative:

1. Is the cost an ordinary and necessary occurrence for the operation and performance of the program?
2. Does the expense appear to be a sound business practice with arm's-length bargaining and meet the terms and conditions of the subgrant agreement?
3. Has the Recipient acted with prudence in the circumstances considering their responsibilities to the entity, its employees, membership, the public and the state?
4. Is the recipient purchasing goods or services at the current market price? Is the recipient deviating from their established practices and policies while incurring the cost and therefore, unjustifiably increasing the costs charged to the program?
5. Is there any appearance of a conflict of interest between the recipient and the

vendor, subcontractor, or other entity from which the goods or services are being procured?

Salary Limitations

No salaries shall be paid to an individual that charges time either directly or indirectly against WIOA or any other DOL program, that exceeds the Executive Level II of the federal executive pay scale. This is true regardless of whether the individual charges all or a portion of their salary directly or indirectly against these programs. WIOA/DOL shall not pay a portion that would calculate out to an annual full compensation to an individual that is in excess of the Executive Level II pay.

Cost Allocation

This section includes guidelines for Indirect Cost Rates, Resource Sharing and Cost Allocation Plans.

Indirect Cost Rates

The Uniform Guide found in 2 CFR, Part 200, identifies the requirements for the use of a federally approved indirect cost rate or a de minimis rate. The Council on Financial Assistance Reform (COFAR) developed the Uniform Guide on behalf of the Office of Management and Budget (OMB). These policies are outlined in section 200.414 of the Uniform Guide. Additionally, COFAR released a "Frequently Asked Questions" (FAQ) which specifically states, "If the subrecipient already has a negotiated [Indirect] rate with the federal government, the negotiated rate must be used." Therefore, if the Recipient does in fact have a federally approved indirect cost rate, they shall apply such rate against the funds received from WIOA.

If the Recipient has never had a federally approved indirect cost rate, a de minimis rate of 10% of modified total direct costs, may be negotiated. If the local entity has received previous indirect cost rates, either a new indirect rate must be approved by the federal government or the Recipient must have a written comprehensive Cost Allocation Plan that includes how costs ordinarily classified as indirect, will be allocated to the various programs.

Resource Sharing

There are two types of resource sharing that can occur at any level from the federal government down to the subrecipient level.

- a. First, how are costs which benefit multiple partners in the One-Stop Office, allocated between the partners?
- b. Secondly, how does the Recipient allocate costs within their entity when the costs benefit multiple programs administered?

These are further detailed below:

- a. For shared costs among partners, a Memorandum of Understanding (MOU) is necessary.

Section 679.130 of the WIOA regulations states, "Policies relating to the appropriate roles and contributions of entities carrying out one-stop partner programs within the one stop delivery system, including approaches to facilitating equitable and efficient cost allocation in the system." Each partner must provide an equitable amount of funding to support facilities and overhead costs that benefit multiple partners. This may include the actual rental cost of the facility, maintenance, repairs, remodeling, insurance, taxes, utilities, janitorial and any other upkeep expenditures for the building and grounds.

Additionally, there may be costs shared for such items as supplies, equipment, printing, phone, computer hardware/software and in some cases, staffing expenditures.

The MOU shall provide for a listing of each service that is shared, the partners benefitting from that expense and the contributions that will be made by each partner. The basis for the allocation must be consistent with the methods outlined and agreed to by all partners in writing and included in the Memorandum of Understanding (MOU). This document must be updated at least bi-annually and at any other interval where a material change in the distribution is occurring (such as a new partner entering the facility.)

- b. The Recipient must have a written cost allocation plan that identifies how expenses which benefit multiple programs or cost categories, are to be distributed. Allowable cost allocation methods are discussed below. Any other method chosen, must be approved in writing, prior to implementation.

Time Reporting

Joint costs (benefitting multiple programs or cost categories) may be allocated according to percentages of staff time spent on each program or cost category. In order to use staff time sheets as a basis for allocating joint costs, staff must record time spent working on specific programs or cost categories. At a minimum, time reports must be completed on a monthly basis. They shall include either a daily recap of hours worked on each activity or hours worked on each activity during the time period in which they are being paid. For example, if paid on a weekly basis, then a recap of hours worked for that week. Same would be true if paid bi-weekly, semi-monthly or monthly. The time reporting can then be used to make the following allocations:

1. Group Allocations - Combining all time sheets for the month to arrive at group percentages by program and cost category (where applicable). The group rates should be used for all joint costs allocable to all the programs and cost categories. This type of allocation could be used for supplies, phone systems or equipment purchases where all staff benefit from the purchase being made. In some cases infrastructure costs may be allocated based on staff time. However, it is important that you

chose the method that appears to most accurately charge each program based on benefit received.

2. **Category Allocations** - Combining only the time sheets for the month for a particular program or cost category. This type of allocation could be used for costs considered to be only administrative, only programmatic or only benefitting one program but multiple cost categories within that program.
For example, purchase of a new financial management package can only be charged to administration and therefore only the administrative time is used in cost allocation. Outreach brochures would be considered only program cost and therefore, could be allocated based on only the program staff time allocations or even just one particular program's staff allocations if the brochures are that specific in terms of what customers are being reached.
3. **Location Allocations** - If the Recipient has more than one location where staff are domiciled, it may be necessary to subdivide time allocation reports between the various locations before calculating percentages and distributing costs. For example if each location purchases their own supplies or equipment and then the allocation should not be made based on all staff within the entity and only the staff at that location.

Please refer to the OVER Cost Allocation plan for OVER costs.

When using staff time distributions to allocate costs the previous month's timesheets or the previous quarter's timesheets, may be used as the basis for the allocation. However, if the previous quarter's time sheets are used, the Recipient must still have individual time sheets for each month in the quarter. Preparing only one time sheet for the entire quarter is not allowable.

Square Footage

Generally the most accurate method of distributing infrastructure costs of a building including the rent, janitorial , utilities , grounds, building maintenance, etc. The ratio of FTE's and how those FTE's have allocated their time in the past, plus the amount of space occupied by those individuals, is all taken into consideration to make the distribution. This should be recalculated at least bi-annually and included in the Resource Sharing Agreement.

Usage Rates

Generally this is used for such things as copiers, where individuals can enter their own code for on the machine, prior to usage. This information is then tabulated on a monthly or quarterly basis and the allocations are made based on that data.

Cost Pooling

Cost pools may and should be developed for instances where pooling expenditures for distribution may save the Recipient time involved with the distribution of costs and still result in an equitable and allowable allocation of costs to the benefitting cost objectives.

