**WorkforceGPS**

**SMART 3.0 Training: Financial Reporting and Program Income**

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GRACE MCCALL: So without further ado, I'd like to turn things over to our two speakers for today, Glarion Webb, grants/financial management specialist, United States Department of Labor, Region 4, Dallas, Texas; and Ramona Melo, systems accountant, United States Department of Labor, Region 1, Boston, Massachusetts. Glarion, Ramona?

RAMONA MELO: Good afternoon, everyone. Welcome to "Financial Reporting and Program Income." I'm glad you all could attend and let's get to it. The results of monitoring and audits of ETA grant recipients as well as several studies performed in assessments conducted of recipients continues to show that financial reporting problems persist.

As a result, this training has been developed to focus on those areas that are often misunderstood or found to contain errors. We will enhance your knowledge of the requirements for DOL financial reports and incorporate your understanding of core concepts necessary for federal reporting and reporting cash expenditures, accruals, obligations and program income.

Our ultimate goal is to improve the integrity and reliability of the financial reports submitted to ETA, enhance the ability of all parties involved in managing grants. So today, we'll look at why we're calling this SMART Training strategies. So to help us, we look at the strategies, monitoring, accountability, risk mitigation and transparency.

These four themes are weaved throughout OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, also known as Uniform Guidance, 2 CFR Part 200 and 2 CFR Part 2900 where the exceptions can be found. So again, you'll see this and many of you have already participated in many of the different SMART Training modules, that throughout these modules you will see this icon, the grant management toolbox with direct links to tools being discussed.

SMART Training 3.0 is one of the several tools of the grant management toolbox created to help FPOs and grantees manage grants. Also available are the 2018 Core Monitoring Guide, an ETA grantee handbook and the soon-to-be published Technical Assistance Guide, or TAG. The grant and financial management and funding the One-Stop Delivery System and last, WorkforceGPS resource, which such as a sample, contains the sample MOU infrastructure toolkit and many other resources for your specific grant.

Today's SMART Training and other additional trainings will be made available on grants application and management community located within WorkforceGPS. So be sure you register to be included in all the accessible and available tools when managing your grant. During the module overview, we'll be reviewing the training objectives with the trainees by reading here.

At the end of this session, we're hopefully that you will be better to understand the basic financial requirements in the Uniform Guidance and in the laws and regulations. The definitions and expectations for reporting elements on the 9130 you'll be able to identify subrecipient reporting requirements and by sharing some of the mistakes commonly made by recipients.

We are hopeful that this information will assist non-federal entities in avoiding these mistakes. So here are the basics, we will begin with a discussion of the general reporting requirements and the 9130 is currently up for renewal with minimal changes. NPRM was issued and comments are currently being reviewed.

Next, we will need to look at the financial data. Financial reporting is the window the government has to assess each organization's financial health and technical assistance needs. Each quarter ETA staff reviews the financial reports, consolidates the data and then reports to Congress.

Accurate reporting on the expenditure and obligation of funds in the current year provides vital information that impacts future ETA funding levels and provides crucial data for both ETA and the recipients regarding decisions that must be made about grant funding levels. DOL analyzes financial and program data to see if you're on target with your spending.

It raises questions, such as are you spending in accordance with your performance, are funds likely to be exhausted by the end of the grant period, do actions need to be taken by the FPO or the recipient to prevent future issues, do you understand how to report your grant's financial situation, do you understand the ETA-9130 report itself?

The bottom line is that budget decisions made on the basis of incomplete or incorrect data will not be sound and failure to follow the requirement to report completely and accurately could have negative outcomes, including the unnecessary loss of funds throughout revisions and reallocations. So in order to facilitate the accurate reporting of expenditures and obligations to Congress, certain tools are required to ensure the financial data reported upon is accurate.

Sound accounting systems, including the chart of accounts to compile, identify and track financial transactions by classifications for reporting purposes this includes identifying and tracking expenditures as administrative versus program. What are the admin limits and match requirements as well as actual versus budget for the SF-424 format?

In order to perform monthly accounting processes, staff has to be knowledgeable of accounting practices and in order to code transactions per gap and produce financial reports, a system of internal controls to implement policies and procedures must be in place to ensure consistent compilation, identification, tracking and reporting of financial data when employee turnover occurs.

The authorization of the ETA-9130, so basic financial reporting requirements applying to all grant recipients comes from the Uniform Guidance, which provides guidance on both of the federal agents, agencies and grant recipients. The regulations lay out specifics about the reporting requirements. An additional location where you will find information of your reporting requirement is in your grant agreement that is distributed to the grantee by the national office.

You'll find a reinstatement of the regulations in addition to special clauses with which you are expected to comply with, including due dates for reports. Under 2 CFR 200.302, financial management section, that's where you'll find the requirement that require accurate, current, complete disclosure of financial results.

Financial reporting at 2 CFR 200.327 requires no less frequently than annually nor more frequently than quarterly per terms and conditions of federal awards, except in unusual circumstances and we'll discuss that later on. The DOL exceptions are found at 2 CFR 2900.14 under financial reporting and that describes how the recipient must develop accrual information through best estimates based on an analysis of the documentation on hand.

ETA guidance on financial reporting, it was updated on the 9130 Financial Report in TEGL 2-16. It includes instructions on July 14, 2016. This TEGL provides important guidance regarding new and revised reporting requirements. They do not replace the official reporting instructions, rather they are in addition to them.

This TEGL does not contain information about all sections or line items of the 9130, rather only covers areas where additional clarification or guidance will help ensure consistent and accurate financial reporting. We'll be covering much of the information in these directives, but they are important references that you should review closely.

Basic reporting requirements, what you see on the screen are the basic financial reporting requirements that apply to all direct recipients of Department of Labor funds. All reports at all levels must be on the accrual basis of accounting. We will review this concept momentarily, but there is a separate presentation that goes into greater detail on accruals and obligations.

Direct recipients must submit reports no later than 45 days at the end of the reporting quarter. When the dates listed fall on a weekend or a holiday, reports must be submitted on the last day before. The quarter in which the financial reporting begins is based on the effective date listed on the – your notice of award, regardless of the date on the notice of the award was actually signed by the grant officer.

