

Core Monitoring Guide – Financial Supplement – TOOLBOX Appendices to the Core Monitoring Guide

CMG Appendix A: Cross Reference of Administrative Requirements

Requirement	Governmental Organizations	Nonprofit Organizations	Institutions of Higher Education	Commercial Organizations
Audit	29 CFR Part 99	29 CFR Part 99	29 CFR Part 99	29 CFR Part 96
Audit Resolution	29 CFR Part 96	29 CFR Part 96	29 CFR Part 96	29 CFR Part 96
Basic Principles for Allowable Costs	A-87 Attachment A	A-122 Attachment A	A-21 Section C	48 CFR 31.201 through 204
Treatment of Selected Items of Cost	A-87 Attachment B	A-122 Attachment B	A-21 Section I	48 CFR 31.205
Uniform Administrative Requirements	29 CFR Part 97	29 CFR Part 95	29 CFR Part 95	29 CFR Part 95 (grants only)
Lobbying Restrictions	29 CFR Part 93	29 CFR Part 93	29 CFR Part 93	29 CFR Part 93
Suspension and Debarment	29 CFR Part 98 Subparts A-E	29 CFR Part 98 Subparts A-E	29 CFR Part 98 Subparts A-E	29 CFR Part 98 Subparts A-E
Drug-Free Workplace	29 CFR Part 98 Subpart E	29 CFR Part 98 Subpart E	29 CFR Part 98 Subpart E	29 CFR Part 98 Subpart E
Non-Discrimination (Civil Rights)	29 CFR Part 31	29 CFR Part 31	29 CFR Part 31	29 CFR Part 31
Non-Discrimination (Basis of Handicap)	29 CFR Part 32	29 CFR Part 32	29 CFR Part 32	29 CFR Part 32
Age Discrimination of 1975	29 CFR Part 35	29 CFR Part 35	29 CFR Part 35	29 CFR Part 35
EO Requirements (ADA only)	29 CFR Part 37	29 CFR Part 37	29 CFR Part 37	29 CFR Part 37
Title IX – Education Amendments Act of 1972	49 CFR Part 25	49 CFR Part 25	49 CFR Part 25	49 CFR Part 25

Note: Additional requirements may be contained in program regulations related to ETA-funded grant programs.

Electronic versions of the requirements may be downloaded from:

DOL Regulations (29 CFR): http://www.access.gpo.gov/nara/cfr/waisidx_06/29cfrv1_06.html

OMB Circulars: <http://www.whitehouse.gov/omb/circulars/>

CFRs: <http://www.gpoaccess.gov/nara/index.html>

CMG Appendix B: Selected Definitions and Acronyms

Accrued expenditures. 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 (by the grantee) under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments. [29 CFR 95.2] [29 CFR 97.3]

Accrued income. Sum of: (1) earnings during a given period from (i) services performed by the recipient, and (ii) goods and other tangible property delivered to purchasers; and (2) amounts becoming owed to the recipient for which no current services or performance is required by the recipient. [29 CFR 95.2] [29 CFR 97.3]

Acquisition cost of equipment. The net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices. [29 CFR 95.2] [29 CFR 97.3]

Advance. A payment made by Treasury check or other appropriate payment mechanism to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules. [29 CFR 95.2]

Administrative requirements. Those matters common to grants in general, such as financial management, types and frequency of reports, and retention of records. These are distinguished from *programmatic* requirements, which concern matters that can be treated only on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program. These are the uniform administrative requirements codified at OMB Circular A-102 and A-110. OMB Circular A-102 is also referred to as the common rule. [29 CFR 97.3]

Approval or authorization of the awarding or cognizant Federal agency. Documentation evidencing consent prior to incurring a specific cost. If such costs are specifically identified in a Federal award document, approval of the document constitutes approval of the costs. If the costs are covered by a state/local cost allocation plan or an indirect cost proposal, approval of the plan constitutes the approval. [OMB Circular A-87]

Award. Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the DOL to an eligible recipient. The term does not include technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; or contracts that are required to be entered into and administered under procurement laws and regulations. [29 CFR 95.2]

Calendar Year. The period between January 1 and December 31 of any year. For example, calendar year 2001 is January 1, 2001, through December 31, 2001.

Cash contributions. A recipient's cash outlay, including the outlay of money contributed to the recipient by third parties. [29 CFR 95.2] [29 CFR 97.3]

Catalog of Federal Domestic Assistance (CFDA). An online database of all Federal programs available to state and local governments, Federally-recognized Indian tribal governments, territories and possessions of the United States, domestic public, quasi-public, and private profit and nonprofit organizations and institutions, specialized groups, and individuals.

CFDA Number. The identifying number a Federal program is assigned in the CFDA. [29 CFR 99.105]

Closeout. Process by which the awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and the awarding agency. [29 CFR 95.2] [29 CFR 97.3]

Common Rule. The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; Final Rule*, originally issued at 53 FR 8034-8103 (March 11, 1988). Other common rules will be referred to by their specific titles. [OMB Circular A-87]

Contract. A procurement contract under an award or subaward, and a procurement subcontract under a recipient's or subrecipient's contract. [29 CFR 95.2] [29 CFR 97.3]

Cooperative agreement. An award of financial assistance that is used to enter into the same kind of relationship as a grant; and is distinguished from a grant in that it provides for substantial involvement between the Federal agency and the recipient in carrying out the activity contemplated by the award.

Cost. An amount as determined on cash, accrual, or other basis acceptable to the Federal awarding or cognizant agency. It does not include transfers to a general or similar fund. [OMB Circular A-87]

Cost sharing or Matching. The portion of project or program costs not borne by the Federal Government. [29 CFR 95.2] [29 CFR 97.3]

Data Universal Numbering System (DUNS). A unique nine character identification number provided by the commercial company Dun & Bradstreet (D&B).

Date of completion. The date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which awarding agency sponsorship ends. [29 CFR 95.2]

Disallowed costs. Charges to an award that the awarding agency determines to be unallowable, in accordance with the applicable Federal cost principles or other terms and conditions contained in the award. [29 CFR 95.2]

Discretionary award. A grant or cooperative agreement for which the Federal awarding agency generally may select the recipient among all eligible recipients, may decide to make or not make an award based on the programmatic, technical, or scientific content of an application, and can decide the amount of funding to be awarded.

Equipment. Equipment is defined as tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit, including all costs related to the property's final intended use. See Acquisition Cost of Equipment. Grantees may use their own definition of "equipment" provided it meets these minimum standards. [29 CFR 95.2] [29 CFR 97.3]

Federal financial assistance. Assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest, subsidies, insurance, food commodities, direct appropriations, and other assistance but does not include amounts received as reimbursement for services rendered to individuals described in 29 CFR 99.205 (h) and (i). [29 CFR 99.105]

Federal Fiscal Year (FY). The period between October 1 of a calendar year and September 30 of the following calendar year, with the subsequent year as the FY designator. For example, Fiscal Year 2002 or FY 2002 is the period between October 1, 2001, and September 30, 2002.

Funding period. The period of time when Federal funding is available for obligation by the recipient. [29 CFR 95.2]

GAAP. Generally Accepted Accounting Principles. Accounting rules and procedures established by authoritative bodies or conventions that have evolved through custom and common usage. Issued by the American Institute of Certified Public Accountants (AICPA). [29 CFR 99.105]

Government. A state, local, or a Federally recognized Indian tribal government. [29 CFR 97.3]

Grant. An award of financial assistance the principle purpose of which is to transfer a thing of value from a Federal agency to a recipient to carry out a public purpose of support or stimulation authorized by a law of the United States. A grant is distinguished from a contract, which is used to acquire property or services for the Federal government's direct benefit or use. [29 CFR 97.3]

Internal control pertaining to the compliance requirements for Federal programs (internal control over Federal programs). A process, affected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs. (1) Transactions are properly recorded and accounted for to (a) permit the preparation of reliable financial statements and Federal reports; (b) maintain accountability over assets; and (c) demonstrate compliance with laws, regulations, and other compliance requirements. (2) Transactions are executed in compliance with (a) laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and (b) any other laws and regulations that are identified in the compliance supplement. (3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition. [29 CFR 99.105]

Local government. A local unit of government, including specifically a county, municipality, city, town, township, local public authority, school district, special district, intra-state district, council of governments (whether or not incorporated as nonprofit corporation under state law), any other regional or interstate entity, or any agency or instrumentality of local government. [29 CFR 97.3]

Mandatory award. A grant or cooperative agreement awarded under a program where the authorizing statute requires the head of the agency or designee to make an award to each eligible under the conditions and in the amount (or based on a formula) specified in the statute.

Obligations. The amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period. [29 CFR 95.2] [29 CFR 97.3]

Organization. A company, state, local, or tribal government, academia or research institution, not-for-profit entity, or any other type of institution.

Outlays (expenditures). Charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, subgrantees, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments. [29 CFR 95.2] [29 CFR 97.3]

NOTE: ETA requires outlays (expenditures) to be reported on an accrual basis.

Pass-through entity. A non-Federal entity that provides a Federal award to a subrecipient to carry out a Federal program. [29 CFR 99.105]

Personal property. Property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities. [29 CFR 95.2]

Prior approval. Written approval by an authorized agency official evidencing prior consent. [29 CFR 95.2] [29 CFR 97.3]

Program. A coordinated set of services to individuals.

Program income. Program income is income received by a recipient that was directly generated by a grant supported activity, or earned only as a result of the grant agreement *during the grant period*. It includes fees for services performed, income from the use or rental of personal property acquired with grant funds, income from the sale of items fabricated under the grant, interest income for WIA Title I programs only, and revenues in excess of expenditures for governmental and nonprofit agencies.

