

## **NEMO WORKFORCE DEVELOPMENT BOARD ACCOUNTING PROCEDURES MANUAL**

### **1. FINANCIAL MANAGEMENT.**

- A. Accounting standards for the Administrative Entity (AE) and Subrecipients.
  - 1) The AE must maintain an accounting system which meets all current requirements of the Uniform Guidance, 2 CFR 200.302 and the Generally Accepted Accounting Principles (GAAP) applicable to the agency, i.e. GAAP promulgated by the Financial Accounting Standards Board (FASB) for Non-Governmental Entities and the Governmental Entities. The financial management system must also be sufficient to meet the requirement of Section 185 (a) (1) and (2) of WIOA.
- B. The AE and Subrecipients shall ensure that their own financial systems, as well as those of their Subrecipients, provide fiscal control and accounting procedures that are:
  - 1) In accordance with GAAP Financial Systems and shall include:
    - a. information pertaining to subgrant and contract awards, obligations, unobligated balances, assets, expenditures and income;
    - b. effective internal controls to safeguard assets and assure their proper use;
    - c. a comparison of actual expenditures with budgeted amounts for each subgrant and contract;
    - d. source documentation to support accounting records; and
    - e. proper charging of costs and cost allocation.
  - 2) Sufficient to:
    - a. permit preparation of required reports;
    - b. permit the tracking of funds to a level of expenditure adequate to establish that funds have not been used in violation of the applicable restrictions on the use of such funds;
    - c. permit the tracing of program income, potential stand-in costs and other funds that are allowable, and
    - d. demonstrate compliance with matching requirements.
- C. The AE and Subrecipients shall prepare and maintain formal monthly trial balances.
- D. The AE and Subrecipients shall prepare and maintain formal monthly bank reconciliation's which are initialed and dated by both the preparer and the reviewer. The reconciliation shall be done to the General Ledger Cash Balance(s), not just the checkbook balance.
- E. The trial balance shall be prepared prior to preparing the Contract Progress Reports (also see reporting).
- F. The AE and Subrecipients shall utilize a check log or other similar instrument to record incoming checks. The check log shall be used during the bank reconciliation to verify cash receipts for accuracy and timeliness.
- G. The first person in contact with an incoming check must restrictively endorse it "For Deposit Only".
- H. The amount received must be checked against the cash requested from the AE; the AE must be contacted if any differences arise.
- I. Accrued expenditures mean charges made to the WIOA program. Expenditures are the sum of actual cash disbursements, the amount of indirect expense incurred and the net increase (or decrease) in the amounts owed by the recipient for: Goods and other property received; Services performed by employees, Contractors, Subgrantees, Subrecipients and other payees; and other amounts owed under programs for which no current services or performance are required, such as annuities, insurance claims and other benefit payments.

- J. The AE and Subrecipients shall maintain and implement detailed written policies and procedures that address all functions or processes within their accounting system. Contracting agencies operating under an approved Local Workforce Innovation and Opportunity Act Plan are required to include their written policies and procedures as part of their proposal responses.
- K. Entities not operating under an approved Local Workforce Innovation and Opportunity Act Plan shall ensure that all staff and participants being paid, are paid based on attendance and shall utilize a time sheet. (NOTE: See allocation of costs to determine if a time sheet detailed by funding source or cost category is required.)

## **2. ADMINISTRATIVE COST POOL GUIDELINES**

The Division of Workforce Development (DWD) authorizes Administrative Entities and/or Grant Recipients to establish and utilize an Administrative Cost Pool (which includes both WIOA and non-WIOA funds), unless specifically prohibited by contract, as long as it meets the following guidelines and restrictions:

- A. Only allowable costs may be charged against the Pool (see allowable and unallowable costs). An acceptable allocation method will still be required for allocation of costs between Administration and Program Services (see allocation of costs).
- B. The accounting system must demonstrate, either directly or indirectly (through work sheets), the total monthly Administrative Pool Costs and allocation to individual Titles/Subtitles. This information shall be retained for audit and/or monitoring.
- C. The allocation of costs to Titles/Subtitles shall be done monthly to allow Contract Progress Reports to be prepared.
- D. A formula must be established on a monthly basis for allocation to programs, Titles and Subtitles. No costs shall be chargeable to a cost category except to the extent that such benefits are received by such category. Activity based formulas, such as number of participants, time sheet allocations or dollars expended may be utilized. Any other types of formulas must be approved by DWD. Any formula which is used may not distribute back to the Title/Subtitle more than it contributed or more than the WIOA, Federal Regulations or DWD allow. A work sheet shall be prepared and retained for auditing and/or monitoring, to show how the formula was developed. The Administrative Entity may authorize its Subrecipient to utilize Administrative Cost Pooling, provided that they implement the same requirement and monitor their Subrecipients for compliance.

