



## Monthly and Quarterly Financial Reporting Requirements

Department: Office of Economic & Workforce Development

Effective Date: July 1, 2007

Directive # 19-07

Supersedes: N/A

### REFERENCES:

- Office of Management and Budget (OMB) Circular A-21: Cost Principles for Educational Institutions
- MB Circular A-87: Cost Principles for State, Local, and Indian Tribal Governments
- OMB Circular A-122: Cost Principles for Non-Profit Organizations
- Title 29 Code of Federal Regulations (CFR) Part 95: Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
- Title 29 CFR Part 97: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Government
- Workforce Investment Act (WIA) Regulations, 20 CFR Parts 652 et al, 663.410, 663.805, 663.815, 664.320, 665.300, 665.310 and 665.320
- Department of Labor Training and Employment Guidance Letter (TEGL) 17-05, dated February 17, 2006, Common Measures Policy for the Employment and Training Administration's (ETA) Performance Accountability System and Related Performance Issues

### PURPOSE:

The Workforce Investment Act financial requirements for all subrecipients require that accounting records be maintained that adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

The State of California and the Department of Labor require workforce investment areas to report timely and to include in those reports the expenditures of their service providers.

The purpose of this directive is to provide guidance for the reporting of quarterly and monthly Workforce Investment Act (WIA) financial data.

### SCOPE:

This directive applies to all Office of Economic and Workforce Development (OEWD) service providers in receipt of WIA grant funds. Service providers are required to comply with federal, State, and OEWD expenditure reporting requirements.

## **BACKGROUND:**

OEWD is required by federal regulations to submit accurate financial reports to the State of California Employment Development Department (EDD) on a quarterly basis. As such, this directive is issued to establish standard information for reporting of accrued expenditures along with other standard information. Submittal dates for quarterly reports are identified in the “Quarterly Reporting Requirements” section of this directive. Submittal dates for monthly reports are identified in the “Monthly Reporting Requirements” section of this directive.

## **POLICY AND PROCEDURES:**

### **Definition of Terms**

To ensure a common understanding of the terminology associated with WIA financial reporting requirements, the following set of definitions of critical terms are provided.

***Accrual Basis of Accounting***—The accounting basis wherein revenues and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period. If the service provider records are not normally kept on the accrual basis of accounting, then the service provider must develop accrual information through analysis of documentation on hand.

***Accrued Expenditures***—The charges incurred and recorded, but not yet paid for, during a report period requiring the provision of funds by the grantee or subcontractor for

- (1) goods and other tangible property received,
- (2) services performed by employees, contractors, subcontractors and other payees, and
- (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

*(EXAMPLE: A six-month training program running from January 1 through June 30 should show 1/6 of cost accrued on the last day of each month. If full tuition is due at start of training and withdrawal/refund period ends, full amount can be expensed at that time.)*

All service providers of WIA funds must report expenditures on an accrual basis. Although DOL does not require entities who maintain records on a cash basis to change their accounting system, it does require that the entity develop accrual data for WIA reporting on the basis of an analysis of the documentation on hand.

Fiscal control and accounting procedures must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

**Cash Expenditures**—An actual disbursement of funds for goods and services that have been received. Cash expenditures do not necessarily equal the amount of cash drawn.

**CFDA Number**—The number assigned to a federal program in the Catalog of Federal Domestic Assistance (CFDA). The CFDA number 17.258 is used for Adult programs, number 17.259 is used for Youth programs and number 17.260 is used for Dislocated Worker (including Rapid Response) programs. The clientele being served will determine which CFDA number to use when funded from the Governor’s Discretionary Account (15 percent). For example: Adult clientele use 17.258, Youth clientele use 17.259 and Dislocated Worker clientele use 17.260. If serving a combination of clientele with 15 Percent funds then revert to using 17.260.

**Customized Training**—This training, as defined in WIA Section 101, is designed to meet the special requirements of an employer (including a group of employers); is conducted with a commitment by the employer to employ an individual on successful completion of the training; and for which the employer pays for not less than 50 percent of the cost of the training.