Cost pools are generally used to distribute costs that jointly benefit multiple cost objectives, but would require effort that exceeds the benefit, to individually allocate each invoice or payment. Cost pools may include but are not limited to:

- a. A pool where the ratio of either administrative or program service staff time is used to distribute the overhead costs of administration or program cost categories (Admin ratio for admin costs and program ratio for program costs);
- b. A pool where the ratio of the combined administrative and program service staff time is used to distribute the overhead costs to both administration and program cost categories simultaneously;
- c. A pool where the ratio of the program service staff time is used to allocate the administrative overhead costs;
- d. A pool where the direct program service costs for participants is used to distribute administrative, program or combined administrative/program overhead costs;
- e. A pool of all One-Stop partner FTE's in order to allocate those costs which are shared by all partners; or
- f. A pool of the ratio of participants served by the various programs to allocate overhead costs (rarely suitable and usually only unique situations).

Other methods of cost pooling may be acceptable, but must be approved before implementation, to ensure that the pool appears to allocate costs in accordance with the guidelines established in the WIOA Handbook and federal regulations.

Cost Allocation Plans

Each Recipient not participating in the state RMS plan, must develop a written Cost Allocation Plan, regardless of whether or not they have a federally approved indirect cost rate or an approved de minimis rate. Other direct costs are still being allocated by either one of the methods outlined above or some other approved method. The allocation plan must include:

- a. The time period covered by the plan;
- b. Programs included in the plan;
- c. Basis to be used for allocations;
- d. Types of costs included in the allocations;
- e. Exceptions to the general policies; and
- f. Be in compliance with the Uniform Guide, 2 CFR, Part 200, WIOA regulations, Financial Procedure Handbook and any WIOA agreements with the Recipient.

The basis must distribute costs in a fair and equitable manner without distorting the results. This requires that the costs be as causally related as possible to the types of costs being allocated so that benefit can be measured as accurately as possible. The plan must be in compliance with Generally Accepted Accounting Principles and consistently applied during the period covered by the plan. The plan must not include any costs ultimately being allocated based on budgets, available funds, solely on job descriptions or any other estimated basis. The plan must be able to accommodate and withstand changes in funding during the period covered. The plan must be made available to monitors, auditors and any federal level authorities with oversight responsibilities for the WIOA program.

Financial Reporting

The state has established systems for the reporting of revenue and expenditures as well as the drawdown of funds for the WIOA programs; all reporting must be through the state CFIS internet-based system. Monthly CFIS reporting and the local financial workbook shall be due by the 15th of each month. The reports shall include expenditures, accruals and obligations by program and cost categories, identified by the state, as well as revenue. In addition, program income earned and expended shall be reported on a monthly basis. The financials reported in the CFIS system must agree with the local financial workbook and both reports compute the correct ending cash balance and be verified by the reporting entity.

Unless otherwise instructed, the drawdown of funds necessary for each week shall be requested no later than each Thursday at Noon. The draw schedule is communicated in detail in the local financial workbook, refer to it for specific guidance. No Recipient shall request funds for more than their immediate cash needs. Cash on hand cannot exceed 10 days as reported in the state CFIS reporting system.

Matching - Not currently applicable

Cash matching funds may be used by the recipient when other direct funding from the program is no longer available during a fiscal year. Matching funds must be used in accordance with the same rules as imposed for the program and cost category used for direct charges to WIOA. Monitors must be able to track those expenditures back to the Recipient's books of account to ensure compliance with WIOA requirements. Matching is to be reported monthly if applicable and by the same program and cost category from which the costs were incurred. Matching may include any indirect costs that could have been charged against the program but were not due to such constraints as limited administrative dollars available for a direct charge.

AUDIT RESOLUTION

For purposes of this section, an Auditee is defined as a for-profit or commercial entity, state, or local government, non-profit, institutes of higher education, Indian tribe, or foreign public entity. This section contains the procedures used in the resolution of audits conducted on Auditees of WIOA funds. Similar rules and procedures must be adopted by the Auditee if they have contracted out WIOA funds to a subrecipient. In no case shall the resolution process be

more than 180 days from the date an audit is received to the date a Final Determination letter is issued. Starting with fiscal year's beginning on or after December 26, 2014, an Auditee that expends \$750,000 or more during its fiscal year must have a Single Audit or Program Specific Audit conducted. Program specific audits are allowed at this expenditure level if the Auditee has only one federal program it operated during the audit period. However, the cost of a program audit is not an allowable direct charge to WIOA programs. Audits are to be conducted annually. Below are the procedures to be followed for the resolution of all audits.

Initial Determination

If applicable, an Initial Determination will be issued within thirty (30) days of receipt of an audit report. The Initial Determination will include any findings within the audit that appear to have an impact or relationship with the WIOA funds (or any other funds passed thru) that were disbursed to the Auditee. In addition, it will address any concerns regarding the Opinion Letter, Schedule of Federal Financial Assistance, Compliance/Internal Controls (General and major program), Notes to the Financial Statements, Management Letter (if applicable) or other audit schedules. The finding and comment will be included in the report. Opportunity will be provided for the Auditee to respond to those findings. The Auditee will be allowed thirty (30) days from receipt of the Initial Determination to respond in writing. The Auditee may request an extension of time to respond, in writing, so long as the request is done within the thirty (30) day response period. In the event there are either no findings or none that require a response from the Auditee, the Initial Determination stage will not be necessary and a Final Determination will be issued.

Final Determination

Within thirty (30) days after due date of the Auditee response, a Final Determination letter is issued. The Final Determination shall include the original finding, initial comment, the Auditee response and final decision. If costs were questioned in the Initial Determination, it will state the amount of those costs to be allowed and disallowed. An explanation as to this determination will be included in the final decision section of the report. The Final Determination shall be provided to the organization, responsible for those funds. Liability for the use of the funds and for disallowances of those funds shall rest with the COG board. The COG board has the right to enforce repayment of the disallowance on the Auditee. No disallowances shall be waived, unless an Appeal decision is in favor of the Auditee. In the event that the costs are disallowed and an appeal is rejected or no appeal is filed, the debt collection process shall begin. See the Debt Collection Section of the Financial Procedures Handbook for further information.

Appeals

The Auditee may submit an appeal of a Final Determination within fifteen (15) calendar days of the date of the final report. The appeal must be submitted to the Executive Director of OVER. The request to appeal must be submitted in writing and include a copy of the Final Determination and the basis for the appeal.

Appeals will be reviewed by the COG and/or OVER within thirty (30) days of receipt. A

review committee will be formed by the COG. At a minimum the individuals selected to review must have knowledge of the WIOA Financial Management rules and regulations, and must also have knowledge of the WIOA program rules and regulations. None of the individuals involved in the review of the appeal, may have been involved in the original decision that led to the appeal.

A decision on the appeal will be rendered by a majority vote of the committee. The decision-making process may or may not include an actual meeting of all parties involved, depending on the particular situation, including whether or not additional documentation is necessary or if an in-person meeting may expedite the process. A final decision must be made in writing within thirty (30) days of the receipt of an appeal. This decision is final and may not be taken to any additional levels above the committee. Any disallowance of costs, shall result in initiating the debt collection process. See the Debt Collection section of the WIOA Handbook for further information.