## **3. ALLOCATION OF COSTS GUIDELINES**

Costs which must be allocated to more than one cost category, or are for programs which cannot utilize Administrative Cost Pool formula allocations (Administrative Cost Pool), must use some equitable method of cost allocation (which includes both WIOA and non-WIOA funds). The Division of Workforce Development currently recognizes three methods of allocation, each of which may be appropriate for specific applications. Contracting agencies are charged with making appropriate use of these approved methods and being able to justify their allocation methods. Other cost allocation methods may be utilized upon approval by DWD and the AE.

The three recognized methods of Cost Allocation are:

- 1. Time Sheets - individual staff members keep track of the amount of time spent on a given program by preparing a detailed time sheet. A group of individual time sheets could be utilized to allocate costs of general Administrative staff who cannot readily identify which program derives benefit from a general action;

2. Participant Activity - some measure of the participant activities (enrollments, checks processed or active participants) could be utilized to allocate costs between programs. This would not be appropriate to allocate costs between Administration and Program Services.
3. Expenditures - some expense related measures (expenses of Subrecipients, direct expenses or total non-staff expenses) could be utilized to allocate costs between programs, to allocate general staff, such as outreach staff, to the appropriate reporting category. This method would not be appropriate to allocate costs between Administration and Program Services. The NEMO WDB utilizes this method in allocating its expenditures.

#### **4. CASH MANAGEMENT**

Cash management means the process of managing cash inflows and cash outflows. NEMO WDB and their subrecipients will follow a cash management system, which will provide for the following:

- A. Cash receipts, including Electronic Funds Transfers (“EFT”) and wire transfers, should be promptly deposited into an interest-bearing account with a financial institution that has either FDIC or FSLIC coverage. NEMO WDB and their subrecipients are encouraged to use minority or women-owned financial institutions. NEMO WDB and their subrecipients must sign a collateral agreement for all funds that exceed the FDIC or FSLIC coverage.
- B. NEMO WDB is responsible for its own cash balance as well as those of their subrecipients. With the use of EFT for majority of cash requests, the time it takes to receive cash has been drastically reduced. Federal cash balances of three (3) days is the existing standard used by Federal agencies in interpreting U.S. Department of Treasury requirements, and is the accepted measure utilized by the DWD.
- C. Cash should be requested via the FRS maintained by the DWD. Cash may be requested twice per week; if requested by close of business on Monday, cash will be received by Friday of the same week; if requested by close of business on Wednesday, cash will be received by Tuesday of the following week.
- D. If holidays fall within the above time frame, DWD will send an email notification of adjusted dates for cash requests and cash receipts.
- E. The advance should be limited to the minimum amount needed and should be timed to meet immediate cash needs.
- F. NEMO WDB and their subrecipients must disburse program income, rebates, refunds, interest earned on such funds, etc. before requesting additional cash.
- G. Mandatory cash management requirements for all Subrecipients and their subrecipients may be found at 2 CFR Part 200.305 as well as 31 CFR Part 205, as applicable.

#### **5. EXCESS CASH**

Excess Cash is an additional amount of cash in excess of what Subrecipients normally need to have on hand for the day-to-day administration of Federal programs. Even though funds may be obligated for specific purposes, the use of the obligated funds is not always immediate; thus if adequate measures are not in place, significant cash balances may accumulate over time in contravention of Federal regulation. Federal regulation states “for non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non- Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means

To optimize the cash requirement needs of Subrecipients, the DWD allows Subrecipients to draw down funds two times per week. The DWD has also functionalized its financial reporting system to monitor cash balances.

In summary, NEMO WDB is responsible for managing their cash balances as well as those of their subrecipients. ***Excess Cash balances are not acceptable.*** In maintaining an optimal mix of cash balances, NEMO WDB may take advantage of DWD's proviso that allows a cash draw from the DWD twice per week. Federal cash balances in excess of three (3) days is an existing standard used by Federal agencies in interpreting USDOL's requirements under 31 CFR 205.12 (b) (4) to advance only enough cash to meet actual, immediate cash needs. Excess Cash is monitored monthly, and is reviewed during DWD's annual financial monitoring. The DWD may impose additional restrictions on cash flow if NEMO WDB shows a recurring problem with Excess Cash.

## 6. RECRUITING COSTS

Per 2 CFR § 200.463 (a) Subject to paragraphs (b) and (c) of this section, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to the non-Federal entity's standard recruitment program. Where the non-Federal entity uses employment agencies, costs not in excess of standard commercial rates for such services are allowable. (b) Special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness or do not conform with the established practices of the non-Federal entity, are unallowable. (c) Where relocation costs incurred incident to recruitment of a new employee have been funded in whole or in part as a direct cost to a Federal award, and the newly hired employee resigns for reasons within the employee's control within 12 months after hire, the non-Federal entity will be required to refund or credit the Federal share of such relocation costs to the Federal government.