Program income does not include refunds, rebates, credits, or discounts, proceeds from the sale of personal property, income from royalties and license fees for copyrights, patents, and inventions, unless such income is specifically identified in the grant agreement as program income. Program income also *does not include* income earned after the grant period has ended, contributions and donations, profits of commercial organizations, and funds used as a match. [29 CFR 95.2]

Program Year (PY). The period between July 1 of a calendar year and June 30 of the following calendar year. The PY designator is the year the period begins. For example, Program Year 2001 or PY 2001 is the period between July 1, 2001, and June 30, 2002.

Project. All activities incorporated in a grant statement of work (SOW), which may include a program as well as the administrative and accountability elements as defined in the SOW.

Project costs. All allowable costs, as set forth in the applicable Federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the **project period**. [29 CFR 95.2]

Project period. The period established in the award document during which awarding agency sponsorship begins and ends. [29 CFR 95.2]

Questioned cost. A cost that is questioned by the auditor because of an audit finding: (1) which resulted from a possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds, including funds used to match Federal funds; (2) where the costs, at the time of the audit, are not supported by adequate documentation; or (3) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances. [29 CFR 99.105]

Real property. Land, including land improvements, structures and appurtenances thereto, but excludes movable machinery and equipment. [29 CFR 95.2] [29 CFR 97.3]

Recipient. A non-Federal entity that expends Federal awards received directly from a Federal awarding agency to carry out a Federal program. [29 CFR 99.105]

Single audit. An audit which includes both the entity's financial statements and the Federal awards as described in 29 CFR 99.500. [29 CFR 99.105]

State. Any of several states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a state exclusive of local governments. [29 CFR 97.3]

Subaward (Subgrant). An award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of "award." [29 CFR 95.2] [29 CFR 97.3]

Subrecipient. A non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. Guidance on distinguishing between a subrecipient and a vendor is provided in 29 CFR 99.210. [29 CFR 99.105]

Supplies. All tangible personal property, equipment. Title to supplies, or other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program. [29 CFR 95.2] [29 CFR 97.3]

Suspension. A post-award action by the awarding agency that temporarily withdraws the agency's financial assistance sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award. [29 CFR 95.2] [29 CFR 97.3]

Termination. The cancellation of awarding agency sponsorship, in whole or in part, under an agreement at any time prior to the date of completion. [29 CFR 95.2] [29 CFR 97.3]

Third-party in-kind contributions. The value of non-cash contributions provided by non-Federal third parties. Third-party in-kind contributions may be in the form of real property, equipment, supplies, or other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program. [29 CFR 95.2] [29 CFR 97.3]

Unliquidated obligations. For reports prepared on a cash basis, the amount of obligations incurred by the grantee that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the grantee for which an outlay has not been recorded. [29 CFR 95.2] [29 CFR 97.3]

Unobligated balance. The portion of the funds authorized by the Federal agency that has not been obligated by the grantee and is determined by deducting the cumulative obligations from the cumulative funds authorized. [29 CFR 95.2] [29 CFR 97.3]

Vendor. A dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods and services may be for an organization's own use or for the use of beneficiaries of the Federal program. Additional guidance on distinguishing between a subrecipient and a vendor is provided in 29 CFR 99.210. [29 CFR 99.105]

Acronyms

DOL	Department of Labor
ETA	Employment and Training Administration
EDP	Employment Development Plan
EO	Equal Opportunity
FPO	Federal Project Officer
GEMS	Grants e-Management System
LMI	Labor Market Information
LWIB	Local Workforce Investment Board
MIS	Management Information System
MOU	Memorandum of Understanding
OMB	Office of Management and Budget
SOW	Statement of Work

CMG Appendix C: Summary of Cost Items

KEY	NT =	Not treated in circular
	A =	Allowable
	AC =	Allowable with conditions
	AP =	Allowable with prior approval of either the Grant Officer or Governor
	U =	Unallowable
	A/U =	Some categories within the particular activity are allowable, while some are not. Please consult respective circular for precise explanations.

Note: Some of the costs on this chart are allowable under the circulars and prohibited under the Workforce Investment Act or other program-specific regulations. You should refer to the program-specific regulations if you have any questions on allowability of a particular cost. This chart is for reference only.

In addition, when reviewing the provisions related to selected items of cost in the OMB circulars, the cost principles applied in establishing the allowability of certain items of cost apply whether the cost is treated as a direct or indirect cost. Failure to address a particular item of cost is not intended to imply that it is unallowable. Rather, the determination of allowability in each case should be based on the treatment or principles provided for similar or related costs. Note also that, in some instances, different cost items may be similarly named, and there may be some overlap in the cost items treated by the different circulars. Again, this chart is for reference only.

	Cost Item	Circular A-21	Circular A-122	Circular A-87	48 CFR Part 31
1	Advertising/public relations	AC/II	AC/II	AC/II	AC
2	Advisory councils	A	A	A	NT
3	Alcoholic beverages	II	II	II	II
4	Alumni/ae activities	II	NT	NT	NT
5	Asset valuations resulting from business	NT	NT	NT	A
6	Audit services	A	A	A	NT
7	Bad debts	II	II	II	II
8	Bonding costs	Δ/ΔC	Δ/ΔC	Δ/ΔC	Δ/II
9	Commencement and convocation costs	II	NT	NT	NT
10	Communication costs	A	A	A	NT
11	Compensation for personal services	Δ/II	Δ/II	ΔC/II	Δ/II
12	Contingency provisions	II	II	II	Δ/II
13	Deans of faculty and graduate schools	A	NT	NT	NT
14	Defense & prosecution of criminal & civil proceedings, claims, appeals, & patent	AC/U	AC/U	A/U	U
15	Deferred research and development costs	NT	NT	NT	AC/II
16	Depreciation and use allowances	ΔC	ΔC	ΔC	ΔC
17	Donations and contributions	II	II	II	II
18	Economic planning costs	NT	NT	NT	Δ/II
19	Employee morale, health, welfare costs, and credits	Δ/ΔC	A	A	Δ/II
20	Entertainment costs	II	II	II	II
21	Equipment and other capital expenditures	ΔP/II	ΔP/II	ΔP/II	ΔP
22	Fines and penalties	ΔP/ΔC/II	ΔP/ΔC/II	ΔP/ΔC/II	ΔC/II
23	Fund-raising and investment management costs	II/A	II	II	II
24	Gains and losses on depreciable assets (See Item 72)	AC	AC	AC	A
25	General government expenses	NT	NT	II	NT
26	Goods/services for personal use	II	II	II	NT
27	Goodwill	NT	NT	NT	II
28	Housing and personal living expenses	II	ΔP/II	NT	NT
29	Idle facilities and capacity	AC/II	AC/II	AC/II	AC/II
30	Independent research and development	NT	NT	NT	AC
31	Insurance and indemnification	ΔC/II	ΔC/II	ΔC/II	A
32	Interest	Δ/AC/II	Δ/AC/II	Δ/AC/II	II
33	Labor relations costs	A	A	NT	AC/II
34	Lobbying (including Executive Lobbying)	II	II	II	II
35	Losses on other sponsored agreements/contracts	II	II	II	II
36	Maintenance and repair costs	A	A	ΔC	A
37	Manufacturing and repair costs	NT	NT	NT	A
38	Manufacturing and product engineering costs	NT	NT	NT	A
39	Material costs	A	A	A	A
40	Meetings and conferences	A	A	A	See Item 2
41	Memberships, subscriptions, professional activity	Δ/II	Δ/ΔP/II	Δ/ΔP/II	NT
42	Organization costs	NT	II/ΔP	NT	II
43	Other business expense	NT	NT	NT	A
44	Overtime, extra-day shift, and multi-shift premiums	NT	ΔP	NT	See Item 14
45	Page charges in professional journals	A	A	ΔC	NT
46	Participant support costs	NT	ΔP	NT	NT
47	Patent costs	Δ/II	Δ/II	Δ/II	Δ/II
48	Plant and homeland security costs	A	A	A	A
49	Pre-award/Pre-agreement	II/ΔP	ΔC/ΔP	ΔC/ΔP	ΔC
50	Professional services costs	AC	AC	AC	A
51	Proposal costs	AC	NT	A	ΔP

52	Publication and printing costs	A	A	A	NT
53	Rearrangement and alteration costs	A	A	A	NT
54	Reconversion costs	A	A	A	ΔC/II
55	Recruiting costs	A	A	A	A
56	Relocation costs	NT	AC	NT	A/II
57	Rental costs of buildings and equipment	AC	AC	AC	AC
58	Royalties and other costs for use of patents	AC	AC	AC	A
59	Scholarships and student aid costs	A	NT	NT	NT
60	Selling and marketing	ΔC/II	II	II	Δ/II
61	Service and warranty costs	NT	NT	NT	A
62	Severance pay	NT	AC/II	AC	AC
63	Special tooling and special test equipment costs	NT	NT	NT	A
64	Specialized service facilities	AC	AC	NT	NT
65	Student activity costs	II	NT	NT	NT
66	Substantial relocation of Federal programs (Related to gains and losses in A-87)	NT	NT	AC	See Item 22
67	Taxes	AC	AC	AC	AC
68	Termination costs	AC	AC	AC	A/II
69	Training and education costs	A	AC/AP/II	A	AC
70	Transportation	A	A	NT	AC
71	Travel costs	AC	AC	AC	AC
72	Trustees	AC	AC	NT	NT
73	Under recovery of costs under Federal agreements	NT	NT	NT	II

Source: Attachment II-4-1, One-Stop Comprehensive Financial Management TAG, Revised July, 2004.