COST CATEGORIES AND LIMITATIONS

The purpose of this section is to identify and define cost categories applicable to each WIOA program. Expenditures must be tracked and reported in the state internet-based reporting system by these categories with certain limitations on acceptable levels of cost. To be allowable a cost must be reasonable, necessary, and allocable in the context of the program the cost is applied to.

Some costs are unallowable regardless of program and include, please refer to the Unallowable Cost section of the Financial Procedures manual for more guidance.

There are some overall cost limitations that apply against the total allocations a local area receives for Adult and Dislocated Worker programs. They include:

- a. Not more than 10% of the combined Adult and Dislocated Worker total allocation to a local area, may be used for transitional jobs ;
- b. *Not more than 20% of the combined Adult and Dislocated Worker total allocations to a local area, may be used for Incumbent Worker Training; and
- c. Not more than 10% of the combined Adult and Dislocated Worker total allocation to a local area, may be used for Pay-for-Performance contracting.
- d. *75% of the youth funding must be used on out of school youth.
- e. 20% of the youth funding must be used on work experience.

*If the state has received a waiver of these (or other) percentage limitations, during the applicable period, the waiver applies.

The administrative funds are included in the calculations made above. In addition, up to 100% or 50% without prior state approval (WIOAPL 15-25 state is more restrictive than WIOA Act) of the Adult and Dislocated Worker funds may be moved from one program to

the other. This option does not apply to the Youth program. Requests to move more than 50% funding must be made to OVER and may require submission to the state.

The programs/categories included in this section are:

- I. Administration;
- II. Adult Program;
- III. Dislocated Worker Program;
- IV. Youth Program;
- V. Rapid Response; and
- VI. Other grants, including National Emergency Grants

I. Administration

A maximum of 10% of each local allocation of Adult, Youth and Dislocated Worker funds may be expended on administration. Separate allocations of PY and FY funds will be made available to each area for Adult and Dislocated Worker. The Youth program has only one allocation per year and is designated as PY funding. The three administrative allocations can be used interchangeably for admin purposes. However, PY and FY funds must be separately tracked on the state internet reporting system. The OVER office operates on the administration budget and not all agreements have the maximum administration and therefore the financial workbook allocation must be reviewed to determine what allocation of administration has been distributed.

Administrative costs are defined in the WIOA regulations and include:

- a. Accounting, budgeting, financial and cash management ;
- b. Procurement and purchasing functions;
- c. Property management functions;
- d. Payroll functions;
- e. Coordinating the resolution of findings arising from audits, reviews, investigations and Incident Reports;
- f. Audit functions;
- g. General legal services;
- h. Developing systems and procedures, including information systems, required for these administrative functions;
- i. Fiscal Agent responsibilities;
- j. Performing oversight and monitoring responsibilities related to WIOA administrative activity;
- k. Cost of goods and services required for administrative functions including goods and services such as rental or purchase of equipment, utilities, office supplies, postage, and rental and maintenance of office space;
- l. Travel costs incurred for official business in carrying out administrative activities or the overall management of the WIOA system;
- m. Costs of information systems related to administrative functions (personnel, procurement, purchasing, systems development and operating costs of

- such systems);
- n. Awards to subrecipients or contractors that are solely for the performance of administrative functions;
- o. Indirect Costs from either a federally approved indirect cost rate or a De Minimis rate (with some exceptions as noted below).

Based on above, the state has issued guidance that contracts issued solely for the performance of programmatic functions are program costs. The ancillary admin functions involved in the operation of these contracts are to be charged to program. Therefore, OVER transfers the admin issued to the counties to program, based on county identified program need throughout the year.

Personnel and related non-personnel costs of staff that perform both administrative and programmatic services must be allocated to both based on a documented distribution of actual time worked or other equitable cost allocation methods.

Specific costs charged to an overhead or indirect cost pool that can be identified directly as program costs are to be charged to program costs. Except as provided above, all costs are to be charged to program costs. They include:

- a. Continuous improvement activities are charged to program funds unless the activity to be improved fits the categories outlined above;
- b. Tracking or monitoring participants and performance information;
- c. Employment statistics information, including job listing information, job skills information and demand occupation information;
- d. Performance and program cost information on eligible providers of training services, youth activities, and appropriate education activities;
- e. Local area performance information; and
- f. Information related to support services and unemployment insurance claims for program participants.

II. And III. Adult/Dislocated Worker Programs

Adult and Dislocated Worker expenditures are to be incurred against only activities that are being provided to eligible individuals in each program, for career and training services. The Adult and Dislocated Worker program funds must be a minimum of 90% of the total allocation received by each area. These services may include:

- a. Salaries and Fringe costs for counselors or case managers that are directly involved in providing services to participants;
- b. Travel costs of those staff;
- c. Any other overhead costs directly associated with those staff ;
- d. A proportionate share of other overhead that may be considered both administrative and programmatic in nature, so long as they are allocated to each category, based on a documented basis of benefits received as described in the cost allocation section of the Financial Procedures Handbook;

- e. Prorated share of a federally approved indirect cost rate, so long as the Recipient can provide evidence that the rate included costs that can be classified as program and only the proportionate share of the rate related to program costs;
- f. Customized screening and referral of qualified participants in training services;
- g. Customized employment related services to employers, employer associations, or other such organizations on a fee-for-service basis;
- h. Implementation of a pay-for-performance contract strategy;
- i. Customer support to enable individuals with barriers to employment and veterans, navigate among multiple services and activities;
- j. Technical assistance for one-stop operators, one-stop partners, and eligible providers of training services, regarding, the provisions of services to individuals with disabilities in local areas, including the development and training of staff , the provision of outreach, intake, assessments, and service delivery, the coordination of services across providers and program, and the development of performance accountability measures;
- k. To facilitate remote access to services provided through a one-stop delivery system, including facilitating access through usage of technology;
- l. Improve coordination between workforce investment activities and economic development activities carried out within the local area involved and to promote entrepreneurial skills training and microenterprise services;
- m. Improve services and linkages between the local workforce investment system and employers;
- n. Strengthen linkages between the one-stop delivery system and unemployment insurance programs;
- o. Training programs for displaced homemakers and for individuals training for nontraditional occupations, in conjunction with programs operated in the local area;
- p. Activities to provide business services and strategies that meet the workforce investment needs of area employers;
- q. Activities to adjust the economic self-sufficiency standards;
- r. Improve coordination between employment and training activities and programs carried out in the local area for individual with disabilities;
- s. Implementation of promising services to workers and businesses, which may include support for education, training, skill upgrading and statewide learning advisors;
- t. Other activities as described in the Adult and/or Dislocated Worker Program section of the WIOA Act and Regulations;
- u. Support services including Needs Related Payments (NRP), Child Care, Dependent Care, Housing and Transportation. So long as those service cannot be provided by another program and need is documented;
- v. On-the-Job Training Services (not to exceed 50% reimbursement);
- w. Incumbent Worker Training;
- x. Transitional Jobs;

- y. Paid or unpaid Work Experience;
- z. Institutional Skills Training;
- aa. Entrepreneurial Training;
- bb. Incentive payments for recognition and achievement directly tied to training activities and work experience. This requires written policies that include goals that must be accomplished and aligned with local program policies;
- cc. Local board direct involvement in actual partner services, such as customer service and the referral processes;
- dd. Local board facilitation on the RFP processes for the adult/dislocated worker and/or one-stop service provider;
- ee. Local board direct involvement with the creation of customer service surveys to WIOA participants.