**Individual Training Account (ITA)**—As described in WIA regulations 20 CFR 663.410, an ITA is an account established on behalf of a participant. The ITA allows an adult or dislocated worker to purchase training services from eligible providers. An ITA is considered to be an obligation at the point the participant actually enrolls in the training program. The obligation must be accrued/expensed as the training takes place and reported on the “training payments” line of the cost report. Prior to enrolling in the training program, the ITA is not considered an obligation or expenditure.

**Needs-Related Payments**—As described in WIA regulation 20 CFR 663.815, needs-related payments provide financial assistance to participants for the purpose of enabling individuals to participate in training and are one of the other supportive services authorized by WIA. Refer to WIA Section 134(e)(3).

**Obligations**—An obligation is a formal contractual commitment for the amount of orders placed, contracts and subcontracts awarded, goods and services received, and similar transactions during a funding period that will require payment by the recipient or subrecipient during the current or future reporting period. Cash expenditures are an obligation for a good or service that has been received and paid for within the report period. An accrued expenditure is an obligation for a good or service that has been received within the report period, but has NOT

been paid. An unliquidated obligation is a formal contractual commitment for a good or service that has NOT been received and has NOT been paid for within the report period.

*(EXAMPLE: The value of an ITA issued to an institution to provide training for participants, but the cost has not yet been incurred.)*

**Program Income**—The income received by a contractor directly generated by a grant support activity, or earned only as a result of the grant agreement during the grant period. Program income minus the costs generated from those activities equals net program income. At this time, the net program income method used in accounting for revenue and associated costs must be used in the WIA program. Interest income earned on funds received under WIA is included as program income.

**Stand-in Costs**—Stand-in costs are costs for the program paid for with non-federal costs resulting from an audit. Stand-in costs must come from the same year as the costs that they are proposed to replace and they must not cause a violation of the administrative or other cost limitations. These costs must be included in the appropriate expenditure reports if they will be used at a later time. Refer to 20 CFR 667.300(c)(2).

**Supportive Services**—These are services, provided directly or through cash assistance that enable an individual to participate in the WIA program. Supportive services may only be provided to individuals who are participating in core, intensive or training services and unable to obtain supportive services through other programs providing such services. Supportive services may only be provided when they are necessary to enable individuals to participate in Title I activities. Supportive service costs must be reported in the cost category where the expense was incurred.

**Training Services**—Training services must be reported in one of the two categories as shown below:

**Training Payments/Tuition**—This category represents the price paid for tuition or instruction. These payments of funds are for participants to attend approved classroom instruction or other training opportunities. Training payments include the use of ITAs for eligible training provider list approved programs. Training payments can also include payments for contracted services for customized training and on-the-job training.

**Other Training Services**—Any training services not identified as a training payment. Examples are in-house staff providing training (where a certificate is not issued), training materials, and supportive services that enable a participant to attend training.

**Unliquidated Obligations**—Unliquidated obligations are the dollar amount of formal orders placed through purchase orders, contract delegation orders or contracts and subcontracts awarded that are to be paid at a future date. Unliquidated obligations are the amount of obligations committed to by the subcontractor for which the goods or services have not been

received within the report period and for which an outlay (cash) or an accrued expenditure has not been recorded.

**Voucher**—A voucher is a document that is exchangeable for training services.

The following is a listing of WIA services classified by program activity. These categories relate to the recording classification on the WIA cost report.

**REGISTRATION FOR WIA SERVICES  
(THESE ARE EXAMPLES ONLY AND NOT AN ALL INCLUSIVE LIST)**

<b>Core Services – Self-Service Informational Services (Participants included in self-service count)</b>	<b>Self Assisted Core Services (participants enrolled and subject to accountability)</b>	<b>Intensive Services</b>	<b>Training Services</b>
Determination of eligibility to receive assistance under Title 1B	Staff assisted job search and placement assistance including career counseling	Comprehensive and specialized assessment, such as diagnostic testing and interviewing	Occupational skills training
Outreach, intake and orientation	Follow-up services, including counseling regarding the workplace	Full development of individual employment plan	On the job training
Initial assessment of skill levels, aptitudes, abilities and need for supportive services	Staff assisted job referral (such as testing and background checks)	Individual counseling and career planning	Private sector training programs
Eligible training provider performance information	Staff assisted workshops, job clubs	Case management	Skill upgrading and retraining
Performance information on the local One-Stop delivery system		Short term pre-vocational services	Entrepreneurial training
Information on supportive services and referral to supportive services		Follow-up services, including counseling for registrants (those previously receiving intensive/training services) after entering employment	Job readiness training

