

## TEXAS WORKFORCE COMMISSION LETTER

**ID/No:** WD 40-05

**Date:** July 1, 2005

**Keyword:** Fiscal Admin

**To:** Local Workforce Development Board Executive Directors  
Commission Executive Staff  
Integrated Service Area Managers

**Through:** Luis M. Macias, Director, Workforce Development Division

**From:** Randy Townsend, Chief Financial Officer

**Subject:** **Financial Manual for Grants and Contracts**

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### **PURPOSE:**

To provide Local Workforce Development Boards (Boards) with the revised Financial Manual for Grants and Contracts (FMGC).

### **REFERENCE:**

Financial Manual for Grants and Contracts

### **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. Federal and state laws, rules, policies, and required procedures with a “No Local Flexibility” rating are indicated by the acronym, **NLF**, in the margin to the right of the applicable paragraph. Additionally, all information with a “No Local Flexibility” rating is indicated by “must” or “shall.”

Failure to comply with the federal and state laws, rules, policies, and required procedures with a “No Local Flexibility” rating may result in corrective action, up to and including sanction and penalty.

**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 guidance or recommended practices with a “Local Flexibility” rating are indicated by the acronym, **LF**, located in the margin to the right of the applicable paragraph. Additionally, guidance or recommended practices with a “Local Flexibility” rating are indicated by “may” or “recommend.”

Boards are not subject to corrective action for failure to comply with guidance or recommended practices with a “Local Flexibility” rating.

### **BACKGROUND:**

The Texas Workforce Commission (Commission) developed the FMGC to provide consistent financial requirements and guidance to Boards. The Commission periodically reviews and updates the manual to reflect changes in administrative costs and program requirements.

Effective July 1, 2005, the Commission revised the FMGC to reflect changes that have occurred since the last revision in January 1999. The revised FMGC can be accessed at:

[http://www.twc.state.tx.us/business/fmgc/fmgc\\_toc.html](http://www.twc.state.tx.us/business/fmgc/fmgc_toc.html). Except as noted in the following paragraph, the 2005 revision supercedes and rescinds the January 1999 FMGC version.

The Commission will release additional chapters by September 1, 2005. Until released, the additional chapters are identified in the revised FMGC as being “under construction.” As of July 1, 2005, the Commission continues to enforce the existing federal, state, and agency requirements for these chapters. Existing requirements are listed on the title page of chapters that are “under construction.” When necessary, the citations include references to the 1999 FMGC. Cited provisions of the 1999 FMGC are not rescinded by the revised FMGC.

Unlike earlier revisions of the FMGC, which were distributed by hard copy, the Commission will now distribute the revised FMGC by publishing it on the Commission’s Web site. Additionally, the 1999 FMGC will continue to be available on the Intranet for a minimum of one year from the date that all chapters of the revised FMGC are published online. However, the 1999 FMGC will be moved from its current location on the Workforce Development Division’s home page to the Finance Department’s home page.

This WD Letter supercedes and rescinds the following WD Letters, which have been incorporated into Chapters 6 and 10, and 13 and 14 of the revised FMGC, respectively:

- WD Letter 08-04, issued January 20, 2004, and entitled “General Appropriations Act: Budget and Reporting Requirements and Expenditure Limitations for the 2004-2005 Biennium”
- WD Letter 24-05, issued April 21, 2005, and entitled “Changes to Property and Procurement Requirements in the 1999 Financial Manual for Grants and Contracts”

**PROCEDURES:**

Effective July 1, 2005, Boards must comply with the provisions set forth in the revised FMGC (2005).

NLF

Boards must continue to comply with the existing requirements for the chapters that are “under construction” until those chapters are complete and published. Existing requirements are cited on the title page of each chapter that is “under construction” and may include provisions of the 1999 FMGC.

NLF

Boards may choose to establish, or continue to follow, local procedures that are more restrictive than those published in the revised FMGC, as long as the local procedures do not conflict with the FMGC, or other federal, state, or agency requirements.

LF

**ACTIONS REQUIRED:**

Boards must ensure that appropriate staff is apprised of and complies with the requirements in this WD Letter.

**INQUIRIES:**

Direct inquiries to Kimberly R. Emmerich, Director of Financial Operations, at (512) 936-3054 or [Fiscal.TA@twc.state.tx.us](mailto:Fiscal.TA@twc.state.tx.us).

Rescissions: WD Letter 08-04 WD Letter 24-05	Expiration: Continuing
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