IV. Youth Program

Participants must be determined to be eligible for the Youth program, per definitions contained within this WIOA Act, Regulations and state policy. A minimum of 90% of the funds allocated to a local area must be spent on Youth program costs. Expenditures for paid or unpaid Work Experience must be a minimum of 20% of the 90% program dollars. Administration is excluded from this particular calculation.

Work Experience may include staff time devoted towards the potential placement of and oversight of those participants. Pre-Work Experience staff time job development or required preparation courses and staff time devoted to those participants during the Work Experience can be included as a Work Experience expense. Staff time study information needs to include a breakdown of In-School/Out-of-School Youth Work Experience hours vs. In-School/Out-of-School non-Work Experience.

A minimum of 75% of the total allocation to each local area for Youth, must be spent on out-of-school youth, unless the state has an approved waiver of this percentage. The local board may reserve a maximum of 10% of the total local allocation for pay-for-performance. In addition, 5% of all participants served do not have to meet the low-income criteria. However, they must meet all of the other eligibility requirements for Youth. Youth services that can be provided to Youth are:

- a. Tutoring, study skills training, instruction, dropout prevention and recovery;
- b. Alternative secondary school services;
- c. Paid and unpaid work experience including Summer Employment, Pre- apprenticeship, internship/job shadowing and OJT;
- d. Occupational skill training;
- e. Education offered concurrently with training for a specific occupation or occupational cluster;

- f. Leadership development, community service, peer centered activities and social/civic behavior;
- g. Adult mentoring of at least 12 months;
- h. Follow-up services for not less than 12 months after completion;
- i. Comprehensive guidance and counseling;
- j. Financial literacy education;
- k. Entrepreneurial skills training;
- l. Labor market and employment information;
- m. Preparation for transition to post-secondary education training;
- n. Support services including linkages to community services, transportation, child and dependent care, housing, NRP, educational training, reasonable accommodations for youth with disabilities, referrals to health care and assistance with uniforms or other appropriate attire, work related tools, including eye glasses and eye protection gear;
- o. Local board direct involvement in actual partner services, such as customer service and the referral processes;
- p. Local board facilitation on the RFP processes for the Youth providers;
- q. Local board direct involvement with the creation of customer service surveys to WIOA participants.

V. **Rapid Response**

The purpose of Rapid Response (RR) is to promote recovery and vitality by developing an ongoing, comprehensive approach to identifying, planning for, responding to layoffs and dislocations, and preventing or minimizing their impacts on workers, businesses and communities.

A local area may request RR funding from the state by formally applying for those funds. The state has established criteria necessary to determine the reasonableness of the request and amount of funding to be obligated. The state has a RR unit to carry out statewide RR activities and to oversee RR activities undertaken. Section 682.330 of the WIOA regulations, identify the allowable activities for the use of RR funds.

VI. **Other grants, including National Dislocated Worker Grants**

Throughout the year, additional grants may be applied for (with board approval) and/or awarded from the state or other sources to support employment and training in the area. Each grant may contain specific eligibility and usage restrictions based on the purpose of the funding. It is the Workforce Development Board and/or COG's discretion to provide oversight and issue these funds along with all eligibility and usage guidance. For seamless customer service, these funds may be included into the formula WIOA contracts; however, the Board(s) may also choose to/or be directed to by the funding provisions to issue these funds under separate contract.

Annual Expenditure Rates

Although Adult and Dislocated Worker funding is issued twice: PY on July 1 and FY on October 1, both sets of funds end their program year on June 30, so the FY first year is really nine months.

- A. Formula Funds - WIOA adult, DW, youth and administration are only available at the local area level for the first two years after being awarded by the state. The remaining funds unexpended at the end of year two are recaptured by the state. No minimum expenditure requirement exist in year one and any balance remaining is carried into the second year by the local area. Administrative funds include the combined total allocation of Adult, Youth and Dislocated Worker for a given state year.
- B. State identified obligations – Per the state, the local area has obligated funds within the area when the funding is distributed in the state internet reporting system from the area entity to the sub area reporting entities. Locally, the sub areas are required to report local obligations based on signed ITAs and other contracts meeting the definition of obligation under the current DOL TEGL, at time of writing this is DOL TEGL 28-10 found at <https://wdr.doleta.gov/directives/attach/TEGL/TEGL28-10.PDF>
- C. Non Formula/Other grants and awards – As noted above, the Board(s) may accept additional funding throughout the program year, which may be incorporated into the existing formula contract or issued separately based on the Board's discretion and funding restrictions. These additional grants and awards may have differing eligibility and usage restrictions and this information will be distributed in the awarding document and any subsequent additions or clarifications passed along if received from the funder during the funding period. The subcontractor acknowledges the additional funding and associated restrictions by signing the allocation page of the award. Once the award is signed, it is the subcontractor's responsibility to provide service within the identified time and issue reports and closeout of funding based on the timeframe associated with the funds.

DEBT COLLECTION

All references to "Recipient" in this section, apply to both the "Auditee" in the Audit Resolution section and the "Recipient."

Establishing a Debt

Debt collection shall begin once a Recipient no longer has an appeal outstanding from either Fiscal/ Program monitoring or Audit Resolution. Debt collection may not always be limited to one of those two functions. There are other events which may cause a Recipient to incur

disallowed costs. Those cases will be handled consistent with the procedures established in this section. All debts arising from the misuse of funds contractually obligated to the Recipient for WIOA purposes are the responsibility of the Chief Elected Officials (COG) for that local service area. Based on subaward, the subrecipient will be liable to the COG for repayment of disallowance due to their program's operation.

Initial Demand

OVER shall prepare and submit a request for repayment from the Recipient. The Initial Demand shall include the original date and notification of cost being disallowed. That notification may have been from a Final Determination of an audit, Final Decision of a monitoring or another form of communication that was provided to the Recipient. The Recipient shall have fifteen (15) days from the receipt of the Initial Demand letter, to repay the amount due. This communication will be delivered in method requiring acknowledgement of receipt.

Final Demand

If the Recipient fails to repay the debt in full, within the time period allowed, OVER shall prepare a Final Demand letter. This letter must be sent no later than ten (10) days after the Recipient has exhausted the time allowed according to the Initial Demand. The Final Demand letter will inform the Recipient of the possible next steps that would be taken by the COG, if the debt is not repaid within fifteen (15) days of receipt. This communication also will be delivered in method requiring acknowledgement of receipt.