Core Monitoring Guide – Financial Supplement – TOOLBOX (Resources – R; Tools – T)

R2.1 Background for Administrative Controls

Purpose: to aid the reviewer in understanding grantees’ financial management systems.

Financial Management Systems

In approaching the overarching financial management systems of the state, subrecipients, and other grantees, reviewers must determine if the practices, policies, and direction of the state and its subrecipients and other direct grantees addresses the following:

Table of Federal Requirements

Source of the Requirement	Subpart(s)	Requirement(s)
Office of Management and Budget (OMB) Uniform Administrative Requirements 29 CFR	Part 95 Non-governmental Organizations	These provisions outline the requirements for financial and property management, procurement, reporting and other administrative grant management requirements.
	Part 97 State, Local & Indian Tribal Government	
29 CFR	Part 32	Non-discrimination on the basis of handicap in programs or activities conducted by the Department of Labor (DOL).
	Part 36	Non-discrimination on the basis of sex in education programs or activities receiving Federal financial assistance.
	Part 37	Implementation of the Non-discrimination and Equal Opportunity Provisions of the Workforce Investment Act of 1998.
	Part 93	New restrictions on lobbying.
	Part 96	Audit requirements for grants contracts and other agreements.
	Part 98	Government wide debarment and suspension requirements.
OMB Circular A-133 29 CFR	Part 99	Audits of states, local governments, and non-profit organizations.

PLUS: the requirements set forth in the Congressional Acts and U.S. Department of Labor Regulations for each of the DOL-funded programs and additional guidance issued by DOL in Employment and Training Guidance Letters; OMB Cost Principles for States and the other cost principles for the specific entities with which the state is doing business.

R2.1.4 Retention of Records Table

Purpose: to aid the reviewer in understanding the various record retention requirements.

Retention and Access Requirements for Records				
What records are affected?	All grantee financial & programmatic records, supporting documents, or other records required by program regulations, grant agreement, or reasonably considered pertinent to program regulations or grant agreement.	What records are not affected?	Records maintained by contractors or subcontractors, unless required in contract.	However, to avoid duplication, an awarding agency can make special arrangements with grantees and subgrantees to maintain records that are of joint use, and may transfer the records to its custody when it determines them to be of long term retention value.
Length of retention period	3 years from start date	Or, until any litigation, claim, negotiation, audit, or other action involving the records, which was started before the end of the 3-year period is resolved – such actions never to reduce the period to less than 3 years.		
Start date of retention period	General: For grant support continued or renewed quarterly, retention period starts on the day grantee submits its expenditure report for the last quarter of the Federal fiscal year. For any other period of funding, retention period begins on the day grantee or subgrantee submits its single or last expenditure report for the period. If report is waived, retention period starts on what would have been report due date.	For real property & equipment: Retention period starts from the date of disposition, replacement, or transfer at the direction of the awarding agency.	For income earned post-grant: When required, begins from the end of grantee's fiscal year in which the income is earned.	For indirect cost rate computations or proposals, cost allocation plans or similar computations of rate per group, period starts from the date of submission to Federal government for negotiation of rate. If not submitted for negotiation, period starts from the end of the fiscal year or other accounting period covered by the proposal, plan, or computation.
Acceptable forms for records	In addition to original records, microfilm, photocopy, or similar methods are acceptable.			
Access to records	Awarding agency, U.S. Comptroller General, or	Expiration of right of access	Not limited to period of	Freedom of Information Act does not require



their representatives have right of access to any records pertinent to a grant to make audits, examinations, excerpts, and transcripts.



retention, but as long as the records are retained.

grantees and subgrantees to give public access to their records.

R2.5 Background for Match and Leveraged Resources

Purpose: to aid the reviewer in understanding the definitions, similarities, and differences between match expenditures and leveraged resources.

Match is defined in the Uniform Administrative Requirements applicable to ETA grants at 29 CFR 97.24 and 29 CFR 95.23. Match is defined as *additional non-Federal resources expended to further the grant objectives, if required either by statute or within the grant agreement as a condition of funding.* All matching funds must be spent on allowable grant activities and in accordance with the cost principles. The grantee cannot claim both an allowable cost (to be reimbursed from grant revenue) and a match expenditure.

There are two types of match expenditures: cash and in-kind contributions. *Cash* match reflects additional funds or services (allowable costs) provided and paid for by the grantee from non-Federal funds that are in support of grant objectives and outcomes. The value of the cash match is the actual costs incurred as reflected in the grantee’s accounting system. *In-kind contributions* are allowable costs and services that are not paid by the grantee, but rather a third party organization. Again, these costs and services must support allowable grant activity and outcomes. The rules that apply to determining the value of such services are found in the regulations at 29 CFR 97.24(b)(7) and 95.23(c-h). Examples of in-kind contributions would be personal services provided by volunteers or paid non-grantee staff, equipment and supplies, or space provided by another organization at no cost to the grant.

In order to qualify as match, the costs cannot have been paid from Federal funds, been charged to program income or used to match other Federal match requirements, nor have been for costs that are unallowable under grant regulations. Records must be maintained that support the cash match costs within the grantee’s accounting system and be available for audit and review. For third party contributions, the support for the value must be verifiable from subgrantee records or be maintained by the grantee, including the methods used to determine the value.

For ETA programs, match may be required by statute (as in the former Welfare to Work program) or as a condition of funding (reflected in the grant agreement). Currently (January 2006), the only required match is for selected grants under the President’s High Growth Job Initiative. If match is required, it will be reflected on the SF-424A Budget and reported on the Federal Financial Report.

Leveraged Resources are not defined in regulation or any related administrative requirements. However, most Federal agencies use the term “leveraged resources,” and for ETA programs, the term has been defined to mean *all resources used by the grantee to support grant activity and outcomes, whether those resources meet the standards applied to match or not.* So for ETA programs, leveraged resources means both allowable match and other costs that do not rise to the requirements of the regulations, but which support the outcomes of grant activity. All leveraged resources must be expended on costs that are allowable under the Circulars and are used to further grant activity and outcomes. Examples of costs that would be considered as leveraged resources are services provided to grant participants funded by another Federal program such as WIA, the purchase of a building to house grant activity by the organization using non-Federal resources, or employer release time paid to participants while in training. Leveraged resources are reported to ETA on the grant performance reports, not on the Federal Financial Report.

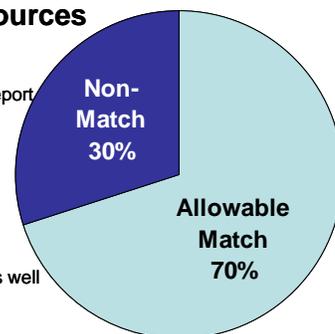
Leveraged Resources

Non-Match

- Reported on the Performance Report
- Examples:
 - Other federal program costs
 - Match above requirements

Allowable Match

- Reported on the SF269 if required
- Reported on the Performance Report as well
- Examples:
 - Unclaimed Indirect Costs
 - Donated Space Costs
 - Employer-paid Wages



R2.6 Background for Property

Purpose: to assist the reviewer in understanding the distinctions among various types of property that a grantee may have purchased and purchasing requirements that apply to particular types.

	Types of Property			
	Real	Personal		
Definitions	Land, including land improvements, structures, and appurtenances ¹ thereto, but excluding moveable machinery and equipment (not allowable under the WIA program and Earmark grants)	Tangible	Intangible	
		Nonexpendable (Equipment) Useful life of more than 1 year and a unit cost of \$5,000 or more	Expendable (Supplies) All else	Without physical existence: patents, trademarks, or copyrights that are produced or acquired under the grant.
Acquisition Approval	Requires approval of the Grant Officer unless delegated	Requires approval of the Grant Officer unless delegated	No prior approval	No prior approval
Ownership	Entity that acquired it	Entity that acquired it	Entity that acquired it	Entity that developed the product*

*The Federal Government always reserves the right to use or make available intangible products developed with its funding.

Note: Debt instruments and inventions are classified as intangible property under OMB Circular A-110 and 29 CFR Part 95, and are excluded from the supplies category.

The following requirements are described in the DOL grant management regulations:

- 29 CFR Part 97 addresses property requirements for governmental organizations, as follows:
 - √ Real Property 97.31
 - √ Equipment 97.32
 - √ Supplies 97.33
 - √ Copyrights 97.34
- 29 CFR Part 95 addresses property requirements for higher education institutions, hospitals and other non-profit organizations, as follows:
 - √ Purpose of Property Standards 95.30
 - √ Insurance Coverage 95.31
 - √ Real Property 95.32
 - √ Equipment 95.34
 - √ Supplies and Other Expendable Property 95.35
 - √ Intangible Property 95.36
 - √ Property Trust Relationship 95.37

¹ Appurtenance, General definition -- An adjunct; an accessory; something added to another, more important thing.

Legal definition -- An incidental right attached to a principal property right for purposes such as passage of title, conveyance, or inheritance.

R2.7 Background for Contract Provisions

Purpose: to provide the reviewer with guidance regarding contract provisions/clauses.

Contract Provisions 29 CFR Part 97.36(i) 1-13

(i) **Contract provisions.** A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy.

(1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

(2) Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000)

(3) Compliance with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of \$10,000 by grantees and their contractors or subgrantees)

(4) Compliance with the Copeland Anti-Kickback Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR Part 3). (All contracts and subgrants for construction or repair)

(5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)

(6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000, and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)

(7) Notice of awarding agency requirements and regulations pertaining to reporting.

(8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.

(9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.

(10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

(11) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.

(12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000)

(13) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).

