











**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		

## **A. Cash receipts**

The mail is opened by the Operations/Program Coordinator then 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 Office 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 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 account in the Financial Software, allowing that on any given day if all receipts and disbursements are recorded in the general ledger cash account, 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 Executive Director, or designee, shall review and approve the cash request before the Fiscal Officer enters the request into the FRS system. 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 OWD Excess Cash Policy, detailed in Contract Agreements from OWD, in considering Subrecipient cash requests and its own needs. 2 CFR Part 200.305 as well as 31 CFR Part 205, as applicable, will be followed.

## **B. Cash Disbursements**

All payments will be made by check or electronically. All checks must be pre-numbered and should be marked with a sixty (60) day limit for honoring that check. 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), and the 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.

Approval is not required from the Board Representative for rent, utilities, payroll taxes, retirement contributions, most of which are automatic withdrawals.

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 allocation worksheet showing the 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.

### **C. 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 viewed by, or scanned and emailed to the Secretary/Treasurer or designee for approval. The Secretary/Treasurer or designee reviews and emails approval/disapproval to Fiscal Officer. In the case another Board Member is signing in place of the Secretary/Treasurer, they will approve the expenditures either via email or being physically present.
3. Fiscal Officer prints checks.
4. Fiscal Officer gives checks, copies of invoices and Secretary/Treasurer email approval to Executive Director or designee (see Chart) for signature.
5. 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.
6. 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.
7. 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 physical or electronic approval of the Secretary/Treasurer or backup with exception to rent, utilities, payroll taxes and retirement contributions. 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, and payee, inspecting signatures, endorsements, investigating outstanding checks of 60 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. In addition, the Executive Director will review, initial, and date the reconciliation.

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 to provide information to OWD, 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.

### **Indirect Cost Rates**

NEMO WDB will follow the process for negotiating the Indirect Cost Rate as stated in the OWD Financial Manual. This must be done on an annual basis (**by December 31**), with additional negotiation if a change occurs that would affect the rate.

### **Subrecipients' Expenses**

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

When all expenses are posted in the financial database, reports are run with selection of the proper General Ledger Account numbers and Programs to show distribution of the funds to each CPR required by OWD. Reports are given to the Executive Director for review and reconciliation back to the OWD FRS System.

### **Reporting to WDB BOARD**

Financial reports are prepared and made available to all members of the NEMO Workforce Development Board prior to each Board Meeting and upon request.

### **Expenditure Limitations**

Subrecipients CPR's will be monitored each month by the WDB 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 2 CFR 200.

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 and allowable to the WIOA program
  - b. Be necessary and reasonable for the performance of the Federal award and be allocable under these principles.
  - c. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items
  - d. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
  - e. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
  - f. Be determined in accordance with generally accepted accounting principles (GAAP).
  - g. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or the prior period.
  - h. Be adequately documented and able to trace expenditure to CPR
  - i. Be allowable under the NEMO WDB contract terms
  - j. Not violate any Federal, State or local laws
  - k. Be reasonable in quality and cost
  - l. Be necessary for the operation of the program
  - m. Be included in the line-item budget
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. Direct Costs do not require any further allocation
  - 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. A cost allocation plan must be in place these costs consistently.

### **Disallowable Costs**

- a) Any penalty for delinquent payments shall not be an allowable cost.
- b) The personnel, facilities or funds of the WIOA contract shall not be utilized for a partisan political activity or lobbyist activities
- c) Costs of insurance offering protection against debts established by the Federal or State Government.
- d) Costs of legal expense for the prosecution of claims against the Federal or State Government.
- e) 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.

- f) Costs resulting from violation of or failure to comply with Federal, State or local laws and regulations.
- g) Costs for entertainment.
- h) Cost of food and beverage unless there is an agenda and sign-in sheet. This does not apply to cost of food and beverage while traveling.
- i) 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.
- j) Sales Tax if the purchase was made in Missouri.
- k) Cost principles for State and Local Government Circular #A-87 gives some general guidelines for OWD contracts. This Circular is not the only applicable legislation, but should be used as a general guideline.
- l) Costs of alcoholic beverages.