So your first 9130 report needs to be submitted by May 15th if the notice of award effective date falls anywhere between January 1st and March 31st. At the end of the grant, there are actually two reports that need to be submitted. The first one is where you'll check off final 9130. And the next report is the closeout 9130.

The difference in these two reports will be discussed on the next slide, however, the transition method for financial reports for all direct recipients of funds for ETA is through the online ETA reporting system. The ETA-9130 report, final versus closeout report, at the end of the grant, there are two reports that need to be submitted.

The final ETA-9130 report is due no later than 45 days after the reporting period in which one, the grant period of performance expires or two, all funds, federal and recipient share, are expended, whichever come first. For example, if your grant period or performance ends 9/30/2019 but your grant was fully expended on June 15, 2019, your Final Quarterly Report would be 45 days after June 30, 2019.

Please note this is the last quarterly report that will be submitted for the grant and the recipient must mark yes in item 6 on the ETA-9130 report. Selecting yes in the item six triggers closeout of your grant and thus, reaching the end of the grant period of performance. Item 6 is not the same as final closeout submission, which occurs when you close out the 9130.

So the closeout 9130 report must be submitted no later than 90 days after the expiration of the grantee's award, regardless of whether the funds are fully expended prior to the period of performance expiration date. This closeout report allows for corrections and adjustments to be reported and information included in the Final Quarterly Report.

This report is certified and submitted to ETA with your PIN at closeout. The transmission method for financial reports, again, for all direct recipients of funds from ETA, is through the online ETA reporting system. Reporting periods, due dates and cumulative data, there are a few more basic reporting considerations I'd like to focus on.

A major reporting consideration is meeting the reporting deadlines. ETA provides direct recipients 45 days from the calendar quarter end date to complete their reports and submit them. This allows the direct recipients time to receive, review and compile subrecipient reports. Direct recipients and their subrecipients must issue reporting instructions to the subrecipients and pass down the same requirements.

Another consideration is that all DOL financial reports are cumulative for the life of the funds. 9130 reports become due each quarter once the grant is awarded. Once the awards funding notice is received, reports are due at the end of that federal reporting quarter. Each subsequent report against that grant or year-end funds will reflect the cumulative total from the inception of the grant to the end of the current reporting quarter.

Online reporting system, instructions for assessing the online reporting system are provided to new grant recipients along with their grant award letter. For repeat grantees, if you cannot access your new grant award with your old or current password, then follow the instructions for new recipients. If you are a new recipient, you have instructions in your grant award letter about how to access the online reporting system.

New recipients must provide contact information from the primary and secondary contact persons for the financial reports. You can either send the required info in an email message or complete the reporting access form, which is available at the DOL ETA website and submit that form via the email. After the request is processed, one email will be sent with the password and PIN and it will go to the primary contact person.

Although you will have two contacts for the online reporting system, only the primary contact will receive the email containing the log-in information and instructions on how to use the system. Password email requests are not automatically generated. So if a request is sent after normal business hours, the requests will not be responded until the next business day.

You can follow http://www.doleta.gov/grants/pdf/FSR\_eform.pdf. It is a user-friendly system that includes pop-ups to clarify instructions and to indicate whether there are any inline item relationships or connections. The system has built-in edits. There are two kinds of edits, hard edits that will tell you that an entry you have made does not follow a specific rule.

The system will not allow you to continue until the error is corrected. Soft edits occur when your entry is contrary to the rules that generally apply to the data. You will see a caution message that tells you what the rule is. If the data you entered is correct, it may require an explanation in the remarks section of the report.

For example, if you enter a negative amount of expenditures for a period as a result of a legitimate adjustment, you will receive a caution message that indicates a valid explanation for the reduction of expenditures should be provided in the remarks section. Passwords and PINs, the password that the primary contact receives is used to access the online reporting system at the start of the reporting process.

It is something that you should share with the staff who will be entering the data into the reports along with the link to the instructions for how to use the system whereas the password is used at the start of the process. The PIN is used at the end of the reporting process. It takes the place of a signature and it's used to certify your reports.

For that reason, the PIN should be kept secure much like a PIN for your ATM card. When the certifying official or primary contact enters the PIN, it is an indication that the data is complete and accurate and ready for review by ETA. By certifying your report online, you are signing off on the submission. For internal controls, you will want to make sure that you secure the PIN and that the person who enters the data, the secondary contact, is different from the person who certifies the report.

ETA-9130 requirements, the ETA-9130 is the form required for all direct grant recipients. If you're a local area or a subrecipient, the form you submit may be different, but the concepts we will be talking about in this session will apply to you no matter what level you are. The ETA-9130 financial report, here's a visual, and this is a basic ETA-9130 financial report.

One version or another of the ETA-9130 is used by all grant recipients to report the financial status of their program quarterly. As government forms go, this one does not look particularly intimidating. It is a one page.

So why all the confusion? Perhaps we can find a clue in the 7 pages of instructions that follow the form or in the 14 versions of the form that can be accessed from the ETA financial reporting page or in the 2 Training and Employment Guidance Letter, the TEGLs, right, that came out in 2011 and 2013 that provide additional information and guidance.

We'll touch on all of these in this presentation. The key point to keep in mind is that when the financial reports are certified by the recipient and submitted to ETA, the grant recipient is certifying that the information contained in the reports is accurate, current and represents a complete disclosure of financial results.

We will do our best today to assist you in making that a true statement. As we move through the presentation, I encourage you to have a dialogue about the concepts presented. This is an opportunity to share our experience and have an open discussion about the requirements and challenges to the extent that time permits.

So this slide lists all of the current ETA-9130s for each program. The 9130s for WIOA formula-funded programs are specific to the programs, adult, youth and dislocated worker at each level, state or local, being reported on. Each of these versions may include data items that are unique. For example, the local youth report asks for in-school and out-of-school youth expenditures.

The local dislocated report asks for the amount of dislocated worker funds transferred to the adult program. These WIOA reports are all submitted by the state to Department of Labor, but the vast majority of information reported is the same on each form. The variations exist due to statutory requirements that necessitate capturing additional information to ensure compliance.

