

**United States Department of
Labor
Employment and Training
Administration**

N. Didra Nunn-Manpower
Development Specialist

Understanding Expenditure Data

Understanding Expenditure Data Background

- Low Spending Levels
- ETA Investigation Results
- Impact
- Congressional Interest
- GAO's report
- OIG's report

Understanding Expenditure Data Background Con't...

- GAO Recommendations:
 - ✓ ETA should clarify reporting guidance and definitions
 - ✓ ETA should use obligations along with expenditures as a measure of fund utilization (FUR)
 - ✓ ETA should share any spending “benchmarks” and guidance for better management of spending with the States

Understanding Expenditure Data Background Con't...

- ETA Response to GAO
 - TEGGL 16-99, Change 1, & Financial training to clarify definitions, reporting instructions
 - Accrued Expenditures (Fund Utilization Rate) not Obligations

Understanding Expenditure Data Background Con't...

- WIA Reauthorization Proposal for Reallotment
 - Based on 70% accrued expenditures, not 80% obligations
 - Based on all funds available for spending, not just current year funds
 - Applied to each funding stream i.e., Adult, Dislocated Worker, and Youth.

Understanding Expenditure Data Terminology

Understanding Expenditure Data Terminology

- Financial Reporting
- Total Federal Funds Authorized
- Outlays (Accrued Expenditures)
- Unliquidated Obligations
- Obligations
- Unobligated Balance

Understanding Expenditure Data Terminology Con't...

- Financial Reporting : Entity must demonstrate the ability to provide *accurate, current, and complete disclosure* of the financial results of the financial results financially assisted activities in accordance with the financial reporting requirements of the grant/subgrant.

Understanding Expenditure Data Terminology

- Total Federal funds authorized- The total amount of Federal funds obligated by the DOL for use by the recipient. This amount may include any authorized carryover of unobligated funds from prior funding periods when permitted by the DOL's regulations or implementing instructions
- [29 CFR 95.2]

Understanding Expenditure Data Terminology Con't...

- Accrued expenditures- are charges incurred by the grantee during a given period requiring provision of funds for (1) goods and other tangible property received; (2) services performed by employees, contractors, subgrantees, and other payees; and 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 97.3]

Understanding Expenditure Data Terminology Con't...

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

Understanding Expenditure Data Con't...

- 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 basis, they represent the amount of obligations incurred by the grantee for which an outlay has not been recorded

Understanding Expenditure Data Con't...

- 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.

Understanding Expenditure Data Con't...

- 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 obligations from the cumulative funds authorized [29 CFR 97.3]

What is Accrual Accounting?

- A method of accounting that outlines an operating entity's financial position and operating results are measured by the flow of economic resources.
- Transactions are recorded in the accounting period in which they occur

Why Accrual Reporting?

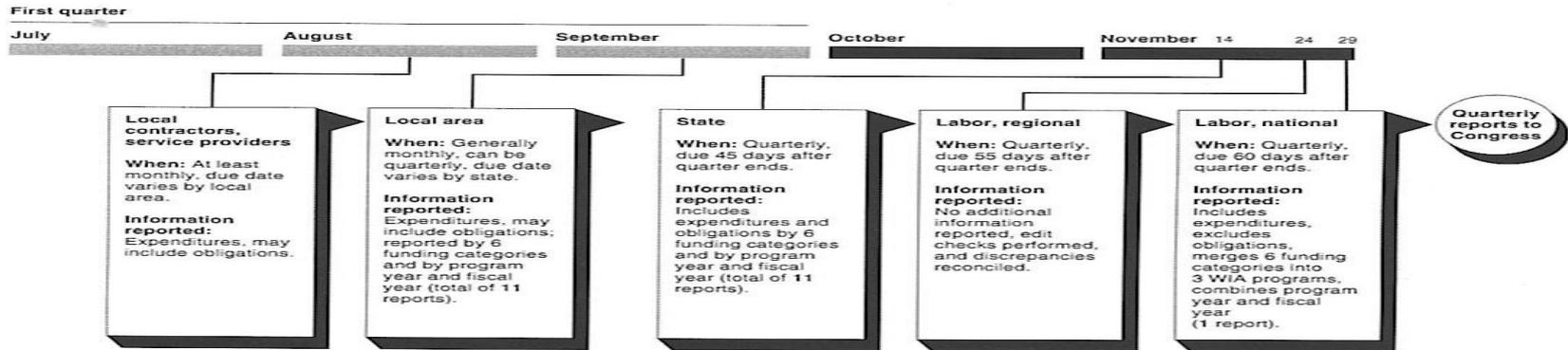
- Reliable financial information “key”
- Effective Management
- Accountability
- Federal fiduciary responsibility