## **F. Bonding**

Each individual Program Operator, under terms of their contract, will be required to reimburse NEMO WDB for any disallowed cost incurred from Non-Federal funds. 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 & Public Access**

NEMO WDB and its Subrecipients 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 Uniform Guidance 2 CFR 200.333 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. *See NEMO WDB Issuance 03-2017 Public Access-Record Retention-Destruction of 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 OWD 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.

RECORD DISPOSAL: NEMO WDB must request permission to destroy records from OWD. Subrecipients must request permission to destroy records in writing from NEMO WDB. Follow procedures in NEMO WDB Issuance 13-2017 and use form [Prior Approval to Dispose Records](#)

## H. Confidentiality

The NEMO WDB and its Subrecipients will follow NEMO WDB Issuance 15-2017 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 granting 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.

## I. Reporting to OWD

All Subrecipients are required to submit monthly or quarterly financial reports to the OWD for each grant award they operate. The reports must be submitted electronically through the OWD FRS and/or any other OWD approved mediums. It is the responsibility of Subrecipient to ensure the accuracy and timeliness of financial information provided by its Subrecipients in order to report to the OWD.

Below is non-exhaustive listing of financial reporting requirements:

### 1. Contract Progress Report (CPR) – Monthly

- a. Contract Progress Reports are due by the close of business on the 10th of the month following non-end of quarter months and by the close of business on the 15th of the month following end of quarter months.
- b. CPRs must be prepared and reported on an accrual basis in compliance with GAAP.
- c. The actual expenditure portion of the CPR must be taken directly from the accounting system and the accruals must be supported by information in the accounting system or from spreadsheets.

d. Year-To-Date (YTD) expenditures should be checked on a regular basis against Subrecipients' records. The OWD must be contacted immediately regarding any discrepancies.

e. Cash disbursement reporting is required on the Cumulative Cash Disbursed line and must be entered in order to submit the monthly CPR. Cash disbursed cannot be greater than cumulative cash requested. If the amount entered for cumulative cash disbursed is less than the cumulative cash drawn then an explanation will be required prior to submission. In addition, please remember the cumulative accrued expenditures should be equal or greater than the cash disbursed.

f. Final reporting of expenditures should be documented on the CPR page by changing the "Final report?" to Yes and complete the next screen.

## 2. Cash Request – Bi-Weekly

a. All cash requests will be submitted through the OWD FRS.

b. Cash may be requested twice a week. Cash requested by 11:59 p.m. on a Monday will be available on following Friday. Cash requested by 11:59 p.m. on Wednesday will be available on the following Tuesday.

c. If a holiday falls within the timeframe for cash requests, or if the timeframe is affected by the timing of SAM II processes, a message will be displayed in FRS with information regarding the adjusted schedule for requesting and receiving cash.

## 7. FISCAL AUDITING

Office of Workforce Development will Audit the financial records of NEMO WDB at least annually. Financial monitoring is a process that is essentially performed to ensure that WIOA and/or any other programs administered by the OWD achieve their intended results; that resources are efficiently and effectively used for authorized purposes; and that resources are protected from waste, fraud, and abuse.

When monitoring NEMO WDB, The USDOL regulation, 20 CFR 683.410(a) requires OWD to:

- (1) Determine that expenditures have been made against the proper cost categories and within the cost limitations specified in the Act and the regulations in this part; (for more information on Cost Categories, refer to OWD Financial Manual – April 2019 – Pages 23 and 24.
- (2) Determine whether there is compliance with other provisions of the Act and the WIOA regulations and other applicable laws and regulations;
- (3) Assure compliance with 2 CFR part 200; and
- (4) Determine compliance with the nondiscrimination, disability, and equal opportunity requirements of sec. 188 of WIOA, including the Assistive Technology Act of 1998 (29 U.S.C. 3003).

The NEMO WDB and its Subrecipients will have audits performed under Uniform Administrative Requirements 2 CFR 200.500 (Subpart F). It is mandatory that a Certified Public Accountant, (unidentifiable until contracts are awarded), perform this audit. Audits will be in accordance with Uniform Administrative Requirements 2 CFR 200.500 (Subpart F) 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.

