FISCAL TRAINING FOR YOUTH PROGRAM

07/29/2020

SAN BERNARDINO COUNTY | Workforce Development Board

WDD Team

- Linda Ferguson 909.387.9867 – Claim Reviewer
- Amber Spoon 909.387.9851 – Claim Reviewer
- Brenda Guillen 909.387.9871 – Fiscal Monitor
- Nidia Vargas 909.387.9855 – Program Analyst
- Clarissa Jimenez 909.387.9824 – Program Analyst
- Trent Wiebe 909.387.9854 – Administrative Supervisor

Topics Covered

- Contract Award Information
- Financial Regulations
- Fiscal Management Systems
- Chart of Accounts
- Internal Controls
- Required Written Fiscal Policies and Procedures
- Allowable Costs
- Types of Costs
- Direct Costs and Indirect Costs
- Cost Allocation and Indirect Cost Rate
- Modified Total Direct Cost

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Contract Award Information

WIOA Youth for Program Year 2020-2021

- Funding Source: Title I Workforce Innovation and Opportunity Act
- CFDA# 17.259
- Contract Number: please refer to your individual contract

Financial Regulations

- 2 CFR 200 and 2900 Uniform Guidance for Administrative Requirements, Cost Principles, Procurement, Internal Control and Audit Requirements https://www.ecfr.gov
- Employment and Training Administration (ETA) – TEGL
- State WIOA Program Directives
- Generally Accepted Accounting Principles(GAAP)
- Standards and Guidance by Government Accounting Standards Board (GASB)
- San Bernardino County Auditor-Controller's Financial Requirements
- Claim Requirements from the Workforce Development Department
- Terms and conditions of WDD contract award
- Follow all applicable laws, including labor laws

Financial Management Systems

2 CFR 200.302(b)

- Must provide for:
  - Identification of awards received & expended
  - Accurate, current & complete disclosure of financial results of each award or program in accordance with reporting requirements
  - Records that identify adequately the source and application of funds for federally funded activities

Chart of Accounts

- Must be detailed enough to cover all reporting elements and/or all budget categories for each source of funds – for both federal & recipient share
- Must also provide for program income earned & spent
- Separate tracking required for each contract award/funding source, reporting element, expense and budget item categories

Internal Controls

2 CFR 200.400, 200.303, 200.61, 200.62

- Sub-recipients are required to have written internal controls systems and provide reasonable assurance in the following categories:
- Effective and efficient operations
- Reliability of internal and external reporting/claims
- Compliance with laws and regulations
- Sub-recipients are required to follow their written internal controls system policies
- Effective Internal Control elements are cost-effective, safeguard assets, adhere to organization's policies/procedures, promote operational efficiency

Required Written Fiscal Policies and Procedures

2 CFR 200.302,305,318,319,320,430,431,464,474

- Procurement, Competition, Method for evaluation and selection
- Allowable costs, Indirect costs, cash management, Contract
- Compensation, Fringe Benefits, Employee relocation costs
- Payment, travel, record retention
- Internal control, property/inventory management
- Accounting system, budget controls and modifications
- Chart of account, receivables, payables, approvals
- Monitoring, audits and resolution
- Small purchase process – credit card, petty cash etc.

Allowable costs

Reimbursable Expenditures must be:

1) Necessary, reasonable, and allowable
2) Allocable (scope of work & benefits received)
3) Allowed by Federal, State, County, and conform with ETA grant guidelines and limitations
4) Authorized by and conform to the procedural rules adopted by Workforce Development Department (WDD)
5) Allocation Rate must be consistent
6) Adequately documented (traceable to official source documentations)

Types of Costs

Allowable Costs:

Training, collection of payments, searching/obtaining child care etc.

Unallowable Costs:

Entertainment, fines and penalties, Bad debts, actual child care costs

Allowable Costs with Conditions:

Personnel, rent, conference, other(most costs)

Direct Costs and Indirect Costs

Direct Costs:

Administrative and program such as direct salaries and wages, applicable fringe benefits, training materials and supplies, travel, supportive services etc.

Indirect Costs:

Administrative and program such as facilities, utility, Executive Director, auditing fees, payroll, accounting etc.

Cost Allocation and Indirect Cost Rate

2 CFR 2900.17, 200.4

Sub-recipients with multiple funding sources must allocate costs within organization and department to a specific grant or final cost objectives according to the benefits received by a specific grant. Sub-recipients must submit the following documents to WDD:

- **Cost allocation plan**
- **Indirect cost rate agreement from cognizant agency (if applicable)**
- **De Minimis Rate - 10% of Modified Total Direct Cost (MTDC)**

If an entity needs to apply for an indirect cost rate, please contact Trent Wiebe trent.wiebe@wdd.sbcounty.gov

Modified Total Direct Cost (MTDC)

2 CFR 200.68

MTDC Includes:

- Direct Salary, wages, applicable fringe benefits
- Direct training, materials, supplies, services, travel
- Sub-contract up to the first $25,000

MTDC Excludes:

- Cost of equipment, capital expenditures
- Rental costs, tuition, scholarships, participant support costs and the portion of each sub-contract in excess of $25,000.

