

TEXAS WORKFORCE COMMISSION LETTER

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Date:	March 1, 2011
Keyword:	Financial Reporting; Recovery Act
Effective:	Immediately

To: Local Workforce Development Board Executive Directors
Agency Grantees
Commission Executive Offices
Integrated Service Area Managers



From: Laurence M. Jones, Director, Workforce Development Division

Subject: **American Recovery and Reinvestment Act of 2009: Cash Draw and Expenditure Reporting System Instructions and Other Reporting Information**

PURPOSE:

To provide Local Workforce Development Boards (Boards) and Texas Workforce Commission (Commission) Grantees (Agency Grantees)¹ with updated Cash Draw and Expenditure Reporting (CDER) system instructions, and other reporting information for the American Recovery and Reinvestment Act (ARRA) of 2009.

Note: Refer to WD Letter 03-11, issued March 1, 2011, and entitled “Fiscal Year 2011/Program Year 2010 Cash Draw and Expenditure Reporting System Instructions,” and any subsequent issuances, for CDER system instructions that apply to non-ARRA grant award contracts (contracts).

BACKGROUND:

The Commission requires Boards and Agency Grantees to use the CDER system to report expenditures, draw cash, and submit financial contract closeout packages, including those funded under ARRA. In addition to CDER system reporting instructions, ARRA contracts are subject to ARRA §1512 reporting requirements.

Of critical note regarding quarterly ARRA §1512 reporting requirements is that the Commission has chosen not to exercise its option to delegate responsibility for

¹ The Commission’s Integrity of the Texas Workforce System rule §802.2(1) defines *Agency Grantees* as “grantees that receive funding from the Agency, such as Skills Development Fund, Wagner-Peyser 7(b), and Workforce Investment Act (WIA) statewide, to provide workforce services.”

submitting reports to the federal government to its subrecipients/grantees. For all contracts that the Commission makes with Boards and Agency Grantees, the Commission collects, compiles, and reports required data elements to the federal government. The Commission does not delegate its responsibility for submitting quarterly federal ARRA §1512 reports, but collects certain data from Boards and Agency Grantees for this purpose.

PROCEDURES:

General Changes

Boards and Agency Grantees must be aware that this WD Letter incorporates by reference all requirements and cost category descriptions provided in WD Letter 03-11, and any subsequent issuances. These requirements and descriptions apply uniformly to ARRA and non-ARRA contracts, unless otherwise specified in this WD Letter or other written Commission guidance.

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ARRA §1512 Changes and Clarifications

Boards and Agency Grantees must submit the ARRA §1512 report to arra.reports@twc.state.tx.us within six days following the end of each calendar year quarter. (For calendar quarters ending June 30, 2009, through October 31, 2010, Boards were required to submit ARRA §1512 reports no later than seven calendar days following the end of each quarter.)

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Boards and Agency Grantees must be aware that, beginning immediately, the ARRA §1512 report template and ARRA Subrecipient Affidavit are available only at <http://www.twc.state.tx.us/svcs/funds/arra.html>. The report template has been updated with the new due date. No changes were made to the affidavit.

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Boards and Agency Grantees that submitted reports to arra.reports@twc.state.tx.us prior to issuance of this WD Letter may continue using the previously issued ARRA §1512 report template for future ARRA §1512 report submissions.

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Agency Grantees must be aware that the Commission funds all equipment purchases under ARRA-funded Skills Development Fund (SDF) contracts with state general revenue, and these equipment expenditures are not subject to inclusion on the vendor payment component of the ARRA §1512 report.