### THIRD PARTY AUDIT OF NEMO WDB (PERFORMED BY CONTRACTED AUDITOR)

The Third-Party Auditor is contracted through a competitive bidding process (RFP), following NEMO WDB Procurement procedures. The Auditor will utilize a combination of on-site and field work activities to gather and analyze the transactions to determine compliance with the Act and OMB.

The Third-Party Auditor will send a draft audit report to the NEMO WDB with any findings and concerns and allow time to make needed corrections or comments. The Auditor will complete the

Management Letter and the final copy of the Audit Report and notify NEMO WDB that the report is ready for upload to the Federal Clearing House (FAC). The Fiscal Officer or Executive Director, will upload the report, along with the Data Collection Form.

When notification of acceptance from FAC is received, the Fiscal Officer will submit a copy of the Management Letter, issued by the Auditor, to OWD within fourteen (14) business days via email to [DWDAuditTracking@dhewd.mo.gov](mailto:DWDAuditTracking@dhewd.mo.gov).

The determinations reached by the auditors are advisory. Audits will be completed and the report submitted to arrive at **OWD 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.

### AUDIT RESOLUTION (WDB)

The Fiscal Officer will, in accordance with 2 CFR 200.521, shall perform audit resolution within six (6) months of acceptance of the audit report by the Federal Audit Clearinghouse. Per 2 CFR 2900.21. The Audit Resolution file must contain, but is not limited to:

- a) A copy of the audit report and any related management report.
- b) A worksheet or working papers used to reconcile the expenditures presented in the audit report against the CPRs or other expenditure reports as submitted by the Subrecipients.
- c) All correspondence documenting the disposition of reported questioned costs, corrective actions taken for all findings, and correspondence relating to corrective plans resulting from the audit firm's management reports.
- d) A completed audit report review checklist.
- e) A copy of the Data Collection Form.
- f) A copy of the letter to NEMO WDB from OWD accepting the audit with a contingency clause stating that all audit settlements are conditional and subject to review by the USDOL, the Missouri State Auditor's Office, the OWD, and any other cognizant federal/state agency that may provide pass through funds through the OWD.

### SUBRECIPIENT AUDIT PROCESS:

At least once during each program year, the WDB financial monitoring staff shall conduct a combination of desktop and on-site Financial Monitoring Review (FMR) of each program operator's financial procedures and systems to ensure fiscal integrity and compliance with applicable Federal and/or State funds administered through NEMO WDB.

In addition, funds intended to support adult, dislocated worker, youth, Job Center Cost Share and Infrastructure Cost Share, stand-alone youth programs or any other special initiatives will be monitored in accordance with contractual scopes of work. The FMR must ensure that the Subrecipient meets the terms and conditions of the sub award and the fiscal goals or requirements, and that all amounts reported are accurate and allowable, allocated properly, and supported by documentation.

The monitoring shall be completed using a standardized monitoring instrument, which may be customized to meet special contract provisions. This review shall include a sampling, covering at least one-month's activities, and shall consist of the following procedures: *(Note: More than one month may be required based upon the Risk Assessment and/or findings in the first month audited.*

*NEMO WDB reserves the right to request supporting documentation for as many months as necessary to resolve the issues.):*

The following list of financial categories will be reviewed:

1. Monthly reports (CPR) submitted must be traced to books of record and supporting documentation
2. Trial Balance and bank reconciliation
3. Adequate collateral security and FDIC or FSLIC coverage for cash on hand;
4. Inventory records
5. Confidentiality policy
6. E-Verify documentation
7. Internal control and separation of duties
8. Program Income, if any
9. Procurement process/transactions
10. Indirect cost rate
11. Expenditure review for allowable costs and cost limitations
12. Review of all administrative/personnel related manuals
13. Record Retention/destruction
14. Conflicts of Interest
15. Board Members Annual Attestations
16. Waste, Fraud and Abuse Policy
17. Insurance and Bonding Policy
18. Ensure that staff is following the proper guide for determining costs applicable to WIOA (OMB Circular)
19. A review and certification the procurement process is in compliance with the WIOA and NEMO WDB procurement system guidelines;
20. A review of Excess Cash – Compare cash balance to cash request

Step 1: When monitoring is completed, a preliminary written monitoring report will be prepared by the WDB Fiscal Officer and submitted to the WDB Executive Director for review.