**7. FINANCIAL DUTIES/FUNCTIONS:**

The personnel accounting procedures established by the Northeast Missouri Workforce Development Board (NEMO WDB) achieve separation of Duties outlined in the following charts:

**FINANCIAL DUTIES/FUNCTIONS  
NORTHEAST MISSOURI WORKFORCE DEVELOPMENT BOARD**

Executive Director	Acting Director	Fiscal Officer	Operations/ Program Coordinator	EO Officer/ Compliance Coordinator	WDB Member
A	A (a)		A (a)		
B1	B1 (a)		B1 (a)		B1
			B2	B2 (c)	
C1	C1 (a)		C1(a)		C1
			C2	C2 (c)	
D1 (b)	D1 (b)(a)	D1			
D2 (b)	D2 (b)(a)	D2			
		E	E (b)		
		F	F (c)	F (c)	
G	G		G	G	
H (c)		H			
		I			
		J1			
		J2			
K					K
L	L	L	L	L	
		M1			
		M2			
		M3	M3 (c)		
N (b)	N (b)(a)	N	N (c)		
O					O
P (b,c)		P (b)	P	P (b,c)	
Q	Q (a)		Q (a)		Q

- a) only in the absence of the Executive Director
- b) "Verification" consists of independently reviewing information and/or items and totals.
- c) "Backup" entails the ability to perform the function in the absence of the primary staff assigned.

A	Receives/approves time, attendance records	J	1. Performs general ledger entries; 2. Prepares statements
B	1. Authorizes disbursement of payroll checks; 2. Disburses payroll checks	K	Authorizes purchasing of time/contract
C	1. Signs checks; 2. Affixes signature stamp	L	Verifies receipt of merchandise
D	1. Prepares payroll; 2. Prepares other checks	M	1. Pays suppliers/initiates payment/requisition; 2. Records transactions; 3. Initiates purchase orders
E	Reconciles bank accounts/statements	N	Verifies/approves price/extension on vendor invoices
F	Prepares deposits	O	Selects/approves prices
G	Takes regular account deposits to bank	P	Records incoming checks in cash receipts log
H	Prepares federal tax deposits	Q	Authorizes payroll/other checks
I	Prepares general ledger trial balance		

## B. Cash receipts

The mail is opened by the Operations/Program Coordinator who stamps all checks "For Deposit Only", and logs them into the check log. The Operations/Program Coordinator then gives the check to the Fiscal Officer along with any transmittal documents. The Fiscal Officer checks the amount of the check against the transmittal document and the transmittal document against the cash request. If there are any discrepancies, they are reported to the Executive Director and Division of Workforce Development. The Fiscal Officer verifies the balance on hand in the bank before deposit is made to insure that funds are collaterally secured over and above FDIC coverage. The deposit receipt/or copy of is returned and the Fiscal Officer attaches it to the transmittal document. The Fiscal Officer posts the cash receipt to the cash receipts journal which automatically posts directly to the general ledger allowing that on any given day if all receipts and disbursements are recorded in the general ledger cash account, so the amount of excess cash can be known. The Fiscal Officer marks the transmittal document and files it in the cash receipts file.

Cash requests are prepared by the Fiscal Officer. The cash forecasts will be based on Subrecipient requests and the Administrative Entity staff needs on a monthly basis, subject to review and change within the month if necessary. The Administrative Entity shall adhere to the 3-day average cash balance on hand requirement, detailed in Contract Agreements from DWD, in considering Subrecipient cash requests and its own needs. Mandatory cash management requirements found at 2 CFR Part 200.305 as well as 31 CFR Part 205, as applicable, will be followed.

## C. Cash Disbursements

All payments will be made either by check or electronically. All checks must be pre-numbered. Outstanding checks for more than sixty (60) days will be voided and an investigation of that voided check will be made by the Fiscal Officer before a replacement check will be reissued. Each check will require two (2) signatures. One will be the original signature of either the Executive Director or designee in the absence of the Executive Director (see Chart), Secretary/Treasurer of the NEMO WDB. The other will be either an original signature of the Secretary/Treasurer of the NEMO WDB or other WDB members designated on the bank signature card, or a stamped facsimile of the signature of the Secretary/Treasurer. However, in the event that the Secretary/Treasurer of the NEMO WDB signs in lieu of the Executive Director the Secretary/Treasurer's signature (either original or stamped facsimile) cannot be the second signature. Persons signing their original signature will not be allowed to use or initial a signature stamp at that time. Signing checks in advance is prohibited. No checks will be allowed to be made payable to "cash". All voided checks will be canceled and retained.