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CDER Changes

Boards and Agency Grantees must be aware that WD Letter 03-11 made the following changes, which also affect ARRA contracts:

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- Changes to cost category descriptions to clarify the entities covered by:
 - 100 Administration (*Direct Recipient Only*)
 - 101 Administration (*One-Stop Operator Only*)
 - 709 Subrecipient Operating Costs (*Non-One-Stop Operator*)

- Changes to cost category descriptions for *100 Administration (Direct Recipient Only)* and *708 Program Management & Support (Direct Recipient Only)* to clarify use of the latter for:
 - Board-level program monitoring of the Workforce Investment Act (WIA);
 - development of WIA program plans, schedules, and budgets; and
 - negotiation of WIA memorandums of understanding and other WIA program-level agreements
- Changes to the cost category description of *611 Direct Program – Education and Training* to clarify instructions to report associated staff and operating costs in *612 Direct Program – Core/Intensive Services*
- ARRA-funded SDF contracts that begin on or after issuance of this WD Letter must report purchases of administrative equipment in a new supplemental cost category, *Administration – Equipment* (any programmatic equipment purchased under such ARRA-funded SDF contracts will continue to be reported in the *Equipment* supplemental cost category)

Boards must report the following costs in the respective cost categories under the ARRA direct child care contract:

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- Child Care Attendance Automation (CCAA) costs invoiced by the Commission-designated vendor for services provided from project inception through January 31, 2011:
 - *150 CCAA Network Enhancements*
 - *151 CCAA Direct Care Tracking*
- Child care information systems and operational costs incurred from February 1, 2011, through the ARRA contract end date, which would have otherwise been reported under non-ARRA child care funds (contract alpha “CCF”) contracts:
 - *868 CCF – Operational Costs*
 - *150 CCF – Information Systems*

General

Boards and Agency Grantees must use the CDER system, and instructions in this WD Letter and WD Letter 03-11, and any subsequent issuances, to perform the following for ARRA-funded contracts:

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- report obligations and accrued expenditures;
- make cash draws; and
- submit financial contract closeout packages.

Boards and Agency Grantees must ensure that ARRA-funded expenditures comply with applicable administrative requirements and cost principles as set forth in the following:

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- the Agency-Board agreement (Boards only);
- any specific term or condition within a specific contract;
- Office of Management and Budget (OMB) Circulars A-21, A-87, A-102, A-110, or A-122, or Title 48, Part 31, Code of Federal Regulations (CFR) (as

- applicable), as supplemented by the rules promulgated by the Office of the Governor under the Uniform Grant Management Standards;
- the Financial Manual for Grants and Contracts (FMGC); and
 - directives specified by issuances that include, but are not limited to, WD Letters, OMB guidance memorandums, and U.S. Department of Labor Employment and Training Administration Training and Employment Guidance Letters—except as otherwise specifically authorized in writing.

Administrative Cost Limits

Boards must keep ARRA-funded administrative costs for WIA, Employment Service, and Reemployment Services to a minimum, not to exceed 10 percent of total final allowable expenditures. For all other funds, Boards and Agency Grantees must comply with the administrative cost limits set forth in the respective ARRA-funded contract.

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Needs-Related Payments

Boards and Agency Grantees must continue to use cost category *615 Support Service – Needs-related Payments* to report financial assistance:

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- provided to WIA adult, dislocated workers, or out-of-school youth in training, or youth who have been accepted in a training program that will begin within 30 calendar days; and
- made to enable individuals to participate in a training program by ensuring participants have the means to pay living expenses while participating in the training activity.

Boards and Agency Grantees must be aware that needs-related payments (NRPs) are subject to the eligibility requirements, priority use of funds, and limitations under WIA §134(e)(3), 20 CFR §§663.815–663.840, and ARRA and ensure that NRPs are reported exclusive of associated staff and operating costs.

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Support Services – Other

Boards and Agency Grantees must be aware that cost category *819 Support Service – Other* has the meaning set forth in WD Letter 03-11, and any subsequent issuances, except for ARRA contracts, in which it continues to exclude NRPs.

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Rapid Response

Boards must be aware that the flexibility to transfer WIA dislocated worker formula funds to rapid response does not exist for ARRA contracts. The Commission funds such activities under separate ARRA rapid response contracts, as needed. Accordingly, *849 Rapid Response* is not available for ARRA-funded dislocated worker contracts.