Each of these three local reports, youth, adult and dislocated worker, is a compilation of the data reported from every local area in the state. Remember, we saw the WIOA regulations that the state or other direct grant recipient may impose different forms.

They may be shorter due to dates and more frequent reporting requirements on subrecipients, but they must obtain the required data and time to prepare complete and accurate reports to Department of Labor, thus, local area reports may be required monthly. They may have additional data requirements and they may look completely different, but the data must still conform to the same requirements and definitions, regardless of the level, whether it be state, local or subrecipient.

The ETA-9130 is used for the non-WIA programs, such as employment services and unemployment insurance programs, older worker, trade, etc. Each version may include data items unique to that specific program. For programs other than the specific ones listed, the basic 9130 will be used. Sections of the ETA-9130, these are the sections in reporting items that are required on the ETA-9130.

We'll go over the perils and pitfalls in each of these areas on the report. The details of each section will be discussed in future slides. In the remarks section, we need to enter any explanations deemed necessary by the recipient or information required by the Department of Labor. This section supports transactions entered online as identified in Sections 10, 11 and 13 as applicable.

So the ETA-9130 report, here's the basic information that's needed; right? So it makes sense that the federal agency is listed on the report. When you log into the online reporting system and you select the report to complete, much of this information in these top nine sections will be pre-entered. For box six, final report, you will need to enter no on all quarterly reports, except for the final one.

The final report must be selected when all federal funds and recipient share are fully expended and for the last quarter in the grant period of performance. As previously discussed, item six is not the same as final closeout submission, which occurs when you certify the report and submit to ETA with your PIN at closeout.

Selecting yes in box six triggers closeout of your grant as does reaching the end of the grant's period of performance. Federal cash, this is the next section. It is redundant to have the colored boxes in the form. Yes. Most of our discussion today will be about the line items in Section 10, 11 and 12. We will start with 10a, b and c labeled federal cash.

The important thing to understand is that this only refers to the cash that comes from the U.S. Treasury to the reporting entity through the Payment Management System, or PMS. It does not include the recipient's own cash or cash from other sources and it does not include any subrecipient cash information other than the disbursements made by the pass-through entity to subrecipients.

These three data elements are cash receipts, which is what was drawn down by the grant recipient from the Payment Management System, cash disbursements, or the amount received in A, what cash in A has been paid out by the grant recipient for grant activities and lastly, the cash on hand. This is a calculation that is simply A minus B. It can never be less than zero. Why?

The report is asking for the status of federal funds only. If everything that has been received has been disbursed, the cash on hand is zero. If the recipient has paid out more than it received, it has used its own funds for the excess disburse. This is not reported here. The cash on hand is a reflection of the grant recipient's compliance with cash management requirements.

Grantees are allowed to draw down cash for immediate cash needs. So the recipient must provide an explanation in the remarks section of the report, item 12, for any cash on hand reported on line 10c. This could be that excess funds will be returned or that the funds are intended for immediate use, such as an upcoming disbursement the next day.

Keep in mind, as I explained, this is all about federal cash only and cash on hand can never be a negative amount. You cannot pay out more federal cash than you received. After you have paid out all of the federal cash, you are using your own funds. That is not reported on the 9130.

So generally, cash disbursements also cannot be greater than the federal share of expenditures, because cash disbursements on this report are only federal cash paid out for this grant's expenditures, not the cost of other grant activities. In other words, you can't draw from one grant to pay on another non-grant expenditure.

If too much cash is drawn, you would need to provide, in an explanation in Section 12, remarks, that either the cash on hand is for immediate cash needs or that the funds have been or will be returned through the Payment Management System. For information on returning funds to PMS, you can refer to the electronic payment initiative general guidance or email ETA-ARTeam@dol.gov as shown on the slide above.

What if your numbers do not agree to the drawdowns? If a drawdown was initiated by the grant recipient on the last day or so of the last quarter, it is impossible – it is possible that a timing difference has occurred and that the drawdown will be posted in PMS in the next quarter. This explanation should be included in line 12 remarks section.

Cash issues, when ETA reviews the 9130 report each quarter, we can only catch the obvious issues as the ones we just discussed on the previous slide, however, during a monitoring visit, we will verify how you determined how much cash to draw down and confirm that it complies with the requirements. This means that you are only requesting funds for allowable grant expenditures and for immediate needs if you are on a cash advance system.

Some of the common issues we find are that the grantees will use expenditure reports that include accruals when they do not know when the accruals are to be paid out. This is problematic, because if you don't know when the accruals are to be paid out, how do you know it qualifies as an immediate cash need?

We also look to see whether the expenditures being paid out with the grant funds are only for grant's allowable activities. Another cash issue to be mindful of is that there is a requirement to deposit funds in an interest-bearing account. This is important if you are on a cash advance system and are drawing large amounts of funds from PMS.

There are exceptions to this rule found at 2 CFR 200.305(b)(8) I through IV, exceptions to interest-bearing accounts apply if you receive less than $120,000 in a federal award or if expected interest would not be in excess of $500 per year or depository minimum balance is too high or foreign government or banking systems prohibit or preclude interest-bearing accounts.

Next, we'll look at federal expenditures and unobligated balances. This next section can provide many issues and these six lines alone, the recipient has to understand the definition and requirements concerning cost categories, allowable costs, refunds, rebates, credits, accruals, obligations, unobligated liquidations and unobligated balances.

There are only three of the lines after 10d that are issue for many grants and those are 10e, 10f and 10g. Line 10d, for non-WIOA formula grants, will be pre-entered with the amount of the grant award. Because of the funding flexibilities under WIOA, the state must enter the appropriate amount of each statewide and local report.

It is important to note that for WIOA formula reports, the guidance outlined in TEGL 13-12 must be used as an additional resource along with the 9130 instructions. The TEGL provides guidance on how to correctly handle funds that have been recaptured or redistributed. The last two lines, 10h and 10i, are automatically calculated based on the amounts entered in 10e and 10g.