Administrative Functions

20 CFR 683.215(b), 2 CFR 683.205(a)(5)

- Administrative cost is based on the functions and can be direct and/or indirect costs. The example of these functions are as following:
  - Accounting, budgeting, cash management, fiscal monitoring, personnel management and financial reporting
  - Procurement, property management, general legal services
  - Travel, IT, goods and services for administrative functions
  - Developing systems & procedures for administrative functions
  - Costs of negotiating a MOU/contract are excluded from Administrative cost

Program Income

- Program Income earned and expended by sub-recipients must be reported on the Monthly Expenditure Claim Form to be deducted from the total reimbursement
- Program Income is allowed, but must be deducted from your planning estimate and monthly expenditure claims so there is no net increase

Accrual Requirements

- Expenditures and revenues have been incurred but are not yet recorded as revenues or expenditures at the end of the accounting period
- Sub-recipients are required to submit the accrued expenditures with details on each monthly claim (see instructions on the Accrual Request Form)

Procurement Requirements

- A single purchase of $500 or above (including lease) must have:
  - Prior written approval from the WDD Youth Program Analyst
  - Three (3) competitive quotes are required prior to approval
- Cumulative total of $1,000 for a fiscal year for a specific category per budget line item requires competitive procurement

- Documentation of procurement processes, quotes, and cost-benefit analysis must be kept for auditing purposes
- Any prior approvals from past fiscal year must be re-approved and new competitive procurement is required

Inventory Records

WIOA funded assets such as computers, office furniture, equipment, and software etc. must be purchased and kept according to State, County, and contract requirements. Physical inventory count and records must be reconciled at least annually. Disposition of the assets must be pre-approved regardless of the dollar amount by WDD

Inventory records must be recorded at the time of purchase with the following information:

- A description of equipment
- Manufacturer's serial number, model number, or other identification number
- Funding source of the purchase including contract number
- Acquisition date and unit price at acquisition
- Location of the inventory
- Disposition date, sale price, loss, theft, etc…

Records Retention

- Financial records such as expenditure claim records including receipts, accounting system records, and all other required supporting documentation must be maintained for **seven years (7)**
- Any unresolved litigation, claim, or audit finding: all records must be retained until all findings have been resolved and final action taken

- Same record retention rules apply to procurement, purchases, and inventory records

Planning Estimate Revision

- Planning estimate revision must be approved by WDD Program Analyst prior to expenditure claim submission
- No revisions allowed during May and June
- Planning Estimate Revision Form is included in the claim form package
- Revisions are only required if line item adjustments are greater than 10% of total award

Leveraged Resources

- Leveraged resources requirement: 25% of WIOA funding per contract terms
- Leveraged resources may come from Federal or non-Federal sources but those resources are not reimbursed by WIOA programs
- Leveraged resources are required to be reported monthly on the claim

Fiscal Monitoring

WIOA FISCAL & PROCUREMENT

MONITORING GUIDE

- Monitoring Guides need to be completed and submitted timely to monitor for review
- Fiscal and procurement policies and procedures
- Ask questions to avoid submitting incomplete guides
- Training material – Fiscal and Program staff
- Internal controls are in place and are being followed

Fiscal Monitoring, continued

What Common Areas Will Be Monitored?

- Authorization on expenditures and consistency of cost allocation/accounting treatment
- Fiscal, procurement, and internal control policies and procedures
- Timely claims and reports with adequate supporting documentation
- Administrative expenditures vs. program expenditures
- Financial reports including 3 year's audit and monitoring results and findings
- Under or over estimated accruals
- Cost allocation plan and indirect cost rate
- Program income, interest income, and match and leveraged resources
- Property assets, inventory, cash, and prepaid card management
- Quality of management systems including accurate accounting and reporting capabilities

Fiscal Monitoring, continued

Example of Sample Review by WDD staff:

- Invoice review – are expenses claimed:
  - Necessary for the program
  - Reasonable expense
  - Allowable under the program
  - Allocable, can it be assigned to specific grant
- Supporting documentation matches system data entry
  - Date on supportive services form matches case note date and activity date
  - Case notes "tell the story"
    - ✓ What service was provided
    - ✓ Why was the service provided
    - ✓ How will the service benefit the participant