Methods of Payment

Three methods of repayment that may be considered:

- a. Payment in full at the time the funds are requested from the Recipient. This must include identifying either the Final Determination, Final Monitoring report or Debt Collection notice received. It must also include the amount, name of the individual WIOA program and cost category from which the debt was determined;
- b. The COG may consider a repayment plan, so long as the repayment plan does not exceed a twelve month repayment period. In this instance, a written statement from the highest ranking officer within the entity will be required that identifies the amount to be paid back each month, date due and date final payment is due. Delinquent payments shall void any such agreement and the full remaining balance shall be due immediately. Again, the payments must include the amount, name of the individual WIOA program and cost category from which the debt was determined; or
- c. The COG may consider repayment through "Stand-in Costs". Stand-in-Costs must be expenditures not charged against any other federal program that could have been allowable costs against the specific WIOA program and cost category from which the disallowance occurred. The costs must also have been incurred during the same time period as the costs disallowed. Documentation must be made available for examination, to verify that the costs would have been allowable. The COG is not required to accept Stand-in-Costs and will consider this on a case by case basis.

MONITORING

Federal regulations assign responsibility for financial and program compliance monitoring to non-federal agencies that receive and distribute federal program funds. Each level must monitor the performance of lower subrecipients in complying with the terms of grants, contracts, or other agreements made pursuant to WIOA. OVER has established policies and procedures to be followed in the performance of that monitoring, in compliance with 2 CRF, Part 200 (Uniform Guidance) and the WIOA regulations/Act. The requirements are intended to promote the effective and allowable use of public funds while providing procedures to ensure that the objectives of the programs are being met.

Achievement of program goals and program efficiency are the result of sound planning and management decisions. Monitoring provides the state and the local areas with a means of evaluating this process. Recommendations for corrective action are tools to provide technical assistance on deficient areas of operations. This section outlines the monitoring responsibilities of OVER and each lower tier that has a subrecipient for each of the WIOA programs.

OVER Monitoring Responsibilities

OVER will conduct or ensure that three types of monitoring are performed:

- A. Financial;
- B. Programmatic (including Quality Assurance); and
- C. Risk Assessment.

The following is an outline of those three types of reviews and the programs included in those reviews. The One-Stop Service Provider and County Operator are referred to in these sections as the "Recipient."

A. **Financial Compliance Reviews**

At least annually, a financial compliance review will be conducted by OVER. The review will be of all programs administered through written agreements involving OVER and the Recipient. On-site monitoring may be limited to those Recipients of OVER that receive \$50,000 or more during the fiscal year. The monitoring will be performed to ensure compliance with, but is not limited to, the following:

1. Workforce Innovation and Opportunity Act (WIOA) State and local policy;
2. Contractual agreements;
3. Generally Accepted Accounting Principles;
4. WIOA Federal regulations/Act;
5. Local Resource Sharing Agreements;
6. Cost Allocation Plans;

7. 2 CFR, Part 200, Uniform Guidance; and
8. Local Service Plans, such as CCMEP.

The financial monitoring shall include a review of:

1. Internal controls;
2. Sampling of participant payments;
3. Sampling of non-participant overhead payments (including adherence to the local cost allocation plan, and Resource Sharing agreement);
4. Reconciliation of reported expenditures and revenue;
5. Review of previous monitoring findings;
6. Review of funds obligated by participant and by program;
7. Review and sampling of property inventory; and
8. Any other financial activity the monitor deems appropriate and related to the funds contracted.

B. Programmatic (including Quality Assurance)

At least annually, a programmatic compliance review will be conducted by OVER. The review will be of all programs administered through written agreements involving OVER and the Recipient. The monitoring will be performed to ensure compliance with, but is not limited to, the following:

1. Workforce Innovation and Opportunity Act (WIOA) State and local policy;
2. WIOA Federal regulations/Act;
3. Contractual agreements;
4. Local Resource Sharing Agreements;
5. Participant tracking system data integrity;
7. Source documentation verification;
8. Local Service Plans, such as CCMEP.

The financial monitoring shall include a review of:

- a. The participant files and
- b. The participant racking system;
- c. Local policy and adherence to area & state policy;
- d. Other areas affecting participant service delivery, such as ADA compliance.

C. Risk Assessment

2 CFR, Part 200 identifies the responsibility to perform a Risk Assessment prior to awarding funds to any Recipient. The factors to be reviewed must include:

- a. Prior experience with same or similar activities;
- b. Results of previous audits;
- c. New personnel or new systems; and
- d. Results of federal agency monitoring.

Additionally, other factors can be incorporated into this review that may include but are not limited to:

- a. A history of late reporting;
- b. Prior state monitoring reports;
- c. Determining if proper internal controls are in place; and
- d. Other factors determined to be applicable.

Based on this Risk Assessment , OVER may impose restrictions such as paying on a reimbursement basis, operating the program in phases/benchmarks, requiring more detailed financial reports, requiring additional monitoring, training or technical assistance, or requiring additional prior approvals.

Reporting, Follow-up and Appeals

After completion of an on-site monitoring visit, formal reports, follow-up and an appeal process are necessary for both financial and program monitoring and involves three separate steps.

I. Report and/or Informal exit conference

A Report and Informal exit conference is completed by the applicable monitoring team for each visit (fiscal and programmatic may be combined.) The report shall include:

- a. A description of observations which includes specific references to the standards, policies, or procedures;
- b. If necessary, recommended and required corrective action to be implemented by the Recipient;
- c. A description of any questioned costs, including the amount;
- d. Comments the monitor believes are noteworthy regarding best practices done by the Recipient that are material enough in nature to warrant including in the report.

The Informal exit conference is to be completed after completion of the monitoring with the subrecipient to ensure no data required for compliance was not presented during the monitoring and to provide technical assistance for the subrecipient. In return, the subrecipient will ensure that any additional information is compiled and submitted within fifteen (15) calendar days by the subrecipient. If no findings or comments are made or a response from the subrecipient is not necessary, a Final Report will be released within thirty (30) calendar days after the on-site visit is completed.

II. Final Report

A Final Report will be issued to the subrecipient within thirty (30) calendar days after the monitoring or after receipt of any additional response from the subrecipient as a result of the informal exit conference. The Final Report will also be shared with the Chairs of the local boards (WDB and COG), who are responsible for the area WIOA funds. The Final Report will state the decision on all findings that

required a response and the notification of the right to appeal the Final Report. If any findings are unresolved or if costs are disallowed, the letter will also include:

- a. A description of the unresolved finding;
- b. A citation or reference to the applicable regulations or policies on which the finding was based;
- c. The final decision on each unresolved finding; and
- d. If there are disallowed costs, the amount of costs disallowed and notification that the debt collection process will begin.

Corrective Action Responses

Corrective Action responses must contain remedies to any issues identified. Corrective action requests are made when discrepancies are noted, and corrective action responses are requested from the agency within 10 days.

