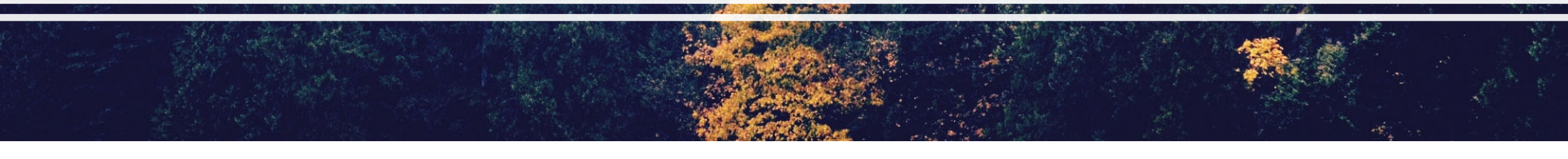




# Fiscal Reporting and Monitoring







# **Grantee Financial Training September, 2024**

# Agenda

- ✓ Cost guidance
- ✓ Cost categories
- ✓ Allowable costs
- ✓ Accrual accounting
- ✓ Cost allocation
- ✓ Reimbursement payment requests
- ✓ Questions



# Cost Guidance

Costs must be:

- Necessary
- Reasonable
- Allowable
  - Appropriately allocated
  - Consistently applied

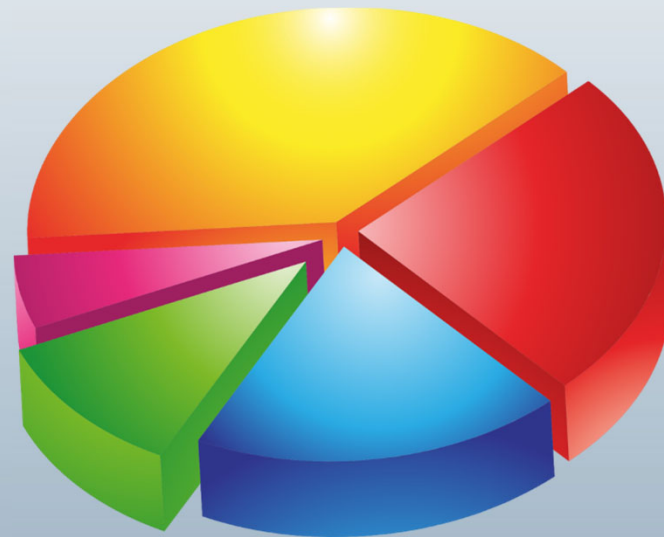




# Cost Category Definitions

# Cost Categories

- Administrative Costs
- Direct/Career Services
- Direct Training
- Support Services
- Outreach



# Administrative Costs

- DEED Policy 521 based on [Minnesota Statute 16B.98\(1\)](#), limits state grantees' administrative budget to no more than 10% of the award amount. If the award amount is not fully expended, the 10 % amount is based on the total expenditures for the grant.
- Administrative expenses can be greater or less than 10% on a given RPR, but must not exceed 10% of the total expenditures on the final RPR.

# Administrative Costs

Administrative expenses are associated with functions not related to the direct provision of services to program participants. Examples include:

- Financial management
- Facilities management
- Audit, General legal, Human resources
- Automated systems
- Management of sub grantees
- Any contract that is “administrative” in function (HR, Accounting, Audit)



# Administrative Costs

Expenditures for administrative staff (appropriately allocated and consistently applied) may include:

- Salary/fringe for admin staff (accountant, director, etc.)
- Operating costs (related to staff providing admin services - rent, phone, supplies, etc.)
- Negotiated overhead rate
- Travel and per diem

# Direct Services or Career Services

Direct Services or Career Services are costs associated with providing direct services to participants, including:

- Case management/navigation for participants
- Assessments
- Development of the participant's Individual Employment Plan (IEP)
- Counseling and career planning
- Salary/fringe for staff involved in providing grant-specific services to participants

# Direct Services continued

- Staff travel for staff involved in provider's grant-specific services to participants
- Staff training and development
- Short-term prevocational services and/or work readiness skills for participants
- Operating costs (related to staff providing direct/career services - rent, phone, supplies, etc.)
- Other participant costs