Retention and Access Requirement for Records 29 CFR Part 97.42

(a) Applicability. (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

(ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement.

(2) This section does not apply to records maintained by contractors or subcontractors. For a requirement to place a provision concerning records in certain kinds of contracts, see Sec. 97.36(i)(10).

(b) Length of retention period. (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section.

(2) If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.

(3) To avoid duplicate recordkeeping, awarding agencies may make special arrangements with grantees and subgrantees to retain any records which are continuously needed for joint use. The awarding agency will request transfer of records to its custody when it determines that the records possess long term retention value. When the records are transferred to or maintained by the Federal agency, the 3-year retention requirement is not applicable to the grantee or subgrantee.

(c) Starting date of retention period--(1) General. When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.

(2) Real property and equipment records. The retention period for real property and equipment records starts from the date of the disposition or replacement or transfer at the direction of the awarding agency.

(3) Records for income transactions after grant or subgrant support. In some cases grantees must report income after the period of grant support. Where there is such a requirement, the retention period for the records pertaining to the earning of the income starts from the end of the grantee's fiscal year in which the income is earned.

(4) Indirect cost rate proposals, cost allocations plans, etc. This paragraph applies to the following types of documents, and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(i) If submitted for negotiation. If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the grantee) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

(ii) If not submitted for negotiation. If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the grantee) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

(d) Substitution of microfilm. Copies made by microfilming, photocopying, or similar methods may be substituted for the original records.

(e) Access to records--(1) Records of grantees and subgrantees. The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of grantees and subgrantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts.

(2) Expiration of right of access. The rights of access in this section must not be limited to the required retention period but shall last as long as the records are retained.

(f) Restrictions on public access. The Federal Freedom of Information Act (5 U.S.C. 552) does not apply to records, unless required by Federal, state, or local law, grantees and subgrantees are not required to permit public access to their records.

Institutions of Higher Education, Hospitals and other Non-profit Organizations, and with Commercial Organizations, Foreign Governments, Organizations under the Jurisdiction of Foreign Governments, and International Organizations

Contract Provisions 29 CFR Part 95.48

The recipient shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts. The following provisions shall also be applied to subcontracts:

(a) Contracts in excess of the small purchase threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.

(b) All contracts in excess of the small purchase threshold shall contain suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

(c) Except as otherwise required by statute, an award that requires the contracting (or subcontracting) for construction or facility improvements shall provide for the recipient to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds \$100,000. For those contracts or subcontracts exceeding \$100,000, DOL may accept the bonding policy and requirements of the recipient,

provided DOL has made a determination that the Federal Government's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows.

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. The bid guarantee shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. A performance bond is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. A payment bond is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and material in the execution of the work provided for in the contract.

(4) Where bonds are required in the situations described herein, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR part 223, Surety Companies Doing Business with the United States.

(d) All negotiated contracts (except those for less than the small purchase threshold) awarded by recipients shall include a provision to the effect that the recipient, DOL, the Comptroller General of the United States, or any of their duly authorized representatives shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

(e) All contracts, including small purchases, awarded by recipients and their contractors shall contain the procurement provisions of Appendix A to this part, as applicable.

Retention and Access Requirements for Records 29 CFR Part 95.53

(a) This section sets forth requirements for record retention and access to records for awards to recipients. DOL shall not impose any other record retention or access requirements upon recipients.

(b) Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by DOL. The only exceptions are the following:

(1) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

(2) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.

(3) When records are transferred to or maintained by DOL, the 3-year retention requirement is not applicable to the recipient.

(4) Indirect cost rate proposals, cost allocations plans, etc., as specified in paragraph (g) of this section.

(c) Copies of original records may be substituted for the original records if authorized by DOL.

(d) DOL shall request transfer of certain records to its custody from recipients when it determines that the records possess long term retention value. However, in order to avoid duplicate recordkeeping, DOL may make arrangements for recipients to retain any records that are continuously needed for joint use.

(e) The Federal grantor awarding agency, the Inspector General, the Comptroller General of the United States, or any of their duly authorized representatives have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, in order to make audits, examinations, excerpts, transcripts and copies of such documents. This right also includes timely and reasonable access to a recipient's personnel for the purpose of interview and discussion related to such documents. The rights of access in this paragraph are not limited to the required retention period, but shall last as long as records are retained.

(f) Unless required by statute, DOL shall not place restrictions on recipients that limit public access to the records of recipients that are pertinent to an award, except when DOL can demonstrate that such records shall be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. Sec. 552) if the records had belonged to DOL.

(g) Indirect cost rate proposals, cost allocations plans, etc. Paragraphs (g)(1) and (g)(2) of this section apply to the following types of documents, and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(1) If submitted for negotiation. If the recipient submits to DOL or the subrecipient submits to the recipient the proposal, plan, or other computation to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts on the date of such submission.

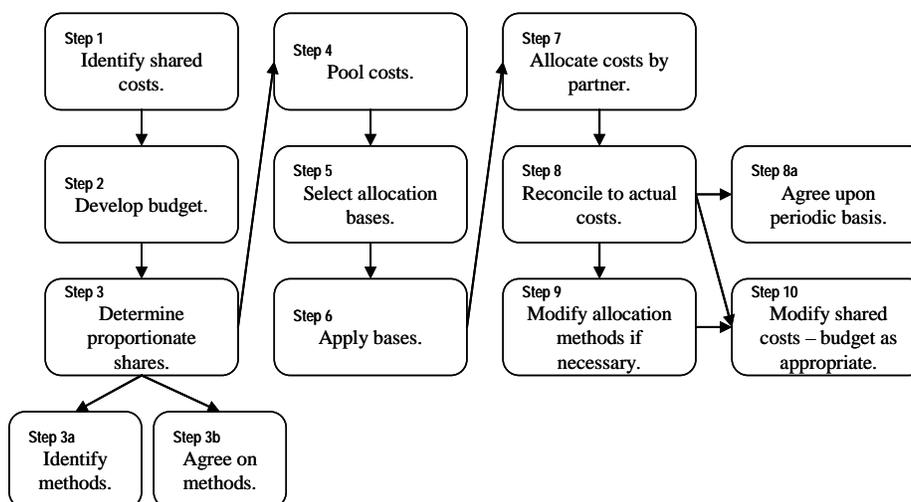
(2) If not submitted for negotiation. If the recipient is not required to submit to DOL or the subrecipient is not required to submit to the recipient the proposal, plan, or other computation for negotiation purposes, then the 3-year retention period for the proposal, plan, or other computation and its supporting records starts at the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

R3.4 Guidance on Cost Allocation in the Resource Sharing Process

Purpose: to assist the reviewer in understanding the types of costs that are typically allocated in the resource sharing process and some of the bases that are used to allocate those costs.

Cost Pool	Allocation Base
Facilities: Building rent, maintenance costs, utilities, tenant improvements, or any other similar costs related to the physical structure housing the One-Stop center.	Square footage occupied by each partner agency as compared to the total space, workstation usage by partners as compared to total workstations.
Telecommunications: Monthly telephone costs, telephone system equipment, data lines, T-1 lines, and other similar costs.	Dedicated telephone units as compared to all units. Equal access to Internet for data costs.
Information Technology: Shared equipment, software, IT maintenance costs, Internet access, and other similar costs.	Number of dedicated computers (including all necessary equipment) as compared to total.
Resource Center: Costs of shared equipment, displays, computer learning, specialized software for computer learning, furniture, copier, fax machine; may also include related staff costs.	Equal access by customers of all partner programs results in equal costs for each partner. Customers attributable by partner program. Number of customers receiving services within the resource center.
Common Intake System: Costs of developing common intake data formats, preparation and interview of customers, and similar costs.	Use of common data formats and bytes of information required for each program. Use of a time study to determine the amount of time required for specific program data compared to the time needed to complete the process for an individual customer.
One-Stop Center Management: Costs of the center director, receptionist, staff of the resource center.	Number of customers eligible for or receiving specific program services. Direct costs by partner. Total costs by partner as compared with total of all partners.
Shared Equipment and Supplies: Staff copier, fax, associated supplies, furniture.	Usage by staff of each partner program. Occupancy (square footage) basis; numbers of staff workstations.
Common Core Services: Staff and benefit costs, development of common forms for case management, and similar costs.	Time distribution system (time sheets, work sampling, time and motion studies); numbers of clients eligible for specific program; weighted participation numbers.

Purpose: to provide guidance to the reviewer on the steps involved in the allocation of shared costs in the development of the Resource Sharing Agreement.



R3.6 Background for Internal Controls (IC)

Use: The following General Accounting Office (GAO) internal control standards apply across the board in any organization. They should be reviewed and used as guidelines in interpreting the answers to the specific questions. Adequate internal control systems should comply with these general and specific standards. These standards and questions will assist with the reviewer of multiple objectives within Activity 3.

General Standards for Internal Controls Systems

1. Reasonable Assurance
 - √ Does the IC system provide reasonable assurance that objectives will be accomplished?
 - √ What ICs have been put in place to assure the program objectives will be accomplished?
2. Supportive Attitude
 - √ Do managers and supervisors demonstrate a positive and supportive attitude toward ICs?
 - √ What guidelines/instructions/messages have been provided by management to staff to communicate the importance of maintaining controls and program integrity?
3. Competent Personnel
 - √ Are staff assigned duties consistent with their level of experience and competence?
 - √ Does the organization have written qualifications for staff positions? How does it assure that staff meets the qualifications for their assigned positions?
4. Control Objectives
 - √ Are IC objectives clearly stated, logical, applicable and complete? Do they relate to the mission of the organization?
5. Control Techniques
 - √ Are IC techniques effective and efficient in accomplishing their IC objectives?