After submission of the corrective action plan, the monitor will review its feasibility. If the plan is satisfactory, the monitor will accept it and will close the monitoring report and issue an acceptance letter. If unsatisfactory, the monitor will determine the required action to be taken. The response will be delivered and filed within 10 days of the response's receipt based on the corrective action plan proposed.

Follow-up visits may be conducted usually within 30 days of the corrective action plan's approval. All follow-up visits are documented and attached to the original monitoring report.

All monitoring reports, corrective action reports and follow-up will be made available to the WIOA Providers, the Workforce Development Board, Council of Governments, State monitors and auditors, and other appropriate staff.

III. Appeals

The subrecipient may submit an appeal of a Final Decision within fifteen (15) calendar days of the date of the final report. The appeal must be submitted in writing to OVER and include a copy of the Final Decision and the basis for the appeal.

Appeals will be reviewed by an Appeal Committee composed of OVER, WDB and COG representation within thirty (30) days of receipt. Members must have knowledge of the WIOA Financial Management rules and regulations, as well as knowledge of the WIOA program rules and regulations. None of the individuals involved in the review of the appeal, may have been involved in the original decision that led to the appeal.

A decision on the appeal will be rendered by a majority vote of the committee. The decision-making process may or may not include an actual meeting of all parties involved, depending on the particular situation, including whether or not additional documentation is necessary or if an in-person meeting may expedite the process. A final decision must be made in writing within thirty (30) days of the receipt of an

appeal. This decision is final but may be taken to the state if additional guidance is sought. Any disallowance of costs, shall result in initiating the debt collection process. See the Debt Collection section for further information.

IV. Follow-up

Follow-up on findings identified will be conducted during the following on-site review. However, this will depend on the severity of the finding, as certain issues, if determined to be a material non-compliance in nature, may require a more frequent visit than to wait for the next monitoring cycle. Otherwise, a normal follow-up review of corrective actions will be done during the next cycle of on-site visits. Findings that do not appear to have been corrected since the last on-site visit may result in further action.

Monitoring Responsibilities

WIOA Act and the Uniform Guide found in 2 CFR, Part 200, both identify the responsibility for local board(s) and subrecipient monitoring of activity.

The Chief Elected Officials are liable for the funding passed through to a local subrecipient. Therefore, it is critical that proper oversight be performed by not only the state, but also the local board(s). This oversight would include holding periodic meetings that include the local subrecipients and provide updates on that status of services being provided. This should include periodic reports of financial and programmatic activity including budget to expense comparisons and updates on performance goal status. A copy of this Financial Procedures Handbook and all amendments will be available to the local subrecipients and board members on the area website. In addition, final monitoring reports and annual audits should be available upon request to all board members as they are completed. The board may establish other criteria to be analyzed periodically to determine the effectiveness of the program and ensure that the local plans and contractual agreements have been complied with by the subrecipient.

The area shall provide internal review and analysis that ensures that the area is complying with the WIOA regulations as well as area contractual agreements. This review shall include:

1. Random sample of all subrecipient agreements;
2. Random sample of all participant files from each of the WIOA programs that includes review of eligibility information, assessments, obligations, case management notes, etc.;
3. Random sample of all participant payments made for training and support services; and
4. Random sample of all non-participant overhead payments.

The area will attempt to use the state's guidance in designing the monitoring tool and in conducting the visit. Whenever possible, the area visit will occur prior to the state monitoring.

PROPERTY

The term property, for purposes of this section, means tangible assets, including information technology systems, with a unit acquisition value of \$5,000 or more and a useful life of more than one year. The cost of which is equal to the original purchase price, taxes, shipping and handling and any other costs associated with installation or set-up. This definition does not include "Real Property", which consists of land, structures or appurtenances. Real Property shall not be purchased with WIOA funds.

Acquisition

All property purchased from WIOA funds must receive prior written approval from the state or DOL. A written request shall be sent to OVER to be routed to the state. The request must include a full description of the property, total cost, programs/cost categories to be charged and an explanation as to the benefit that will be derived from the purchase. Approval or denial shall be done by a written response from the state.

Title

Title to all property shall be retained by the WIOA area. The subrecipient is required to take the necessary steps to safeguard the property from loss or damage. Property tags are to be requested from OVER at the time it is received and tags affixed to the property as soon as they are received. In addition, an inventory of property must be maintained that includes:

- a. Property tag number;
- b. Description of the property;
- c. Stock or ID number, including model and manufacturer 's serial number, when applicable;
- d. Manufacturer;
- e. Payment date;
- f. Unit acquisition cost;
- g. The cost per program/cost category;
- h. Location of property;
- i. Condition of property; and

A physically inventory of property shall be performed on an annual basis.

The subrecipient must ensure as a condition of purchasing, that the property will be used for the intent of the program from which it was purchased for as long as needed. When no longer needed for that particular program, the property may be used according to the following priority:

1. Other activities from the federal agency that originally paid for the property; then
2. Other activities from other federal agency funds;

The subrecipient may use property for other federal program purposes, so long as that does not interfere with the usage necessary for the program from which it was purchased. First preference must be given to other programs or projects supported by the federal agency which paid for the property. Second preference would go to other federal programs administered by the subrecipient.

REPORTING REQUIREMENTS

This section identifies what reports are required of the subrecipient for financial and program compliance with the WIOA programs. Each reporting element must be tracked and traceable to the books of account held by each subrecipient, unless otherwise specified in this section.

Financial Reports

A monthly financial report is due by the 15th day of the following month, and a final report may be due upon completion of the terms of the agreement/award, or upon request of the funder. Not all subrecipients receive funds from the same programs and therefore, some of what is described below, may not apply to a given subrecipient. All workforce funding through ODJFS is governed by the Ohio Administrative Code Rule 5101:9-7-05, "Responsibilities of Workforce Innovation and Opportunity Act (WIOA) fiscal agents." The financial report will include the following programs and categories that must be traceable to the books of account (unless otherwise specified):

All WIOA formula funding (Adult, DW, Youth & Admin) (reported separately)

- a. The current month cash disbursement; accrual and obligation of WIOA formula funds by program, expended by the Recipient; and reported by subproject as provided by the state within the state internet reporting system. This data must not exceed the budget and must be "cost allocated," "approved," and at quarter end "submitted to FA," to constitute timely reporting by the subrecipient.
- b. Receipts of WIOA funding through the state internet reporting system; as well as any additional receipts and disbursements that were or were not received through the state internet reporting system but reflect activity in the WIOA fund necessary to be correctly reported to accurately reflect the end of month cash balance.
- c. Program income and stand in must also be reported in the state internet reporting tool, if applicable.
- d. Reporting tool: The state internet reporting tool is the final version of the reporting status of the subrecipient, when required, (such as for all state pass through WIOA funding.) In addition to this system, the subrecipient must also update the area financial workbook, which contains the allocation, draw,

expenditure, cash on hand, coding, stand in, and program income detail, as well as instructions for completion and submission. This financial workbook is due in conjunction with state reporting submission and must agree to the books of record and the internet reporting submission.