Monthly Claims

- WIOA expenditure claims are due on the 10th of every month except May and June. WDD may request an early submission due to grant closing or fiscal year end process
- Claim package must include the following items:
  - Authorized claim form
  - Accrual form, if applicable
  - Leveraged Resource Form
  - Payroll Summary
  - Supportive Services Request Form, if applicable
  - Supporting documentation for applicable expenditure classifications from "A" through "U"

Claim Basics

- The maximum of administrative cost is 8% of the total expenditure
- The maximum indirect cost (Admin cost Plus indirect cost) is 15% of total expenditure per contract
- Work experience requirement: At least 20% or more of the cumulative annual expenditure
- 100% of funding must be spent on out-of-school youth with 25% leveraged non WIOA funds
- WDD has the sole and absolute discretion to disallow costs and seek reimbursement, if necessary

Website

http://wp.sbcounty.gov/workforce/youth/youth-program-news/

- Providers Monthly Expenditure Claim Form
- WIOA Youth - Fiscal Forms
- Required Claim Supporting Documentations

Questions

Thanks

THANK
YOU
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TERMA KASIH
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GRAZIE
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CHOKRANE
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Supporting Documentation for Expenditure Claims

- All providers need to include their current month *posted* General Ledger entries matching their claims for reimbursement
- Separate and clearly identify each section with a blank colored sheet of paper (marked A, B, C, D, etc.) with a calculator tape or Excel sheet showing the details and the total of the expenditures for each section. The tape should reflect each item listed (preferably highlighted if there are multiple items) for the section
- Arrange the pages of each section in order, to include the backup/support documents and receipts/invoices in the order they are listed on the calculator tape
- It is imperative documents attached to claims demonstrate, with absolute clearness, the allowable expenditure
- Clear allocation of cost must be included if the costs are going to be shared among different funding sources

It is at WDD's discretion to request additional documentation as necessary to provide compliance support for the program

Specific information for Sections A – T

- A colored sheet of paper is placed at the front of each section with a calculator tape run of the breakdown
- Print the section title: A, B, C, etc., on the colored sheet of paper to identify/separate each section
- Only yellow highlighter is to be used when information needs to be highlighted
- No stapling of documents: only one (1) binder clip, or rubber bands should be used to bundle the invoice/claim
- Only use 8 ½ x 11 standard size paper
- Any expenses shared between multiple funding sources must be appropriately and clearly allocated
- Include written pre-approvals and quotes with the monthly claims
- Include proof of payment made for all expenses claimed

Section A – Staff Salaries and Benefits

- Hourly employees – Attach the payroll registry (with highlighted dollar amounts claiming) for verification of payment and time sheet/time tracking documentation, signed by the supervisor or person responsible for payroll
- Salary employees – attach payroll register (highlight the dollar amounts claiming), provide a detail in this section and ensure WDD has a copy of the salary contract
- Any back up for benefits, again with detailed breakdown of expenses (highlight the dollar amounts claiming)
- Activities supporting Work Experience are expensed as Work Experience

Section B – Staff Travel/Training/Meetings

- Mileage, rate per mile, starting point, destination (highlight the entire line of the mileage log), and supporting documents to support the expenses (e.g. maps, meeting agendas)
- The mileage claim form must have authorized signature and printed name of both employer & employee
- Copy of flyers for meetings/events, times, and amounts
- Copy of invoices or receipt for payments for any expenditures
- Providers may obtain pre-approval for routine travel maps from the WDD Fiscal Analyst

Itemized receipts are required. If an expenditure or item on the receipt needs to be explained, write a note for clarification

Section C – Office Supplies/Postage
Section D – Telephone/Internet

- Total purchases/leases of $500 and above must have:
  - Prior written approval from the WDD Youth Program Analyst
  - Three (3) competitive quotes are required prior to any approval for purchases/leases
- Cumulative total of $1,000 for a fiscal year for a specific category per budget line item requires three (3) quotes
  - Pre-approval
- Copy of invoices or receipt for payments (highlight the dollar amounts claiming)

If an expenditure or item on the receipt needs to be explained, write a note for clarification

Section E – Rent

- Copy of rental agreement
  - Required annually, renewals, or new lease
- Copy of receipts for payments
- Breakdown of the charges according to the agreement

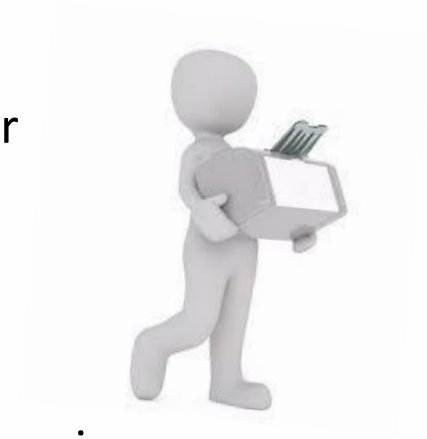
Budget adjustments need to be made if rental agreements change. Submit the modified budget so invoices can be processed timely