Specific Standards

1. Documentation
 - √ Transactions and significant events are to be clearly documented, and documentation should be readily available for examination.
2. Recording of Transactions and Events
 - √ Transactions and significant events are to be promptly recorded and properly classified.
3. Execution of Transactions
 - √ Transactions are to be authorized and executed only by persons acting within the scope of their authority.
4. Separation of duties
 - √ Key duties and responsibilities should be assigned so that authorizing, processing, recording and reviewing are separated among individuals.
5. Supervision
 - √ Qualified and continuous supervision is to be provided to ensure IC objectives are achieved.
6. Access to and Accountability for Resources (Security)
 - √ Access to resources and records should be limited to authorized individuals, and accountability for the custody and use of resources should be assigned and maintained.
 - √ Periodic comparison should be made of the resources to the recorded accountability (e.g., physical inventory, system reconciliations); frequency of the comparison shall be a function of the vulnerability of the asset.

Additional Questions

1. Are there adequate safeguards for financial, property and participant records? Are official records readily accessible only to those who are authorized to use them? How is access controlled? Are daily backups performed for automated records?
2. Do these procedures provide step-by-step instructions for processing the various transactions? If not, what additional guidelines/instructions are provided to the individuals performing these duties?
3. Do procedures identify and assign responsibilities for financial and cash functions to specific positions/individuals?
4. Do these assignments reflect adequate separation of duties so that within each category the functions of authorizing, processing, recording and reviewing transactions are separated among individuals? (If written procedures do not contain this information, obtain it by identifying the names and titles of the individuals who perform the various cash and financial functions.)

Cash Transactions

Cash requests

1. How is cash requested? Describe the process.
2. Who prepares the request?
3. Who authorizes and approves the request? What supporting information is provided to the person(s) who approves the amounts requested?

Cash receipts – policies & procedures

Review the policies and procedures for processing cash receipts.

Describe the process(es) for making cash deposits (for payments and any other checks or cash received by the entity, e.g., refunds from subrecipients). Does the process follow the written procedures?

Cash receipts – security

Review the policies to see if the following are addressed:

- √ Logging of cash receipts at earliest point of receipt (e.g., mailroom or receptionist)
- √ Immediate (upon receipt) restrictive endorsement of checks
- √ Security for undeposited checks
- √ Periodic reconciliation of receipt log to actual deposits

Review the operation for appropriate separation of duties. The person opening the mail and logging checks in should be someone other than the person who makes deposits. Another individual should be responsible for reconciling deposits.

Multiple bank accounts

Ask to see records of all bank accounts/funds used for ETA grant funds, e.g., program income, interest, miscellaneous reimbursements, rebates, cash drawdowns, and cash transfers (including balances in central payment accounts, e.g., payroll and any other pooled payments).

How often are balances in central payment accounts liquidated? (For example, if funds are transferred into a payroll account based on an estimate prior to final payroll, how are any balances cleared out?)

Cash disbursements

Does the grantee or organization maintain an accounts payable system which:

- √ requires supervisory or management level authorization for payments?
- √ compares vendor invoices to purchase orders (for amounts ordered and price) and credit memos (for existing credits due from vendor)?
- √ checks invoices for accuracy?
- √ ensures timely payment of invoices to ensure discounts are taken and penalties are not paid?
- √ stamps invoices paid to avoid duplicate payments?

Does the system:

- √ prohibit making checks payable to cash, except for petty cash replenishments?
- √ require more than one signature on checks?
- √ prohibit signing checks for own expenses or payroll?
- √ prohibit pre-signing checks?
- √ provide adequate security for blank check stock and check signing machines?
- √ provide for comparison of signatures on checks to actual authorized signatures?
- √ call for periodic reviews of authorized signature cards and have policies for immediate removal of signature authority when staff leave or change positions?

What documentation is required to support payments?

What controls are in place to ensure that payments to subrecipients do not exceed the total amount of funding authorized in the contract(s)?

What controls are in place to liquidate cash balances in expired contracts?

Bank reconciliation

Is responsibility assigned to someone not also responsible for any portion of receipt or disbursement processing and approval?

Does the bank reconciliation process provide for the following:

- √ itemizing and investigating checks outstanding for long periods?
- √ periodically voiding outstanding checks and maintaining information for future claims?
- √ controlling voided checks by tracking them through the general ledger?
- √ accounting for check numbers?
- √ at a minimum, reconciling disbursement/receipts ledger monthly to bank/treasury records?
- √ comparing all checks, including voided ones, to the check register to verify date, check number, amount, and payee?

Credit Cards

Does the entity possess or issue to staff any of the following: Phone cards, gas credit cards, automated teller cards (ATM), or any other types of charge cards (Mastercard, Visa, American Express, etc.) for use under the ETA grants?

- √ If so, does the entity have written policies and procedures governing the use of the cards?
- √ Are the credit cards adequately safeguarded? Do the procedures restrict access to authorized individuals? Are authorizations for usage reasonable? How many cards exist? How are they safeguarded?
- √ Are card users required to submit documentation to support the charges incurred?
- √ Is there a higher level review of the charges incurred before payment (or reimbursement)?

- √ Do procedures provide for sanctions to be taken against individuals who abuse credit card privileges?
- √ Have there been any incidents of abuse?

Petty Cash

1. Are there petty cash account(s)?
2. If so, are there written procedures, which provide for the following (Y/N)?
 - √ documentation of receipts and disbursements
 - √ approval requirements
 - √ appropriateness of amount
 - √ replenishment procedures
 - √ limits on disbursements
 - √ at least monthly reconciliation
 - √ periodic surprise counts by an individual who is not the custodian and is not involved in the reconciliation
3. Review recent petty cash transactions for reasonability, allowability of costs, proper authorizations, compliance with payout limits, and other requirements which may be included in the written procedures.
4. Does it appear that purchases are frequently made through petty cash that should be made through a more formal process?
5. Does the amount in petty cash funds seem appropriate given the size and frequency of disbursements and replenishment?

Staff and Participant Payroll procedures

1. Is payroll handled by:
 - √ a separate bank account?
 - √ contracted payroll service?
2. What differences in procedures are there between staff and participant payroll?
3. Are payrolls based on time and attendance reports which are certified by employee/participant and reviewed by the supervisor?
4. Are leave requests signed by both employee and supervisor?
5. Do the procedures require certification (initials) for any changes made to the time sheets by employees/participants, payroll staff and/or management? Do they prohibit the use of white-out to obliterate original entries on timesheets?
6. Is payroll paid only by check for staff and participants?
7. Are the functions of payroll preparation and payroll certification separate from paycheck distribution?
8. Are payrolls verified for accuracy and that all payees are bona fide staff or participants?
9. What procedures are there for safeguarding undistributed checks?

R3.9 Matrix for Classification of Specific Cost Items

Purpose: The Cost Classification Matrix is used to aid the reviewer in determining whether costs are appropriately classified for administration or program.

Grantee Costs	Admin	Program
Salaries and Fringe Benefits		
Staff		
Accounting	X	
Administrative Overhead	X	
Advertising	X	X
Audit Services	X	
Audit Staff	X	
Automatic Data Processing	X	X
Budgeting	X	
Case Management		X
Clerical Asst. to a Supervisor	X	X
Clerical Asst. to Training Personnel		X
Coordination of Participant Services		X
Counseling		X
Data Processing Staff	X	X
Development of OJT/Workforce Excellence Training Plans		X
Eligibility Determination		X
Executive Staff	X	X
Fiscal Staff	X	
Follow-Up Analysis		X
Initial Assessment		X
Intake		X
Job Coach		X
Job Developer		X
Job Search Assistance		X
Labor Market Analysis		X
Legal Staff	X	
Maintenance Staff	X	X
Monitoring	X	X
Objective Assessment (Employability/Testing)		X
Outreach to Employers to Obtain Job Listings		X
Participant Follow-Up		X
Personnel Staff	X	
Placement Staff		X
Program Analysts		X
Program Design/Curriculum		X
Supervisors	X	X
Training Personnel (includes remedial education, basic skills, institutional training)		X
Other		
Capital Expenditures	X	X

Grantee Costs	Admin	Program
Communication	X	X
Equipment Expenditures	X	X
Indirect Costs	X	X
Insurance & Indemnification	X	X
Interest	X	X
Maintenance & Repair	X	X
Management Studies	X	X
Materials & Supplies	X	X
Memberships	X	X
Motor Pools	X	X
Premises	X	X
Professional Services	X	X
Profit	X	X
Publication and Printing	X	X
Rental Costs	X	X
Staff Training & Education	X	X
Subscriptions	X	X
Taxes	X	X
Transportation	X	X
Travel	X	X
Utilities	X	X
Participant Costs		
100% of Participant Payments for Work Experience Program		X
100% of Participant Payments for Vocational Exploration		X
100% of Participant Payments for Limited Internships		X
Allowances		X
Incentive/Bonus Payments		X
On-the-Job-Training		X
Tuition		
Entrance Fees for Participants (lab fees, activity fees, parking fees, application fees, accounting fees, graduation fees)		X
Supportive Services and Financial Assistance		X
Tuition for Participants		X
Support Services		
Child Care		X
Family Planning and Counseling		X
Financial Counseling (incl. counseling on budget & money mgt.)		X
Health Care (incl. diagnostic & treatment svcs. for identification & correction of physical, mental, & dental problems)		X
Legal Services		X
Meals		X
Post Placement Services		X
Special Services and Materials for the Handicapped		X
Temporary Shelter (incl. providing clean & comfortable places to eat, sleep & study)		X
Transportation (includes fares for public transportation, mileage for personal auto, transportation allowances)		X

T2.1.1 Policies and Procedures Checklist

Use: The following is a list of likely areas for an organization to have explicit policies or procedures. Check to ensure that an organization has those policies and procedures that are applicable to its operation. Check also to ensure that all policies and procedures are up to date.

