

MONTHLY AND QUARTERLY FINANCIAL REPORTING REQUIREMENTS

EXECUTIVE SUMMARY

This policy provides the guidance and establishes the procedures regarding monthly and quarterly financial reporting requirements. This policy applies to all *Workforce Innovation and Opportunity Act* (WIOA) subrecipients who have a subaward in the form of a subgrant, and is effective October 29, 2019.

This policy contains some state-imposed requirements. All state-imposed requirements are indicated by ***bold, italic*** type.

This Directive finalizes Workforce Services Draft Directive *Monthly and Quarterly Financial Reporting Requirements (WSDD-201)*, issued for comment on July 5, 2019. The Workforce Development Community submitted one comment during the draft comment period. A summary of comments, including changes, is provided as Attachment 5.

This policy supersedes Workforce Services Directive *Monthly and Quarterly Financial Reporting Requirements (WSD16-13)*, dated November 28, 2016. Retain this Directive until further notice.

REFERENCES

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- WIOA (Public Law 113-128)
 - Joint WIOA Final Rule
 - Department of Labor (DOL) WIOA Final Rule
 - Title 2 *Code of Federal Regulations* (CFR) Part 200: “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance)
 - Title 2 CFR Part 2900: “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (DOL Exceptions)
 - Training and Employment Guidance Letter (TEGL) 02-16, Revised ETA-9130 Financial Report, Instructions, and Additional Guidance (July 14, 2016)

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

- TEGL 02-15, Operational Guidance for National Dislocated Worker Grants, pursuant to the Workforce Innovation and Opportunity Act (WIOA or Opportunity Act) (July 1, 2015)
- Workforce Services Directive WSD18-10, *WIOA Training Expenditure Requirement* (January 31, 2019)
- Workforce Services Directive WSD17-07, *WIOA Youth Program Requirements* (January 16, 2018)
- Workforce Services Directive WSD15-25, *WIOA Program Income* (May 24, 2016)

BACKGROUND

Federal regulations require that the state submit accurate financial reports to DOL on a quarterly basis. Therefore, the state requires subrecipients to submit financial reports on a monthly and quarterly basis in the CalJOBSSM system.

POLICY AND PROCEDURES

Expenditure Reporting Requirements

Subrecipients are responsible for ensuring all expenditure reports are accurate and submitted on time. Subrecipients are required to submit monthly and quarterly expenditure reports on a cumulative basis following the accrual basis of accounting. A separate expenditure report must be filed for each grant code.

Youth, Adult, and Dislocated Worker formula expenditures must be reported quarterly.

Expenditures for all other funds are required to be reported monthly. Accrued expenditures do not need to be split out for monthly reports, but should be reported on all quarterly reports.

Subrecipients must submit their monthly and quarterly expenditure reports in the CalJOBS system by the 20th of the month following the end of each reporting period.

Example – Expenditure reports for the reporting period that ends July 31 are due August 20.

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

Example – If August 20 falls on a Sunday, reports would be due by COB on Friday, August 18.

Late or incomplete filing of monthly and quarterly expenditure reports will impede future cash requests until the appropriate reports are filed. A cash hold will be implemented immediately

once the due dates have passed and the expenditure reports have not been received by the state. If no financial activity has occurred during the reporting period, an expenditure report must still be filed. The expenditures reported would be the same as the previous reporting period since reporting is on a cumulative basis. For a new project, the expenditure reports must be submitted with zero expenditures until expenditures are incurred.

Filing a WIOA Summary of Expenditures Report

Follow the procedures below to file a Summary of Expenditures report in CalJOBS:

- 1. From the CalJOBS home screen, under the “Services for Subgrantee Staff” navigation menu, select “My Expenditures.”***
- 2. Enter the appropriate subgrant number and grant code.***
- 3. Find the report period end date that an expenditure report is being filed for and select “Create.”***
- 4. Enter the appropriate expenditure information in the appropriate areas.****
- 5. Complete the “Certified By” and “Contact” information section.***
- 6. Once you have completed the report, select “Save.”***

****Examples of the Summary of Expenditures reports are included as Attachments 1 through 4 to this Directive. Definitions of the line items can be found in the definitions section of this Directive.***

Revising a Summary of Expenditures Report

There may be a time when it is necessary to revise a Summary of Expenditures report. Follow the procedures below to revise your Summary of Expenditures Report in CalJOBS:

- 1. From the CalJOBS home screen, under the “Services for Subgrantee Staff” navigation menu, select “My Expenditures.”***
- 2. Enter the appropriate subgrant number and grant code.***
- 3. Find the expenditure report that was previously filed for the report period and select “Revise.”***

Definitions

The following definitions are provided to clarify the reporting requirements above and the line items on the expenditure reports.

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.

Accrued Expenditures – An expenditure for goods that have been received or services that have been provided but have not been paid for.