*Note: If staff members are providing direct pre-vocational customer trainings, then staff time spent in the classroom and reasonable classroom preparation may be billed to this category.*

# Direct Training

Direct Training (also called Direct Customer Training) is for participant tuition and required books and fees, and may include:

- Credentialed and non-credentialed training
- Required school fees, books, and tools
- Required uniforms/boots for training
- Participant wages and fringe benefits related to work experience

*Note: If staff or contractors are providing direct non-credentialed or credentialed customer training, staff time or contractor time spent in the classroom and reasonable classroom preparation may be billed to this category.*

# Direct Training continued

Direct Training expenditures must be:

- Part of the participant's IEP
- Pre-approved by the case manager/counselor/navigator
- Consistent with the Grantee's approved contract with DEED

Direct Training expenditures may not be obligated or incurred:

- Prior to the participant's Workforce 1 (WF1) date of enrollment
- Prior to the date the participant and the case manager/counselor/navigator have signed and dated the Individual Employment Plan (IEP).



# Support Services

Support Services costs are for:

- Services and items considered necessary for a participant to remain in the program
- Reimbursements are for what was actually distributed to the participant. For example, if the grantee buys 100 bus cards but distributes only 20 of them, then we reimburse for only 20 cards.
- Reimbursements are for money spent, not the face value. (Ex. a \$40 bus card purchased for \$32).

*Note: Participants are to be referred to community resources before incurring support service costs.*

# Support Services continued

Support Services expenditures must be:

- Part of the participant's IEP
- Pre-approved by the case manager/counselor/navigator
- Consistent with the Grantee's approved contract with DEED

Support Services expenditures may not be obligated or incurred:

- Prior to the participant's Workforce 1 (WF1) date of enrollment
- Prior to the date the participant and the case manager/counselor/navigator have signed and dated the Individual Employment Plan (IEP).

# Support Services continued

## Examples of support services:

- Basic school supplies
- Bus passes/gas cards
- Books and tools that are needed and not required in association with training
- Clothing required for work/interviews
- Class D driver license/government id renewal fees (not reinstatement or revoked)
- Housing/rental assistance
- Health and medical assistance
- Personal counseling
- Reasonable car repair, if related to getting to work/training

# Support Services continued

- The grantee must have a Support Service policy
- Supporting documentation must be in the name of the participant
- Support Services expenditures must be traceable to the initial source
- Participants must sign for durable goods (bus and gas cards, clothes, etc.)



# Outreach Costs

Outreach costs include the promotion of grant specific services.

Examples of allowable outreach costs:

- The recruitment of personnel required by the grantee for performance of the award
- Program outreach to meet the requirements of the award
- Table/space rental to promote grant services at career fairs/hiring events/community events
- Costs of displays and exhibits
- Costs of meeting rooms used in conjunction with shows and other special events
- Costs of advertising media and related administrative costs



# Outreach Costs continued

If there is no Outreach category on the RPR, then capture the approved outreach activities as follows:

- Administrative outreach activities (the recruitment of personnel required by the grantee for performance of the award, etc.) are billed as administrative costs
- Activities related to outreach, program costs, job development, (advertising grant approved services in a local paper, for example) are billed to direct service
- Salary/benefits of employees engaged in setting up and displaying exhibits are billed to direct services
- Purchase of tents and tables are billed to direct services

# Outreach Cost continued

Examples of unallowable outreach costs:

- Costs of meetings and conventions related to other activities
- Costs of promotional items and memorabilia
- Costs of advertising to promote the grantee





# Accrual Accounting

# Accrual Accounting

Grantees (and sub-grantees/recipients) must separately account for the receipt, obligation, and expenditure of funds by award or fund source.

Obligations and expenditures must fall within the period of performance of the grant.