Likely Policy Areas for an Organization	Applicable? Y/N If no, why?	Up to Date? Y/N	Cross References
Accounting Systems			
Budget Control & Modifications			
Chart of Accounts			
Receivables & Payables			
Audits			
Audit Completion & Tracking			
Audit Resolution			
Appeals			
Debt Collection			
Cash Management			
Petty Cash			
Bank Resolutions			
Compensation & Fringe Benefits			
Payroll and Time Distribution (staff and participants, as appropriate)			
Fringe Benefits Package			
Vacation and Leave			
Pension			
Severance Package (if any)			
Salary & Bonus Limits (when applicable)			
Complaints and/or Grievances (participants, staff, & bidders)			
EEO			
Resolutions			
Appeals			
Hearings			
Conflict of Interest, including Board members			
Cost Policies			
Allowable Costs			
Indirect Costs (Cost Allocations Plans or Approved Indirect Costs Rates)			
Cost Limitations Tracking Policy			
Disaster & Recovery Plan			
Incident Reporting			
Meals (staff, board, participants)			
Monitoring & Monitoring Resolution, Appeals & Hearings			
Participant/Program Services			
Supportive Services			
Incentives/stipends			
Training (ITA, Refunds, etc.)			
Property Management			
Procurement/Purchasing			
Written Code of Conduct			
Written Protest Policies			
Closeout – Grants & Contracts			
Program Income, Match, & Leveraged Resources			
Record Retention			
Reporting – Federal & Subrecipient			
Travel			

T2.1.2 Fiscal Monitoring Reports Worksheet

Purpose: to assist reviewers in determining the adequacy of the grantee’s monitoring process including resolution and follow-up.

Use: Select a sample of subrecipients who should be monitored. Answer the questions in the table below and use the information to complete the questions in 2.13.

Fiscal Monitoring Reports Worksheet				
Entity	Name	Name	Name	Name
Was it monitored? (Y/N)				
Date of monitoring				
Date of report				
Number of findings				
Questioned costs? (Y/N)				
Resolution of findings	# closed # open # in process	# closed # open # in process	# closed # open # in process	# closed # open # in process
Follow-up actions taken (Describe)				

Use the space below and additional pages, if necessary, to explain any issues identified.

T2.7.1a Request for Proposals (RFP) Elements Checklist

Purpose: to assist the reviewer in determining that the grantee’s RFP includes all the required elements.

Use: Select an RFP and review for the following elements:

Name of solicitation:		
RFP element	Included? ✓ or Y/N	Comments
Table of Contents		
Technical Requirements		
Proposal formats		
Submission requirements		
Bidders conference		
Award process		
Protest rights		
Signature authorization		
Required certifications (list)		
Statement of Work		
Target populations		
Services to be provided		
Technical approach requirements		
Required outcomes		
Ties to grantee’s plan of service		
Cost Requirements		
Budget formats		
Line item definitions		
Evaluation Criteria		
Technical criteria		
Cost criteria		
Scoring / rating sheets		

T2.7.1b Worksheet to Review the Procurement Award Process

Purpose: to aid reviewer in collecting information related to the organization’s competitive bid process.

Use: Select a sample of RFPs (at least 1) and complete a worksheet for each individual bidder. Use the information in assessing compliance with the competitive procurement standard.

Solicitation for:

RFP Issued:

Total Responses Received:

	Y	N	Comments
Bidder Name			
Received by the deadline?			
Technical evaluation done?			
Is past performance reviewed and evaluated?			
Is the proposal responsive?			
Does the organization disqualify unresponsive proposals?			
Is there an explanation why proposals are deemed unresponsive?			
Are rating sheets available?			
Are rating sheets present?			
What is the score?			
Does documentation interpret the score?			

T2.7.2a Contract and Subagreement Review Worksheet (use Tool T2.7.2a or T2.7.2b)

Purpose: to aid the reviewer in gathering information used to determine if the grantee has an adequate system for administration of grants and contracts.

Use: Select a sample of contracts and subagreements. For each contract or subagreement, complete the checklist below.

<p>Name of Grantor Organization</p> <p style="padding-left: 40px;">Name of Subgrantee</p> <p style="padding-left: 40px;">Name of Monitor</p> <p>Type of Procurement Transaction</p>	<p style="padding-left: 40px;"><input type="checkbox"/> Invitation for Bid (IFB)</p> <p style="padding-left: 80px;"><input type="checkbox"/> Sole Source</p> <p style="padding-left: 40px;"><input type="checkbox"/> Request for Proposal (RFP)</p> <p style="padding-left: 80px;"><input type="checkbox"/> Other, specify:</p>
<p>Type of Goods or Services Purchased</p> <p style="padding-left: 40px;">Purchase Amount</p> <p style="padding-left: 40px;">Source of Purchase</p>	
Y/N	<p style="text-align: center;">Provision or Requirement</p> <p style="padding-left: 40px;">Include a provision regarding administrative, contractual, or legal remedies?</p> <p style="padding-left: 80px;">Include a provision regarding termination for cause?</p> <p style="padding-left: 40px;">Include required clauses at 29 CFR Part 97.36(i)(1-13) and 29 CFR Part 95 Appendix A?</p> <p style="padding-left: 80px;">Include program regulations?</p> <p style="padding-left: 40px;">Include appropriate Cost Principles?</p> <p style="padding-left: 80px;">Include Audit Requirements?</p> <p style="padding-left: 80px;">Include EEO?</p> <p style="padding-left: 80px;">Include 29 CFR Part 37?</p> <p style="padding-left: 40px;">Include cap on administrative cost, if applicable?</p> <p style="padding-left: 40px;">Include minimum expenditure requirement for out-of-school youth, if applicable?</p> <p style="padding-left: 80px;">Include cap on consultant fees, if applicable?</p> <p style="padding-left: 40px;">Include a provision against assignment, if applicable?</p>

Note: States follow their own written procedures (see State Procedures). Other grantees follow their own written procedures so long as they conform to the requirements of parts 95 and 97.

*These provisions (and requirements) do not apply to vendor contracts.

T2.8.2b Audit Appeals Process

Purpose: to assist reviewers in determining whether the recipient has adequate appeals policies and follows them.

Use: Select a sample of audits that were appealed and complete this worksheet.

Audit Appeal Management System					
Is there a written audit appeal process/policy?		Y/N			
Who is responsible for appeals received?		Name			Phone
		Title			
Review the policy for compliance:	Is the policy adequate? Y/N	Have any appeals been received? Y/N	Is there a log kept of the appeal? Y/N	If yes, is the log up to date? Y/N	
Date Appeal Received	Appellant	Name	Summary of Findings	Status	Comments
Test to determine if the appeals policy was followed.					
Explain results.					

Is there a local hearing policy in place?		Y/N		
Who is the hearing officer?				
Have the results of hearings been properly communicated to the parties who need to know?		Y/N		
Describe the process for notification among the parties, staff, agencies and offices, or other parties, including the defendants.				

Note: Cross reference with debt collection if there are unresolved questions of costs.

T2.8.2c Audit Resolution Tracking Checklist

Purpose: to assist reviewers in determining compliance with requirements for subrecipient audit resolution.

Use: Select a sample from the previous worksheet that had findings. Use the table below to track the necessary actions.

Audit Resolution Tracking Checklist		
Entity Audited	Auditor	Audit Period
Activity	Comments	Check (√)
Reviewed the independent auditor's report and supplementary information.		
Reviewed the auditor's statements regarding the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.		
Reviewed the auditor's statements regarding the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.		
Reviewed the Schedule of Expenditures of Federal Awards and Other Financial Assistance. Verified that all programs expending Federal funds during the period of the audit were included on the schedule and were properly identified.		
Reviewed Schedule of Findings and Questioned Costs - Summary of Audit Results.		
Reviewed statement regarding Prior Year Audit Findings.		
Reviewed Management Letter.		
Identified in Audit Report as:	<input type="checkbox"/> High Risk <input type="checkbox"/> Low Risk	
Action	Y/N or Date	Initial
Report Received		
Requested Corrective Action		
Response Received		
Initial Determination		
Response Received		
Final Determination		
Response Received		
Comments		
File Closed		

T2.11.1a Occupancy and Costs Worksheet

Use: Complete the worksheet to compare space, operations and maintenance (O&M) costs to occupancy. See TEGL 7-04 and TEGL 3-07 for guidance.

- √ If unused space, unneeded space, idle space, or idle facilities are found, you have a finding.
- √ If the grant is bearing more costs than its fair share based upon occupancy or usage, you have a finding.
- √ If operations and maintenance charges are excessive, you have a finding.
- √ If proper approvals were not obtained, you have a finding.

Individual Location Cost Compared with Occupancy

(Complete a copy of the table for each or a sample of facilities)

Property Name

Property Street Address

City, State

Is this building owned or leased?

If leased...

If owned...

What is the period for which a single payment is made?

Is depreciation or a use allowance charged? (**note:** if fully depreciated, only O&M charges are allowed)

What is the amount paid for that period?

Was there a deposit?

If yes, what was the amount?

What is the amount of the allowance charge?

Was it recorded as an asset in the books of account?