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Child Care

Boards must report administrative, nonadministrative information systems, and child care operational costs incurred for ARRA child care quality contracts in the respective cost categories under the ARRA child care contract for direct care:

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- 100 XCQ – Administration (for Quality Contract)
- 150 XCQ – Information Systems (for Quality Contract)
- 868 XCQ – Operational Costs (for Quality Contract)

ARRA §1512 Reporting

Boards and Agency Grantees must register in the Central Contractor Registration (CCR) (www.ccr.gov), and maintain their own unique Data Universal Numbering System (D-U-N-S) number (www.dnb.com). Boards and Agency Grantees that do not maintain both an active D-U-N-S number and CCR registration will lose cash draw access for the affected ARRA contract(s) until the D-U-N-S number (if the D-U-N-S number became inactive), and CCR registration (if the CCR registration expired) are active again. Boards' and Agency Grantees' subrecipients are not required to register in CCR or obtain a D-U-N-S number for ARRA reporting.

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Boards and Agency Grantees must:

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- complete both the *Subrecipient Data* and *Subrecipient Vendor Data* tabs of the ARRA §1512 report template; and
- ensure that, if the e-mail submitting the ARRA §1512 report to arra.reports@twc.state.tx.us is transmitted by an individual other than the Board's or Agency Grantee's executive director (or equivalent), the Board's or Agency Grantee's executive director (or equivalent) is copied on the e-mail.

Boards and Agency Grantees must be aware that the Commission generally will not grant extensions to the due dates for ARRA §1512 reports, because of the short reporting deadlines with which it must comply. The Commission must submit the ARRA §1512 report to OMB within 10 calendar days following the end of each quarter, unless the Commission receives approval for an extension from a federal awarding agency. Federal awarding agencies will consider extensions only on a case-by-case basis for extraordinary circumstances, such as natural disasters.

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Boards and Agency Grantees must be aware that ARRA §1512 requires that the quarterly reports:

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- identify the organization by name, address, type, and D-U-N-S number;
- identify vendors receiving payments greater than \$25,000;
- report the five most highly compensated employees, as applicable; and
- provide the following information for each ARRA-funded contract from the Commission:
 - contract number and amount;
 - primary location where work is performed;

- completion status; and
- the number of jobs created and retained, by job type.

The definition of “jobs created and retained” is provided in the instructions of the ARRA §1512 report template. For calendar year quarters ending December 31, 2009, and later, the Commission calculates jobs created and retained based on total ARRA-funded work hours provided on the ARRA §1512 report.

Boards and Agency Grantees must accurately report the above data by required deadlines and identify any errors promptly. Although OMB permits the Commission to edit submitted data through the 21st calendar day following the end of each quarter, OMB tracks changes made and considers the reporting of inaccurate data and the late submission of reports to be violations of the federal grant award, subject to administrative findings and/or enforcement remedies.

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Boards and Agency Grantees must retain documentation that supports reported data, particularly data relating to the number of jobs created and retained element (i.e., support for O*NET job type codes and hours worked, by contract).

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If a Board or Agency Grantee identifies errors in the data submitted to arra.reports@twc.state.tx.us, it must:

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- promptly resubmit the corrected report to arra.reports@twc.state.tx.us—if the error was identified and corrected within 20 calendar days following the end of the quarter for which the data was reported; or
- request instructions by e-mail at arra.reports@twc.state.tx.us—if an error is identified later than 20 calendar days following the end of the quarter for which data was reported, including errors in prior period reports.

Boards and Agency Grantees must report ARRA §1512 data elements to arra.reports@twc.state.tx.us. The Commission does not delegate responsibility for reporting such data directly to the federal government; therefore, Boards and Agency Grantees must not:

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- report quarterly ARRA §1512 data directly to the federal government at www.federalreporting.gov; or
- register to use www.federalreporting.gov.

If a Board or Agency Grantee has registered at www.federalreporting.gov, it must contact the website’s Service Desk (under the Help tab) to cancel registration, unless the Board or Agency Grantee:

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- receives an award directly from another entity, such as a direct award from the federal government; and
- is required to report ARRA §1512 data elements for that award directly to the federal government using the site.

Boards and Agency Grantees may view reported data at www.recovery.gov by the 30th calendar day following the end of the reporting quarter, when the general public also gains access to the data.

