Financial Reporting and Program Income

SMART 3.0 Training
June 2019
Grant Management Toolbox

- UG 2 CFR 200 and 2 CFR 2900
- Technical Assistance Guides (TAG)
- Core Monitoring Guide (CMG)
- SMART Training
- Grantee Handbook
- WorkforceGPS

DOL Grant Recipients & Subrecipients
Grant Management Toolbox References

SMART Training

Core Monitoring Guide

Technical Assistance Guides

ETA Grantee Handbook

WorkforceGPS Resources
Module Overview

✓ Basics
  ► DOL financial reporting requirements

✓ ETA 9130
  ► Identify the data elements reported on the ETA 9130 Financial Report

✓ Subrecipient Reporting
  ► Identify the subrecipient reporting requirements

✓ Common Issues
  ► Avoid common mistakes and their consequences
Basics

✓ DOL financial reporting requirements
 ✓ DOL uses data to report to Congress and other stakeholders (can influence future funding)
 ✓ Track program performance against financial spending (identify potential technical assistance)
 ✓ Helps avoid returning grant funds back to DOL
Tools For Accurate Financial Data

- Accounting systems including charts of accounts to compile, identify and track financial transactions by classifications for reporting purposes
- Reliable and knowledgeable staff to perform the monthly accounting process and produce the required financial reports
- Policies and procedures. Internal controls to ensure a consistent process of compiling, identifying, tracking and reporting financial transactions
Authorization of ETA 9130

✓ Uniform Guidance 2 CFR Part 200
  ► Financial Management 2 CFR 200.302(b)(2) requires accurate, current, complete disclosure of financial results
  ► Financial Reporting 2 CFR 200.327 requires no less frequently than annually nor more frequently than quarterly per terms and conditions of Federal award, except in unusual circumstances

✓ DOL Exception 2 CFR 2900.14 Financial reporting
  ► Recipient must develop accrual information through best estimates based on an analysis of the documentation at hand
ETA Guidance on Financial Reporting


- Published July 14, 2016

- Financial Reporting Process
  - Password and PIN Assignments
  - Report Submission
  - Reporting Requirements

- Changes to Reporting Requirements
Basic Reporting Requirements

✓ Basis
  ▶ Accrual

✓ Frequency
  ▶ Quarterly and cumulative

✓ Due 45 days after quarter end
  ▶ QE Mar 31, Due May 15
  ▶ QE Jun 30, Due Aug 14
  ▶ QE Sep 30, Due Nov 14
  ▶ QE Dec 31, Due Feb 14

✓ Transmission method
  ▶ ETA on-line reporting system
Final report

- Due no later than 45 calendar days after the reporting period
  - in which the grant period of performance expires
  - or all funds, Federal AND recipient share, are expended
  - WHICHEVER comes first

Closeout report

- Must be submitted no later than 90 calendar days after the expiration of the grant regardless of whether funds are fully expended prior to the POP expiration date.
Each report must be complete and accurate for all levels where funds are expended through the last day of the quarterly report period.

Ensure that data is reported by subrecipients and submitted to DOL by the due date.

DOL financial reports are cumulative until the end of the life of the allotments or the period of performance for the DOL awards.
Online Reporting System

- Follow instructions in the Notice of Award
- Provide requested reporting contact information
  - An e-mail is sent to primary contact with password and PIN
- System is user-friendly and provides guidance to assist user in completing the ETA 9130 form
  - System edits – hard and soft

Password and PINs

✓ Uses for Each
► Password issued to access system and enter data
► PIN issued to certify data
► Instructions link provides information on how to use system

ETA-9130 Requirements

- Identify the data elements reported on the ETA 9130 Financial Report
- Identify the different ETA 9130 versions and sections
The ETA 9130 has 14 versions:

- Basic 9130 plus 13 program-specific versions
- Every funding source requires its own report

Basic ETA 9130

http://www.doleta.gov/grants/financial_reporting.cfm
9130 Versions

- Basic ETA 9130 (Discretionary)
- WIOA - Local Youth
- WIOA - Local Adult
- WIOA - Local Dislocated Worker
- WIOA - Statewide Youth
- WIOA - Statewide Adult
- WIOA - Statewide Dislocated Worker
- WIOA - Statewide Rapid Response
- National Dislocated Worker Grants
- Employment Services & Unemployment Insurance
- National Farmworker Jobs Program
- Senior Community Service Employment Program
- Indian & Native American Program
- Trade Adjustment Assistance Program
Sections of the ETA 9130

