DATE: June 29, 2016

TO: LA’s Workforce Development System

FROM: Catherine Bondoc, Director
        Financial Management Division

SUBJECT: FMD DIRECTIVE NO. 16-001
        CLOSEOUT INSTRUCTIONS FOR PY 2015-2016

EFFECTIVE DATE:
This directive is effective on date of issue.

PURPOSE:
The purpose of this directive is to provide closeout instructions for City of Los Angeles (City) contracts set to expire on June 30, 2016 for the following Workforce Innovation and Opportunity Act (WIOA) and other workforce-related grants/programs:

- LA City General Fund – Cash for College,
- LA City General Fund and WIOA Youth– Hire LA,
- LA City General Fund – Summer Youth Employment Program,
- LA County WIOA,
- WIA 25% Moving Forward-Nestle Lay-Off (see also WDS Directive No. 16-13: Close Out of “Moving Forward” Dislocated Worker 25% Additional Assistance Contracts),
- WIA 25% New Direction for the Workforce (see also WDS Directive No. 16-14: Fiscal Close Out Instructions for “A New Direction for the Workforce” Dislocated Worker 25% Additional Assistance Contracts),
- WIA/WIOA Adult and Dislocated Worker,
- WIOA National Emergency Grant Sector Partnership,
- WIOA Rapid Response, and
- WIOA Youth.
BACKGROUND:

Section 601B.2 of the City’s contract provides that the final closeout reports must be submitted to the Economic and Workforce Development Division (EWDD) within fifteen (15) calendar days following the termination of the contract. This directive sets forth the additional deadlines, policies and procedures, and instructions that must be followed for the fiscal closeout of City WIOA and other workforce-related contracts ending on June 30, 2016.

POLICIES AND PROCEDURES:

A. CLOSEOUT TIMEFRAMES/DEADLINES:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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</thead>
<tbody>
<tr>
<td>June 30, 2016</td>
<td>Last day to incur expenditures.</td>
</tr>
<tr>
<td>July 15, 2016</td>
<td>Deadline for Closeout 2016 report.</td>
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<tr>
<td>July 31, 2016</td>
<td>Last day to liquidate or pay expenditure accruals included in the Closeout 2016 report.</td>
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</tbody>
</table>

B. REQUIRED REPORTS:

1. Closeout 2016:

On or before July 15, 2016, please submit the complete Closeout 2016 report package. This package must include the following:

<table>
<thead>
<tr>
<th>Form/Schedule</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cover Letter</td>
<td>Duly signed by authorized signatory.</td>
</tr>
<tr>
<td>2. Cash Request</td>
<td>Duly signed by preparer and authorized signatory.</td>
</tr>
<tr>
<td>4. Attachment to Expenditure Report</td>
<td>Attachment to Expenditure Report: For WIA and WIOA Adult, Dislocated Worker and Youth only.</td>
</tr>
<tr>
<td>5. Schedule of Personnel Costs</td>
<td></td>
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<tr>
<td>7. Schedule of Leveraged Resources</td>
<td></td>
</tr>
<tr>
<td>8. Refund Check</td>
<td>If applicable.</td>
</tr>
<tr>
<td>9. Subrecipient Release Form</td>
<td>See Attachment #2. Duly signed by authorized signatory.</td>
</tr>
<tr>
<td>10. Subrecipient’s Assignment of Refunds, Rebates and Credits</td>
<td></td>
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<tr>
<td>11. Contract Closeout Certification</td>
<td></td>
</tr>
</tbody>
</table>
2. **Schedule of Expenditure Accruals – Status Update:**

On or before **August 10, 2016**, please submit an updated **Schedule of Expenditure Accruals** and complete columns G, H, and I. If there is a reduction in total expenditures, a **Revised Closeout 2016** report and a refund check, if applicable, must also be submitted. **No additional expenditures will be allowed and accepted.**

If a final closeout report is not submitted by August 10, 2016, the last invoice submitted will be used to unilaterally closeout the contract.

3. **Submission Instructions:**

The cover letter and forms must be duly signed by the preparer and the authorized signatory. Two sets with original signatures must be sent to the address below:

City of Los Angeles – EWDD  
Financial Management Division  
Attn: Catherine Bondoc, Director  
1200 West 7th Street, 6th Floor  
Los Angeles, CA 90017

An electronic copy must also be emailed to EWDDfinancial@lacity.org and to the program analyst.