Step 2: The preliminary written report will be submitted to the Program Operator, along with any findings and/or recommendations, if there are any.

Step 3: If there are findings, the program operator will be required to submit a corrective action plan to the Executive Director and Fiscal Officer within 14 business days from the date the program operator received the written report.

Step 4: Following the receipt of the written response from the Program Operator, a final monitoring report will be prepared. The monitoring report must identify any issues found that indicated noncompliance with Federal, State, NEMO WDB, and/or OWD requirements rules and regulations, and provide the remedies that were or will be taken to correct the issues.

Step 5: The Audit Settlement Process will be followed.

Step 6: The Debt Collection Process will be followed, if needed.

Step 7: The NEMO WDB Fiscal Officer will complete a Risk Assessment. See Risk Assessment Tool Attachment. The Subrecipient will be given 10 business days to review and respond.

Comprehensive records of all monitoring activities must be retained in accordance with the Record Retention Policy and made available to OWD upon request.

NOTE: Depending upon the finding or concern and/or the Risk Assessment, NEMO WDB may elect to monitor all or specific areas on a more frequent basis. Subsequent monitoring will review prior financial monitor reports and investigate any prior findings and their resolution.

#### **AUDIT RESOLUTION (SUBRECIPIENT)**

NEMO WDB must complete audit resolution of its Subrecipients' audits within six (6) months after acceptance of its Subrecipients' audit.

The Audit Resolution file must contain, but is not limited to:

- a) A copy of the audit report and any related management report.
- b) A worksheet or working papers used to reconcile the expenditures presented in the audit report against the CPRs or other expenditure reports as submitted by the Subrecipients.
- c) All correspondence documenting the disposition of reported questioned costs, corrective actions taken for all findings, and correspondence relating to corrective plans resulting from the audit firm's management reports.
- d) A completed audit report review checklist.
- e) A copy of the Data Collection Form.
- f) A copy of the letter to the Subrecipient accepting the audit with a contingency clause stating that all audit settlements are conditional and subject to review by the USDOL, the Missouri State Auditor's Office, the OWD, and any other cognizant federal/state agency that may provide pass through funds through the OWD.

#### **AUDIT SETTLEMENTS (SUBRECIPIENTS):**

- The NEMO WDB sends a copy of the Subrecipients audit report(s) to the WDB Executive Committee, as well as the Chief Local Elected Officials. At least 25 days will be allowed for comments.
- The Subrecipient responds to the AE with documentation to substantiate allowability of questionable or disallowable costs.
- The NEMO WDB 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 NEMO WDB 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 NEMO WDB will issue a final determination allowing or disallowing all questioned or 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 NEMO WDB will review and accept the plan and also monitor performance of the Subrecipient.



- b. Disallowable Costs – NEMO WDB 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 30 days 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 NEMO WDB 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 (SUBRECIPIENTS):**

- The debt collection process begins when NEMO WDB makes a final determination to disallow a cost to the Subrecipient. This process must be done in writing and the following identifying information will be included in the letter transmitting the funds to the NEMO WDB and OWD.
- 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 WDB 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 NEMO WDB cannot collect the debt and the debt collection system fails there will be legal action taken against the sub-contractor.

#### **AUDIT RESOLUTION REVIEW AND PROCESS OF SUBRECIPIENTS (THIRD PARTY AUDIT)**

- 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 OWD 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 NEMO WDB 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. OWD 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 OWD 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 Danielle Smith, State EO Officer, Office of Workforce Development, , 301 W. High Street, P.O. Box 1087, Jefferson City MO 65102, or, respectively, to Sharon Hillard, EO Officer, NEMO Workforce Development Board, 111 E. Monroe, Paris, Missouri 65275. The complaint process can be found at [www.nemowib.org](http://www.nemowib.org) on NEMO Policy Issuance WDB 19-2020.