Federal share of expenditures, 10e, the federal share of expenditures should include cumulative cash disbursements plus accruals from all levels where funds are expended. This means that accruals must also be required from subrecipients. Reporting instructions for subrecipients must include this requirement and training should be provided to ensure they understand.

The amount reported here can never be greater than the federal funds authorized from line 10d. The amount will generally be greater than the amount of cash authorized from line 10d. It will generally be greater than the amount of cash disbursed if the recipient is properly reporting accrued expenditures. Cash advances made to subrecipients might offset the accruals.

Expenditures are net of refunds, rebates and credits. If you receive a refund, for example, for a participant who dropped out of a training class after the tuition was paid, this must be reduced from expenditures. If you purchased a computer and received a rebate, when that rebate comes back to you, it is considered a reduction of expenditures and should be subtracted from expenditures before reporting on line 10e.

If cumulative expenditures are less than what was reported than the previous quarter, for example, if the recipient received a reduced expenditure report from a subrecipient as a result of an unallowable expenditure, the soft edit caution will come up and the grant recipient should provide an explanation for the reduction in the remarks section of the report.

For WIOA formula, this can occur due to a FIFO adjustment. For example, if the state redistributes some prior-year funds to a local area due to recapture, expenditures should be shifted to the older funds reducing expenditures to the newer funds. Again, this should be reported in the remarks section on the 9130.

Remember, all expenditures reported must be allowable and traceable to supporting documentation, which could be the official accounting records, source documentation or linking spreadsheets. Accruals should include the amounts due whether or not bills are paid.

For services provided, such as training for participants, services received by participants, such as childcare or transportation during the reporting quarter, there may or may not be documentation on hand for these accruals, but best estimates are acceptable. Now, let's talk about the administrative cost category.

Expenditures, let's keep in mind, this is a reminder, it's interesting, because for many organizations we visited, almost all of them have a different understanding of what accruals are. ETA defines accruals as the value of goods and services received but not yet paid for. Common examples of accruals include salaries since they are paid for after the employees have worked.

When goods or services are received but the invoice has not been paid, that is an accrual. When participants receive training but the training provider has yet to submit an invoice, the value of that training received is an accrual. Again, accruals are pretty much anything that you receive but have yet to pay for whether or not you were invoiced.

Although it is more common to see grantees not including in their reporting, some actually include items that are not accruals. Even if items are ordered, if you have not received them, it is not an accrual. Other grantees also include obligations as accruals. The value of the contract or subaward is not an accrual until you receive the value.

Some grantees include encumbrances, which are basically money they have tagged for certain uses as accruals. This may be good for a grantee's own budgeting purposes, but it is not an accrual as ETA defines it or according to GAAP. Including accruals creates a dilemma for many fiscal accounting folks who prefer having documentation for their financial reporting if invoices haven't been submitted by vendors or subrecipients.

So what do they do? As strange as it may feel, it is perfectly okay to estimate the value if no invoices are available. Note, if accruals for estimates are actually recorded in the accounting system as accruals, they must be reversed in the following reporting period to avoid over reporting of expenditures.

If they are only determined and documented outside the accounting system and added to the recorded accrued expenditures, then no entry or reversal as necessary as they get officially reported in the cumulative reported expenditures in the next reporting period. Expenditure issues, during the monitoring review, we will look at the internal reports and documentation used to determine what is reported on line 10e of the 9130 report.

We almost always find that grantees do not include all of the accruals, because they neglect accruals that they have no invoices for. This is why there needs to be coordination between the program shop who are in a better position to know where goods and services have been received and the fiscal shop, the people who may not be aware of what was received unless they receive an invoice.

Pass-through entities also need to ensure that they are requiring their subs to provide accruals in addition to actual cash payments made. 10f, administrative expenditures, the total administrative expenditures in many grants have administrative cost limitation restrictions. Costs must be tracked and reported as program or administrative.

Proper classification follows ETA's unique definition of administrative costs, which is function-based. Some programs, such as trade and the SCSEP have their own definition, which is different. It is important to understand that the program rules and regulations and specific grant terms and conditions that apply follow what is on your grant agreement.

The administrative limitation applies to both direct costs and indirect costs, compliance with a cost limitation, which is measured at the end of the grant period, but the status is reviewed every quarter to ensure that expenditure trends do not indicate potential problems. If trends do look ominous, early warnings allow time for the grant recipient to take the needed corrective actions.

If the administrative costs exceed the grant limits, those costs are considered unallowable and must be reversed from the grant. If the grant has an administrative limitation, direct recipients and subrecipients must track administrative costs in the accounting system using the chart of accounts. For an additional guidance on administrative costs, online training is available.

10g, federal share of unliquidated obligations, unliquidated obligations in the sum of undelivered services or goods under a legal binding agreement. The federal share of unliquidated obligations that you must enter on ETA-9130 on line 10g is the amount of grant funds that have been obligated for which an accrued expenditure has not yet occurred.

This includes amounts that will be coming due to subrecipients and contractors upon receipt of goods or services. It does not include future commitments, encumbrances that do not meet the definition of an obligation, such as future staff salaries.

For WIOA formula grant local reports, the unliquidated obligations reported represent the aggregate sum of all local area obligations for the particular program year funding stream, adult, youth, dislocated worker grants to their subrecipients for which an accrued expenditure has not yet been incurred. Unliquidated obligations, when determining obligations and unliquidated obligations, there are certain cost categories that need to be excluded.

Note, salaries, rent and budgeted line items are not considered obligations. It is important to regularly update obligations. For example, if you know in a contract with a vendor has been terminated before being fully extended, you should de-obligate these unexpended amounts so you know that you have more funds that are available for other activities.

Recipient share, the next section of the 9130, lines 10j through 10l, is for reporting recipient share. This is where you'll report match and certain leveraged resources. The first line in this section, 10j, is only for grants or programs that have a match requirement either based on statute or regulation or within the grant agreement as a condition of funding.

It is a portion of the project costs not paid by federal funds unless it's authorized by federal statute. Match is defined in the Uniform Guidance at 2 CFR 200.29 and the criteria for match can be found at 2 CFR 200.306(b). Line 10k, recipient share of expenditures is full reporting, all expended, match and other leveraged resources.