Time sheets are signed by the employee, supervisor, and/or Executive Director, or designee in the absence of the Executive Director (see Chart). Payroll will be prepared by the Fiscal Officer and reviewed by the Executive Director or designee, per Chart.

Costs are allocated according to year-to-date expenditures of the Subrecipients. This expenditure driven/benefit derived method is for all staff and all operational expenses other than specific funded - direct charged staff and costs that can be specifically identified for direct charging. A monthly worksheet showing the YTD expenses per title, which is approved by the Director is the basis for the percentage allocations for operational expenses.

The Fiscal Officer will prepare allocations subject to review and approval of the Executive Director. The original invoice or other supporting documentation shall show the allocation of expenses and the computation of the allocation. All supporting documentation shall be canceled when paid showing the amount paid and the date paid.

Cost assignments and cancellation of documents supporting payments will be the responsibility of the Fiscal Officer with the approval of the Executive Director or Acting Director.

### **Check Processing Procedure:**

1. Fiscal Officer gives a system generated printout of Accounts Payable (A/P), Timesheets, Travel Vouchers, and Payroll to the Executive Director or designee (see Chart), who indicates approval.
2. The listing and copies of each invoice are scanned and emailed to the Secretary/Treasurer or designee for approval.
3. The Secretary/Treasurer or designee reviews and emails approval/disapproval to Fiscal Officer.
4. Fiscal Officer prints checks.
5. Fiscal Officer gives checks, copies of invoices and Secretary/Treasurer email approval to Executive Director or designee (see Chart) for signature.
6. Upon approval from Executive Director or designee (see Chart) and Secretary/Treasurer or designee, Operations/Program Coordinator or approved designee will affix the Secretary/Treasurer stamp and initial the affixed signature.
7. Checks are disbursed by Operations/Program Coordinator or designee for disbursement. All outgoing checks will be placed in pre-addressed envelope(s) prior to placement with other outgoing mail.
8. Invoices and all other accompanying documentation is returned to Fiscal Officer for filing.

NOTE: If Secretary/Treasurer is not available, a WDB member with signatory authority will approve payroll and accounts payable.

The signature stamp will remain under lock in the Operations/Program Coordinators' office, which offers reasonable protection from theft or unauthorized use. In no case will the facsimile stamp be used without receipt of the signature or electronic approval of the Secretary/Treasurer or backup. The staff person affixing the signature stamp will obtain and return the stamp from/to the Operations/Program Coordinator.

### **D. Cash Reconciliation's**

Reconciliation's are made to the general ledger cash balance, supported by the bank statement. Bank statements are received electronically from the bank.

Deposits are checked against the check receipt log to verify that deposits are made timely and against the check register to account for all checks used verifying the date, number, amount, payee, inspecting signatures, endorsements, investigating outstanding checks of 90 days or more, and tracing any bank transfers. The Fiscal Officer initials (signs) and dates the bank reconciliation upon completion, then gives it to the Operations/Program Coordinator for verification. Reconciliation's are complete only when the Fiscal Officer and Operations/Program Coordinator have initialed/signed and dated the reconciliation, one as preparer and the other verifying each and all items.

All pre-numbered blank checks, undelivered checks, and voided checks are kept in the fiscal office under lock and key. It is prohibited to make checks payable to cash. Checks are not signed in advance. All checks require either two original signatures or one original and one stamped from authorized persons listed below and one signature must be a NEMO WDB member: Executive Director/Acting Director or designee indicated in Chart, Secretary/Treasurer, of the NEMO WDB, or other designated WDB members with signatory authority.

### **E. Expense Reporting**

#### Internal Expenses

These expenses are automatically recorded as expenses at the time they are entered into the accounts payable journal by the Fiscal Officer who coded the expenses to the proper expense

accounts from the chart of accounts. The chart of accounts is prepared at the beginning of each program year to assure all contract funds are accounted for and also to provide information to DWD, the NEMO WDB and the Executive Director. The administrative entity, Subrecipients, and any programs operated directly by the WDB are given numbers to distinguish that disbursements are accounted for in comparison to the approved budget.

The administrative entity has a separate account system within the general ledger for actual expenses and accrued expenses. Subrecipients' actual expenses are recorded separately.

#### Subrecipients' Expenses

Each month, data from CPR, monthly trial balance, balance sheet, general ledger, and journal vouchers are updated in the DWD and NEMO WDB electronic systems.

When all expenses are posted on the computer, reports are run with selection of the proper numbers to show distribution of the funds to each CPR required by DWD. Reports are given to the Executive Director for review and distribution.

#### Reporting to WDB

Financial reports are prepared and made available to all members of the NEMO Workforce Development Board.