- Basic Information
- Federal Cash Section (10a-10c)(1-9)
- Federal Expenditures and Unobligated Balance (10d-10i)
- Recipient Share (10j-10l)
- Program Income (10m-10o)
- Additional Expenditure Data Required (11)
- Remarks (12)
- Indirect Expenditures (13a-13g)
- Certification (14)
### ETA-9130 Report Basic Information

#### Sections 1-9

1. Federal Agency  
2. Federal Grant Number  
3. Recipient Organization  
4. Unique Entity Identifier / EIN  
5. Recipient Account Number  
6. Final Report  
7. Basis of Reporting  
8. Project Grant Period  
9. Reporting End Date

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Federal Agency and Organizational Element to Which Report is Submitted</td>
</tr>
<tr>
<td>2.</td>
<td>Federal Grant or Other Identifying Number Assigned by DOL</td>
</tr>
<tr>
<td>3.</td>
<td>Recipient Organization (Name and complete address including Zip code)</td>
</tr>
<tr>
<td>4a.</td>
<td>Unique Entity Identifier</td>
</tr>
<tr>
<td>4b.</td>
<td>EIN</td>
</tr>
<tr>
<td>5.</td>
<td>Recipient Account Number or Identifying Number</td>
</tr>
</tbody>
</table>
| 6. | Final Report  
  | Yes  
  | No  
  | Accrual |
| 7. | Basis of Reporting |
| 8. | Project/Grant Period From: (MM/DD/YYYY) |
| 9. | Reporting Period End Date (MM/DD/YYYY) |
Federal Cash

10a: Cash Receipts
- What did you draw down from the PMS as of the report quarter end date?
- Data pre-entered for non-formula; data must be entered for WIOA formula programs

10b: Cash Disbursements
- What cash has been disbursed?
- Of cash drawn down from PMS, how much disbursed for grant activities?

10c: Cash on Hand
- Automatic calculation
- Excess cash requirements apply, explain in Remarks

<table>
<thead>
<tr>
<th>10. Transactions</th>
<th>Cumulative</th>
</tr>
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<tbody>
<tr>
<td><strong>Federal Cash:</strong></td>
<td></td>
</tr>
<tr>
<td>a. Cash Receipts</td>
<td></td>
</tr>
<tr>
<td>b. Cash Disbursements</td>
<td></td>
</tr>
<tr>
<td>c. Cash on Hand (line a minus b)</td>
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</tr>
</tbody>
</table>
Cash – Keep in Mind

- Cash disbursements (line 10b) cannot be greater than cash receipts (line 10a)

- Generally cash disbursements (line 10b) cannot be greater than federal share of expenditures (line 10e)

- What if too much cash is drawn?
  - Immediate needs
  - Returning funds to PMS or after grant has closed - ETA-ARTeam@dol.gov

- Must address any and all issues with explanation in Section 12 Remarks
What documentation is used to determine how much to draw down from PMS?

- Accruals beyond immediate cash needs
- Use grant funds to pay for other activities

Must deposit funds in an interest bearing account
### Federal Expenditures and Unobligated Balance

**Lines 10d through 10i**

- 10d. Federal funds authorized
- 10e. Federal Share of Expenditures
- 10f. Administrative Expenditures
- 10g. Unliquidated obligations
- 10h. Total Federal obligations
- 10i. Unobligated Balance

<table>
<thead>
<tr>
<th>Federal Expenditures and Unobligated Balance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>d. Total Federal Funds Authorized</td>
</tr>
<tr>
<td>e. Federal Share of Expenditures</td>
</tr>
<tr>
<td>f. Total Administrative Expenditures</td>
</tr>
<tr>
<td>g. Federal Share of Unliquidated Obligations</td>
</tr>
<tr>
<td>h. Total Federal Obligations (sum of lines e and g)</td>
</tr>
<tr>
<td>i. Unobligated Balance of Federal Funds (line d minus h)</td>
</tr>
</tbody>
</table>
10e Federal Share of Expenditures

- Line 10e includes actual cash paid out plus the value of all goods / services received but not yet paid.
- Cannot exceed 10d (Federal funds) – hard edit
- Will usually be greater than 10b
- Net of Refunds, Rebates and Credits
- If less than prior reported cumulative amount
  - Soft Edit, Caution, Remarks must include explanations
Expenditures – Keep in Mind

✓ Examples of accruals:
  ► Salaries
  ► Goods received but invoices not paid
  ► Goods or services received; not yet invoiced