Other leveraged resources are not defined in the Uniform Guidance or any related administrative requirement. For ETA programs, leveraged resources are used to identify both allowable match and other costs that support the outcomes of the grant activity.

Note, non-federal funds expended for the purposes or activities of the grant which are allowable under the Uniform Guidance but which are not allowable under the subject grant due to program-specific restrictions should not be reported on this line item, but should be included in the Quarterly Progress Report.

Line 10k includes allowable, non-federal expenditures incurred at all levels. Examples of expenditures that are reported here include equipment and supplies expended by the recipient for the grant program but not paid for with grant funds and the space used for the operation of any part of the project that is not paid with grant funds, including the value of donated space is considered in-kind.

Recipient share of expenditures reported but not required can be used later on as stand-in costs and therefore should there be question costs in that period. So that's a real important line to report on, right, whether or not you have a match requirement. Recipient share of expenditures that are not required can be used as stand-in costs and we want to make sure you get the benefit of that should later on there be question costs.

The grant recipient cannot claim a cost as both an allowable cost to the grant and as a match expenditure. Continuing with this section line 10l, remaining recipient share to be provided when a match is required by the grant line 10l is determined by subtracting line 10j, the amount expended from 10k. If match is not required, the lines 10j and 10l are not to be reported, however, any leveraged resources should still be reported on line 10k.

Recipient share, reporting match is required as a reporting period in which it's expended. Do not wait until the end of the grant to report this. If there is no match requirement and the recipient spends allowable non-federal funds that could otherwise have been paid for out of grant funds to support the grant, it should be reported on ETA-9130 line 10k.

Recipient share of expenditures, greater detail on match and leveraged resources is provided in a separate training session. All data reported to ETA must be supported with adequate supporting documentation whether it is federal or non-federal or in-kind contributions. So why bother reporting leveraged resources on the 9130 report?

Well, there are multiple reasons. First, it allows Congress a better understanding of how much it actually costs to operate this program and how committed the grantee is to the program. Another advantage of reporting these non-federal expenditures is they may be used as stand-in costs. These are costs that would be allowable costs under the grant but are not charged to the grant.

Stand-in costs are good costs that can be substituted for bad costs that are disallowed as a result of an audit or monitoring. To qualify as stand-in costs, though, the costs must be allowable costs to the grant and must be reported on the ETA-9130 as they are expended.

The use of stand-in costs is discussed in detail in the session and the training, audits, reports and resolution, but remember, the Uniform Guidance requirements for documentation related to match or cost sharing are much higher than the previous standard. Program income, the next section of the 9130 report relates to program income.

We'll talk briefly about how program income is defined on the next slide. Line 10m, the federal income earned, is the total amount a program income earned as a result of allowable grant activity. If no program income is earned, a zero must be entered. Line 10n, program income expended in accordance with the addition method, is the total cumulative amount of accrued expenditures incurred against the program income earned on line 10m.

The addition method for recording and reporting program income is required for all ETA grants, meaning that the program income earned gets added to your grant fund to further program objectives. Line 10o, unexpended program income, this is an automatic calculation, which is 10m minus 10n.

Program income, keep in mind it is defined as a gross income earned by the non-federal entity that is directly generated by grant-supported activity or earned as a result of the federal award during the period of performance. Program income may be generated from various types of activities, including fees for services, use of property acquired with federal funds, sale of tangible or intangible products produced with grant funds.

The 9130 report should include all program income earned and expended at all levels. Program income, we discussed earlier that program income is defined as income earned as a result of allowable grant activity. This slide highlights examples of program income and exceptions. One of the requirements of WIOA, at 20 CFR 683.200(b)(8), is that interest income earned on Title I, WIOA and Wagener-Peyser funds must be included as program income, whether at the state or other non-federal entity.

Additional expenditure data, so Section 11, additional expenditure data requirements, this reporting item in this section varies from one program to another and the only item common to this section to all 13 versions of the ETA-9130 is 11a, other federal funds expended. The recipient should report any of the federal leveraged funds expended by the recipient organization and subrecipients for the same purposes or activities of the subject grant.

Expenditures included must be allowable costs that could otherwise have been paid for out of other grant funds, whether or not expenditures are the result of leveraging requirement. The remarks section, Section 12 is to be used to be provided necessary explanations by the grant recipient or information required by ETA.

The instructions call for certain items, such as excess cash on hand, cumulative expenditures that have been reduced from the previous quarter to have an accompanying explanation provided in the remarks section. Note, DOL may not accept your 9130 report if you do not provide adequate explanation for required discrepancies.

Indirect expenditures, the indirect expenditures incurred by the grantee are to be reported on the final 9130 report. Indirect costs rate and base are negotiated with the grantee's cognizant agency. The base is applicable cumulative expenditures from the identified cost categories. The indirect expenditures must agree to the cumulative indirect expenditures charged to the grant.

If the grantee has never had an indirect cost rate, they may elect to use the 10 percent deminimis rate multiplied by the cumulative base of modified total direct costs only with prior grant officer approval. Certification, so certification should be done only by the person who has access to the PIN and must be someone other than the person who has prepared the report.

Knowledge check, so Glarion, if you could take it away, that would be greatly appreciated.

GLARION WEBB: Good afternoon, everyone. As was mentioned earlier before, my name is Glarion Webb. I'm in the Dallas Region 4 Employment and Training Office. We are going to begin with the question that's listed with the poll. You should see a poll come up on your screen. We'll give you a few moments to respond.

So the question says, examples of accruals include salaries, goods received but invoices not paid and goods or services received but not yet invoiced. It looks like the majority of our audience agrees that that answer is true. Great. We appreciate your participation on knowledge checks. Our next section of this presentation we're going to talk about subrecipient reporting.

Ramona has explained the importance of reporting on the 9130 accurate data. We do have certain limitations in some of our grants, whether it admin costs, required match, etc. and even with administrative cost to the actual grant recipient. Those same limitations apply, which filters all the way down.

And so as a subrecipient, you do have a requirement to ensure that your information and data that you're reporting is accurate and that is being reported up, up meaning in a timely manner so that the actual grant recipient has enough time to report to us, DOL. So let's talk a little bit about the lack of familiarity with our ETA grants.