## **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 NEMO WDB and/or OWD. For more information see NEMO WDB Issuance 18-2020 at [www.nemowib.org](http://www.nemowib.org).

## **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: (Reference NEMO WDB Issuance 19-2020)

- 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 OWD 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 OWD specifically requires that Subrecipients have a well-defined policy on procedures to report fraud, program abuse, and criminal conducts to the OWD. The OWD will review this policy on its annual monitoring. The NEMO WDB Policy may be found at [www.nemowib.org](http://www.nemowib.org) Issuance 19-2020.

Information and complaints alleging criminal fraud, waste, abuse, or other criminal activities must be filed directly and immediately through the OWD 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 OWD Equal Opportunity Officer can assist in reporting to the Office of Inspector General.

OWD 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 OWD 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, Office 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 sub award 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. See OWD Financial Manual – April 2019 – Pages 59-61 for additional information.

## 11. DEOBLIGATION/REOBLIGATION OF FUNDS

Section 189 (g) (2) (A) of WIOA stipulates that funds allocated by the State to Subrecipients under WIOA Sections 128 (b) and 133 (b) for any program year are available for expenditure only during that program year and the succeeding program year.

The WIOA further provides for the de-obligation of funds from local workforce development areas for failure to meet the minimum requirements specified in the Act. Accordingly, the OWD requires that Subrecipient(s) must obligate not less than 80 percent (80%) of the funds made available to them in each program year’s funding or they bear the risk of losing the funds through the reallocation process. “Allocation,” as used in this section, refers to the Subrecipient(s) original formula fund amount, as adjusted appropriately by transfers between programs that have been approved in the LWDA. Subrecipient(s) that fail to meet the minimum obligation levels may have the remaining funds (below the minimum obligation level) deobligated. Subrecipients that meet or exceed their minimum obligation levels in the prior year will be eligible to receive a portion of the deobligated funds. The performance evaluation, for purposes of reobligation of these funds only, shall be based on the fourth quarter performance data, so that the funds are available in a timely manner. The annual

performance for all other purposes, including the sanction policy, shall continue to be based on the final data included in the annual report.

The deobligated funds will be redistributed/reobligated to other qualifying Regions or program operators in the region, with express approval from OWD, based on these two criteria:

- a) If the total amount deobligated is more than \$200,000 per program, the OWD would reallocate by a formula based on prior year expenditures; and
- b) If the total amount deobligated is less than \$200,000 per program, the OWD would have the discretion to make awards to the highest performing areas. A maximum reobligation of 30 percent of Subrecipients' current year allocation will be applied to ensure that areas receiving additional funds can be expected to expend the funds during that year. If the maximum 30 percent reobligation would cause any funds to remain unobligated, the amount to be deobligated will be reduced proportionally until it equals the amount to be reobligated.

## **12. COLLECTION OF AMOUNTS DUE**

Any funds paid to a Subrecipient in excess of the amount that is determined due under the terms of an award and/or any amounts owed to the OWD will constitute a debt to the OWD. The OWD may recover debts owed to it in any of the following manners:

- a) Make an offset against cash requests
- b) Withhold advance payments due to the Subrecipient
- c) Any other action as permitted by law.

The OWD will charge interest on any overdue amounts in accordance with the Standards for the Administrative Collection of Claims except where otherwise provided by statutes or regulations. The date from which interest is computed is not extended by any litigation or the filing of any form of appeal.

## **13. COLLECTION OF UNALLOWABLE COSTS**

Subrecipients' payments or expenditures that are determined by the OWD to be unallowable, as direct or indirect costs, must be refunded (including interest) to the OWD in accordance with instructions from the OWD unless a Federal statute or regulation directs otherwise. Interest will be charged in accordance with the determination made under the immediately preceding section –"Collection of Amount Due."

