DATE:       June 20, 2018

TO:         LA’s Workforce Development System Service Providers

FROM:       Catherine Bondoc, Director
            Financial Management Division

SUBJECT:    FMD DIRECTIVE NO. 18-001
            FINANCIAL CLOSEOUT INSTRUCTIONS FOR FY 2017-2018

EFFECTIVE DATE:

This directive is effective on date of issue.

PURPOSE:

The purpose of this directive is to provide financial closeout instructions for all City of Los Angeles (City) service providers and contractors (professional services) for the period ended June 30, 2018. These instructions are applicable to the following grants/programs:

- **LA City General Fund:**
  - Cash for College,
  - Day Labor Resource Center,
  - Hire LA,
  - Los Angeles Regional Initiative for Social Enterprise (LA RISE 2.0), and
  - Summer Youth Employment.

- **LA County Grants:**
  - Anti-Recidivism Coalition (ARC),
  - INVEST,
  - Juvenile Justice Crime Prevention Act (JJCPA),
  - Measure H – LA RISE 3.0,
  - Performance Partnership Pilot (P3),
  - Workforce Innovation and Opportunity Act (WIOA), and
Youth@Work:  
- CalWORKs,
- Other Underserved Youth (OUY), and
- Foster Youth.

• Federal Grants:  
- WIOA Adult,
- WIOA Dislocated Worker,
- WIOA Youth,
- WIOA Rapid Response,
- WIOA National Emergency Grant Sector Partnership (NEG), and
- US DOL - Boyle Heights Technology YouthSource Center Re-entry Project.

• Others:  
- USC Village Project

BACKGROUND:

City contracts provide that the final financial closeout package must be submitted to the Economic and Workforce Development Department (EWDD) Financial Management Division (FMD) within a set number of days (mostly 15 or 20 calendar days) following the period being closed or expiration of the contract. However, these deadlines may change as the City receives reporting instructions from federal, state, and local grantors.

This directive sets forth the official deadlines for the submission of the final financial closeout report and other required related schedules and supporting documentation for the period ended June 30, 2018 and supersedes the closeout deadline provided for in City contracts, if different.

POLICIES AND PROCEDURES:

A. CLOSEOUT TIMEFRAMES/DEADLINES:

For LA County Grants:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2018</td>
<td>Last day to incur expenditures. Expenditures beyond this date are <strong>not</strong> allowable.</td>
</tr>
<tr>
<td>July 5, 2018 *</td>
<td>Deadline for submission of <strong>June 2018 invoice</strong> (for inclusion in the City’s billing to LA County.)</td>
</tr>
<tr>
<td>July 20, 2018 *</td>
<td>Deadline for submission of <strong>Final Closeout package</strong>.</td>
</tr>
<tr>
<td>July 31, 2018</td>
<td>Last day to liquidate or pay all expenditure accruals.</td>
</tr>
<tr>
<td>August 10, 2018</td>
<td>Deadline for submission of <strong>Schedule of Expenditure Accruals – Status Update</strong>.</td>
</tr>
</tbody>
</table>

*These deadlines may change pending receipt of official closeout reporting instructions from LA County.*
For all other Grants/Programs:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2018</td>
<td>Last day to incur expenditures. Expenditures beyond this date are not allowable.</td>
</tr>
<tr>
<td>July 13, 2018</td>
<td>Deadline for submission of <strong>Final Closeout</strong> package (Note: July 15th falls on a weekend).</td>
</tr>
<tr>
<td>July 31, 2018</td>
<td>Last day to liquidate or pay all expenditure accruals.</td>
</tr>
<tr>
<td>August 10, 2018</td>
<td>Deadline for submission of <strong>Schedule of Expenditure Accruals – Status Update</strong>.</td>
</tr>
</tbody>
</table>

These deadlines were established to allow FMD to meet grantors’ financial reporting deadlines. **Therefore, no extensions will be granted.**

**B. REQUIRED REPORTS AND DOCUMENTATION:**

1. **Final Closeout Package:**

   A complete Final Closeout package must be submitted on or before the deadline stated in Section A above. This package must include the following:

   - Cover Letter,
   - Cash Request (CR),
   - Expenditure Report (ER),
   - Attachment to Expenditure Report (for WIOA grants only),
   - Schedule of Personnel Costs,
   - Schedule of Leveraged Resources (for WIOA WorkSource Centers only),
   - Schedule of Expenditure Accruals (see Attachment #1),
   - General Ledger (GL) and Reconciliation with ER,
   - Bank and Cash Account Reconciliation (for accounts used for City funds),
   - Refund Check (if applicable), and
   - Closeout Forms: (see Attachment #2)
     - Subrecipient Release Form,
     - Subrecipient’s Assignment of Refunds, Rebates, and Credits, and
     - Contract Closeout Certification.
An incomplete closeout package will not be processed.