If you have a subrecipient that is new to ETA or has plenty of experience handling grants from other agencies, you should be sure that they know how to fill out our reports correctly. ETA grants often have requirements that differ from other federal agencies. The least of which is our definition of administrative costs.

It is important that recipients ensure that the subrecipients of ETA grants are clear on the rules and regulations that apply to our grants and our grant funds that they are responsible for administrating. Remember, the pass-through entities are responsible for all funds under the grant, including those in subgrants and one of the things that I've always told our grantees when it comes to grant funds, it's one of our cliché terms, is federal funds never loses its identity.

And so if you are familiar with 2 CFR 200, you will quite frequently read the difference between subrecipient and recipient. There's really not a whole lot of difference. The subrecipient has just as much as responsibility and fiduciary responsibility of those grant funds as the grant recipient. Pass-through entities need to provide guidance in writing to all subrecipients.

You should not be issuing grant awards or agreements or contracts with a subrecipient without giving them instructions on what the expectations are for those grant dollars. So some of the reminders for our subrecipient reporting, each entity with subrecipients are responsible for collecting, monitoring all required DOL reporting elements.

If you have direct grant recipients, you may impose different forms, shorter due dates, more frequent reporting requirements on subrecipients. So I'll give you a couple examples. So number one, Ramona has already laid out what Department of Labor Employment and Training Administration 9130 reporting deadlines are.

All reports are due 45 days at the end of each quarter. And so as a grant recipient, if you have subrecipients, you have to ensure that they are providing that data in a timely manner. When I say in a timely manner, in enough time for you to be able to collect, process, you may have questions, you may have concerns.

You need enough time to review and analyze all of that data in an effort for you, as a grantee, to be able to report in a timely manner to DOL. Subrecipient reporting and considerations, so one of the things we want to just quickly review what Ramona had covered already, here you can see our frequency of our due dates. Again, our 9130 is due on a quarterly basis.

It is due 45 days after the end of the quarter. When would you need the data from your subrecipient to meet your reporting deadline? That depends on your organization. That depends on how your accounting systems and processes are set up. The key point is that you ensure that whatever your process in your systems are set up that it allows you to be able to collect the data in a timely manner so that you, yourself as a grantee, can report accurately and in a timely manner.

And the other consideration is reporting on an accrual basis. As an awarding agency, we do not dictate the type of reporting system you have. You may have an accrual system, you may have a cash system. The only requirement we have is that you report to us on an accrual basis. Timing issues, is getting financial information from your subrecipient once every three months sufficient to be on top of what's going on? Probably not.

This hardly gives you current, relevant information and if you're not able to identify potential problems early, you may not have enough time to look into them or take the action to address them before it's too late in order to make a difference. If you have a subrecipient that is behind in their expenditures because of a delayed start, what have you, you will have time to have them develop and implement corrective action plans to get back on track.

And another consideration that affects timing of reports is the method of transmission to you. If grant reports are transmitted electronically, then more than likely they are built in with some type of edit checks. Is there a way to accumulate the data automatically from all of your subs and if the method is transmission on paper or fax, how long does it take you to receive them and how can you consider maybe simplifying that process to ensure accuracy?

Some of the other timing issues with subrecipients, when do I need to receive the subrecipient's report? Well, based on some of these considerations, determining the timing to require subrecipient reports, is this sufficient? Are they due within 30 days of the reporting period? Maybe perhaps 20 days is a better timeframe.

If a shorter time is provided to your subrecipient, does that give them enough time to pull it together to pull the accurate data? Do your subrecipients have subrecipients of their own? Do they have accounting cycles that provide information outside of your deadline that require them to provide you with estimate information or rather than the actuals.

Recipients should generally require subrecipients to report on a monthly basis with reports due 20 to 30 days after the month end. This gives your subrecipients sufficient time to provide accurate information to you and provide you with many advantages as it relates to meeting federal reporting requirements. This option allows you to have a preponderance of financial data in hand in the event of a late or a nonreporting by a subrecipient.

Data items, one of the things that we do want to consider in data items is what information is needed. What do we need to provide? Carefully review the federal report form as to ensure that at a minimum you ask for all the information that you need. We have already determined that the reports are more likely to be needed more frequent than every three months.

What if the information is required on a federal report? We know that cash is required to be reported, poll expenditures, administrative expenditures, unliquidated obligations, etc. You need to identify and require any additional information that you feel like you may need to manage the subgrant process effectively.

Other data items, again, the bottom line for a pass-through entity should be what information do I need from my subrecipient in order to manage the program effectively? What is required? Again, cash, obligations, program income, recipient share, leveraged resources and other funding. Data items, cost items breakouts, so let's talk about a little of these breakouts.

Gathering useful information in financial reports on a monthly basis is the best way to keep up with subrecipient activity performing regular reviews, analysis of data. It can alert you of potential and early problems. You should require data reporting according to the requirements of your sub-agreements. If they include line item budgets, then it's probably a good idea to require reporting by those same line items.

If you have imposed restrictions on such items as travel or personnel costs, the best way to keep on top of those activities is to have them provide you with the data on a regular basis. Reporting requirements, reporting expenditures on an accrual basis. We've already talked about earlier the requirement the DOL has to report on an accrual basis.

Accrual reporting is a DOL requirement. If your subrecipients are not reporting accrued expenditures to you, how can you report your total accrued expenditures to ETA? Requirements for reporting program income, match, leveraged resources, etc. must follow the rules set out in federal guidance for your grant, regardless of the level in which it occurs.

Now it's time for another knowledge check. We'll give you a few moments to participate. The question reads, accrual reporting is required for the pass-through entity but not for the subrecipients? We'll give you a few moments. And for the most part, it looks like over – right at 90 percent of everybody's participation agrees. This answer is false.

Accrual reporting is required for both the pass-through entity and subrecipients as well. Now let's talk about some of the common reporting issues as an agency that we often see. We'll talk about, over the next few slides, some of these issues and solutions that we've found that may be helpful in your administration of your grant dollars so that you don't run into the same common issues and common mistakes.

