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## 5101:9-7-04 Workforce Investment Act (WIA) Area Financing, Reconciliation, and Closeout

### [FAPMTL 36A](#)

**Effective Date: August 31, 2007**

There are accounting procedures necessary for maintenance of the financial relationship between WIA areas and the Ohio department of job and family services (ODJFS). The procedures in this rule are the guidelines for state and local accountability in the allocation and reconciliation of federal and state funds.

- (A) Workforce Investment Act (WIA) allocations are awarded annually. Cash draws against allocations are distributed weekly to the WIA area upon receipt of the WIA area cash draw request for funds. Available funds are limited by state appropriations and federal grant awards. The area fiscal agent is notified at the beginning of the state fiscal year (SFY) of the amounts the area is eligible to receive. All payments are issued via electronic funds transfer (EFT) as described in rule 5101:9-7-24 of the Administrative Code.
- (B) The WIA area fiscal agent shall submit quarterly cash flow forecasts of anticipated expenditures to ODJFS in accordance with rule 5101:9-7-05 of the Administrative Code.
- (C) Cash management

When a WIA area is funded on a reimbursement basis, program costs shall be paid by local funds before reimbursement is requested. When funds are drawn in advance, the WIA area shall follow procedures to minimize the time elapsing between the transfer of funds from the state and local disbursement. Disbursements to a WIA area administering federal programs shall cover allowable expenditures consistent with federal and state regulations prior to the disbursement of federal program funds.

- (1) Requests for cash draws may be submitted weekly and processed by ODJFS in nine working days. In accordance with the Cash Management Improvement Act and 29 C.F.R. 97.20, cash drawn in advance must be limited to the minimum amount needed for actual, immediate requirements. The WIA area shall have cash management procedures in place to ensure the time elapsing between the receipt of funds and the disbursement of funds does not exceed a ten day average on a monthly basis for all federal and state operating allocations.
- (2) Cash drawn in advance shall be traceable to a level of program expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. The accounting systems of the WIA area shall support internal controls necessary to insure federal grants and state funds remain separated on a grant, program, or project basis.
- (D) The WIA area shall report the receipt of revenues and disbursements of funds and provide

documentation to justify the allocation of costs and various funds by the submission of the following reports.

(1) The JFS 02711 "Work Force RMS - Random Moment Sample Observation Form" (rev. 6/2007) or, for combined agencies, the JFS 02714 "Social Services RMS - Random Moment Sample Observation Form" (rev. 6/2007), which contain data for the entire quarter and shall be received by ODJFS as follows:

- (a) By the twentieth of September for the June through August time period;
- (b) By the twentieth of December for the September through November time period;
- (c) By the twentieth of March for the December through February time period; and
- (d) By the twentieth of June for the March through May time period.

Reconciliation of the "Work Force RMS" reconciliation and certification will be adjusted on a quarterly basis.

(2) The JFS 01992 "Workforce Investment Act (WIA) Fund Certification Sheet Monthly Financial Statement" (rev. 4/2006) shall be received by the twentieth of the month following the report month.

(E) Reconciliation reports

The WIA fund reconciliation report is prepared quarterly to show the amount of overpayment or underpayment of cash drawn from ODJFS to the WIA area fund. The WIA area is accountable for the WIA fund as reconciled each quarter. The WIA fund reconciliation is adjusted twice a year based on final July through September and October through December quarterly reconciliations. The quarterly WIA fund reconciliation report is used to offset payments and/or obligations owed to the state, which are adjusted against weekly cash draws. The quarterly WIA fund reconciliation report is prepared by ODJFS to show the expenses paid out of the WIA fund. The area is accountable for the WIA fund as reconciled each quarter and should review the reports and notify ODJFS of any discrepancies. Discrepancies may be reported to ODJFS during the thirty day time period following the issuance of the first preliminary report. First, second, and third quarter discrepancies reported to ODJFS after the issuance of the final reconciliation report shall be adjusted on the subsequent quarter's reports. Fourth quarter discrepancies shall be reported and adjustments made in accordance with the annual closeout procedures in paragraph (M) of this rule.

(1) The first preliminary quarterly reconciliation report shall be made available by ODJFS as follows:

- (a) On the fifth of November for the July through September quarter;
- (b) On the fifth of February for the October through December quarter;
- (c) On the fifth of May for the January through March quarter; and
- (d) On the fifth of August for the April through June quarter.

(2) The second preliminary quarterly reconciliation report shall be made available by ODJFS as follows:

- (a) On the twentieth of November for the July through September quarter;
- (b) On the twentieth of February for the October through December quarter;
- (c) On the twentieth of May for the January through March quarter; and
- (d) On the twentieth of August for the April through June quarter.