- e. Funds must be FIFO'd (First in, First out) on the books of account and reporting with the oldest funds expended first. The reporting system is designed to expedite this process.
- f. Special items of attention on both the financial reports are the cost limitations of:

Adult and the Dislocated Worker (DW) Programs Funds & Limitations*

- a. expenditures for Transitional Jobs training, 10% max;
- b. expenditures for Incumbent Worker training, 20% max;
- c. expenditures for Pay-for-Performance contracting, 10% max;
- d. transfer between adult and DW programs, 50% max without state approval to exceed;
- e. funding for direct customer service is to be reported through the client tracking module of the state internet reporting module. If this is not possible, it must be noted to OVER when submitting the financial workbook.
- f. The most detailed subproject should be used when reporting and OTHER can be used but should be avoided whenever possible.

Youth Program Funds & Limitations*

- a. In-School Youth (ISY) Work Experience expenditures;
- b. all other ISY expenditures;
- c. Out-of-School (OSY), Work Experience expenditures, YIS+YOS Work Experience must be combined at the required 20% minimum;
- d. all other OSY expenditures; YOS+YOS Work Experience 75% minimum;
- e. Funding for direct customer service is to be reported through the client tracking module of the state internet reporting module. If this is not possible, it must be noted to OVER when submitting the financial workbook.
- f. The most detailed subproject should be used when reporting and OTHER can be used but should be avoided whenever possible.

*The percentage requirements for Adult/DW/Youth are established by WIOA and state policy. If the state obtains a waiver of these percentages, the waiver may apply during the relevant time period.

Other Program Funds

Other funding both within and outside of the state internet reporting system is possible throughout the year. Only the entities that the state enables may use the state internet reporting system, other entities and all entities with other grants will be required to use alternate reporting methods, using the format prescribed by OVER.

Inaccurate and/or late reports will be reviewed for causality and repetition, if necessary, Board review may be sought and possible remedies include but are not limited to revising contract to a cost reimbursable basis. Please contact OVER with any difficulties or concerns prior to the due dates to avoid this.

Drawdowns and Cash Management

For ODJFS funding, there must be a system of internal control over cash to ensure compliance with rules and regulations set forth in rule 5101:9-7-04 of the Administrative Code. Weekly drawdowns must be done on the state internet financial reporting system by the deadline noted on the financial workbook. The financial workbook must also be updated with these requests. The state internet reporting tool is the final version of the reporting status of the subrecipient draw.

Funding is able to be drawn weekly and requests made should be only for immediate needs. The state policy is to limit cash on hand to 10 days as measured at quarter end on the state internet reporting system. For the last draw of the quarter, the state system currently incorrectly uses the draw order date instead of county receipt. Therefore subrecipients are encouraged to refrain from ordering on the last draw of the quarter whenever possible. The state internet reporting system is the official measurement of cash on hand for an entity (however please see error mentioned above not corrected at time of this manual). If state internet reporting system reports in excess of ten (10) days cash on hand, it is the subrecipients responsibility to research the validity of the report and document the causal factor(s).

After the draw deadline, OVER will accumulate the requests and add any entities without authority to access the state internet reporting tool, or any funding operated outside the state system and notify those requesting funding of the requests processed to ensure all requests are completed and correct. OVER will then review the funding level if cash on hand issues have been identified. Upon completion, OVER will submit to the state and other entities, if appropriate. OVER also issues email back to all counties informing of the draw submitted, whether or not the county drew, to verify accuracy and identify if a draw did not get entered/completed.

State submission by OVER is due by 2PM on Friday. Cash back is received the following Friday and OVER submits for electronic payment on Tuesday which will be issued by the bank on Wednesday or Thursday. This is further detailed on the financial workbook and holidays will cause the schedule to be adjusted.

OVER reserves the right to request other financial reports or financial data on an as needed basis.

Program Reports

Certain programs, such as National Dislocated Worker Grants, may require additional reporting requirements. These will be passed along to the subrecipients operating those grants including a shortened timeframe for submission so that OVER may aggregate the area activity and report the area results timely.

STATE OF OHIO FRAUD HOTLINE

In compliance with the State of Ohio's Fraud Law (HB 66), OVER is notifying all of its employees and subrecipients of the following: If you suspect fraud, waste, or misuse of taxpayer funds, call the Auditor of State's Fraud Hotline: 1-866-FRAUD OH (1-886-372-8364). Or send your tip by e-mail at

<http://www.auditor.state.oh.us/fraudcenter/siu/complaint/complaint.aspx> or a letter addressed to:

Ohio Auditor of State's Office
Special Investigations Unit
88 E. Broad Street
Columbus OH 43215

What to include when reporting fraud?

- A detailed description of the suspected theft/fraud. Provide as much detail as possible, specify who, what, where, when, and how.
- The agency where suspected fraud is taking place.
- Copies of all available documentation.
- Identify any witnesses who may have knowledge of the suspected theft/fraud. Include their contact information whenever possible.
- Although anonymous complaints are welcome, we encourage you to leave your contact information in case additional information or explanation is required.

UNALLOWABLE COSTS

The Uniform Guide, 2 CFR Part 200, identifies costs that may not be charged against any federal award. In addition, there are costs that are not allowed to be charged to any WIOA programs. A cost must be reasonable and proper for the efficient administration of the WIOA programs. The term "reasonable" is defined in the Uniform Guidance. In addition, any costs charged to the programs must be allocable and not a general expenditure of the overall responsibilities of the subrecipient receiving the funds.

If any WIOA programs is charged with an expense that is unallowable to that particular program or cost category, the subrecipient will be notified and be responsible for the repayment or offset of that expenditure. Repayment vs. offset will be determined on a case-by-case basis and consistent with the WIOA regulations, WIOA Financial Procedures Handbook, Uniform Guidance and the terms and conditions of the agreement.