So some of those include recipients and subrecipients not reporting on an accrual basis, recipients are reporting cash disbursements which exceed their reporting expenditures, recipients are not reporting correctly often meaning that they are not reporting expenditures on an accrual basis, which sometimes can result in reports submitted to ETA being incorrect.

This can often be tracked back to poor instructions from a direct recipient or maybe a lack of oversight. Administrative expenses exceeding the limits, we talked about most of our grants have 10 percent administrative cap limitations. We do have some that exceed that, however, whatever that limitation is for your particular grant award someone needs to have the responsibility of tracking to ensure that those administrative expenses are not being exceeded.

Classifying administrative expenses as program costs is important for someone within your organization to clearly have an understanding the difference between admin costs and program costs in order to properly classify, which actually ends up affecting how you report, because if you're not classifying those admin costs correctly, then more than likely you're not reporting them correctly.

Some of the other common mistakes, not meeting minimum limits for work experience. Most of you know that one of the new changes in WIOA we do have limitations now for expenditures, 70 percent of expenditures for those work – out-of-school youth and 20 percent for work expenditures. Some of the solutions that we have found over time to ensure that you get exactly what you need provide reporting guidance to your subrecipients.

This guidance should be maybe in the form of instructions or policy or written guidance so that it's clearly understood. Spell out the reporting requirements in sufficient detail so that they can easily understand what those expectations are and provide definitions and explanations of each reporting item on your reporting format.

We'll do a quick review. These are some of the key concepts covered today in our training. They're directly linked to the training objectives that we've covered at the beginning of this module and can be described as follows. We talked about accurate reporting, financial reports at all levels, whether it's at the grantee level, whether it's at the subrecipient level.

We talked about financial data, reporting each quarter definitely can impact the future of your funding levels and other budget decisions made by Congress and by you as a grantee. Authorize individual entering PIN for certifying your reports ensuring that the information is accurate, complete and it complies with reporting requirements and accurate and complete financial reporting by your subrecipients is critical to you, as a direct grantee, and for your accuracy when you report to Department of Labor.

Here we will have some of our next few slides that is for informational purposes for those of you that are familiar with our Department of Labor Core Monitoring Guide. It can easily be found on WorkforceGPS, on Google, on many different search engines, but in our Core Guide here in Section Objective 3b, accounting system and financial reporting, here we've listed some of what those indicators are, some of the things that we'll be looking for when you have an onsite review.

We will look at different questions and examples listed for basis of reporting, financial reporting, subrecipient financial reporting as well as performance reports. Here we have a list for our financial report checklist, develop and update procedures that track obligations, accrued expenditures and disbursements to include data elements.

This can also be found at 2 CFR 200.302. Develop a process to track accrual data in your accounting system or separately as required by DOL, ensuring that you have a process to collect and summarize financial data for subrecipients in an order that meets DOL financial reporting deadlines and last, develop or update procedures for properly tracking match, leveraged resources.

For those of you that have YouthBuild grants, all of those have requirements. So this is very applicable to your types of grants. Again, test and install measures that allow for your accounting system and software. Make sure that everything is working properly, developing and update procedures that track your obligations and accrued expenditures and disbursements to include data elements identified, again, at 2 CFR 200.302.

The next slide here lists a list of resources that we have made available. Of course, we just mentioned our Core Guide here. Our next item is our TAG, Grant & Financial Management Technical Assistance Guide. We also have TEGLs that are out there, TEGL 2-16, which is the revised ETA-9130 reporting instructions and additional guidance, our ETA form for instructions in various forms, administrative requirements and also our Department of Labor exceptions, which can be found at 2 CFR Part 2900.

Again, here are some additional resources, DOLETA.gov, again, WorkforceGPS. At your leisure, you can take the opportunity to look through these slides to identify additional resources that may help in some of your research in understanding about our grants and the administration of our grants. And this next slide is what you saw at the beginning.

We just want to make sure that every training that we present to our Department of Labor grantees that we ensure that you are exercising your availability to our resources. This is our toolbox that lists a lot of the references that are applicable to our grants and our programs, 2 CFR, TAG, Core Guide, SMART Training, GPS, etc.

We just want to make sure that you are taking the opportunity to engrain these resources for you. We do know we have some questions already that have come in. We appreciate all of you participating on today's training.

And at this time, I'm going to bring onto the line one of our national office colleagues, Chanel, who's going to help us with some of the questions that have been posed throughout the presentation. Chanel?

CHANEL CASTANEDA: Good afternoon, everyone. We are currently gathering questions from the audience. We received one question. "If there is a correction after the final report, do I correct the final report or do I just make the correction on the closeout report?" Glarion, do you want to answer this or should I take it?

MR. WEBB: Sure. I'll answer it, Chanel. It all depends if your grant – it depends if the 9130 is locked. If that 9130 is locked, then those corrections should be made on the next subsequent report, which actually may be your closeout report.

If that 9130 is not locked, then more than likely you have the capability of going in and making whatever correction is needed, however, if a correction is needed, I highly recommend that you utilize block 12 as well, which is your remarks block and explain what the change or what the correction is.

MS. CASTANEDA: All right. And we also just want to reiterate if you do make any changes to any past reports, please let your FPO know so they could go into the system and certify or accept those reports in the system. Thank you, Glarion.

The next question is, "The State of California mandates we expend 20 percent of total allocation on training. Would you consider this an obligation?" Glarion, do you want to take this or shall I?

MR. WEBB: You can take the next one. Go ahead.

MS. CASTANEDA: Sure. So unless – just remember the definition of obligations. So obligations is defined in the Uniform Guidance as orders for goods and services, contracts and subawards that have yet to be accrued or no cash outlays.

So if there is – if you expended any amounts of federal dollars, either as an accrual, which is any goods or services which you've received, you receive the liability, or if you've had a cash outlay, meaning you've outlaid the cash, you've already disbursed that out, you would consider that an expenditure, however, if you put in an order for goods or services or a contract or a subaward and no good or service has been received or services rendered or any work on a contract has been done or any work on the subaward, you would consider that an obligation, because there is a legal standard –

Or excuse me, there is a – how is the term – there is a legal obligation for you to expend future monies but have not yet been – no services or goods have been received. So unless you have expended the dollars, meaning you've either accrued for training or if you've disbursed cash out for the training, then you would consider those expenditures; okay? Do you have anything to add, Glarion.