Subrecipient Affidavit

Boards and Agency Grantees must:

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- require their subrecipients to complete the affidavit provided at <http://www.twc.state.tx.us/svcs/funds/arra.html>; and
- retain the signed affidavits on file for audits and monitoring review purposes.

Policies and Procedures

Boards and Agency Grantees must modify and implement written policies and procedures, as necessary, to address cost classification of ARRA-funded expenditures and include the rationale for such classifications.

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Single Audit and Schedule of Expenditures of Federal Awards

Boards and Agency Grantees must:

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- ensure single audits are in compliance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, including recent and upcoming guidance, changes, and updates;
- report ARRA funds separately on the Schedule of Expenditures of Federal Awards (SEFA) using “ARRA” as a prefix or suffix; and
- ensure that amounts reported on the SEFA are:
 - supported by accounting records; and
 - fairly presented in accordance with ARRA and program requirements.

INQUIRIES:

Direct inquiries regarding this WD Letter to the Director of Financial Operations, at Fiscal.TA@twc.state.tx.us.

ATTACHMENT:

Attachment 1: Cost Category Matrix for Allocated Funds

RESCISSIONS:

WD Letter 14-09, Change 5

WD Letter 44-09, Change 2

REFERENCE:

American Recovery and Reinvestment Act of 2009 (P.L. 111-5), Division A, Title VIII, and XV, §1512

Workforce Investment Act §134(e)(3)

American Recovery and Reinvestment Act of 2009 Information Collection Activities: Proposed Collection; Comment Request, Federal Register, Vol. 74, No. 61, Wednesday, April 1, 2009, pages 14824–14829

Office of Management and Budget Guidance Memorandum M-10-08, issued December 18, 2009, and entitled “Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates”

- Office of Management and Budget Guidance Memorandum M-09-21, issued June 22, 2009, and entitled “Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009”
- U.S. Department of Labor Employment and Training Administration, Training and Employment Guidance Letter 01-09, Change 1, issued September 21, 2009, and entitled, “Reporting Requirements under Section 1512 of the American Recovery and Reinvestment Act of 2009”
- U.S. Department of Labor Employment and Training Administration, Training and Employment Guidance Letter 1-09, issued August 14, 2009, and entitled “Reporting Requirements under Section 1512 of the American Recovery and Reinvestment Act of 2009”
- U.S. Department of Labor Employment and Training Administration, Training and Employment Notice 30-08, issued March 4, 2009, and entitled “Overview of the Employment and Training Administration’s Implementation Strategy for Workforce Investment Act and Wagner-Peyser Funding under the American Recovery and Reinvestment Act of 2009”
- U.S. Department of Labor Employment and Training Administration, Training and Employment Guidance Letter 13-08, issued March 6, 2009, and entitled “Allotments for Training and Employment Services as Specified in the American Recovery and Reinvestment Act of 2009 for Activities under the Workforce Investment Act of 1998 (WIA). Workforce Investment Act Adult, Dislocated Worker and Youth Activities Program Allotments; Wagner-Peyser Act Allotments, and Reemployment Service (RES) Allotments”
- U.S. Department of Labor Employment and Training Administration, Training and Employment Guidance Letter 14-08, issued March 18, 2009, and entitled “Guidance for Implementation of the Workforce Investment Act and Wagner-Peyser Act Funding in the American Recovery and Reinvestment Act of 2009 and State Planning Requirements for Program Year 2009”
- U.S. Department of Labor Employment and Training Administration, Training and Employment Guidance Letter 14-08, Change 1, issued April 15, 2009, and entitled “Guidance for Implementation of the Workforce Investment Act and Wagner-Peyser Act Funding in the American Recovery and Reinvestment Act of 2009 and State Planning Requirements for Program Year 2009, Change 1”
- WD Letter 03-11, issued March 1, 2011, and entitled “Fiscal Year 2011/Program Year 2010 Cash Draw and Expenditure Reporting System Instructions”

FLEXIBILITY RATINGS:

No Local Flexibility (NLF): This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must” or “shall.”

Local Flexibility (LF): This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”