# Accrual Accounting

- Transactions are recognized in the accounting period in which they occur
- Revenue is recognized when earned
- Expense is recognized when incurred
  - may be cash disbursement (gift/gas cards)
  - may be delivery of goods/services
  - may be costs due staff, contractor, or subgrantee



# Accrual Accounting

## Obligations

- Orders placed for property and services, contracts and sub-awards made, and similar transactions during a given period that require payment during the same or a future period
- Legally binding
- Budget authority must be available

*Note: Plans and budgets are not obligations (ear-marks)*

# Accrual Accounting

## Examples of Obligations



Contracts and sub-grantee agreements

Purchase Orders

Gas/gift Cards

Training Enrollment

# Accrual Accounting

## Reporting Obligations

- Obligation remains if
  - Subgrantee work not begun
  - Goods/services not received by month-end/reporting period end
  - Gift card has not been disbursed
  - Training has not begun/drop date not passed

*Note: If items are received/disbursed by the reporting period end, the action liquidates the obligation and it is reported as an expenditure.*

# Accrual Accounting

## Unliquidated Obligations

```
graph TD; A[Unliquidated Obligations] --> B[Any obligation for which an accrued expenditure has not yet been incurred as of the reporting period end date]; A --> C[Unliquidated obligations should include amounts that will become due to subrecipients or subgrantees];
```

Any obligation for which an accrued expenditure has not yet been incurred as of the reporting period end date

Unliquidated obligations should include amounts that will become due to subrecipients or subgrantees

# Accrual Accounting

## Accruals (or accrued expenditures)

- Net increases (or decreases) in amounts owed for:
  - goods and other property received
  - services performed by employees or contractors
- Indirect expenses incurred

# Accrual Accounting

## Examples of Accruals

Invoices for goods and/or services received but not yet paid

Value of payroll and related fringes earned by employees at the end of the reporting period but not yet paid

Value of goods and/or services received but not yet invoiced

Amounts for training that has begun but not yet invoiced

# Accrual Accounting

Accrual accounting records revenue and expenses when they occur and matches income and related expenses in the same fiscal period, regardless of the timing of the receipt or disbursement of actual cash.

For example, office supplies purchased (and received) in the month of April and paid in May when the credit card bill is received would be recorded in April under the accrual method of accounting.



# Cost Allocation



# Cost Allocation

The process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship.

# Cost Allocation

## Allowability = Allocability

A cost is allocable to a particular state or federal award or other cost objective if the goods or services involved are chargeable or assignable to that award or cost objective in accordance with **relative benefits** received.

# Cost Allocation

## Proportional Benefit

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.



# Cost Allocation

Each grantee must have an approved cost allocation methodology in place.

Methodologies may be based upon the type of expenditure.

