



STATE OF ARKANSAS
EMPLOYMENT SECURITY DEPARTMENT
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Mike Huckabee
Governor

Ed Rolle
Director

EMPLOYMENT ASSISTANCE
ISSUANCE PY 02-03

Ed Rolle, Director

January 24, 2003

TO: Local Workforce Investment Areas/Service Providers

SUBJECT: Workforce Investment Act Financial Reporting

1. **Purpose:** To provide clarification to the Workforce Investment Act (WIA) financial reporting instructions issued in Training and Employment Guidance Letter (TEGL) No. 16-99, Change 1, dated June 23, 2000.
2. **General Information:** Federal Regulations governing Workforce Investment Act (WIA) activities authorize and require that the Governor be responsible for oversight of all Local Workforce Investment Area (LWIA) grant recipients and Title I programs. This Issuance sets forth the procedures by which the Arkansas Employment Security Department (AESD) will monitor your Financial Reporting procedures.

The AESD in cooperation with the Arkansas Workforce Investment Board (AWIB) will ensure that these procedures are used in preparing Workforce Investment Act Financial Reporting.

All entities receiving funds from AESD are required to have and follow these procedures for Financial Reporting.

3. **Action Required:** Please advise the appropriate staff regarding the contents of this Issuance, which is effective immediately. Should the Issuance be updated, you will be provided a copy of any change(s) as soon as possible.
4. **Inquiries:** Please direct any questions concerning this Issuance to WIA Cash Accounting, (501) 682-3699.
5. **Attachment:** Training and Employment Guidance Letter (TEGL) No. 16-99, Change 1, dated June 23, 2000.
6. **Expiration Date:** Continuing.



"AN EQUAL OPPORTUNITY EMPLOYER"

Employment and Training Administration Advisory System U.S. Department of Labor Washington, D.C. 20210	CLASSIFICATION WIA/Financial Reporting
	CORRESPONDENCE SYMBOL OFAM
	DATE November 6, 2002

TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 16-99, Change 1

TO: ALL STATE WORKFORCE LIAISONS
ALL STATE WORKFORCE AGENCIES

/S/

FROM: EMILY STOVER DeROCCO
Assistant Secretary

SUBJECT: Workforce Investment Act Financial Reporting

1. **Purpose.** To provide clarifications to the Workforce Investment Act (WIA) financial reporting instructions issued in Training and Employment Guidance Letter (TEGL) No. 16-99 dated June 23, 2000.

2. **References.** Workforce Investment Act of 1998, PUBLIC LAW 105-220, dated August 7, 1998; Workforce Investment Act - Final Rules, 20 CFR Part 652 et al., dated August 11, 2000; and Training and Employment Guidance Letter No. 16-99, Workforce Investment Act Financial Reporting, dated June 23, 2000.

3. **Background.** As the result of questions, concerns, and issues that have surfaced during numerous training and technical assistance sessions on the financial reporting requirements contained in TEGL No. 16-99, it has become apparent that data entry instructions for specific line items need further clarification. Action to provide this additional clarification has also been triggered by noted discrepancies and inconsistencies in the data currently reported in EIMS. The greatest concerns in this regard have surrounded the required (and expected) data entry for obligations and accrued expenditures on both the state and local level reporting formats.

4. **Clarifications to TEGL NO. 16-99.** The following clarifications and/or changes correspond to line item instructions that accompany the six WIA Financial Status Report formats transmitted in TEGL No. 16-99.

RESCISSIONS	EXPIRATION DATE

Continuing

WIA STATEWIDE ACTIVITIES (15% of TOTAL FEDERAL ALLOTMENT)

Item 10. a. TOTAL FEDERAL OUTLAYS (accrued expenditures) are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, plus: net increase or decrease in the amounts owed by the state grant recipient for goods and other property received; for services performed by employees, contractors, subgrantees, and other payees, and other amounts becoming owed for which no current services or performance is required, such as, annuities, insurance claims, and other benefit payments.

This entry should include the aggregate of accrued expenditures (cash disbursements plus accruals) incurred for allowable statewide activities at the state level and at all subrecipient levels.