MR. WEBB: No.

MS. CASTANEDA: OK. The next question is, "Do administrative cost limits pertain to grant amounts and match amounts combined?" So I think what the question is trying to get at is if you have a match requirement, are administrative cost limitations – do – administrative cost limitations are also included for match amounts. Glarion, do you want to take this question or do you want me to take it?

MR. WEBB: You can take this and I'll take the next one.

MS. CASTANEDA: Sure. Just remember, everyone, if you have a match, if you are a – if you have a WIOA program that has a match requirement, any program limitation, such as the administrative cost limitation would also apply to that match expenditure – match requirements and we do have a future e-SMART webinar on cost sharing and match, but match is considered part of the grant award.

So if you have a match requirement, you have to take in consideration any program's limitations. For example, the administrative cost limitation, that it would also apply to any match expenditures. OK.

The next question is, and Glarion, "Can you tell me where I could find more information on program income?"

MR. WEBB: Yes. 2 CFR 200.307 is the section that covers program income. It gives you the definition of generating income and also 2 CFR 200.80 actually outlines what program income – we kind of talked about this in one of our slides.

It means just the gross income earned by a non-federal entity that is directly generated by supported activity and both of those sections will give you a more in-depth explanation of how program income is defined according to the administrative requirements, however, I still would recommend for any grant recipient to look at your grant agreement, look at your statement of work as well to understand whether or not you actually have activity that's generating program income and to ensure that the program income is actually reported correctly and that it is expended.

Federal law actually says that program income should be expended prior to drawing down additional federal funds.

MS. CASTANEDA: OK. Thank you, Glarion. The next question is, "Could you provide specific examples of administrative costs?" We just want to point out in the file share of today's webinar, there are two desk aids, the WIOA versus WIOA admin handout as well as a Desk Aid on WIOA administrative versus program costs versus indirect costs handout.

Both of those handouts are really handy in order to give to your fellow colleagues. They define and give examples of what are administrative costs per WIOA. You'll also notice that both of those handouts can also be found on our WorkforceGPS website. The next question, it says here if you're filling out a 9130 report for a quarter that has already ended and some of the expenditures for that quarter that you reported on aren't paid until the next quarter, do you need to do an amendment to that report?

MR. WEBB: So I'll take this –

MS. CASTANEDA: Sure, Glarion.

MR. WEBB: – so first of all, for our Department of Labor ETA-9130, we do not have such thing as an amendment to the report. Either we submit the report or if there's a correction that needs to be made, we have to go through a process to have it unlocked if it's locked in order to make whatever that change is and then again, explain what that change is in block 12 in the remarks, however, if – based on the way the question is worded, you will basically report those disbursements on your next quarterly report following that quarter that ended.

And so again, even in that scenario, I would highly recommend that you put in the remarks section, block 12, what that change is and what that occurrence is and what the correction is for that previous quarter that ended.

MS. CASTANEDA: All right. Thank you, Glarion. The next question is, "What's the process if a closeout is submitted past the 90-day deadline?" So during closeout, you're going to work out with a closeout specialist. You will work with a specialist from the national office in submitting all your closeout reports. It's not just the 9130 closeout report.

And so if you find that you are going to go past the 90-day deadline, you want to get in contact with your closeout specialist and you will work together in order to complete that closeout report as well as all the additional reports for your particular program. So please work with your closeout specialist when you're closing out your reports. Glarion, do you have anything to add to that question?

MR. WEBB: No. I think that sums it up.

MS. CASTANEDA: OK. And then we do have four minutes left. Here is one last question. "It says the Uniform Guidance states that standing costs must be accounted for in the subrecipient's financial system. If they do that but don't report it to us at the pass-through entity level and therefore, we don't report it on the 9130, are those considered valid stand-in dollars?"

Glarion, I could take this question and please join in if I'm missing anything. I just – just to let everyone know stand-in dollars is found not in the Uniform Guidance, it's actually found in the One-Stop Technical Assistance Guide. This was – the criteria for stand-in was based on a case with the administrative law judge.

So I just wanted to correct that in the question. But yes, as one of the criterias for stand-in, it must be reported in the grantee or non-federal entity's accounting system at the time that it has occurred.

So if you have a subrecipient that reported, however, it was never reported on the 9130, unfortunately, it would not be considered stand-in, because – or a valid stand-in cost, because it must be reported on the 9130 at the time it has taken place as well as in the grantee's internal accounting systems in order to be valid.

So I would suggest that our grantees, if you do have potential stand-in, that you please review the Technical Assistance Guide in the One-Stop – excuse me, the One-Stop TAG, Technical Assistance Guide. You could find it on our WorkforceGPS page as well as DOLETA.gov. There you will find all the criteria in order for stand-in to be considered by the grant officer.

Please note that you must have that criteria completed before you could even have it considered by the grant officer. Stand-in must be approved by the grant officer in order for it to be finally accepted as stand-in costs for bad costs. Glarion, do you have anything to add to that question?

MR. WEBB: No. I just think it's important, especially even for discretionary grantees to truly understand the difference between a Department of Labor grant officer versus your federal project officer providing emails, providing the information to your federal project officer. They do not have the authority to give those types of approval, it has to actually be a grant officer. So I just think it's important to understand the difference between the two.

MS. CASTANEDA: Yes. Thank you for that, Glarion. And to let everyone know, if you would like it to be considered, please reach out to your FPO who will then reach out to the grant officer. OK. It is almost close to 2:30. I will turn it back to Glarion to close it out.

MR. WEBB: Thank you so much, Chanel, for your participation and thank you to Ramona for participating with this training session for Financial Reporting and Program Income. We do appreciate you participating out there in the grant world. We hope that you continue looking at our future trainings that's coming up.

We do have some additional training coming up next week. So go to WorkforceGPS, register, log in, let's continue learning about our grants. And now we will turn it back over. Grace?

(END)