#### Expenditure Limitations

Subrecipient's CPR's will be monitored each month by the Fiscal Office to ensure that costs are in line with planned expenditures and do not exceed contracts. Deficiencies will be reported to the Executive Director.

Subrecipients shall be monitored and required to determine if any program income exists, how much, and how the Subrecipient can expend such funds on allowable WIOA programs. The Administrative Entity shall not have or recognize program income, and if any is determined, it shall be spent on allowable WIOA programs. Any income reports shall be prepared quarterly by the Fiscal Officer.

The Administrative Entity will not allow and will not pay contract payment requests which are more than the amount of the contract.

#### Allowable-Unallowable Costs

The NEMO WDB and its Subrecipients shall be responsible for adhering to the laws concerning allowable and unallowable costs. Each entity shall comply with Uniform Administrative Requirements applicable to their organization as codified at 29 CFR Part 95 or Part 97. Each entity shall also comply with the allowable cost/cost principles applicable to their organization as codified at 29 CFR Part 95.27 or 97.22.

These reference materials and any subsequent issuances and/or circulars shall be disseminated by the AE to all Subrecipients and those Subrecipients shall be required to comply. The Administrative Entity/Grant Recipient may impose additional restrictions upon the allowability of certain costs to their Subrecipients.

#### Allowable Costs

1. For an expenditure to be allowed it must:
  - a. Be related to the WIOA program
  - b. Be allowable under the WIOA Federal Regulations
  - c. Be allowable under the NEMO WDB contract terms
  - d. Not violate any Federal, State or local laws
  - e. Be reasonable in quality and cost
  - f. Be necessary for the operation of the program

- g. Be included in the line-item budget
  - h. Be properly documented
2. NEMO WDB reserves the right to require the contractor to justify any expenditure for any of the above reasons. In particular, care should be used to ensure all costs are reasonable, necessary and documented.
  3. Direct and indirect costs must be charged in accordance with the appropriate OMB Circular for the type of entity receiving the funds. Allowable Cost must be either direct or indirect as defined below:
    - a) "Direct Cost" is defined as those costs that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization.
    - b) "Indirect Cost" is defined as those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.\_

#### Disallowable Costs

- 1) Any penalty for delinquent payments shall not be an allowable cost.
- 2) The personnel, facilities or funds of the WIOA contract shall not be utilized for a partisan political activity or lobbyist activities
- 3) Costs of insurance offering protection against debts established by the Federal or State Government.
- 4) Costs of legal expense for the prosecution of claims against the Federal or State Government.
- 5) Costs of legal services by the chief legal officer of a local government or staff solely for the purpose of discharging general responsibilities as a legal officer.
- 6) Costs resulting from violation of or failure to comply with Federal, State or local laws and regulations.
- 7) Costs for entertainment.
- 8) Any cost specified as unallowable in the applicable uniform cost principles included in the appropriate OMB Circular for the type of entity receiving the funds.
- 9) Cost principles for State and Local Government Circular #A-87 gives some general guidelines for DWD contracts. This Circular is not the only applicable legislation, but should be used as a general guideline.
- 10) Costs of alcoholic beverages.

#### F. Bonding

Each individual Program Operator, under terms of their contract, will be required to reimburse NEMO WDB for any unallowable cost incurred. The NEMO Workforce Development Board carries Directors and Officers coverage, which includes Errors and Omissions, in the amount of \$1,000,000 per occurrence/\$1,000,000 aggregate as well as Employee Practices and General Liability in the amount of \$1,000,000 per occurrence/\$2,000,000 aggregate. All staff and board members are included in this coverage. All personnel of the NEMO WDB are bonded at \$100,000.00.

At a minimum, all program operators are required to have bonding, per individual at the following levels:

- ◆ \$50,000 for contractors of grants of less than \$500,000 (not to exceed the total contract); or
- ◆ \$100,000 for contracts or grants of \$500,000 or more.

#### G. Record Retention

NEMO WDB and its Subrecipient's must retain all records applicable to Department of Labor (DOL) awards. Records shall include, but are not limited to, financial records, supporting documents, statistical records, and all other records pertinent to a grant or contract. The Code of Federal Regulations at 29 CFR 97.42 (for all state and local government agencies) or 29 CFR 95.53 (for all non-state or non-local government entities) requires records to be retained for a period of three (3) years from the date of the final expenditure report. The aforementioned records will be retained beyond three (3) years if any litigation or audit is begun or if a claim is instituted involving the grant or agreement covered by the records.

#### H. Public Access To Records

Providing responsible stewardship for, and oversight of, federally funded workforce programs must be accomplished in a way that demonstrates integrity, accountability, and transparency in order to preserve the public trust.