Item 10. h. FEDERAL UNLIQUIDATED OBLIGATIONS are obligations incurred by the grantee (state), for which an outlay (accrued expenditure) has not yet been recorded in the state's official accounting records. This amount should include unexpended portion of awards to subgrantees and contractors. On the final FSR, this line item should be zero. (Grantee has 90 days after all funds have been expended or the period of availability has expired to liquidate the accruals recorded during period of performance.)

Item 10. i. TOTAL FEDERAL OBLIGATIONS are the sum of net Federal outlays (lines e./g.) and the Federal unliquidated obligations (line h.).

Note: An obligation is defined in 20 CFR 660.300. State obligations are further defined at 667.150 (d).

This entry should include the aggregate of legal commitments made by the state to pay for future statewide activities. Legal commitments made by the state to subrecipients are considered an obligation at the state level at the time of legal execution of applicable agreement(s). This entry should strictly reflect obligations made out of statewide reserve funds to carry out allowable statewide activities.

Item 10. j. TOTAL FEDERAL FUNDS AUTHORIZED FOR THIS FUNDING PERIOD are the sum of the up to 15% of the Youth, Adult, and Dislocated Worker funding stream allotments that were reserved by the state for allowable statewide activities. This item must be adjusted to reflect any funds reserved for statewide activities that are subsequently allocated to the local areas (via formula distribution); and funds, if any, retained by the state pursuant to 20 CFR 667.107, state's recapture of unexpended funds.

WIA STATEWIDE RAPID RESPONSE

Item 10. a. TOTAL FEDERAL OUTLAYS (accrued expenditures) are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, plus: net increase or decrease in the amounts owed by the state grant recipient for goods and other property received; for services performed by employees, contractors, subgrantees, and other payees, and other amounts becoming owed for which no current services or performance is required, such as, annuities, insurance claims, and other benefit payments.

This entry should reflect the aggregate of accrued expenditures (cash disbursements plus accruals) incurred for allowable statewide Rapid Response activities at the state level and at all subrecipient levels.

Item 10. f. FEDERAL UNLIQUIDATED OBLIGATIONS are obligations incurred by the grantee (state), for which an outlay (accrued expenditure) has not yet been recorded in the state's official accounting records. This amount should include unexpended portion of awards to subgrantees and contractors. On the final FSR, this line item should be zero. (Grantee has 90 days after all funds have been expended or the period of availability has expired to liquidate the accruals recorded during period of performance.)

Item 10. g . TOTAL FEDERAL OBLIGATIONS are the sum of net Federal outlays (lines c./e.) and the Federal unliquidated obligations (line f.).

Note: An obligation is defined in 20 CFR 660.300. State obligations are further defined at 667.150 (d).

This entry should include the aggregate of legal commitments made by the state to pay for future Rapid Response activities. Legal commitments made by the state to subrecipients are considered an obligation at the state level at the time of legal execution of applicable agreement(s). This entry should strictly reflect obligations made out of statewide Rapid Response funds reserved to carry out allowable statewide Rapid Response activities.

Item 10. h. TOTAL FEDERAL FUNDS AUTHORIZED FOR THIS FUNDING PERIOD are the up to 25% of the Dislocated Worker funding stream allotment that was reserved by the state for allowable statewide Rapid Response activities. This item must be adjusted to reflect any funds reserved for statewide Rapid Response activities that are subsequently allocated to the local areas (via formula distribution).

WIA LOCAL ADMINISTRATION

Item 10. a. TOTAL FEDERAL OUTLAYS (accrued expenditures) are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, plus: net increase or decrease in the amounts owed by the local grant recipient for goods and other property received; for services performed by employees, contractors, subgrantees, and other payees, and other amounts becoming owed for which no current services or performance is required, such as, annuities, insurance claims, and other benefit payments.

This entry should include the aggregate of accrued expenditures (cash disbursements plus accruals) incurred for allowable Administrative activities by all local grant recipients and all subrecipients for which administrative costs must be reported (20 CFR 667.220); and then aggregated by the state.