If a Final Closeout package is not submitted by the deadline, the last CR and ER submitted will be used to unilaterally closeout the City contract.

**For Professional Service Agreements (PSA):** Please submit your invoice(s) through June 30, 2018, including all required schedules and/or supporting documentation, to the Workforce Development Division (WDD). PSA invoices may only be processed by FMD with the certification of the WDD program monitor.

2. **Schedule of Expenditure Accruals – Status Update:**

   A status update on the Schedule of Expenditure Accruals submitted with the Final Closeout package is due on or before **August 10, 2018**. Columns G, H, and I of the schedule must be filled out.

   If any of these expenditure accruals do not materialize, a Revised Final Closeout package and a refund check, if applicable, must also be submitted.

3. **Submission Instructions:**

   The Final Closeout package must be sent to the address below:

   Economic and Workforce Development Department  
   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. **EXPENDITURES:**

1. **Final Expenditures:**

   The Final Closeout reports must reflect the cumulative and final expenditures for the period. These are used by FMD as basis to close grants with grantors or to determine unexpended savings reprogrammed for the subsequent program year (18-19). Therefore, since funds may no longer be available, **no additional expenditures will be allowed after the Final Closeout report is submitted to and accepted by FMD.**

   The total final expenditures reported must reflect **both** cash and accrued expenditures incurred during the contract period. **Expenditures incurred by June 30, 2018 but not paid as of June 30, 2018 are considered “accruals” and must be included in the Expenditure Report and listed in the Schedule of Expenditure Accruals.** These accruals must be liquidated (i.e., paid) by July 31, 2018. An
update on the status of these accruals must be submitted by August 10, 2018. If any accruals do not materialize, a Revised Final Closeout package must be submitted to reflect the reduction in expenditures and return of unused cash.

For WorkSource Centers – WIOA Adult and Dislocated Worker: These contracts may be extended for an additional six-month period --- i.e., expiration date extended from June 30, 2018 to December 31, 2018. However, FY 17-18 must be closed and expenditures through June 30, 2018 finalized. Any unexpended FY 17-18 funds as of June 30, 2018 will be considered unearned grant and must not be carried over to and expended in FY 18-19. The funding for the additional six-month period must be tracked and reported separately from FY 17-18 funds.

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, 2018 are not accruals and must not be reported in the final closeout report as such. These unliquidated obligations are considered unexpended balances or savings.

D. EXPENDITURE LIMITATIONS:

1. Administrative Costs:

Administrative costs, as defined in 20 CFR §683.215, must be tracked and reported separately from program costs. This WIOA definition of administrative costs has been the standard definition used by the City for all workforce-related programs, including non-WIOA funding sources. The maximum administrative costs that will be allowed will be up to the limit or cap set forth in the City-approved budgets and/or contracts. Most are currently capped at 4% of the contract. However, the final allowable administrative costs will be reduced proportionately in cases where funds are not fully expended and/or program expenditures are disallowed in an audit, fiscal and/or program review conducted by the City.

2. Salary and Bonus Limitations:

The salary and bonus of an individual, either as direct or indirect costs, may not exceed the annual rate of basic pay prescribed for level II of the Executive Schedule under 5 USC 5313. The two most recent annual rates are:

$187,000 for Year 2017
$189,600 for Year 2018

The salary and bonus limitation must be prorated based on the amount of time an employee is dedicated to a City grant program.
3. **Training Requirement under SB 734** *(for WIOA-funded WorkSource Centers only)*:

In accordance with the Year 18 Annual Plan Training Expenditure Requirement Policy, WorkSource Centers are required to expend a minimum of 42% of their Adult and Dislocated Worker funds on workforce training services. A portion of the minimum training expenditure requirement (an amount of up to 14% of the Adult and Dislocated Worker funds) may be met by applying designated leveraged resources used for training services.

4. **WIOA Youth Out-of-School Expenditures** *(for WIOA Youth-funded YouthSource Centers only)*:

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.