✓ NOT Accruals:
  ► Orders placed but not yet received
  ► Obligations
  ► Encumbrances

✓ Accruals can be estimations
  ► If accruals for estimates are actually recorded in the accounting system as accruals, they must be reversed in the following reporting period to avoid over reporting of expenditures
Expenditures – Issues

✓ All accruals not included
  ► Grantee do not include accruals they do not have invoices for
  ► Pass through entities do not collect and / or include the accruals of subrecipients

✓ Grantees not including expenditures for full reporting period
10f Administrative Expenditures

- Not every program uses same definition
  - WIOA definition
  - TAA
  - SCSEP

- Not all grants have same limits

- Includes direct and indirect administrative costs
Unliquidated Obligations

- The sum/value of undelivered services/goods under a legal binding agreement
- The amount of obligations for which an accrued expenditure (line 10e) has not yet been incurred
Unliquidated Obligations – Keep in Mind

✓ NOT Unliquidated Obligations
  ▶ Projected staff salaries
  ▶ Future rents (except termination fee)
  ▶ Budget items not yet expended

✓ Need to update regularly as over-obligating can lead to returning funds to DOL
Recipient Share

10j. Total Recipient Share Required
10k. Recipient Share of Expenditures
10l. Remaining Recipient Share to be Provided

<table>
<thead>
<tr>
<th>Recipient Share:</th>
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<tbody>
<tr>
<td>j. Total Recipient Share Required</td>
</tr>
<tr>
<td>k. Recipient Share of Expenditures</td>
</tr>
<tr>
<td>l. Remaining Recipient Share to Be Provided (line j minus k)</td>
</tr>
</tbody>
</table>

$
Recipient Share - Keep in Mind

- **Required Match**
  - Must be reported in the period expended

- **Leveraged Resources**
  - Grantees are encouraged to report leveraged resources (amounts greater than required match if there is a match requirement)

- **Lack of Documentation**
  - In-kind contributions need to be supported by documentation

- **Stand-In Costs**
  - Recipient cannot use stand-in costs to address disallowed costs unless they report these costs in the period in which they occur on line 10k
Program Income

✓ 10m. Total Program Income Earned
✓ 10n. Program Income expended
✓ 10o. Unexpended program income

Program Income must always be SPENT FIRST before requesting new grant funds from PMS
Program Income – Keep in Mind

✓ Often Not Reported Correctly

✓ What You Need to Watch Out For
  ► The definition of program income is at 2 CFR 200.80
  ► Direct grantees must include program income earned and expended by subrecipients
Program income examples:
- Interest from interest bearing accounts
- Rental of space

Program income exceptions:
- Government revenues
- Income earned after end of grant period
- Donations
- Profits of commercial organizations
- Matching funds
- YouthBuild proceeds from the sale of buildings constructed or renovated
- Sale of property
- Royalties
Additional Expenditure Data Requirements

11a: Other Federal funds expended: Found on all reporting forms

11b-11g: Required items vary by program

Examples

- Real property proceeds expended (WIOA, ES, UI)
- Local Youth

<table>
<thead>
<tr>
<th>11. Additional Obligation and Expenditure Data Required</th>
</tr>
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<tbody>
<tr>
<td>a. Other Federal Funds Expended</td>
</tr>
<tr>
<td>b. Real Property Proceeds Expended</td>
</tr>
<tr>
<td>c. Out-of-School Youth Expenditures</td>
</tr>
<tr>
<td>d. In-School Youth Expenditures</td>
</tr>
<tr>
<td>e. Federal Share of Unliquidated Obligations for Pay-for-Performance Contracts</td>
</tr>
<tr>
<td>f. Pay-for-Performance Contract Expenditures</td>
</tr>
<tr>
<td>g. Work Experience Expenditures</td>
</tr>
</tbody>
</table>
Section 12 Remarks

✓ Enter Information for Items Requiring Explanations
✓ Excess cash on hand
✓ Reduction in cumulative expenditures
✓ Decrease in disbursements
✓ UI Supplemental Budget Request detail
✓ Other significant expenditure adjustments (e.g., FIFO adjustments, prior period changes)

12. Remarks: (Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.)
### Section 13 Indirect Expenditures

13. Indirect Expenditures

<table>
<thead>
<tr>
<th>a. Type of Rate</th>
<th>b. Rate</th>
<th>c. Rate Approval Date</th>
<th>d. Period From (MM/DD/YYYY)</th>
<th>Period To (MM/DD/YYYY)</th>
<th>e. Base</th>
<th>f. Amount Charged</th>
<th>g. Federal Share</th>
</tr>
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h. Totals: $ - $ - $ - $ - $ -
Section 14 Certification

- Certification done by entering PIN
- Same as affixing a signature of authorized Certifying Official
Knowledge Check 1 – Questions

True or False?