Common methods include

- FTE
- Square Footage

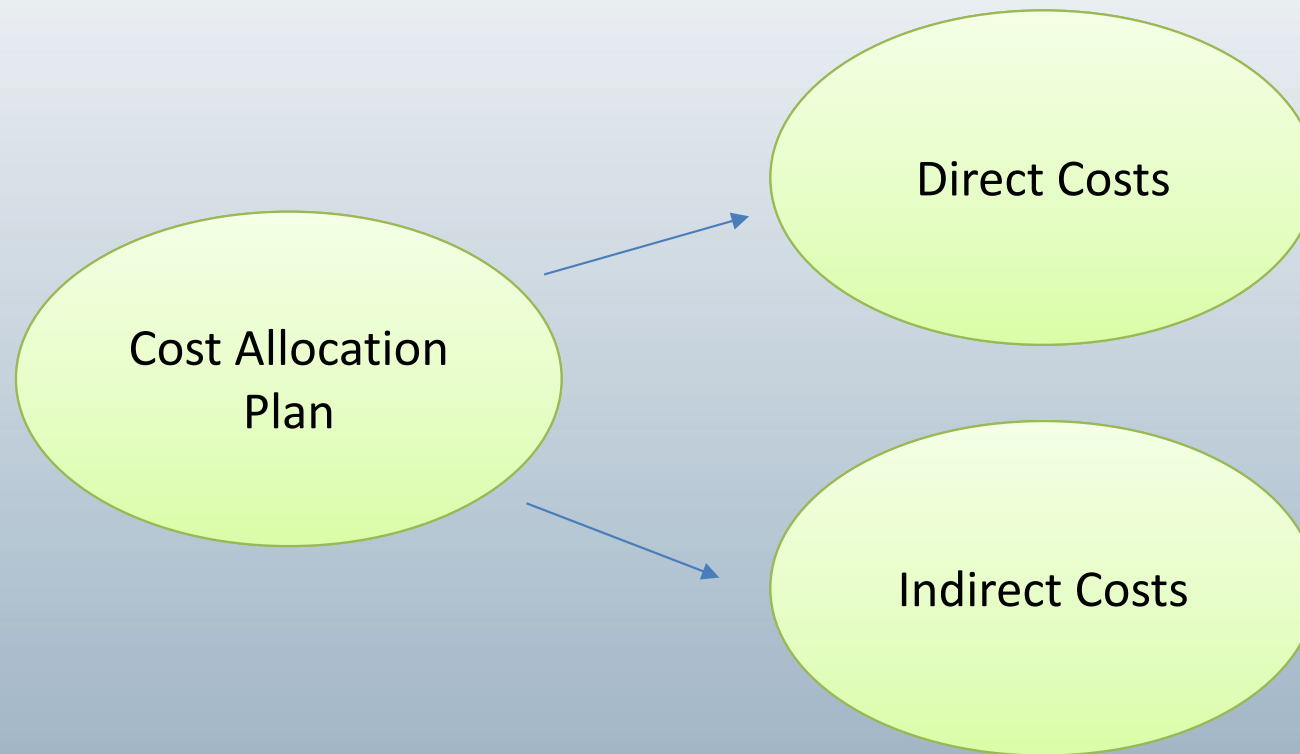
INVOICE-Lease Costs  
123 Mockingbird Lane  
Yourtown, MN

Square Footage	931
Cost/Sq Ft	\$57.85
<b>Total</b>	<b>\$53,858</b>

ALLOCATION METHOD #1-FTE			
	FTE	Allocated Cost	
Grant A	7.5	\$ 21,260	
Grant B	6.25	\$ 17,717	
Grant C	5.25	\$ 14,882	
	<b>19</b>	<b>\$ 53,858</b>	

ALLOCATION METHOD #2-Square Footage			
	% of	Allocated Cost	
	Lease		
Grant A	35%	\$ 18,850	
Grant B	34%	\$ 18,312	
Grant C	31%	\$ 16,696	
	<b>100%</b>	<b>\$ 53,858</b>	

# Cost Allocation



# Cost Allocation

## DIRECT COSTS

Costs that can be directly assigned to activities relatively easily and with a high degree of accuracy. Examples include:

- Salary for a case manager **who only** works with a particular grant
- Square footage of space occupied by the case manager
- Communications devices, such as a cellphone, used by the case manager
- Supplies used by the case manager

# Cost Allocation

## INDIRECT COSTS

- Administration and facilities costs incurred in support of multiple programs, but not a specific program cost
- Charged back to the program through an approved indirect cost rate or cost allocation plan
- Originate either within the recipient organization or department or another department that supports the overall organizational operations

# Cost Allocation

## Examples of Indirect Costs:

- Salaries for executive director, accountants, human resources staff, etc.
- Square footage of space occupied by indirect staff
- Communications devices, such as a cellphone, used by indirect staff
- Supplies used by indirect staff





# Cost Allocation

Costs must be accorded consistent treatment.

- A cost may not be assigned to one grant as a direct cost and to another as an indirect cost.
- Costs may not shift from one cost objective to another to overcome funding deficiencies, avoid restrictions imposed by law or grant agreement, or other reasons.
  - From one grant to another grant
  - From administrative to program cost category
  - From direct to indirect cost or vice versa



# Reimbursement Payment Request (RPR)

# Reimbursement Payment Request (RPR)

- Costs must be requested based on actual expenditures incurred during reporting period, not budget divided by the number of months in the grant
- Costs must align with:
  - Grant legislative language/intent
  - Approved (work plan and budget) within the executed grant contract between DEED and grantee
  - Office of Grants Management policies
  - DEED policies
  - The grantee's internal policies and procedures