Occupancy percentages compared with charges by program

Program	Actual % Occupancy	Amount of Space Cost Paid	Calculate Percent	Amount of O&M Cost Paid	Calculate Percent
UI					
NEG					
WIA					
Wagner-Peyser Trade Programs					
Other DOL Programs					
Other Federal Programs					
Other Occupants					
Grantee Funds & Source					
Unused Space					
Total					

Note: If there are variances between occupancy and cost paid percentages, explain. See also, Indicator 3.4.1 Cost Allocation: Resource Sharing.

T2.11.1b Supplemental Occupancy and Costs Worksheet

Purpose: to assist the reviewer in determining if occupancy costs charged are appropriate

Use: Complete for each property if the property is owned and is being depreciated or a use allowance charged; if there is a less-than-arm’s-length transaction; if there is a sale and leaseback arrangement. Allowable charges for Federally-funded programs must be based on the actual costs of occupancy. Fair market rental rates are not allowed for Federally-funded programs in these situations. The data will be used in preparing your written reports. See TEGL 7-04 and TEGL 3-07 for guidance.

Land and Building Costs

	Name of property	
Year of Acquisition		Original Fund Source:
Useful Life		1. Reed Act
Original Costs:		2. Gen. Obligation Bond
1. Land		3. Transfer of UI Equity
2. Building		4. Transfer of ES Equity
3. Interest		5. Penalty and Interest
4. Total		6. Grantee Funds (Specify)
% of depreciation or use allowance previously paid with Federal \$		7. Other DOL
% of remaining depreciation or use allowance		8. Other Federal (Specify)
Total square footage		9. Other Non-Federal
		10. Total – All Fund Sources

Note: Recovery of use and depreciation cannot exceed 100% of the acquisition costs including capital improvement projects.

Improvements Worksheet

Name of property and name of improvement:

Note: Each improvement should be listed separately & should be added to the original cost of the property.

<p>Description</p> <p>Year of improvement</p> <p>Cost</p> <p>Useful Life</p>	<p>Distribution of depreciation or use allowance charges (all occupants of the space)</p> <p style="text-align: center;">UI</p> <p style="text-align: center;">NEG</p> <p style="text-align: center;">WIA</p> <p style="text-align: center;">Wagner Peyser</p> <p style="text-align: center;">Trade</p> <p style="text-align: center;">Migrant</p> <p style="text-align: center;">Other Federal (specify)</p> <p style="text-align: center;">Grantee funds (specify)</p> <p style="text-align: center;">Other</p> <p>Total Cost \$_____</p>
--	---

Note: For capital improvements not approved as direct charges, the cost can only be recovered through depreciation or use allowance, unless the improvements were part of tenant improvement cost identified in the lease agreement.

T3.0.1 General Accounting Reports

Purpose: to aid the reviewer in locating the documentation needed to conduct the testing suggested in the financial review supplement.

Use: Interview staff and complete the table.

Document	Custodian	Location	Purpose
General Ledger			
Cash Receipt Journal			
Payroll Ledger/Register			
Check/Warrant Register			
Accounts Receivable Ledger			
Accounts Payable Ledger			
Cash/checks Received Ledger			
Obligation Control Ledger			
Purchase Order Ledger			
Assets Ledger			

T3.0.2 Payroll and Time Distribution Testing

Purpose: to allow the reviewer to attest to the accuracy, reasonableness, and allowability of personnel expenses charged to a DOL-ETA program.

Use: For one or more pay periods, obtain the staffing chart (agency organizational chart), time sheets, individual staff time activity sheets, payroll register, spreadsheet of actual personnel expenses to be allocated, agency time activity reports, and (if needed) personnel records or the expense reports from the third party payroll processing company hired by the agency. Select a sample of employees and complete the following table.

Payroll and Time Distribution Testing		
Checkpoints	Check or Y/N	Comments
<p>Is the time sheet used to account for vacation and sick leave along with activity reporting?</p> <p>If not, is there a time activity or distribution sheet that is completed and coincides with the payroll period?</p> <p>Internal Controls</p> <p>Examine the time sheet or the time activity/distribution sheet to attest to the following requirements:</p> <p>Signed by employee?</p> <p>Certified or approved by supervisor?</p> <p>Accounts for 100% of time worked?</p> <p>Is the time distribution system reviewed periodically and certified for accuracy?</p> <p>Cost Classification</p> <p>Are there sufficient activity codes to prevent the lumping of general or all other activities in a single code?</p> <p>If the agency is using an "other" code to combine multiple activities, does it exclude non-allowable and/or non-allocable activities?</p> <p>For example, if the agency provides economic development, marketing, fee for service (specialized recruitment) to local businesses that is lumped into an activity code called "Other," is such a code also used to record time for agency fund raising drives or other unallowable activities? If so, activity codes need to be expanded to include a code for non-allocable activities.</p> <p>Cost Allocation</p> <p>Reconcile or compare the time activity reports to the payroll register, the spreadsheet of actual personnel, and the third party allocation or expense report to assure consistency with allocation.</p>		

Allowable Costs

For allowability, look at the agency staffing chart and compare it to the individuals charging time to ETA programs. If discrepancies arise, look to the personnel records for recent job description or duties changes or modifications.

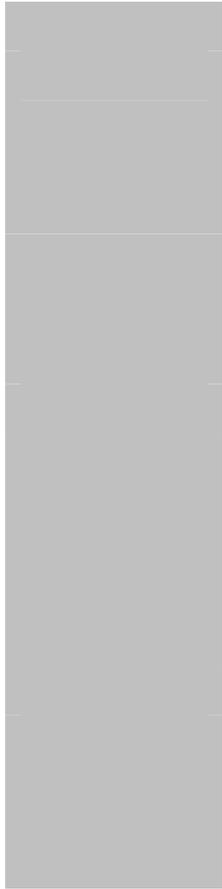
Look at the general ledger postings of personnel and fringe benefits expenses to ensure consistency with the actual time charged on individual activity reports.

Salary Limitations

Are directly charged or allocated salaries within the Executive Level II threshold as stated in TEGL 5-06?

If a salary exceeds the threshold, does the amount in excess of the threshold derive from a non-ETA funding source?

Additional Comments



T3.0.3 Transaction Testing

Purpose: to enable the reviewer to gather data for transaction testing.

Use: Select a variety of non-payroll transactions from the General Ledger. Complete a worksheet for each transaction selected.

US DOL/ETA Financial and Administrative Compliance Review Working Papers

1. Sample Item 2. Date 3. Payee 4. Amount 5. Approval Received 6. Support Documentation 6a. Is it sufficient?		7. (✓)	Documents Purchase Request Purchase Order Original Invoice/Receipt Canceled Check Cost Coding/Payment Approval General Ledger Posting Stamped Paid	Number	Date
---	--	--------	--	---------------	-------------

8. Description/Type of Cost

9. Answer yes or no

9. Answer yes or no	Y/N	10. Cost Category & Allocation			
Consistent with financial policies?		Cost Classification General Ledger Cost Codes			
Competition used?		Fund Source	Account Code	Project Code	Object Code
Approved in grant budget?		Allocation TOTAL Amount			
Budget is in General Ledger?		Allocation #1 Amount			
Fund Accounting used?		Allocation #2 Amount			
Allowable?		Allocation #3 Amount			
Basis of benefit reasonable?					
Direct Charged?					
Accrued?					

11. Comments

12. Need Additional Explanation/Documents

- 13. Conclusion**
- Satisfied
 - Questioned
 - Copies Needed

T3.1.1 Budget Comparison Tool

Purpose: to assist reviewers in performing a budget-to-actual comparison.

Use: Enter data from the grantee’s SF-424A and from the grantee’s books of account.

	Budget Categories										
	Personnel	Fringe Benefits	Travel	Equipment	Supplies	Contractual	Construction	Other	Total Direct Charges	Indirect Charges	TOTALS
Budget											
Quarter 1											
% Expended											
Quarter 2											
% Expended											
Quarter 3											
% Expended											
Quarter 4											
% Expended											
Quarter 5											
% Expended											
Quarter 6											
% Expended											
Quarter 7											
% Expended											
Quarter 8											
% Expended											

T3.2.1 Cash on Hand Analysis Tool

NOTE: The cash on hand analysis should be completed only for those program funds that are NOT covered by the CMTA Treasury/State Agreement.

Use: The reviewer should prepare a daily cash balance section using the Cash Management Worksheet (see following page). The instructions for completing the worksheet are provided below. Once the worksheet has been completed, the reviewer will be able to determine whether the program has excess cash using the Excess Cash Calculation Worksheet.

Instructions for Cash Management Tool (a):

1. Column 2 should be completed prior to the review. (Adjustments may be necessary while on site to include refunds, rebates and/or credits.)
2. Item 1: Ending Balance of Previous Month. Enter the actual cash balance for the previous month as contained in the entity's bank statement or cash receipt/disbursement ledger (for example, if the review is being conducted for the month of January, enter the cash balance as of the last working day in December).
3. Column 3: Funds Disbursed. Enter the total amount of Federal funds disbursed on each day. For days where no disbursement occurred, enter 0. (Disbursement is made on date check is issued.)
4. Column 4: Funds on Hand: Enter the amount of Federal funds on hand as of the close of business each day. This column is calculated as follows:

$$\begin{array}{r}
 \text{Previous Day Column 4} \\
 + \text{Current Day Column 2} \\
 - \text{Current Day Column 3} \\
 \hline
 \text{Current Day Column 4}
 \end{array}$$

(To account for weekends, enter Friday's "Federal Funds on Hand" figure on the lines for both Saturday and Sunday.)

5. Items 5-7: Total. Add the figures in columns 2-4.

Note: For more complex grantees, analysis of cash on hand can be done utilizing the Payment Management System (PMS) data and the grantee's cash disbursement record.