## **14. OUTSTANDING PAYMENTS AND UNCLAIMED PARTICIPANT WAGES**

Subrecipient(s) are required by law to submit all earned unclaimed participant wages or mileage to the office of the Missouri State Treasurer, Unclaimed Property Division, in the required format as instructed on the website; [www.treasurer.mo.gov](http://www.treasurer.mo.gov)

## **15. JOB CENTER COST SHARE PROCESS FOR REPORTING NEGOTIATED EXPENSES**

The concept of Job Center Cost Share (JCCS) was developed by the OWD and the Workforce Development Boards (WDB) to essentially embark on the significant transformation of Job Centers to successfully respond to a changing economy in relation to the changing customer needs.

The financial ramification of this concept is that costs associated with running Job Centers are shared between the OWD and the Workforce Regions.

The OWD, WDB, and Subrecipient(s) bear the following responsibilities when it comes to Job Center Cost sharing:

- A. The OWD provides FRS capability wherein job center costs can be inputted based on budget line items and pre-agreed upon cost sharing percentages. WDB must input only qualifying costs and adhere strictly to the pre-agreed upon cost sharing percentages.
- B. The OWD will input its expenditures for each month by Job Center and enter it in the JCCS expenditures page in FRS by the 15th of the month. If it is a month following the end of a quarter month (April, July, October, January), this process will be completed by the 20th of the month following.
- C. NEMO WDB will fill in its portion of expenditures for each Job Center in the JCCS expenditures page in FRS by the 15th of each month. If it is a month following the end of a quarter month (April, July, October, January), the process must be completed by the 20th of the month following.
- D. The FRS will then calculate and display the result of the calculation, indicating whether NEMO WDB owes the OWD or vice versa.
- E. If it is determined that the OWD owes a NEMO WDB, OWD will process payments for any reimbursements owed (JCCS or Infrastructure) after the reporting month has closed (either the 15th of the month or 20th of the month after quarter end).
- F. If the JCCS or Infrastructure cost reporting results in OWD owing NEMO WDB, OWD will process payments for those amounts by the end of that month and will notify NEMO WDB through FRS of the scheduled pay date.
- G. If the FRS calculation results in NEMO WDB owing OWD, NEMO WDB will need to follow the normal process to submit payment by sending a check to OWD by the 30th of the month in which the deficiency is computed.

#### **16.E-VERIFY**

E-Verify is an electronic program through which employers verify the employment eligibility of their employees after hire. In short, employers submit information taken from a new hire's Form I-9 (Employment Eligibility Verification Form) through E-Verify to determine whether the information matches government records and whether the new hire is authorized to work in the United States.

- A. Subrecipient must adhere fully to the provisions of 285.530.1 through 285.530.5, RSMo.
- B. Subrecipients must continually maintain enrollment and participation in the E-Verify Federal work authorization program with respect to the employees hired to work on OWD awards. E-verify must be performed on every new employee no later than the end of three (3) business days after the new hire's first day of employment. Adequate explanation must be given for any E-verify performed past the 3-business day time frame.
- C. Subrecipients are responsible for ensuring that their Subrecipients comply with E-verify requirements.

#### **REFERENCES AND ADDITIONAL INFORMATION**

Property Management and Inventory – See Exhibit A of the Procurement Policy Guideline Manual  
Conflict of Interest Policy – NEMO WDB Issuance 18-2020  
Procurement Guidelines Policy – ATTACHMENT 10 OF LOCAL PLAN  
Complaints and Grievance Policy – NEMO WDB Issuance 19-2020  
Risk Assessment Form - [www.nemowib.org](http://www.nemowib.org) under Local Policies and Issuances – Local Forms  
Audit Tracking Form- [www.nemowib.org](http://www.nemowib.org) under Local Policies and Issuances – Local Forms  
Audit Review Form - [www.nemowib.org](http://www.nemowib.org) under Local Policies and Issuances – Local Forms

REVISIONS:

6/15/20 – Per request from Auditors the following statement was added to C. on Page 5 “The Executive Director, or designee, shall review and approve the cash request before the Fiscal Officer enters the request into the FRS system.” and on Page 7 - Cash requests are prepared by the Fiscal Officer. The Executive Director, or designee, shall review and approve the cash request before the Fiscal Officer enters the request into the FRS system.