5. **WIOA Work Experience Expenditures** *(for WIOA Youth-funded YouthSource Centers only)*:

In accordance with WDS Directive No.16-11, dated May 23, 2016, 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.

E. **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.

F. **INDIRECT COST RATE:**

Indirect costs may be recovered if an indirect cost rate was 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/calendar year used. 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 and program costs using the definitions described in 20 CFR 683.215. 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 Final Closeout package.

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 limitations;
- Must be recorded in the official books of accounts; and
- Must be reported in the Expenditure Reports (Section B, Line #6) submitted to the City. The Final Closeout 2018 report will be the last opportunity to report stand-in costs for FY 17-18.

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 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, 2018. Credits and adjustments received after August 10, 2018 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 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, 2018.

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

FMD will utilize and implement the required reports, schedules, documentation and all applicable policies under this Closeout Directive as part of its fiscal review process for FY 17-18. The FMD Auditor reviewing the Final Closeout report may request additional supporting documentation for selected items of payroll and non-payroll costs --- e.g., payroll time records and registers, invoices, checks, vouchers, cost allocation spreadsheets, and/or other accounting records.

The Catalog of Federal Domestic Assistance (CFDA) identification requirement applies to all EWDD subrecipients. Please refer to the FMD Information Bulletin 18-02, dated April 05, 2018 for a listing of the CFDA numbers for federal grants administered by the City.

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 included in the Final Closeout package. Any refund due to the City received or determined after August 10, 2018 must be sent to the City within 30 days, together with a Revised Final Closeout 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:

Oliva Rafols, Oliva.Rafols@lacity.org, (213) 744-7337
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:

- WIOA (Public Law 113-128) Sections 184(a)(3), 134(c)-(d), 129, and 195,
- Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109-234), Title VII, Section 7013,
- Title 2 CFR Part 2900: “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule” (Department of Labor Exceptions),
- Title 20 CFR 683.300(d): “WIOA Reporting Requirements”,
- US DOLETA TEGL 21-16: “Third WIOA Title I Youth Formula Program Guidance”,
- US DOLETA TEGL 8-15: “Second Title I WIOA Youth Program Transition Guidance”,
- US DOLETA TEGL 15-06: “Implementing the Salary and Bonus Limitations in Public Law 109-234”,
- US DOLETA One-Stop Comprehensive Financial Management Technical Assistance Guide (TAG),
- State EDD Directive WSD 17-07: “WIOA Youth Program Requirements”,
- State EDD Directive WSD16-10: “Property-Prior Approval, Purchasing, Inventory, and Disposal”,
- State EDD Directive WSD16-05: “WIOA Closeout Requirements”,
- State EDD Directive WSD 14-1: “WIA/WIOA Training Expenditure Requirements”,
- LA County WDACS #1617-03: “Workforce Program Service Providers” (pending receipt of 17-18 instructions),
- City of Los Angeles Workforce Development Board Year 18 Annual Plan and Carry-in Report,
- EWDD FMD Directive No. 18-02: “Identification of Catalog of Federal Domestic Award (CFDA) and Federal Award Identification Number (FAIN)”,
- EWDD WDS Directive No.16-11: “PY 2015-16 WIOA Adult Formula – YouthSource Center Budget and 23% Work Experience Expenditure Requirements”,
<table>
<thead>
<tr>
<th>Ref # (A)</th>
<th>Date Incurred (B)</th>
<th>Cost General Ledger Account (C)</th>
<th>Vendor Name (D)</th>
<th>City Budget Line Item (E)</th>
<th>Accrued Amount (F)</th>
<th>Status as of 7/31/16</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td>Liquidated Date (G)</td>
<td>Amount (H)</td>
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</tbody>
</table>

Total - - -

Agency Name:  
Grant/Funding Source:  
WIOA Funding Stream:  
City Contract No.:  
Contract Period:  
For the Period Ended:  

Status as of 7/31/16:  
Liquidated: -  
Unliquidated Balance: -  
Remarks: -
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  
_____________________, 2018.  

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:____________________________________ ___Agreement No.: _________

City, State & Zip: ________________________________ __________, CA  _____________.

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 ____________________, 2018.

_________________________________________  
Sub recipient

_________________________________________  
By: Name

_________________________________________  
Signature

_________________________________________  
Title
Employment ID No. ____________________

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 __________________, 2018.

Sub recipient’s Authorized Representative

Name

Signature

Title

Address