The Uniform Guidance, 2 CFR 200.336 (a), provides that "The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents." The right of access is not limited to the required retention period, but shall last as long as the records are retained (2 CFR 200.336 (c)).

Section 185(a) (4) of WIOA and the provisions of the Sunshine Law all buttress the need to make records accessible to the public upon request. The NEMO WDB, therefore, will maintain and will require all Subrecipients to maintain adequate records, and make such records accessible to the DWD and/or any authorized representative of the Federal or State government upon request.

The disclosure of information that would constitute unwarranted invasion of personal privacy, and information containing trade secrets, commercial or financial information, regarded as privileged or confidential are exempted from the above requirements.

Fees associated with the reproduction and/or providing information requested by the public may be charged only in an amount sufficient to recover the costs. NEMO WDB may charge \$.10 per page.

Policies designed to implement the requirements in this segment must not conflict with State statutes; specifically [RSMo Chapter 610](#), Governmental Bodies and Records.

#### H. Confidentiality

The NEMO WDB and its Subrecipient's will follow DWD Issuance 13-2016, Change 1 Confidentiality and Information Security Plan. All staff must have passed the exam, signed the Confidential User Attestation Form and submitted it to the NEMO WDB before being granted access to **ANY** confidential information. For new staff requesting State Case Management System access they must have passed the exam, signed the Confidential User Attestation Form and submitted it to the NEMO WDB, who will then submit a request for State Case Management System access.

A signed Confidentiality Oath/Confidential User Attestation Form will be placed in each employee's personnel file.

## 6. FINANCIAL MONITORING

DWD will monitor annually for each title and contract by the Administrative Entity. The Fiscal Officer conducts a formal written financial monitoring of all Subrecipients. These records are traced to their books and a review of their trial balances is conducted to assure accuracy with NEMO WDB's fiscal records for each agency. Computation of excess cash; review of trial balances and bank reconciliation's; examination to assure that FDIC coverage and collateral security are adequate for cash on hand; examination of inventory records; review of bonding policy; a check on internal controls and separation of duties; examination to determine if program income exists and is being accounted for, and reported in accordance with applicable requirements; a review and interview to ensure staff is following the applicable uniform cost principles included in the appropriate OMB Circular(s) in determining costs applicable to WDB and WDB procurement system guidelines; a review of the cost allocation system; a regular examination of expenditures to test transactions against cost categories and cost limitations; review and certify the procurement process by testing the procurement transactions and documentation for compliance with WDB procurement system guidelines; determine if stand-in costs exist and are being accounted for are all components of the formal written monitoring process and report. A file review report is given to the Subrecipient at the exit conference with a written report following within 30 days. The response from the Subrecipient with corrective action is due at the Administrative Entity 30 days after the Subrecipient receives the written monitoring report from the NEMO WDB. Monitoring reports are reviewed and approved by the One Stop Committee of the NEMO WDB. Corrective action is reviewed at a subsequent monitoring visit. More detailed information regarding financial monitoring can be found in the NEMO WDB Sub State Monitoring Plan.

## 7. FISCAL AUDITING

The NEMO WDB and its Subrecipients, will have audits performed under OMB Circular A-133. It is mandatory that this audit be performed by a **Certified Public Accountant** (unidentifiable until contracts are awarded). Audits will be in accordance with OMB Circular A-133 as required under single audits, as well as the audit standards set forth in the Fiscal and Compliance Element of the Standards for Auditing for Governmental Organizations Programs Activities and Functions issued by the Comptroller General of the U.S. The Administrative Entity will be responsible for resolving sub-recipients audits where there are audit discrepancies. Final approval of sub-recipient audit resolutions will be made by DWD. One (1) copy of each auditee's Data Collection Form will be provided to DWD within thirty (30) days of issuance of the final audit. The following audit procedures will be adhered to:

### AUDIT PROCEDURES:

- **Entrance Conference:** The purpose of the entrance conference is to allow the auditor to review the activities to be performed, arrange for access of appropriate staff and records, and to generally review the purpose and process of the audit with the Grant Recipient's administrators and other appropriate staff.
- **Field Work:** Field work includes review of the internal controls used to account for and report funds as well as a detailed examination of the transactions to determine compliance with the Act, and the regulations and terms of the Contract.
- **Fraud or Program Abuse:** Should the auditor encounter any issue believed or suspected to be tainted with fraud or program abuse, they will complete a detailed report and make reference to it in the audit.
- **Exit Conference:** The exit conference allows for a debriefing and should include general findings related to possible administrative concerns as well as any probable questioned costs.
- **Financial Audit Report:** The final audit report will be issued to the NEMO WDB and will include audit determinations. The determinations reached by the auditors are advisory. NEMO WDB has established procedures for audit settlements and debt collection. Audits will be completed and the report submitted to arrive at DWD no later than nine (9) months after the end of the audit period,

but still must be within thirty (30) days after being received by the audited agency. Audit reports submitted will include all of the audit control and location code numbers that apply to the particular audit report. All applicable audit control and location code numbers shall be included on the cover of each audit report or in an audit report transmittal letter.