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Information regarding filing for unemployment compensation			Adult education and literacy activities combined with training
Assistance in establishing eligibility for training and education programs			Customized training
Resource room usage			
Internet browsing (job, information and training searches)			
Internet accounts			
Initial development of employment plan			
Talent referrals (informational, e. g., talent scouts, labor exchange referrals of resumes without further screening)			
Workshops and job clubs			

**MONTHLY REPORTING REQUIREMENTS:**

When filing monthly financial data Service Providers may find any one of the following situations has occurred during a reporting cycle. Monthly reports must be filed as follows:

1. If funds were placed in a subcontract prior to the close of a month and no financial activity occurred since the project started then a “zero” report must be filed. A “zero” report means the expenditure report will contain all zeroes. A “zero” report is filed until financial activity occurs.
2. If financial activity occurred within the month then a report must be filed reflecting cumulative expenditures (including accruals) from the effective date of funding through the end of the report month.

3. If financial activity occurred in prior months/quarters but not in the current month and a closeout report has not been filed, a report is still required. Report prior cumulative information (including accruals) when completing the current monthly expenditure report.

***Monthly financial reports are always due the 10th of the month following the report period.***

**Note:** When the reporting deadline falls on a weekend or holiday, all reports are due by COB the last working day prior to the reporting deadline. Monthly reports are not due for the months ending March, June, September, or December since quarterly reports must be filed for these four months.

#### **QUARTERLY REPORTING REQUIREMENTS:**

All service providers are required to report expenditures on an accrual basis and must submit quarterly expenditure reports on the reporting forms previously provided to your agency. This is a federal requirement. Quarterly expenditures (including accruals) and obligations must be reported on a cumulative basis and a separate expenditure report must be filed for each fund source.

Quarterly reports must be filed as follows:

1. If funds were placed in a subcontract prior to the close of a quarter and no financial activity occurred since the project started then a “zero” report must be filed. A “zero” report means the expenditure report will contain all zeroes. A “zero” report is filed until financial activity occurs.
2. If financial activity occurred within the quarter, then a report must be filed reflecting cumulative expenditures (including accruals) from the effective date of the funding through the end of the report quarter.
3. If financial activity occurred in prior quarters but not in the current quarter and a closeout report has not been filed, a report is still required. This also includes any line items of funding that are fully expended prior to the term end date. Report prior cumulative information (including accruals) when completing the current quarterly expenditure report.

Additionally, along with the guidelines listed in numbers 1 through 3 above service providers must adhere to the following dates shown in the table below.

**NOTE:** When the reporting deadline falls on a weekend or holiday, all reports are due by close of business (COB) on the last working day prior to the reporting deadline.

#### **Due Dates for Quarterly Reports**

1st Quarter (July-Sept) October 10  
2nd Quarter (Oct-Dec) January 10

3rd Quarter (Jan-Mar) April 10

4th Quarter (Apr-June) July 10

***Failure to submit reports by the specified time may result in a delay in reimbursement of expenditures and/or the imposition of corrective actions on the contractor.***

***Contract closeout expenditure reports must have an original signature by the designated signatory authority.***

**REPORT SUBMISSION:**

Completed reports will be submitted not later than 10 working days after the first day of each month to:

WIA Program Manager  
Office of Economic and Workforce Development  
1 South Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, CA 94103

Inquiries should be addressed to the OEWD Director of Operations at 415-701-4848 or [workforce.development@sfgov.org](mailto:workforce.development@sfgov.org).

*OEWD and its service providers shall follow this policy. This policy will remain in effect from the date of issue until such time that a revision is required.*