Section F – Utilities
Section G – Insurance
Section H – Accounting, Audit, or Annual Statements

- Copy of invoices or receipts for payments
- Annual fees will be reimbursed on a monthly basis
- Breakdown of the charges

Highlight the items and dollar amounts of items included with the claim

Section I – Equipment Purchases



- Copy of invoices or receipts for payments (highlight the dollar amounts claiming)
- Explanation of the Purchase
  - Purchase of equipment at $500 value, or more, must have prior written approval by the WDD Youth Program Analyst and be included with the invoice
  - Three (3) quotes must be obtained and included with the invoice
  - Items considered as WIOA inventory are, but not limited to: desk top PC, copier, camera, laptop, monitor, printer, projector, rack mount keyboard & monitor, iPad, and mobile devices
- Cumulative total of $1,000 for a fiscal year for a specific category per budget line item requires three (3) quotes
- Breakdown of the charges

It is the Provider's responsibility to maintain an updated inventory list and provide the list to WDD staff when there are changes and/or upon an audit request. The Inventory List Template is included with the Excel Workbook. Inventory List needs to be sent annually or when changes occur or disposal of items

Section J – Equipment Rent/Lease

- Copy of invoices or receipts for payments
- Copy of rental or lease agreement for the equipment
- Any equipment purchased or leased over $500 must have prior written approval from WDD Youth Program Analyst and is included with the invoices
- Annual fees will be reimbursed on a monthly basis
- Breakdown of the charges

Highlight the items and dollar amounts of items included with the claim

Section K – Equipment Maintenance
Section L – Printing & Reproduction (Instruction Material)
Section M – Training Materials, Class Supplies, & Books

- Purchases at $500 value, or more, must have prior written approval by the WDD Youth Program Analyst and be included with the invoice
- Copy of contracts, if any
- Copy of invoices or receipts for payments (highlight the dollar amounts claiming)
- Copy of any printed flyers
- Breakdown of the charges

If an expenditure or item on the receipt needs to be explained, written clarification is required

Section N – Recruitment and Outreach

- Copy of recruitment Flyers
  - Needs to be reviewed and prior approved by the WDD Youth Analyst
- Copy of invoices or receipt for payments and explanation of any expenses (highlight the dollar amounts claiming)
- Breakdown of the charges

Itemized receipts are required. If an expenditure or item on the receipt needs explanation, write a note for clarification

Section O – Participant Wages & Benefits

- Attach the payroll register and the time cards or time tracking sheet stating the participants' hours and pay (must be signed by both participant and employer with their printed name)
- Participants must be paid at least minimum wage
  - Must comply and adhere to all Federal, State, and Local Labor Laws
- Breakdown of the wages per program
- 100% of expenses are Work Experience

Highlight the items and dollar amounts of items included with the claim

Section P – Supportive Services

- Signed tracking sheets for gas cards or any other compensation must be signed by participant *and* issuer with their printed name
- Reimbursements can only be made for gas cards that are *actually issued* to participants
- Reason for the issuance of the Supportive Services must be clearly explained on the Supportive Services form and signed by all parties, including the participant
  - Corresponding case note and activity code must be completed to document the reason for the issuance of Supportive Services

Highlight the items and dollar amounts of items included with the claim

Section Q – Contracted Services

- Copy of the contracts
- Copy of invoices or receipts for payments (highlight the dollar amounts claiming)
- Breakdown of charges
- Example of Contracted services:
  - Janitorial Service,
  - 3rd Party Payroll Services, etc.

If an expenditure or item on the receipt needs to be explained, write a note for clarification

Section R – Subcontracts/Formal Agreements

- Subcontracts *must have* prior written approval from WDD Youth Program Analyst
- Copy of any subcontracts or formal agreements
- Copy of invoices or receipts for payments (highlight the dollar amounts claiming)
- Provider entered agreement/subcontract with another entity (3rd party) to complete some of the program services the provider contracted to do for WDD
  - Must have written approval from WDD Youth Analyst prior to execution
  - Example: ABC Provider subcontracted with Charter School for Tutoring Services
- Breakdown of the charges

Itemized receipts are required. If an expenditure or item on the receipt needs explanation, write a note for clarification

Section S – Indirect Costs

- Negotiated indirect cost rate agreement from cognizant agency (if applicable)
- Calculation of the amount (% or fixed amount) according to the agreement

Section T – Other (List)

- Copy of invoices or receipts for payments
- Highlight the items and dollar amounts of items included with the claim

If an expenditure or item on the receipt needs to be explained, write a note for clarification