Administrative Expenditures – Expenditures for administrative functions and in carrying out activities that are not related to the direct provision of WIOA services. Such costs include both personnel and non-personnel costs and both direct and indirect costs (WIOA Section 3(1)). Such costs may include the following:

- accounting, budgeting, financial and cash management functions,
- procurement and purchasing functions,
- property management functions,
- personnel management functions,
- payroll functions,
- audit functions,
- costs of rent, equipment, utilities, postage
- travel costs incurred in carrying out administrative activities
- costs of information systems related to administrative functions

A complete list of administrative costs can be found in Section 683.215 in the Joint WIOA Final Rule.

Career Services (Basic) – Must be made available to all job seekers and include, but are not limited to: job listings, labor market information, labor exchange services, and information on partner programs (Joint WIOA Final Rule Section 678.430[a]).

Career Services (Follow-Up) – A program element that is required to last a minimum of 12 months after completion of participation, to help ensure participants receive support as they transition into the workforce. Follow-up services may include counseling regarding the workplace (Joint WIOA Final Rule Section 678.430[c]).

Career Services (Individualized) – Comprehensive services tailored to an individual in order to obtain or retain employment. Individualized Career Services include, but are not limited to: comprehensive skills assessments, career planning, and development of an individual employment plan (Joint WIOA Final Rule Section 678.430[b]).

Cash Contributions – Federal and/or non-federal contributions of funds made available to the subrecipient to be used for project activities. The subrecipient controls and disburses these funds.

Cash Expenditures – An obligation for goods or services that have been received and paid for.

Cumulative Reporting – The reporting method that provides expenditure data for activity that occurs from the beginning term date of the project through the last day of the period (month or quarter) that is being reported.

Grant Code – The three or four digit code that identifies a particular allocation. The Central Office Workforce Services Division (COWSD) accounts for each allocation by grant code. Therefore, several grant codes exist within a subgrant agreement.

In-Kind Contributions – Federal and/or non-federal contributions of non-cash resources made available to the subrecipient to be used for project activities. Examples include donated personnel, services, or use of equipment or space.

Incentive Funds – Non-Federal funds awarded to Local Workforce Development Areas (Local Area) based on performance (Joint WIOA Final Rule Section 677.215).

Incumbent Worker Training (IWT) – Training designed to meet the special requirements of an employer to retain a skilled workforce or avoid layoffs by assisting workers to acquire skills necessary to retain employment. Local Areas may reserve up to 20 percent of their combined adult and dislocated worker formula funds for IWT (DOL WIOA Final Rule Section 680.790 - 680.800).

Leveraged Resources – Federal and/or non-federal resources (cash and/or in-kind contributions) used by the subrecipient to support grant activity and are allowable and auditable under the WIOA program. This includes all expenditures that meet the requirements for match but are in excess to the match requirement.

Leveraged Training Resources - Local Boards may apply leveraged resources spent on training or supportive services toward meeting up to 10 percent of their minimum training expenditure requirement. Please refer to WSD18-10 WIOA Training Expenditure Requirement to view allowable leveraged resources that can be applied towards the 10 percent credit.

Match – Additional non-federal resources, unless otherwise stated in the Solicitation for Proposal (SFP), that are made available to the subrecipient either by cash or in-kind contributions to be used specifically for project activities. The awarded subrecipient has control over and disburses these funds. Match is only reportable when it is a requirement of the grant listed in the SFP. Match may be a federal and/or non-federal requirement and is documented by a project specific letter of commitment from the donor within the SFP.

Needs Related Payments (NRP) – Funds used to provide payments to participants who are unemployed and do not qualify for unemployment compensation for the purpose of enabling such individuals to participate in training services (WIOA Section 134(d)(3)). Needs related payments are a type of supportive services; however, unlike other supportive services, a

participant must be enrolled in training in order to qualify for needs related payments (DOL WIOA Final Rule Section 680.930).

Obligation – A formal contractual commitment for the dollar amount of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a funding period that will require payment by the subrecipient during the current or future period (Uniform Guidance Section 200.71).

Participant Wages – Wages paid to participants in temporary jobs related to disaster National Dislocated Worker Grants (NDWG) which is in compliance with WIOA Section 181(a)(1)(A).

Participant Fringe Benefits – Benefits paid to participants in temporary jobs related to disaster NDWGs which is in compliance with the policies of the employer of record (TEGL 02-15).

Pass-through Entity – A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program (Uniform Guidance Section 200.74).

Pay-for-Performance (PFP) – A contract that specifies a fixed amount that will be paid to the service provider based on the achievement of specific levels of performance. Local Areas may reserve up to 10 percent of their combined adult and dislocated worker formula funds and/or 10 percent of their youth formula funds on PFP contracts (DOL WIOA Final Rule Section 683.510 – 683.520).