1. If the accounting system is on a cash basis, accrual reporting is not required.

2. ETA 9130 Report line 10.b, Cash Disbursements should always equal or exceed line 10.e, Federal Share of Accrued Expenditures.

3. Examples of accruals include salaries, goods received but invoices not paid, and goods or services received but not yet invoiced.

4. Interest income earned on title I WIOA and Wagner-Peyser funds must be included as program income on the ETA 9130 report.
Knowledge Check 1 – Answers

1. If the accounting system is on a cash basis, accrual reporting is not required. **False**

2. ETA 9130 Report line 10.b, Cash Disbursements should always equal or exceed line 10.e, Federal Share of Accrued Expenditures. **False**

3. Examples of accruals include salaries, goods received but invoices not paid, and goods or services received but not yet invoiced. **True**

4. Interest income earned on title I WIOA and Wagner-Peyser funds must be included as program income on the ETA 9130 report. **True**
Subrecipient Reporting

✓ Identify the subrecipient reporting requirements
Lack of Familiarity with ETA Grants

What do I need to worry about?

- My subrecipient is new to ETA grants, but has plenty of experience handling grants from other Federal agencies
- I am sure they know how to fill out these reports
Reminders for Subrecipient Reporting

- Each entity with subrecipients is responsible for collecting/monitoring all required DOL reporting elements.
- Direct grant recipient may impose different forms, shorter due dates, more frequent reporting requirements on subrecipients.
- Monthly reporting better for managing subawards.
- Certain data often missed/not collected – make sure report formats reflect required elements.
Subrecipient Reporting Considerations

Start with the reports you must prepare for ETA

- Timing – Frequency and due dates
  - Quarterly
  - Due 45 days after the end of the quarter
  - When would you need data from your subrecipients to meet your reporting deadlines?

- Data items
  - Information required on the ETA 9130
  - Other data: by budget category, unique requirements?

- Other reporting requirements
  - Accruals
Timing Issues

✓ How often do I need financial information to manage the program?

✓ Questions to Ask

► Is quarterly reporting sufficient?

► Is there time to take appropriate corrective actions?
  › Budget realignments
  › Other modifications
  › Implement corrective action plans
  › Make other corrections

► How are reports transmitted?
Timing Issues – Subrecipients

When do I need to receive subrecipient reports?

► How many subrecipients?
► How long to compile data?
► What if reports are late?
► What if reports are missing?
  › Process for obtaining estimates
► Is monthly reporting a better option?
Data Items

✓ What information do I need?
  ▶ Same data as on Federal reports?
    › More?
    › Less?

✓ What data would allow me to effectively manage?
Other Data Items

What is required on the Federal reports?

- Cash
- Obligations
- Program income – earned and spent
- Recipients share
- Leverages Resources
- Other Federal funds

Do I have another way to get this?
Data Items – Cost Item Breakouts

✓ What about these items?
  ► Costs by activities?
  ► Costs by budget line items?

✓ What is in the subagreement?
  ► Line item restrictions?
  ► Prior approval requirements?
Reporting Requirements

✓ Reporting expenditures on the **accrual** basis

✓ Adhering to the requirements for program income

✓ Allocating costs to funding sources and cost categories/objectives
True or False?

1. Recipients must submit financial reports not later than 45 days after the end of the reporting period.

2. In designing subrecipient reporting forms the PTE should include information it needs for reporting to DOL.

3. PTEs should consider having subrecipients report more frequently than quarterly.

4. Accrual reporting is required for the PTE but not for subrecipients.
1. Recipients must submit financial reports not later than 45 days after the end of the reporting period. **True**

2. In designing subrecipient reporting forms the PTE should include information it needs for reporting to DOL. **True**

3. PTEs should consider having subrecipients report more frequently than quarterly. **True**

4. Accrual reporting is required for the PTE but not for subrecipients. **False**
Common Reporting Issues

✓ Avoid common mistakes and their consequences
Common Reporting Issues and Mistakes