- (3) The final reconciliation report shall be made available by ODJFS as follows:
  - (a) On the twentieth of December for the July through September quarter;
  - (b) On the twentieth of March for the October through December quarter;
  - (c) On the twentieth of June for the January through March quarter; and
  - (d) On the twentieth of September for the April through June quarter.

(F) The reconciliation review requirements are intended to correct instances where ODJFS or the WIA area discovers errors, incorrect splits of shared cost or wrong allocations, incorrect time study codes, and/or incorrect JFS 01992 codes and expenditures.

(G) A cash analysis of the county WIA fund is performed by ODJFS each quarter to determine the impact of the receipts and disbursements shown on the JFS 01992. A cash analysis report is created by ODJFS beginning with the adjusted cash position of the WIA fund at the beginning of the SFY. New monies deposited in the WIA fund are considered additions to the WIA fund. Non-reimbursed expenditures are reductions to the WIA fund. The final cash analysis report is distributed to the area after the October through December quarter as part of the annual closeout package.

(H) Quarterly cash on hand calculation

At the end of each quarter, ODJFS shall calculate each WIA area's monthly average days' cash on hand by applying the following formula, using the expenditures on the quarterly state expenditure reconciliation for the WIA data subset and the cash draw information on the detail for each WIA allocation, on an individual grant basis, as expenditures and draw amounts appear on the central office reporting (CORE) system over/under report.

- (1) For each month of the quarter, excess cash on hand shall be calculated by deducting the total monthly expenditures, as reported on the JFS 01992, from the total amount of cash draws reported for the month.
- (2) The average days' cash on hand shall be calculated by dividing the total monthly expenditures by the number of calendar days in the month.
- (3) The average days' cash on hand shall then be calculated by dividing the excess cash on hand from the amount calculated in paragraph (H)(1) this rule by the average daily expenditures calculated in paragraph (H)(2) of this rule.
- (4) ODJFS shall forward the results of the average days' cash on hand calculation to the WIA area for review.

If an event, beyond the reasonable control of the WIA area, results in noncompliance with the cash management requirements, the WIA area shall document the event. If circumstances resulting in the noncompliance are caused by internal control deficiencies or operational processes, the WIA area shall document the steps implemented to avoid a recurrence.

(I) Quarterly close

The quarterly workforce development (WFD) fund reconciliation is adjusted twice a year based on the final reconciliation reports for the first and second SFY quarters. ODJFS shall perform the quarterly close as follows:

- (1) The July through September quarter close will occur in December.
- (2) The October through December quarter close will occur in March.

(J) During quarterly close, the final quarterly WFD fund reconciliation report is used to identify the need to adjust funding to the WIA area for over or under expenditures. Closeout adjustments/

offsets automatically occur as follows:

- (1) If cash draws exceeded expenditures for the quarter being closed; the amount of excess cash received is deducted from cash draws requested by the WIA area in the current quarter.
- (2) If expenditures exceeded cash draws for the quarter being closed; the amount of excess expenditures shall be issued through a cash draw to the WIA area in the current quarter.

(K) Annual interest calculation and reconciliation

An interest liability accrues if federal or state funds are received prior to the day the funds are paid out. A WIA area shall calculate and report earned interest annually. In accordance with Title 20 C.F.R. part 667 WIA section 195 (7) (B) (iii), earned interest on WIA funds shall be reported as program income.

- (1) Interest on excess cash on hand shall be compounded daily and calculated by the WIA area at the end of the SFY using either the average monthly interest rate earned or the "State Treasury Asset Reserve" (STAR) interest rate published on the Ohio treasurer of state website.
- (2) Each WIA area shall submit an annual interest reconciliation to ODJFS for the SFY no later than the twentieth of September of each year accounting for the interest liabilities. As part of the annual interest reconciliation, the WIA area may take into consideration the months in which the WIA area used local funds for program purposes other than for local match and, therefore, operated on a reimbursement basis, providing the WIA area requests funds timely as set forth in this rule and adheres to cash flow requirements as set forth in rule 5101:9-7-05 of the Administrative Code. When the monthly interest liability as calculated in paragraph (K)(2) (a) of this rule is a negative number and when the WIA area has documentation identifying the funds used as local funds, the resulting negative number may be used to offset any interest liability from other months during the SFY. The format of the annual reconciliation will include, at a minimum, the following:
  - (a) The monthly interest liability owed by the WIA area or the monthly offsetting interest liability based upon the WIA area using local funds for program purposes for each applicable state or federal program allocation; and
  - (b) The total net interest liability owed by the WIA area or the total net offsetting interest liability based upon the WIA area using local funds for program purposes for each applicable state or federal program allocation for the SFY.