C. **UNEARNED GRANT:**

Any remaining unexpended cash received from the City that is in excess of the total final expenditures is considered unearned grant and must be returned promptly to the City.

D. **EXPENDITURES:**

1. **Accruals:**

The total final expenditures reported must reflect both cash and accrued expenditures incurred during the contract period. Expenditures incurred by June 30, 2016 but not paid as of June 30, 2016 are considered “accruals” and must be reported in the **Closeout 2016** report and listed in the **Schedule of Expenditure Accruals**. These accruals must be liquidated (i.e., paid) by July 31, 2016. An update on the status of these accruals must be submitted by August 10, 2016. If any accruals do not materialize, a **Revised Closeout 2016** report must be submitted to reflect the reduction in expenditures and return of unused cash.
For WIA/WIOA-Funded WorkSource Centers:

*WorkSource Centers whose City contracts were amended to include Workforce Investment Act (WIA) funding must fully expend the WIA portion of their allocation first before using the WIOA funds. However, you are not required to submit separate WIA and WIOA reports.*

2. **Unliquidated Obligations:**

Unliquidated obligations are funds obligated, but for which goods or services have not been received or an accrued expenditure has not been recorded. Therefore, any unliquidated obligations as of June 30, 2016 are *not* accruals and must not be reported in the final closeout report as such. These unliquidated obligations are considered unexpended balances or savings.

E. **EXPENDITURE LIMITATIONS:**

1. **Administrative Costs:**

Administrative costs, as defined in 20 CFR 667.220 (and pending issuance of the WIOA final rules), must be tracked and reported separately from program costs. The maximum administrative costs that will be allowed will be up to the limit or cap set forth in the approved budgets and/or contracts --- currently set at 4% of the contract award or final approved expenditures.

2. **Training Requirement under SB 734:**

In accordance with WDS Directive 12-13, dated June 27, 2012, WorkSource Centers are required to expend a minimum of 30% of their Adult and Dislocated Worker funds on workforce training services. A portion of the minimum training expenditure requirement (an amount of up to 10% of the Adult and Dislocated Worker funds) may be met from leveraged resources.

3. **WIOA Youth Out-of-School Expenditures:**

YouthSource Centers are required to expend a minimum of 75% of their WIOA Youth program (i.e., City award less 4% set aside for administrative costs) allocation to serve out-of-school participants.

4. **WIOA Work Experience Expenditures:**

In accordance with WDS Directive 16-04, dated October 21, 2015, YouthSource Centers are required to expend a minimum of 23% of their total allocation for work experience. Work experience expenditures must be tracked and reported separately from administrative and other program costs.
F. INDIRECT COST RATE:

Indirect costs may be recovered if indirect cost rates were approved by the indirect cost federal cognizant agency (for direct federal grant recipients), by EWDD FMD or if the use of a 10% *de minimis* rate had been requested and approved.

If the indirect cost rate was provisional, a final rate must be requested within six months after the end of the fiscal year. If the final rate is higher than the provisional rate, please note that funds will not be available to cover the additional indirect costs. On the other hand, if the final rate is lower than the provisional rate, the indirect cost must be recalculated and any overpayment must be returned to the City within thirty days after receipt of the final rate.

Indirect costs must also be properly broken down between administrative or program costs. The administrative portion of the indirect costs, together with all other direct administrative costs, will be subject to the administrative cost limit or cap. Improper classification may result in questioned or disallowed costs.

G. INCOME:

Program income is the income received that is directly generated by the City’s programs or earned as a result of the City contract during the contract period. Interest income is the interest earned on advanced funds received under the City’s contracts. If approved by the City, program and/or interest income may be expended first before using grant funds. Any remaining unexpended program and/or interest income must be returned to the City, together with the Closeout 2016 report.

H. STAND-IN COSTS:

Stand-in costs are costs incurred for the program but paid for with non-federal sources. They may be used to substitute disallowed costs if they meet the following criteria:

- Must have been incurred in the same period as the costs that they are proposed to replace;
- Must not cause a violation of the administrative and/or other cost;
- Must be recorded in the official books of records; and
- Must be reported in the Expenditure Reports (Section B, Line #6) submitted to the City. The final Closeout 2016 report will be the last opportunity to report stand-in costs for FY 15-16.