Period of Performance – The time during which the subrecipient may incur new obligations to carry out the work authorized under the federal award. The pass-through entity must include start and end dates of the period of performance in the federal award (Uniform Guidance Section 200.77).

Program Income – Income earned by the subrecipient that is directly generated by a supported activity or earned as a result of the Federal award. Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property, license fees and royalties on patents and copyrights, and interest on loans made with Federal award funds. Program income does not include rebates, credits, and discounts (Uniform Guidance Section 200.80). For more information on Program Income, refer to Directive WSD15-25, *WIOA Program Income*.

Program Management & Oversight – *The amount of administrative expenditures (not to exceed the administrative cap) excluding any processing costs expended for NRPs will be entered in Section VIII.8.a. The amount of program expenditures related to the management and oversight of the program will be entered on Section VIII.8.b.*

Stand-In Costs – Program costs, resulting from an audit, paid for with non-federal dollars. Stand-in costs must occur in the same year as the disallowed costs that they are replacing and they must not violate administrative or other cost limitations.

Subaward – An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract (Uniform Guidance Section 200.92).

Subgrant Agreement – The vehicle that conveys WIOA funds to each subrecipient. The subgrant agreement may contain one or more grant codes and is term-specific.

Subrecipient – A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from the federal awarding agency (Uniform Guidance Section 200.93). For more information on Subrecipient, refer to Directive WSD18-06, *Subrecipient and Contractor Distinctions*.

Training Payments – Services provided to equip individuals to enter the workforce and retain employment. Training services may include, but are not limited to: occupational skills training, on-the-job training, IWT, skill upgrading and retraining, and pre-apprenticeship training (DOL WIOA Final Rule Section 680.200). ***Assembly Bill (AB) 1149 imposes training expenditure requirements on Local Areas. For more information on the training requirements imposed by AB 1149, refer to Directive WSD18-10, WIOA Training Expenditure Requirement.***

Transitional Jobs – A time-limited work experience that is wage-paid and subsidized, and is in the public, private, or non-profit sectors for those individuals with barriers to employment who are chronically unemployed or have inconsistent work history, as determined by the Local Board. Local Areas may use up to 10 percent of their combined adult and dislocated worker allocations for transitional jobs (DOL Final Rules Section 680.180 - 680.200).*

Note: * The DOL has clarified that a transitional job is considered an individualized career service and should be reported as an individualized career service for federal financial and performance reporting. However, for the purposes of Directive WSD18-10 – WIOA Training Expenditure Requirement, any WIOA Adult and Dislocated Worker funds spent on transitional jobs will be counted towards meeting the minimum training expenditure requirement.

Unliquidated Obligations – A formal contractual commitment for a good or service that has NOT been received and has NOT been paid for within the report period.

WIOA Training Supportive Services – Services such as transportation, child care, dependent care, housing, uniforms, safety gear, testing fees, tools, books, school supplies, and needs

related payments, that are necessary to enable an individual to participate in WIOA funded activities (WIOA Section 3(59)). Other examples of supportive services can be found in Section 680.900 of DOL WIOA Final Rule.

Youth In-School (ISY) – Expenditures spent on in-school youth (DOL WIOA Final Rule 681.220). For eligibility and program requirements for ISY, refer to Directive WSD17-07, *WIOA Youth Program Requirements*.

Youth Out-of-School (OSY) – Expenditures spent on out-of-school youth. OSY expenditures must meet a 75 percent requirement (DOL WIOA Final Rule Section 681.210 and 681.410). For eligibility and program requirements for OSY, refer to Directive WSD17-07, *WIOA Youth Program Requirements*.

Youth Paid/Unpaid Work Experience – Paid or unpaid work experience provided to ISY and OSY that includes academic and occupational education. This includes summer employment opportunities, pre-apprenticeship programs, internships, and on-the-job training. Local Areas must expend 20 percent of their youth funds on work experience (DOL WIOA Final Rule Section 681.610). For more information on work experience, refer to Directive WSD17-07, *WIOA Youth Program Requirements*.

ACTION

Bring this Directive to the attention of the appropriate staff.

INQUIRIES

If you have any questions, contact the Financial Management Unit at WSBFinancialManagementUnit@edd.ca.gov.

/s/JAIME L. GUTIERREZ, Chief
Central Office Workforce Services Division

Attachments are available on the internet:

1. [WIOA Summary of Expenditures Report \(PDF\)](#)
2. [Layoff Aversion and Rapid Response Summary of Expenditures Report \(PDF\)](#)
3. [Youth Summary of Expenditures Report \(PDF\)](#)
4. [National Dislocated Worker Grant Summary of Expenditures Report \(PDF\)](#)
5. [Summary of Comments \(PDF\)](#)
6. [Errata Chronology \(PDF\)](#)