(3) For each applicable state or federal program allocation with a total net interest liability (a positive number calculated in the annual reconciliation), the WIA area shall report the net interest liability as program income and submit a revised April through June quarterly expenditure report.

(4) For each applicable state or federal program allocation with a total net offsetting interest liability (a negative number calculated in the annual reconciliation), no adjustment to program income will be necessary. ODJFS shall not be liable to the WIA area for any interest liability based upon the WIA area using local funds for program purposes.

(L) WIA accruals and liquidations of accruals

- (1) When a WIA area has accruals at the end of the SFY, those accruals shall be liquidated by the thirtieth of September.
- (2) When the WIA area has under reported accruals, ODJFS shall issue an invoice letter to recover the under liquidated amount.
- (3) When the WIA area has over liquidated amounts, those amounts are the local obligation and ODJFS shall not reimburse the over liquidated amounts.

## (M) Annual closeout

- (1) Final quarterly expenditure corrections shall be submitted to ODJFS and uploaded into the automated state central office reporting system by the fifteenth day of September each year.
- (2) Upon receipt of all final reports, as outlined in this paragraph, ODJFS shall perform a reconciliation for each WIA area. Each appropriated fund will be reconciled on an individual WIA area basis.
- (3) The annual reconciliation and JFS 02717 "Annual Closeout Agreement and Certification Administrative Fund Reconciliation" (rev. 8/2007) shall be generated by ODJFS for each allocation and sent to the workforce development WIA area no later than the fifteenth day of October.
  - (a) The WIA area shall review the annual reconciliation report and return the JFS 02717 no later than the last working day of October.
  - (b) The WIA area may submit a written request for extension no later than ten days prior to the original due date of October fifteenth. Request for extensions shall explain the circumstances beyond the control of the WIA area. For good cause, as deemed appropriate by ODJFS, JFS 02717 may be submitted no later than November ninth when written approval from ODJFS is obtained prior to the original due date of the agreement.
  - (c) If the WIA area fails to submit a signed JFS 02717 within fourteen days after the original due date, by the extension date granted by ODJFS, or submits an incomplete or inadequate report, the annual reconciliation report shall be processed as final.
- (4) If the WIA area agrees with the annual reconciliation report and certifies agreement with annual closeout amount, the WIA area shall return the JFS 02717 to ODJFS affirming its agreement.
- (5) If the WIA area disagrees with the annual reconciliation report, the WIA area shall return the JFS 02717 form stating the disagreement, along with supporting documentation to the office of fiscal services, bureau of county finance and technical assistance (BCFTA).

The fiscal supervisor assigned to the WIA area shall review the documentation, verify the fiscal amount and submit a report of findings to ODJFS within thirty days of receipt of the information.

- (6) If ODJFS records are found to be in error, ODJFS shall correct the error and generate a revised annual reconciliation report and the JFS 02717 within fifteen working days of receipt of the fiscal supervisor's findings. The WIA area shall return the revised JFS 02717 within the fifteen working days and any applicable payment within fifteen days of receipt of the revised agreement.
- (7) If the WIA area records are found to be in error, the WIA area may request correction of the error only if it results in monies due back to ODJFS. The WIA area shall return the original reconciliation report, JFS 02717, and applicable payment within fifteen working days of receipt of the fiscal supervisor's findings.

## (N) Any excess expenditures identified in the procedures in paragraph (M) of this rule are the responsibility of the WIA area.

- (1) The final exchange of funds for the SFY closeout will occur as follows:
  - (a) The WIA area shall submit one check for the total overpayment amount no later

than the thirtieth of November unless the WIA area disagrees with the annual closeout amount as described in this paragraph. Separate checks for each allocation are not necessary. Failure by the WIA area to remit payment by the thirtieth of November may result in referral to the office of the attorney general for collection proceedings.

(b) ODJFS shall be scheduled to redistribute funds to the WIA area for any underpayment no later than the fifteenth of December. The redistribution process may be dependent upon the timely receipt of funds by WIA areas with overpayments.

(O) Financial, programmatic, statistical, recipient records, and supporting documents shall be retained by the WIA area for a minimum of three years after ODJFS acceptance of the final closeout expenditure report, or as otherwise provided by any minimum retention requirements specified by applicable state or federal law. If any litigation, claim, negotiation, audit, or other action involving the records has started before the expiration of the three year period, the record shall be retained until the completion of the action and resolution of all issues that arise from it, or until the end of the regular three year period, whichever is later.

## Appendix

[Click here to view the appendix of OAC 5101:9-7-04.](#)

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