Upon the issuance of new contracts, or amendments to new contracts, NEMO WDB will provide DWD with current audit tracking forms. Audit tracking forms are prepared by the Fiscal Officer, within 30 days of the effective date of the last required signature on the contract or contract modification. Contracts or contract modifications signed on or after June 15<sup>th</sup> of the current Program Year must be submitted to the DWD no later than July 15<sup>th</sup> of the same calendar year.

The audit report will contain financial information (receipts, expenditures) that is allocated by specific WIOA title denoted by contract progress reports. Where practical, a Subrecipient with a different fiscal year than the AE (7/1 to 6/30) will have the audit reports of receipts and expenditures segmented by quarter, month, or other period to facilitate audit reconciliation.

Audit tracking forms must be submitted electronically to [audittracking@ded.mo.gov](mailto:audittracking@ded.mo.gov). The forms must contain the name and phone number of the person who prepared and/or submitted the form(s). A reply message will be sent when an Audit Tracking Form is received and/or accepted by the DWD.

Audit tracking forms must be submitted for all formula and discretionary grant funds; and for new funds and any carryover funds from one fiscal year to the next.

#### AUDIT SETTLEMENTS:

- The Administrative Entity sends a copy of the NEMO WDB's final audit report to the WDB Executive Committees as well as the Chief Local Elected Officials. At least 25 days will be allowed for comment.
- The Subrecipient responds to the AE with documentation to substantiate allowability of questionable/disallowable costs.
- The AE issues the initial determination within 25 days after the end of the comment period. The initial determination offers the Subrecipient the right to informally resolve the issues and sets forth tentative findings of allocability or non-allocability of all questioned/disallowed costs. Administrative findings are also included in the initial determination as well as sanctions and remedies that may be imposed by the AE, should a settlement not be reached.
- The AE and Subrecipient shall meet and attempt to informally resolve the problems identified in the initial determination. The Subrecipient must be prepared to submit documentation to substantiate the allocability of any questions/disallowable costs challenged.
- The AE will issue a final determination allowing or disallowing all questioned/disallowed costs. The determination will include all sanctions and remedies available and corrective actions necessary to resolve the audit.
- The Subrecipient has the right to appeal the final determination. If the Subrecipient does not appeal the final determination, required actions to be taken are:
  - a. Administrative Findings - submit corrective action plan. The AE will review and accept the plan and also monitor performance of the Subrecipient.
  - b. Disallowable Costs - AE establishes an accounts receivable and a system to monitor repayment.
- The audit follow-up process should include methods to ensure that all required administrative

findings are corrected within an established time frame and that corrective action implemented adequately responds to the problem identified. The follow-up process should also include a method to ensure that disallowable costs are paid back to the grant as required. Should disallowed costs not be recovered, then the AE must actively and aggressively pursue debt collection. All of the above procedures relating to auditing shall be conducted with Workforce Development Board oversight and will involve the Executive Committee direction.

#### DEBT COLLECTION:

- The debt collection process begins when the AE makes a final determination to disallow a cost to the contractor. This process must be done in writing and the following identifying information will be included in the letter transmitting the funds to the AE and DWD.
- Contract progress report number(s) associated with each part of the recovered funds (a breakdown must be made between adult/dislocated worker and youth);
- Program Year(s) to which the repayments apply;
- If recovered from a sub-recipient, the sub-recipient name(s); and
- An assurance that all recovered funds is from non-federal and non-state resources.

The final determination contains the first official demand for repayment of the debt.

- A notification of the date the debtor will be considered delinquent shall be made in writing.
- An accounts receivable system set up by the AE and an accounts payable system set up by the sub-contractor shall be established.
- At least three (3) debt collection letters at no less than thirty (30) day intervals will be mailed.
- Possible sanction shall be made if the debt is not repaid.
- When the sub-contractor cannot collect the debt and the debt collection system fails there will be legal action taken against the sub-contractor.