# Sample RPR

FORM # MN-DEED-AFS-02 | 10.16

## REIMBURSEMENT PAYMENT REQUEST (RPR)



Submit completed form via email to DEED.FSB@state.mn.us on or before the 20th of the month

### SECTION 1:

* VENDOR ID - REMIT TO LOCATION CODE (SVIFT): 0000123456.001		* GRANT NAME: SFY23 - Employment and Training Programs (ETP) Sample Program	
* VENDOR NAME: ABC Nonprofit		* GRANT NUMBER: 3SAMPLE5000	SVIFT CONTRACT ID 123456
REMIT TO ADDRESS: 2500 ABC Drive Minneapolis, MN 55404		GRANT PERIOD FROM: 07/01/2022	GRANT PERIOD TO: 06/30/2023
		REIMBURSEMENT PERIOD FROM: 7/1/2022	REIMBURSEMENT PERIOD TO: 7/31/2022
TYPE PREPARED BY: Jane Doe [SAMPLE]	PHONE: 612-555-1234	INVOICE NUMBER: 1	GRANT NUMBER: 3XX1234
Required Signature:		FINAL: YES [ ] NO [ X ]	
TYPE PREPARER EMAIL: FirstLastName@ABC.org		DEED PROGRAM CONTACT/PHONE: John [SAMPLE] 612-555-1234	DEED PROGRAM CONTACT EMAIL: FirstLastName@ABC.org

### SECTION 2: \* DEED PROGRAM USE ONLY

SVIFT PO ID	PO LINE	AMOUNT	FUND	FIN DEPT ID	APPROP ID	ACCOUNT	AGENCY COST I	PROJECT ID
3-123456		\$ 200,000.00	2390	B2233APS	B223591	441603	55036	B225SAMPLE
<b>TOTAL</b>		<b>\$ 200,000.00</b>	<b>NOTES:</b>					

### SECTION 3:

ACTIVITY ID	COST CATEGORY DESCRIPTION (PER APPROVED BUDGET)	A. APPROVED BUDGET	B. PREVIOUS REIMB. REQUEST	C. REIMB. REQUESTED THIS PERIOD	D. (B + C + D) TOTAL REIMB.	E. (A - D = E) AVAILABLE BALANCE	F. UNSPENT OBLIGATIONS
833	Administrative Costs	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 20,000.00	\$ -
885	Direct Services	\$ 27,250.00	\$ -	\$ -	\$ -	\$ 27,250.00	\$ -
886	Direct Services-VR-GED-ABE	\$ 8,750.00	\$ -	\$ -	\$ -	\$ 8,750.00	\$ -
838	Direct Customer Training	\$ 140,000.00	\$ -	\$ -	\$ -	\$ 140,000.00	\$ -
828	Support Services	\$ 4,000.00	\$ -	\$ -	\$ -	\$ 4,000.00	\$ -
<b>TOTAL</b>		<b>\$ 200,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,000.00</b>	<b>\$ -</b>

### MATCH

ACTIVITY	A. AMOUNT TO BE CONTRIBUTED	B. PREVIOUS	C. THIS PERIOD	D. (B + C = D) CUMULATIVE
850 MATCH	\$ -	\$ -	\$ -	\$ -
PROGRAM INCOME		B. PREVIOUS	C. THIS PERIOD	D. (B + C = D)
		\$ -	\$ -	\$ -

### SECTION 4: COMMENTS

THIS IS THE SPACE TO PLACE ANY REMARKS OR ADDITIONAL COMMENTS AS NECESSARY.

### SECTION 5: AGREEMENT & AUTHORIZED APPROVAL

By submitting this form, I certify that the request is in accordance with DEED cash management requirements and appropriate contract terms; the data reported is correct.

I certify that:

- Grantee does not have past due progress reports. - OR - Grantee received a written extension for its progress report.

Grantee Authorized Signature \_\_\_\_\_ Date \_\_\_\_\_

DEED Program Authorized Signature \_\_\_\_\_ Date \_\_\_\_\_

# RPR Continued

- The RPR should be submitted every month whether there are expenditures or not. If there are no expenditures, enter \$0.
- Any subgrantee/recipient expenses must be rolled up into one single RPR submitted to DEED using the same cost categories as the grantee.
- Grantees must use the form provided by DEED's Employment and Training Programs Division (ETP).
- There must be a separation of duty. The person preparing the form must be different than the person authorizing the payment request. The authorizer must have signature authority for the particular grant.

