



Department of
Job and Family Services

Ted Strickland, Governor
Douglas E. Lumpkin, Director

Workforce Investment Act Advisory Bulletin 2009-002

To: All LWIB Chairs, Fiscal Agents, Administrative Entities, and NEG operators

From: Michelle Horn, Deputy Director Monitoring Services Division
Office of Fiscal and Monitoring Services

Date: August 26, 2009

Subject: Advisory Bulletin 2009-002: Identification of operational risks associated with the inaccurate reporting of WIA Formula Fund and ARRA Fund accrued expenditures.

Purpose: To bring to the attention of local areas identified risks that could impact the operation of the WIA program.

Background: USDOL requires that each state meet expenditure goals. When these expenditure goals are achieved, previously unallocated federal funds often become available to provide services to dislocated workers. Where goals are not met funds can be rescinded. The requirement to meet and properly report expenditures (to include accruals) is passed down from the state to any entity receiving WIA funding to include: All WIA Areas, NEG project operators, and/or any subsequent subrecipients, that expend USDOL funds granted to, and passed through by, the State of Ohio. To put it simply, not reporting expenditures and accruals hurts those searching for employment, or better employment in Ohio by limiting the ability to gain, or retain funding to serve those needing services.

29 CFR 97.20 (b) (1) states:

Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

A similar requirement can be found at 29 CFR 95.21 (b) (1).

According to 20 CFR 667.300 (c) (3):

Reported expenditures and program income, including any profits earned, must be on the accrual basis of accounting and cumulative by fiscal year of appropriation. If the recipient's accounting records are not normally kept on the accrual basis of accounting, the recipient must develop accrual information through an analysis of the documentation on hand.

According to OAC (Ohio Administrative Code) 5101:9-31-05 (D):

Expenditures and receipts in the workforce development fund will be reported monthly on the JFS 01992, "Workforce Investment Act Fund Certification Sheet." This report is due to the ODJFS on the twentieth of the following month.

Accrued expenditures are to be reported on line 7 of the JFS 01992 and are defined in 29 CFR 97.3 as follows:

Accrued expenditures mean the charges incurred by the grantee during a given period requiring the provision of funds for:

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

A similar definition for accrued expenditures can be found at 29 CFR 95.2 (a).

Risk #1: The State of Ohio may forfeit funding (i.e. – National Emergency Grants) if associated expenditure reporting is inaccurate, incomplete, or late.

The Department of Labor (DOL) primarily considers expenditure rates when determining when additional funds should be provided to a state. If the State of Ohio is late in reporting associated expenditures, remaining resources may be allocated to other states. Expenditures reported must include accruals. Similarly, the State of Ohio may be ineligible to apply for additional funding if expenditures do not meet required thresholds.

Risk #2: Local areas may forfeit funding if their WIA Formula Fund or ARRA Fund expenditure reporting is inaccurate, incomplete, or late.

WIA and its accompanying regulations require prompt reporting of expenditures to include the reporting of accruals.

According to Workforce Investment Act Policy Letter Nos. 08-15 and 08-16, expenditure rates have been established for each funding stream. Local areas that do not meet the required expenditure rates will be subject to recapture of the allocated formula funds or ARRA funds.

Recommendation: To mitigate these risks, we recommend that local WIBs, Fiscal Agents, Administrative Entities and NEG operators review their policies and procedures regarding the reporting of WIA formula funds, WIA Discretionary and Competitive Grants (including WIRED, National Emergency Grants, Career Advancement Accounts, etc.) and WIA ARRA funds, and ensure that accrued expenditures are reported accurately and promptly. Future monitoring will concentrate on this area.

Technical Assistance Requests:

If you have specific questions as to this Bulletin, please contact Robert Cintala at (614) 466-7108 or by e-mail at robert.cintala@jfs.ohio.gov. If you need technical assistance as to the reporting of accrued expenditures please contact your fiscal supervisor, or Robert Cintala.

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