Item 10. f. FEDERAL UNLIQUIDATED OBLIGATIONS are obligations incurred against local area administration funds, for which an outlay (accrued expenditure) has not yet been recorded in the local entities' official accounting records. This amount should include unexpended portion of awards to subgrantees and contractors. On the final FSR, this line item should be zero. (Local entities have 90 days after all funds have been expended or the period of availability has expired to liquidate the accruals recorded during period of performance.)

Item 10. g. TOTAL FEDERAL OBLIGATIONS are the sum of net Federal outlays (lines c./e.) and the Federal unliquidated obligations (line f.).

This entry should include the aggregate of legal commitments made by all local grant recipients within the state to pay for future Administrative activities. Legal commitments made by local grant recipients are considered an obligation at the local level at the time of legal execution of applicable agreement(s). [CAUTION: This entry should NOT reflect state's obligation of funds to the local areas.]

NOTE: It is acknowledged that local delivery strategies will impact on when obligations are incurred. A local entity that administers programs directly would incur, and thus record, obligations over time as services are provided or individual training contracts are executed. A local entity that contracts out program delivery would incur, and thus record, obligations when the contract with the independent entity is executed.

Item 10. h. TOTAL FEDERAL FUNDS AUTHORIZED FOR THIS FUNDING PERIOD are the sum of the up to 10% of the Youth, Adult, and Dislocated Worker funding stream allocations that were set aside for local administration. This item must be adjusted to reflect any administrative funds reverted to local program funding streams (not to exceed amounts originally contributed to local administrative pool, by funding stream); and/or any additional funds contributed to local administrative pool by a funding stream, not to exceed 10% of individual funding stream allocations.

WIA YOUTH PROGRAM ACTIVITIES

Item 10. a. TOTAL FEDERAL OUTLAYS (accrued expenditures) are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, plus: net increase or decrease in the amounts owed by the local grant recipient for goods and other property received; for services performed by employees, contractors, subgrantees, and other payees, and other amounts becoming owed for which no current services or performance is required, such as, annuities, insurance claims, and other benefit payments.

This entry should include the aggregate of accrued expenditures (cash disbursements plus accruals) incurred for allowable Youth program activities by all local grant recipients and all subrecipients; and then aggregated by the state.

Item 10. i. FEDERAL UNLIQUIDATED OBLIGATIONS are obligations incurred against local area youth funds, for which an outlay (accrued expenditure) has not yet been recorded in the local entities' official accounting records. This amount should include unexpended portion of awards to subgrantees and contractors. On the final FSR, this line item should be zero. (Local entities have 90 days after all funds have been expended or the period of availability has expired to liquidate the accruals recorded during period of performance.)

Item 10. j. TOTAL FEDERAL OBLIGATIONS are the sum of net Federal outlays (lines f./h.) and the Federal unliquidated obligations (line i.).

This entry should include the aggregate of legal commitments made by all local grant recipients within the state to pay for future Youth program activities. Legal commitments made by local grant recipients are considered an obligation at the local level at the time of legal execution of applicable agreement(s). [CAUTION: This entry should NOT reflect state's obligation of funds to the local areas.]

NOTE: It is acknowledged that local delivery strategies will impact on when obligations are incurred. A local entity that administers programs directly would incur, and thus record, obligations over time as services are provided or individual training contracts are executed. A local entity that contracts out program delivery would incur, and thus record, obligations when the contract with the independent entity is executed.

Item 10. k. TOTAL FEDERAL FUNDS AUTHORIZED FOR THIS FUNDING PERIOD are the total local youth funding stream allotment minus the up to 10% of allotment reserved for local administration. Line item should reflect local area funds recaptured by state for statewide activities. Local area funds recaptured by a state and reallocated to other local areas would NOT require an adjustment to this line item.

WIA LOCAL ADULT PROGRAM ACTIVITIES

Item 10. a. TOTAL FEDERAL OUTLAYS (accrued expenditures) are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, plus: net increase or decrease in the amounts owed by the local grant recipient for goods and other property received; for services performed by employees, contractors, subgrantees, and other payees, and other amounts becoming owed for which no current services or performance is required, such as, annuities, insurance claims, and other benefit payments.