The City will not accept stand-in costs that do not meet these criteria.
I. **UNCLAIMED OR OUTSTANDING CHECKS:**

When one or more checks remain unclaimed or outstanding, the State’s escheat law, as currently outlined in the State Controller’s Office (SCO) Unclaimed Property Reporting Handbook at [http://sco.ca.gov/Files-UPD/guide_upd_updlaw.pdf](http://sco.ca.gov/Files-UPD/guide_upd_updlaw.pdf) must be followed.

However, an unclaimed or uncashed check determined not due to a payee must be voided or canceled and the funds returned to the City within 30 days.

J. **CREDITS AND OTHER ADJUSTMENTS:**

Applicable credits such as rebates, discounts, refunds, and overpayment adjustments, as well as interest earned on any refund, rebate, dispute or overpayment adjustment applicable to the City must be credited as a reduction of final closeout expenditures reported to the City if received on or before August 10, 2016. Credits and adjustments received after August 10, 2016 must be returned to the City within 30 days after receipt.

K. **AUDITS AND FISCAL REVIEWS:**

Annual audit cycles must be completed in accordance with the 2 CFR 200-Subpart F: Audit Requirements and the City Contract Sec.608. The Single Audit reports are due no later than nine months after the end of the fiscal/calendar year used. Non-completion of the Single Audit automatically puts a subrecipient on “audit sanction” (i.e., no cash will be released), effective the day the Single Audit report is delinquent and until the final, official Single Audit report is filed.

Please resolve any outstanding fiscal review and/or Single Audit findings as soon as possible or by July 31, 2016 for WIA-related findings.

The City reserves the right to audit post closeout, disallow costs and recover funds on the basis of these audits or fiscal reviews.

Listed below are the **Catalog of Federal Domestic Assistance (CFDA) numbers:**

<table>
<thead>
<tr>
<th>CFDA #</th>
<th>Federal Agency</th>
<th>Pass-Thru</th>
<th>Program</th>
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</thead>
<tbody>
<tr>
<td>17.258</td>
<td>DOL</td>
<td>CA EDD</td>
<td>WIA/WIOA Adult</td>
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<tr>
<td>17.278</td>
<td>DOL</td>
<td>CA EDD</td>
<td>WIA/WIOA Dislocated Worker</td>
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<tr>
<td>17.259</td>
<td>DOL</td>
<td>CA EDD</td>
<td>WIA/WIOA Youth</td>
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<tr>
<td>17.278</td>
<td>DOL</td>
<td>CA EDD</td>
<td>WIA/WIOA Rapid Response</td>
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<tr>
<td>17.278</td>
<td>DOL</td>
<td>CA EDD</td>
<td>WIA 25% Moving Forward – Nestle Layoff</td>
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<tr>
<td>17.278</td>
<td>DOL</td>
<td>CA EDD</td>
<td>WIA 25% New Direction for the Workforce</td>
</tr>
<tr>
<td>17.277</td>
<td>DOL</td>
<td>CA EDD</td>
<td>WIOA Sector Partnership National Emergency Grant</td>
</tr>
</tbody>
</table>
L. REFUND CHECKS:

Refund checks resulting from excess cash, unearned grant, unliquidated accruals, unexpended program and/or interest income, disallowed costs, tuition refunds, rebates, and other applicable credits must be attached to the final **Closeout 2016**. Any refund due to the City received or determined after August 10, 2016 must be sent to the City within 30 days, together with a **Revised Closeout 2016** report and a duly-signed cover letter identifying the appropriate City contract number, grant or funding source, and the reason(s) for the refund.

EWDD CONTACTS:

If you have any questions regarding this directive, please contact your FMD Accountant or the following:

Tess Pasco, **Tess.Pasco@lacity.org**, (213) 744-7335
Edwin Tiongco, **Edwin.Tiongco@lacity.org**, (213) 744-7359
Fred Vocal, **Fred.Vocal@lacity.org**, (213) 744-7209

The TTY number is (213) 744-9395.