Unallowable costs shall include:

- a. Any portion of salary for an individual that is calculated against a base that is in excess of the Executive Level II pay of the federal government;
- b. Fringe benefits that do not comply with the rule that they must be reasonable, required by law, non-federal entity-employer agreement, or an established policy of the subrecipient;

- c. Fringe benefits that are not equitably allocated to all related activities, including the federal awards;
- d. Funds paid to a contingency reserve for events the occurrence of which cannot be foretold with certainty as to the time or intensity, or with an assurance of their happening (excluding certain fringe benefits identified in section 200.431 of the Uniform Guide);
- e. Costs of contributions and donations, including cash, property and services;
- f. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements that meet the criteria identified in section 200.435 of the Uniform Guide;
- g. Depreciation for any asset that has outlived its useful life;
- h. Costs of entertainment, including amusement, diversion and social activities and any associated costs (except where specified in a federal award);
- i. Equipment purchases of \$5,000 or more that did not receive prior written approval from the state;
- j. Costs resulting from violations of, alleged violations of, or failure to comply with, federal, state or local laws and regulations (except if incurred as a result of compliance with specific provisions of the federal award);
- k. Fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions (unless prior written approval from state and the federal awarding agency);
- l. The general costs of government including chief executive of a local government, local government body, such as county supervisors, city council, school boards, general types of services such as fire and police;
- m. Costs of goods or services for personal use of employees;
- n. The cost of idle facilities as defined in section 200.446 of the Uniform Guidance;
- o. Costs of insurance or contributions to a reserve covering the risk of loss or damage unless specifically identified in the federal award;
- p. Costs of insurance of the lives of any individual where the subrecipient is identified as the beneficiary;
- q. Actual losses which could have been covered by permissible insurance, excluding minor deductibles which may apply;
- r. Lobbying activities;
- s. Costs in excess of the amounts budgeted by program and cost category, with the exception that administrative funds may be used for programmatic activity;
- t. Costs of memberships to country clubs or social or dining club organizations as well as organizations whose primary purpose is lobbying;
- u. Costs of incorporation, broker's fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselors, whether or not employees of the subrecipient, in connection with establishment or reorganization of an organization;
- v. Pre-award costs unless approved by state and the federal government;
- w. General costs associated with selling or marketing of any products or services

- unless specifically allowed in section 200.421 of the Uniform Guide;
- x. Student activity costs for such things as intramural, student publications, student clubs and other student activities;
 - y. Foreign travel (including any travel outside the continental United States), is not allowable without the prior written approval of the state;
 - z. For public safety per § 200.216, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate) Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities). Do an internet search and verify no others have been added.
 - aa. Any other costs that would not be considered reasonable or necessary to administer the programs.

Reconciliation of Reports to Accounting System OAC 5109:9-7-05(B)(3)(a)

Locally, the subrecipient may keep their books on a cash or accrual basis of accounting, however, **for DOL programs, accruals and obligations must be tracked and reported.** All cash activity, accruals and obligations must be supportable by source documentation and reconcile back to the accounting system. For ODJFS workforce grants, the CFIS financial system is used and consists of a standard financial module as well as a participant cost tracking called CLT, this module tracks the classroom training, supportive services and work experience. At the end of the month, at closing the CLT module records those participant costs not yet paid as accruals and obligations. It is the subrecipients responsibility to retain the CLT315 report at the close of each month either electronically or printed to identify and support the costs that CLT has recorded as accruals and obligations. (This report is NOT available beyond a quarter so it must be stored.) In addition to these CLT accruals and obligations, the subrecipient must survey contracts, time tracking/RMS, and other bills for costs incurred for the reporting month and add these accruals and obligations to the CFIS system, keeping detailed records to support the entry.

After the month is fully closed in the CFIS system, the subrecipient verifies the cash balance to the bank account and the accruals and obligations to the supporting documentation and submits the CFIS entry and supporting financial workbook. The financial workbook has an instructions tab explaining in detail the financial reporting process through reconciliation.

At the fiscal agent level, once all subrecipients have submitted both the monthly CFIS entry and the financial workbook, the fiscal agent verifies that:

- 1) Cash balance agrees with what the county submitted to CFIS;
- 2) The area financial over/under totals agree to CFIS over/under report (accounting for draws outstanding both ways);

3) The Area's QuickBooks, the accounting system, agrees to the cash balance reported, adjusted for draws outstanding.

4) Beyond what is on each of these monthly pages, the over/under by county is compared it to the "CFIS remaining" line of the expenditure tab of each county to verify that the allocation less expenditures equal the remaining balance and it agrees so not only does the fiscal agent verify the cash balance, but also verifies that each county reviewed their expenditures by grant and entered it correctly into the financial workbook – so they are aware at the end of each month:

a) Their allocation agrees in total by grant to CFIS;

b) Their expenditure by month agrees in total by grant to CFIS;

c) Their cash balance totals based on the draws the fiscal agent processed less outstanding to the total in CFIS;

d) And expenditure trends over months in a program year by grant are also readily identifiable.

Conclusion:

Integrity and full disclosure are the hallmark of a strong financial system. Maintain strong internal controls, stay up-to-date on law/regulation/policy changes and fully document all transactions. OVER is always here to help if you have a question or concern, you may reach out to Rebecca: 740-632-4671 / rebecca@omj15.com or Michelle: 740-275-8813 / michelle@omj15.com.

As with all programs, when in conflict, the strictest guidance prevails. The terms and conditions in each contract govern that contract. Policies, laws and regulations change, if one version is specifically identified in a contract, it applies, otherwise the most recent authoritative pronouncements are meant to apply.

Links:

Uniform Guidance, 2CFR200 http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Department of Labor codification of Uniform Guidance, 2CFR2900 <http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=d69fac9e143a6173cb02a7b38aad04b4&ty=HTML&h=L&mc=true&r=PART&n=pt2.1.2900>

WIOA Act: PUBLIC LAW 113–128—JULY 22, 2014
<https://www.gpo.gov/fdsys/pkg/PLAW-113publ128/pdf/PLAW-113publ128.pdf>

WIOA Regulation: <https://www.dol.gov/agencies/eta/wioa/guidance>

Recommended training resource:

DOL in partnership with Workforce GPS has a series of financial and grants management training topics. These training modules are built around the SMART theme. This stands for "Strategies for administering grants around Monitoring, Accountability, Risk mitigation and Transparency". Caution: there are various versions of these smart trainings. 3.0 was the most recent (2019) at time of this revision. Please see:

<https://grantsapplicationandmanagement.workforcegps.org/resources/2019/08/15/11/34/SMART-3-0-PowerPoint-Presentations>

Sample of site:

WorkforceGPS / Grants Application and Management / Community Resources / SMART 3.0 PowerPoint Presentations



POST INFORMATION

Likes: 7
Views: 1113
Last Updated: 8/12/2021
Resource Publication Date: 2019
Posted By: Teodora Ilieva
Posted In: Grants Application and Management

CONTENT INFORMATION

Topics: Financial Management - General | Grants Management - General

SMART 3.0 PowerPoint Presentations

Resource

508 Compliant versions of the SMART Trainings

[Introduction to SMART Training](#)

[Audits and Audit Resolution](#)

Intended Audience: All Formula and Competitive Award Grant Recipients

[Budget Management and Grant Modification](#)

Intended Audience: All Formula and Competitive Award Grant Recipients

[Complaints, Grievances & Incident Reporting](#)

Intended Audience: All Formula and Competitive Award Grant Recipients

[Cost Allocation and Indirect Cost Classification](#)

Intended Audience: All Formula and Competitive Award Grant Recipients

[Financial Management: Procedures and Internal Controls](#)

Intended Audience: All Formula and Competitive Award Grant Recipients

[Financial Reporting and Program Income](#)

Intended Audience: All Formula and Competitive Award Grant Recipients