#### AE AUDIT RESOLUTION PROCESS (NEMO WDB)

- A. The NEMO Workforce Development Board uses the audit resolution process as codified in 29 CFR Part 97. The AE is assigned responsibilities of oversight, monitoring, audit review and reconciliation, resolution of findings, and assignment for debts resulting from an audit. The AE in each Region is responsible as a subcontractor to DWD for those areas. The AE may assign debts and costs resulting from an audit to the sub-contractor. Sub-contractors in the NEMO WDB Local Workforce Development Area will be assigned the debts and costs resulting from their audit.
- B. Within 30 days of receiving a sub-contractor's audit report, the Fiscal Officer will review the audit and reconcile the WIOA revenues and expenditures with the Contract Progress Reports as submitted by the sub-contractor. The Fiscal Officer shall note and inform the Executive Director of any discrepancies, audit exceptions sufficient to preclude an unqualified report, and any other audit findings.
- C. In the event of any audit exceptions sufficient to preclude an unqualified report, the Subrecipient will be required to inform the AE in writing of the resolution/corrective action process within 60 days after the notification. The Subrecipient is required to report monthly thereafter until the audit exception is resolved.

- D. The Executive Director and the NEMO Workforce Development Board may establish a debt against the Subrecipient if that subcontract has generated a disallowed cost of other debt which cannot be paid by WIOA funds.
- E. The means of repayment of disallowed costs, noted in an audit or monitoring, could be negotiated between the Subrecipient and the AE. If “stand-in” costs are used, they must adhere to the guidelines in the DWD Financial Manual.

#### AUDIT RESOLUTION APPEALS PROCEDURES

The Administrative Entity has established procedures for resolving complaints related to audit resolution final determination for Subrecipients and all levels of their Subrecipients, in accordance with the State’s Complaint Resolution Policies Issuance 09-2012.

### 8. MANDATORY DISCLOSURES

NEMO WDB and its Sub-Recipients shall comply with 2 CFR Part 200.113 Mandatory Disclosures. In a timely manner in writing, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award, must be disclosed to DWD.

### 9. FRAUD, PROGRAM ABUSE AND CRIMINAL CONDUCT

Fraud may be defined as the intentional or deliberate deception to secure monetary or personal gain. It may encompass, but not limited to:

- A. Bribery, forgery, extortion, or embezzlement.
- B. Theft of participants’ checks.
- C. Kickbacks from participants or contractors.
- D. Intentional payments to a contractor without expectation of receiving services.
- E. Payments to ghost enrollees.
- F. Misuse of appropriated funds.
- G. Misrepresenting information in official reports.
- H. The Uniform Guidance, 200.435 (3) defines fraud as acts of fraud or corruption or attempts to defraud the Federal Government or to corrupt its agents; acts that constitute a cause for debarment or suspension (as specified in agency regulations) and acts which violate the False Claims Act.
- I. NEMO WDB and its Subrecipients shall comply with USDOL [Training and Employment Guidance Letter \(TEGL\) No. 2-12, issued July 12, 2012](#), or any change or revision thereafter. TEGL 2-12 transmits procedures to be followed by all Employment and Training Administration (“ETA”) grant recipients for reporting allegations of fraud, program abuse or criminal conduct involving grantees or other entities and subrecipients receiving Federal funds either directly or indirectly from ETA. Subrecipients must also disclose, in a timely manner, in writing to the DWD all violations of Federal criminal law involving fraud and any other criminal activity at the same time any report is made to the USDOL. The embezzlement from WIOA funds, improper inducement, and the obstruction of investigations shall be subject to certain penalties as allowed by appropriate State law.

- J. The DWD specifically requires that Subrecipients have a well defined policy on procedures to report fraud, program abuse, and criminal conducts to the DWD. The DWD will review this policy on its annual monitoring.

Information and complaints alleging criminal fraud, waste, abuse, or other criminal activities must be filed directly and immediately through the DWD Incident Reporting System to the USDOL Office of Inspector General, Office of Investigations, Room S5514, 200 Constitution Avenue NW, Washington D. C. 20210. The Regional Inspector General for Investigations, Employment and Training Administration, 911 Walnut Street, Kansas City, Missouri 64106, must be copied on all complaints that are filed alleging fraud, waste, abuse or other criminal activities. The Hotline number is 1-800-347-3756. The DWD Equal Opportunity Officer can assist in reporting to the Office of Inspector General.

DWD and the NEMO WDB maintains procedures which may be used for resolution of complaints arising from actions such as audit disallowance's and the imposition of sanctions taken by DWD or the NEMO WDB Administrative Entity, respectively, which pertain to audit findings, investigations, or monitoring reports. Such complaints must be filed in writing and addressed to the State EO Officer, Division of Workforce Development, P. O. Box 1087, Jefferson City, MO 65109, or, respectively, to the Local EO Officer, NEMO Workforce Development Board, 111 E. Monroe, Paris, Missouri 65275.

## **10. CLOSE OUT**

NEMO WDB shall comply with the terms and conditions concerning closeout of the subaward in 2 CFR Part 200.243, Closeout, with the exception that after the period of performance is complete, NEMO WDB will have two (2) CPR cycles instead of 90 calendar days, where applicable.