REFERENCES:

- 2 CFR Part 2900: “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Department of Labor Exceptions),
- US DOLETA One-Stop Comprehensive Financial Management Technical Assistance Guide,

<table>
<thead>
<tr>
<th>17.258</th>
<th>DOL</th>
<th>CA EDD-LA County</th>
<th>LA County WIOA Adult</th>
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<tbody>
<tr>
<td>17.278</td>
<td>DOL</td>
<td>CA EDD-LA County</td>
<td>LA County WIOA Dislocated Worker</td>
</tr>
</tbody>
</table>
• WDS Directive No. 16-11: “PY 2015-16 WIOA Youth Formula Work Experience Expenditure Requirement”,
• WDS Directive No. 16-04: “PY 2015-16 WIOA Youth Formula – YouthSource Center Budget and 23% Work Experience Expenditure Requirements”,
• EWDD Directive 05-18: “Fiscal Guidelines for WorkSource Centers, OneSource Networks and Other WIA Contractors”,
• EWDD Directive 05-12: “Monthly Financial Reporting”. 
## Schedule of Expenditure Accruals

**Economic and Workforce Development Department**

<table>
<thead>
<tr>
<th>Ref #</th>
<th>Date Incurred</th>
<th>Vendor Name</th>
<th>General Ledger Account</th>
<th>City Budget Line Item</th>
<th>Accrued Amount</th>
<th>Status as of 7/31/16 Liquidated Date</th>
<th>Liquidated Amount</th>
<th>Unliquidated Balance</th>
<th>Remarks</th>
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**Total**
- - - -
ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT
CITY OF LOS ANGELES

SUBRECIPIENT RELEASE

Pursuant to the terms of Agreement No. ________________ and in consideration of the sum of _____________________________________________________, $__________________________
(Total expenditures)
(Dollars/Cents)

Which has been, or is to be paid under the said Agreement to:

__________________________________________
__________________________________________
__________________________________________
(Sub recipient’s Name and Address)

hereafter called the Sub recipient or to its assignees, if any, the Sub recipient upon payment of the said sum by the Economic & Workforce Dev. Dept., City of Los Angeles, hereafter, called the City, does remit, release, and discharge the City, its officers, agents and employees, of and from all liabilities, obligations, claims, and demand whatsoever under or rising from the said Agreement.

IN WITNESS WHEREOF, this release has been executed this _____________ day of _________________, 2016.

Sub recipient’s Authorized Representative

Name

Signature

Title
ECONOMIC & WORKFORCE DEVELOPMENT DEPARTMENT
CITY OF LOS ANGELES

SUBRECIPIENT’S ASSIGNMENT OF REFUNDS, REBATES AND CREDITS

Subrecipient Name: ________________________________________________

Street Address: ________________________________________________

City, State & Zip: ________________________________________________

Agreement No.: _____________________________

Pursuant to the terms of Agreement No. __________, and in consideration of the reimbursement of costs and payment of fee, as provided in the said agreement and any assignment there under, the (Subrecipient’s Name)

hereafter called the Subrecipient), does hereby:

X Assign, transfer, set over and release to the Economic & Workforce Development Department, City of Los Angeles (hereafter called the City), all right, title, and interest thereon, arising out of the performance of said Agreement together with all the rights of action accrued or hereafter accrue there under.

X Agree to take whatever action may be necessary to effect prompt collection of all such refunds, rebates, credits, or other amounts (including any interest thereon), due or which may become due, and to forward promptly to the City checks (made payable to the City of Los Angeles), for all proceeds so collected. The reasonable cost of any such action to effect collection shall constitute allowable costs and may be applied to reduce any amounts otherwise payable to the City under the terms thereof.

X Agree to cooperate fully with the City as to any claims or suit in connection with such refunds, rebates, credits, or other amounts due (including any interest thereon); to execute any protest, pleading, application, power of attorney, or other papers in connection therewith; and to permit the City to represent it at any hearing, trial or other proceeding arising out of such claim or suit.

IN WITNESS WHEREOF, this assignment has been executed on this _______ day of ________________________, 2016.

______________________________
Sub recipient

______________________________
By: Name

______________________________
Signature

______________________________
Title
CONTRACT CLOSEOUT TAX CERTIFICATION

In the performance of Agreement No._________, I certify that I have complied with the requirements of the law, and the Economic & Workforce Development Department, City of Los Angeles, regarding the obtaining of employer identification/account numbers, collection, payment, deposit, and reporting of Federal, State and local taxes and the provision of W-2 forms to employees/enrollees who are not now my employees. For present employees/enrollees, formerly employed under the award, W-2 forms will be furnished as specified in Circular E of the Employers’ Tax Guide.

IN WITNESS WHEREOF, this assignment has been executed this ____________ day of ____________________, 2016.

Sub recipient’s Authorized Representative

Name

Signature

Title

Address