**Obligation or Accrual
Expenditures?
Exercise 1 & 2**

Key Players in Expenditure Data Review

- Labor, National
- Labor, Regional
- State
- Local contractors and/or other grantees i.e., private or not-for profit grantees
- Local area

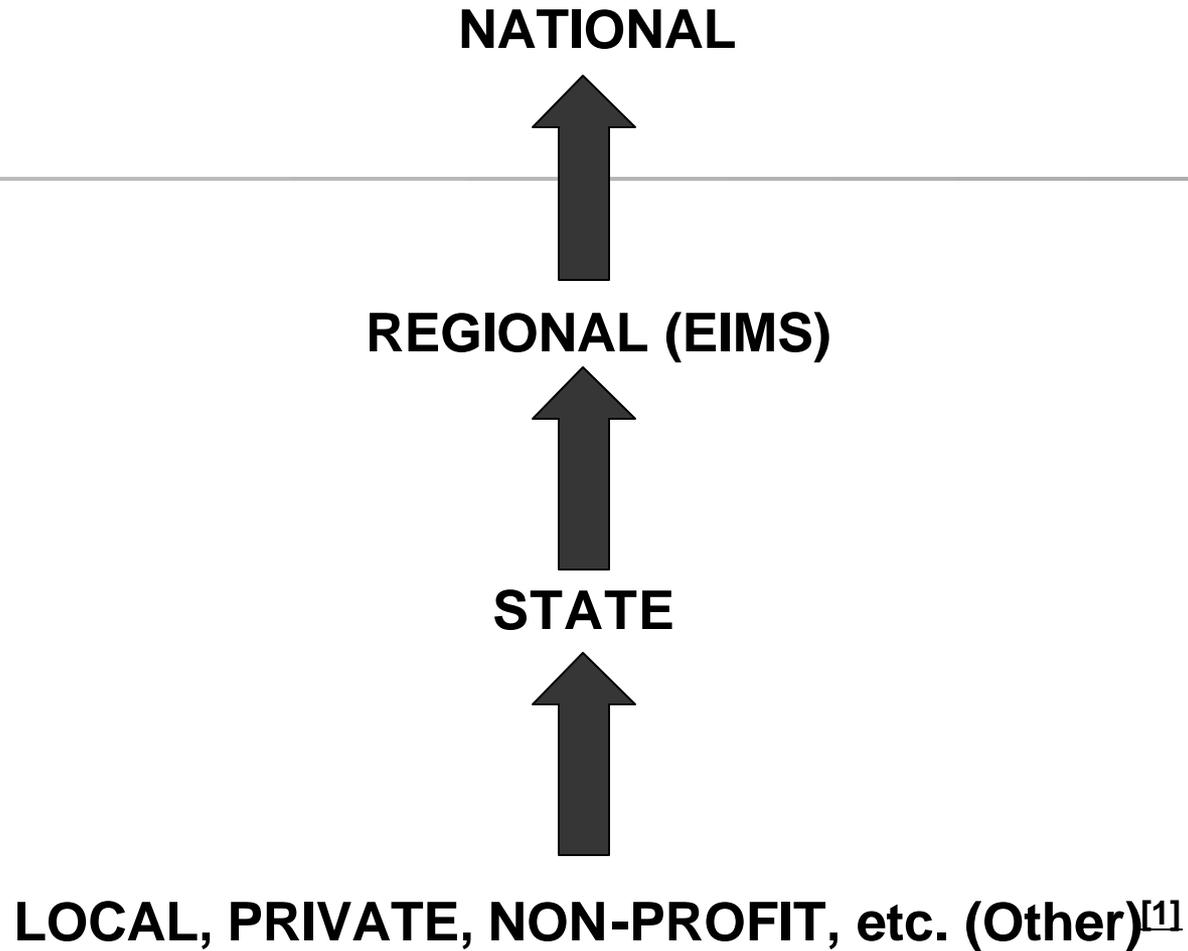
Figure 2: WIA Quarterly Financial Reporting Process



Source: GAO's analysis of Labor's Training and Employment Guidance Letter 16-99, (Washington, D.C.: 2000), H.R. Conf. Rep. No. 107-148, at 68 (2001), and interviews with officials from Labor, states, and local areas.

Local areas have two years within which to spend their annual allocations while states have 3 program years.

= EXPENDITURE DATA ANALYSIS



[1] The above diagram is a "Sample" illustration of the reporting structure of expenditures.

Open Discussion

Regional OSS Staff

(404)562-2095