To test cash on hand for a given quarter, perform the following steps:

1. Obtain two quarterly Federal financial expenditure reports and deduct the current cumulative expenditures from the previous quarter's cumulative expenditures to determine the expenditures in a given quarter.
2. Then access the Payment Management System (PMS) and go to Inquiries and Select the PAY report, which will provide you with a cash payment history. You must narrow or filter your report to the period in which you are testing cash on hand by entering the beginning and ending dates of the quarter in the Posted Range Date fields. Compare the quarterly total expenditures in Step 1 with the cash disbursements in Step 2. If cash disbursements exceed total expenditures, identify the amount and continue to Step 3.
3. Divide total expenditures by the number of days in the quarter to determine an average daily cash balance. If the average daily cash balance is more than 3-5 days, then the grantee has excess cash on hand. Further investigation or explanation is needed from the grant recipient. Please consider the time it takes for the grantee to request funds until the funds are approved for disbursement.

Cash Management Worksheet (a)

Name

Month Reviewed

Ending Balance Previous Month (1)

Date	(2) Funds received	(3) Funds disbursed	(4) Funds on hand
1	\$	\$	\$
2	\$	\$	\$
3	\$	\$	\$
4	\$	\$	\$
5	\$	\$	\$
6	\$	\$	\$
7	\$	\$	\$
8	\$	\$	\$
9	\$	\$	\$
10	\$	\$	\$
11	\$	\$	\$
12	\$	\$	\$
13	\$	\$	\$
14	\$	\$	\$
15	\$	\$	\$
16	\$	\$	\$
17	\$	\$	\$
18	\$	\$	\$
19	\$	\$	\$
20	\$	\$	\$
21	\$	\$	\$
22	\$	\$	\$
23	\$	\$	\$
24	\$	\$	\$
25	\$	\$	\$
26	\$	\$	\$
27	\$	\$	\$
28	\$	\$	\$

29	\$	\$	\$
30	\$	\$	\$
31	\$	\$	\$
	(5)	(6)	(7)
Total	\$	\$	\$

Note: The Cash Management Worksheet should be used to calculate estimated excess cash.

Excess Cash Calculation Worksheet (b)

	Agency	For the month of
	1	Total daily balance for ____ calendar days (Item 7) \$
A	2	Divided by ____ calendar days.
	3	Equals "Average Daily Cash Balance"
	1	Total daily disbursements (Item 6)
B	2	Divided by ____ work days
	3	Equals "Average Daily Disbursement Needs"
	1	Average Daily Cash Balance (line A.3)
	2	Minus Average Daily Disbursement Needs (line B.3)
C	3	Equals "Average Amount of Excess Cash on Hand" above one day's average needs
	4	Divided by Average Daily Need (line B.3)
	5	Equals "Average Number of Work Days of Excess Cash"
	1	Add 2 weekend days for each five work days of excess cash on hand
D	2	"Average Number of Calendar Days of Excess Cash-on-Hand"

Source of records,
e.g., bank, state
treasurer/controller

If other than bank records, what is the estimated number of additional calendar days of float that exist before a check is: issued and/or mailed _____ and clears the bank _____?

Instructions for Excess Cash Calculation Worksheet (b)

Section A

Line 1 - Record the total of item 7 of the Cash Management Worksheet. (Note: Be sure that each Friday's balance was added two more times to account for the weekend.)

Line 2 - Record the number of calendar days for the month.

Line 3 - Divide Line 1 by Line 2. This will give you the "average daily cash balance."

Section B

Line 1 - Record the total of item 6 of the Cash Management Worksheet.

Line 2 - Record the number of work days for the month.

Line 3 - Divide Line 1 by Line 2. This is the "average daily disbursement" which provides an indicator of the "average daily cash needs."

Section C

Line 1 - Record the dollar figure of Line A.3 above.

Line 2 - Record the dollar figure of Line B.3 above.

Line 3 - Subtract Line 2 from Line 1. The remainder is the "average amount of excess cash on hand" beyond one day's average need. Since the HHS-PMS system enables a grantee to obtain needed cash within 24 hours of its request, funds on hand over one day's average need will be considered excess.

Line 4 - Record the dollar figure of Line B.3.

Line 5 - Divide Line C.3 by Line C.4. This will provide the "average number of workdays of excess cash on hand."

Section D

Line 1 - If Line C.5 is more than five, add two additional days for every five full workdays to account for weekends. Enter the number of additional days.

Line 2 - Total Line C.5 and D.1. The result is the average number of calendar days of excess cash on hand.

Note: Balances in petty cash fund(s) should be included in the total cash only if significant.

T3.4.1a Cost Allocation Worksheet

Purpose: to assist reviewers in determining whether allocation of costs has been appropriately conducted.

Use: Obtain a copy of the organization’s cost allocation plan (CAP). Review the CAP to identify any cost pools or shared direct costs. Obtain the worksheet/spreadsheet that reflects actual monthly or quarterly expenditures that were allocated among and charged directly to programs. Select any cost pools and a number of shared cost items, and complete the table for each.

Cost Pools and Shared Direct Costs			
Cost pools or shared cost items	Allocation method is appropriate for the type of cost pool or cost item allocated? Y/N	Payments were appropriately allocated according to the CAP? Y/N	Final allocations appear to reflect the benefit received by cost objectives? Y/N

When you look at the cost pool, does it appear that all items are allowable costs and have been appropriately allocated?

T3.4.1b Resource Sharing Worksheet

Purpose: to gather documentation to assist the reviewer in determining if the local area’s MOU funding document or Resource Sharing Document contains the appropriate elements and meets requirements.

Use: Complete the table below for each local area reviewed. If there are multiple agreements, complete the table for a sample of partners.

Local Area:

Checkpoints	Y/N or Date	Adequacy	Comments
Does the agreement contain:			
1. parties to the agreement?			
2. identification of shared costs?			
3. methods of allocating costs?			
4. methods used to pay for shared costs?			
5. modification and reconciliation procedures?			
6. authority and signatures?			
Is the agreement for the current period?			
Has the agreement been modified, e.g., partner or funding changes? If yes, enter date.			
Is a reconciliation performed?			
Do they operate in accordance with their plan?			
In your judgment, is the process adequate and reasonable?			

For any identified finding, obtain relevant documentation/reports and share them with your regional fiscal office.

T3.4.3 Cost Allocation Plan Checklist

Purpose: to assist reviewers in determining whether the cost allocation plan used by the agency contains the appropriate components.

Use: Obtain a copy of the cost allocation plan. Using the checklist below, determine whether the CAP includes all the appropriate components. It should include, at minimum, each of the elements in the checklist. Check Yes or No for each of the items and follow up on any elements that are missing.

Yes	No	Each of the elements listed should be included in the Organizational or Departmental Cost Allocation Plan
		Organization chart that identifies all departments, types of services provided, and ETA- and non-ETA-funded staff functions.
		Description of the types of services provided and their relevance to ETA-funded projects (generally called a Function and Benefit Statement). This would include all ETA- and non-ETA-funded revenue sources and cost objectives.
		Copy of official financial statements or budgets.
		Expense items included in the cost of the services. This would include all joint or pooled costs needing to be allocated (such as staff whose work benefits more than one cost objective, cost pools established for administrative costs and other types of pooled costs, and all other costs that cannot be readily assigned to a single cost objective).
		Description of the methods used in distributing the expenses to benefiting cost objectives. This requires identifying the basis for allocating each type of joint or pooled cost and the documentation for supporting each basis for allocation.
		Certification by an authorized (sub)recipient official that the plan has been prepared in accordance with WIA or other authorizing legislation and regulations and state or other applicable requirements.
For ETA-funded entities that are charged indirect or central services costs, the CAP should also include:		
		Identification of the departments rendering the service costs to benefiting departments (summary CAP).
		Summary schedule of the allocations of central service costs to operating departments.

T3.6.1 Separation of Duties Worksheet

Purpose: to aid the reviewer in identifying the individuals responsible for a number of internal control functions within the organization.

Use: Enter in the top row the names of staff who have any of the responsibilities listed in the table. Place a checkmark below a name if that person has responsibility for that function. (ck = check; cust = custodian).

Individuals with Responsibility for Internal Controls												
Internal Controls Activity												
Approves Purchase Orders												
Verifies Receipt of Order												
Prepares Request for Funds												
Authorizes Disbursement												
Prepares Checks												
Signs Checks – Manual												
– Machine												
Cust of Ck Signing Device												
Cust of Blank Checks												
Compare Cks with Vouchers												
Distribute Checks												
Post Disbursements												
Computes Cost Allocations												
Receives "Cash"												
Post Receipts												
Deposits Receipts												
Cust of Petty Cash												
Petty Cash Replenishment												
Audits Petty Cash												
Bank Reconciliation												
Maintains General Ledger												
Prepares Financial Report												
Approves Financial Report												

T3.7.1 Accrual Worksheet Tool

Purpose: to aid the reviewer in determining the actual amounts of accrued expenditures to be reported for a given period.

Use: Select a report period. Through an analysis of the grantee's financial system, complete the table below and use the results to answer the questions for Indicator 3.71. Additional cost items to list could include such items as equipment, supplies, subrecipient costs, etc.

Accrual Worksheet				
	Official Books of Account as of _____	Accruals – Expenditures and Program Income	Total Accrued Expenditures and Program Income	Comments
Salaries				
Fringe				
Travel				
<i>Enter name or description of additional cost items in the rows below. Use additional space as needed.</i>				
Cost Item				
Total Reported Program Income TOTAL				

In accordance with 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.