This entry should include the aggregate of accrued expenditures (cash disbursements plus accruals) incurred for allowable Adult program activities by all local grant recipients and all subrecipients; and then aggregated by the state.

Item 10. f. FEDERAL UNLIQUIDATED OBLIGATIONS are obligations incurred against local area adult funds, for which an outlay (accrued expenditure) has not yet been recorded in the local entities' official accounting records. This amount should include unexpended portion of awards to subgrantees and contractors. On the final FSR, this line item should be zero. (Local entities have 90 days after all funds have been expended or the period of availability has expired to liquidate the accruals recorded during period of performance.)

Item 10. g. TOTAL FEDERAL OBLIGATIONS are the sum of net Federal outlays (lines c./e.) and the Federal unliquidated obligations (line f.).

This entry should include the aggregate of legal commitments made by all local grant

recipients within the state to pay for future Adult program activities. Legal commitments made by local grant recipients are considered an obligation at the local level at the time of legal execution of applicable agreement(s). [CAUTION: This entry should NOT reflect state's obligation of funds to the local areas.]

NOTE: It is acknowledged that local delivery strategies will impact on when obligations are incurred. A local entity that administers programs directly would incur, and thus record, obligations over time as services are provided or individual training contracts are executed. A local entity that contracts out program delivery would incur, and thus record, obligations when the contract with the independent entity is executed.

Item 10. h. TOTAL FEDERAL FUNDS AUTHORIZED FOR THIS FUNDING PERIOD are the total adult funding stream allotment minus the up to 10% of allotment reserved for local administration. Line item should reflect local area funds recaptured by state for statewide activities. Local area funds recaptured by a state and reallocated to other local areas would NOT require an adjustment to this line item.

WIA DISLOCATED WORKER PROGRAM ACTIVITIES

Item 10. a. TOTAL FEDERAL OUTLAYS (accrued expenditures) are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, plus: net increase or decrease in the amounts owed by the local grant recipient for goods and other property received; for services performed by employees, contractors, subgrantees, and other payees, and other amounts becoming owed for which no current services or performance is required, such as, annuities, insurance claims, and other benefit payments.

This entry should include the aggregate of accrued expenditures (cash disbursements plus accruals) incurred for allowable Dislocated Worker program activities by all local grant recipients and all subrecipients; and then aggregated by the state.

Item 10. f. FEDERAL UNLIQUIDATED OBLIGATIONS are obligations incurred against local area adult funds, for which an outlay (accrued expenditure) has not yet been recorded in the local entities' official accounting records. This amount should include unexpended portion of awards to subgrantees and contractors. On the final FSR, this line item should be zero. (Local entities have 90 days after all funds have been expended or the period of availability has expired to liquidate the accruals recorded during period of performance.)

Item 10. g. TOTAL FEDERAL OBLIGATIONS are the sum of net Federal outlays (lines c./e.) and the Federal unliquidated obligations (line f.).

This entry should include the aggregate of legal commitments made by all local grant recipients within the state to pay for future Dislocated Worker program activities. Legal commitments made by local grant recipients are considered an obligation at the local level at the time of legal execution of applicable agreement(s). [CAUTION: This entry should NOT reflect state's obligation of funds to the local areas.]

NOTE: It is acknowledged that local delivery strategies will impact on when obligations are incurred. A local entity that administers programs directly would incur, and thus record, obligations over time as services are provided or individual training contracts are executed. A local entity that contracts out program delivery would incur, and thus record, obligations when the contract with the independent entity is executed.

Item 10. h. TOTAL FEDERAL FUNDS AUTHORIZED FOR THIS FUNDING PERIOD are the total dislocated worker funding stream allotment minus the up to 10% of allotment reserved for local administration. Line item should reflect local area funds recaptured by state for statewide activities. Local area funds recaptured by a state and reallocated to other local areas would NOT require an adjustment to this line item.

5. **Action Required.** States are requested to ensure that these revised line item instructions are utilized beginning with the reports that are due by November 15, 2002, for the quarter ending September 30, 2002.

6. **Inquiries.** Questions concerning this directive should be referred to the appropriate ETA Regional Office.