- Recipients and subrecipients not reporting on accrual basis
- Cash disbursements exceed expenditures
- Inaccurate reporting at subrecipient levels, which results in inaccurate reporting by direct recipients
- Important data items not collected from subrecipients
- Administrative expenses exceeding limit
- Classifying administrative expenses as program costs
- Not meeting minimum limits for Work Experience or Out of School Youth.
- Calculating/reporting indirect costs on basis other than that prescribed in negotiated rate agreement
- Inconsistent reporting
- Underreporting of program expenditures
- Late reporting
Solutions for Reporting Issue

- Develop instructions and format for subrecipient reporting
- Spell out the reporting requirements to your subrecipients
- Provide definitions and explanations of each reporting item on your reporting format
Module Review

✓ Accurate financial reporting from all levels where funds are expended requires understanding of the rules, definitions and reporting elements

✓ Financial data reported each quarter can impact future funding levels and other budget decisions

✓ Authorized individual entering PIN is certifying that report is accurate, complete and complies with reporting requirements

✓ Accurate and complete financial reporting by subrecipients is critical to a direct grantee’s own reporting accuracy
Core Monitoring Guide – Objective 3.b Accounting System and Financial Reporting

- **Indicator 3.b.1: Basis of Reporting**
  - Is there a policy in place that ensures accounts are reporting on an accrual basis?

- **Indicator 3.b.2: Financial Reporting**
  - Does the grant recipient have procedures in place to ensure that it obligates and expends the funds within the period of availability and within the period of performance specified in the Grant Agreement or grant modification?

- **Indicator 3.b.3: Subrecipient’s Financial Reporting**
  - If the subrecipient uses estimated accrual data, does the PTE understand the basis of the estimate and verifies if reasonable?

- **Indicator 3.b.4: Performance Reports**
  - How does the grant recipient ensure spending in accordance with its performance? Will funds be exhausted prior to meeting performance goals? If so, how with the grant recipient address this?
Financial Reporting

- Develop and update procedures that track obligations, accrued expenditures, and disbursements to include the data elements identified at 2 CFR 200.302.
- Develop a process to track accrual data in the accounting system or separately as required by DOL, including subsequent liquidation or reconciliation of accrual data.
- Install a process to collect and summarize financial data from subrecipients in order to meet DOL financial reporting deadlines.
- Develop or update procedures that properly track match, leverage resources, program income, and indirect costs to ensure timely collection and accurate submission on the required financial report (ETA-9130).
SMART Checklist (cont.)

- Install processes to periodically monitor and provide complete disclosure of the financial results of the award.
- Test and install measures that allow the accounting system/software to generate the necessary financial reports and financial statements needed for a Comprehensive Annual Financial Report (CAFR), Single Audit, Cost Allocation Plan, and/or Indirect Cost Rate proposal.
- Develop and update procedures that track obligations, accrued expenditures, and disbursements to include the data elements identified at 2 CFR 200.302.
**ETA and Uniform Guidance Resources**

- **Core Monitoring Guide**
  - Objective 3.b: Accounting System and Financial Reporting

- **Grant & Financial Management Technical Assistance Guide**
  - Chapter 11: Financial Reporting

- **TEGL 2-16: Revised ETA-9130 Financial Report, Instructions, and Additional Guidance**

- **ETA 9130 Form Instructions and various forms**

- **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**
  - 2 CFR Part 200
    - 2 CFR 200.80
    - 2 CFR 200.302
    - 2 CFR 200.327

- **Department of Labor Exceptions**
  - 2 CFR Part 2900
    - 2 CFR 2900.14
What is the best way to find your local American Job Center (AJC)?
- See DOL’s Service Locator

Want More Information?
- DOLETA.gov/Grants
  - Funding Opportunities
  - How to Apply
  - Manage Your Awarded Grant
  - Resources and Information
    - ETA Grantee Handbook
    - Annual Grant Terms Template
    - Core Monitoring Guide
    - Technical Assistance Guides
    - Uniform Guidance Quick Reference Sheet

Want More Training?
- Workforce GPS’s Grants Application and Management Community of Practice
  - Financial Reporting
  - Subrecipient Management and Oversight
  - Indirect Cost Rates
  - Policies and Procedures
  - Procurement and Performance-Based Contracts
  - Capital Assets and More
- WorkforceGPS
Remember the Grant Management Toolbox!

- UG 2 CFR 200 and 2 CFR 2900
- Technical Assistance Guides (TAG)
- Core Monitoring Guide (CMG)
- SMART Training
- Grantee Handbook
  - WorkforceGPS
  - DOL Grant Recipients & Subrecipients
Please complete your evaluations.