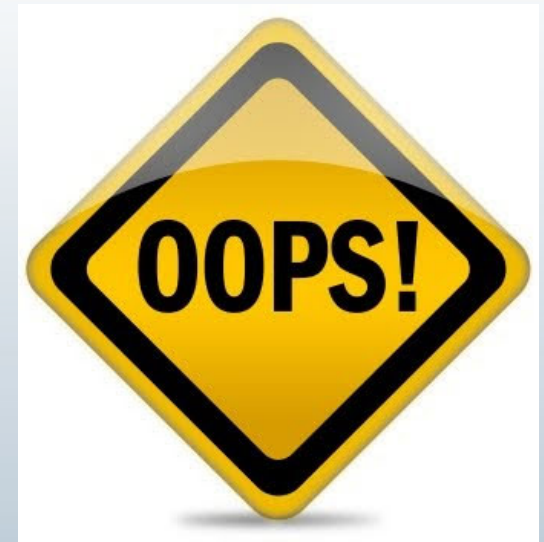
# RPR Continued

- The completed RPR must be submitted to the [DEED.FSR@state.mn.us](mailto:DEED.FSR@state.mn.us) e-mail account on or before the 20th of the month for the previous month.
- Documentation supporting costs must be retained and made available to DEED upon request
- New grantees will be required to submit the general ledger for the first month of the contract to ensure understanding of fiscal requirements



# Common Mistakes

- Dates
- Cumulative carry over amount
- Rounding issues
- Preparer and approver cannot be same person
- Signature authority not on file or out of date
- Mathematical/formula errors
- Incorrect reimbursement period



# Questions?







## Oversight & Monitoring

Employment and Training Programs (ETP) Monitoring Unit

Shannon Rolf, ETP Monitoring Supervisor, [shannon.rolf@state.mn.us](mailto:shannon.rolf@state.mn.us)

# Introductions



Shannon Rolf  
Monitoring Supervisor  
[Shannon.rolf@state.mn.us](mailto:Shannon.rolf@state.mn.us)

## Adult Career Pathways

- Cindy Boyle
- Israt Ferdous
- Erin Jeske
- Ava McKnight
- Abdikarim Mohamed

## Dislocated Worker/ WIOA Adult

- Bridgett Backman
- Linda Skogen
- Shaneaka Younger

## Youth Programs

- Janelle Bane
- Israt Ferdous
- Isaac Mixon

*“To provide consistent oversight and customized guidance to Grantee partners in order to ensure compliance and achieve successful outcomes for all.”*

- Monitoring Requirements
- Objectives of Monitoring
- Expectations During a Visit
- General Timelines & Next Steps
- Q & A

The background of the slide is a grayscale image of an open book, showing the pages fanning out from the center. A dark blue rectangular box is superimposed over the center of the book, containing the text.

# Monitoring Requirements

# Monitoring Requirements

DEED is required to conduct programmatic, fiscal, and administrative compliance monitoring of Federal and State awarded workforce development grantees. [20 CFR 683.410](#), [2 CFR part 200](#), [MN OGM Policy 08-10](#), & [DEED's Oversight and Monitoring Policy](#)

# Subgrantee Monitoring Requirements

**Does your organization subgrant your DEED grant award?** If so, your organization is responsible for the monitoring of your subgrantees.

- Organizations receiving funding over \$50,000 must be monitored once during the grant period and annually for subgrants over \$250,000.







# Objectives of Monitoring

# Objectives of Monitoring

- ✓ Assess compliance with statutes, grant agreement, & program policy.
- ✓ Ensure grant funds are used efficiently and effectively & are protected from fraud, waste, and abuse.
- ✓ Determine whether expenditures have been appropriately applied per cost categories.
- ✓ Assess whether performance goals are on track.
- ✓ Identify whether there are any technical assistance needs.

# Objectives of Monitoring (Continued)

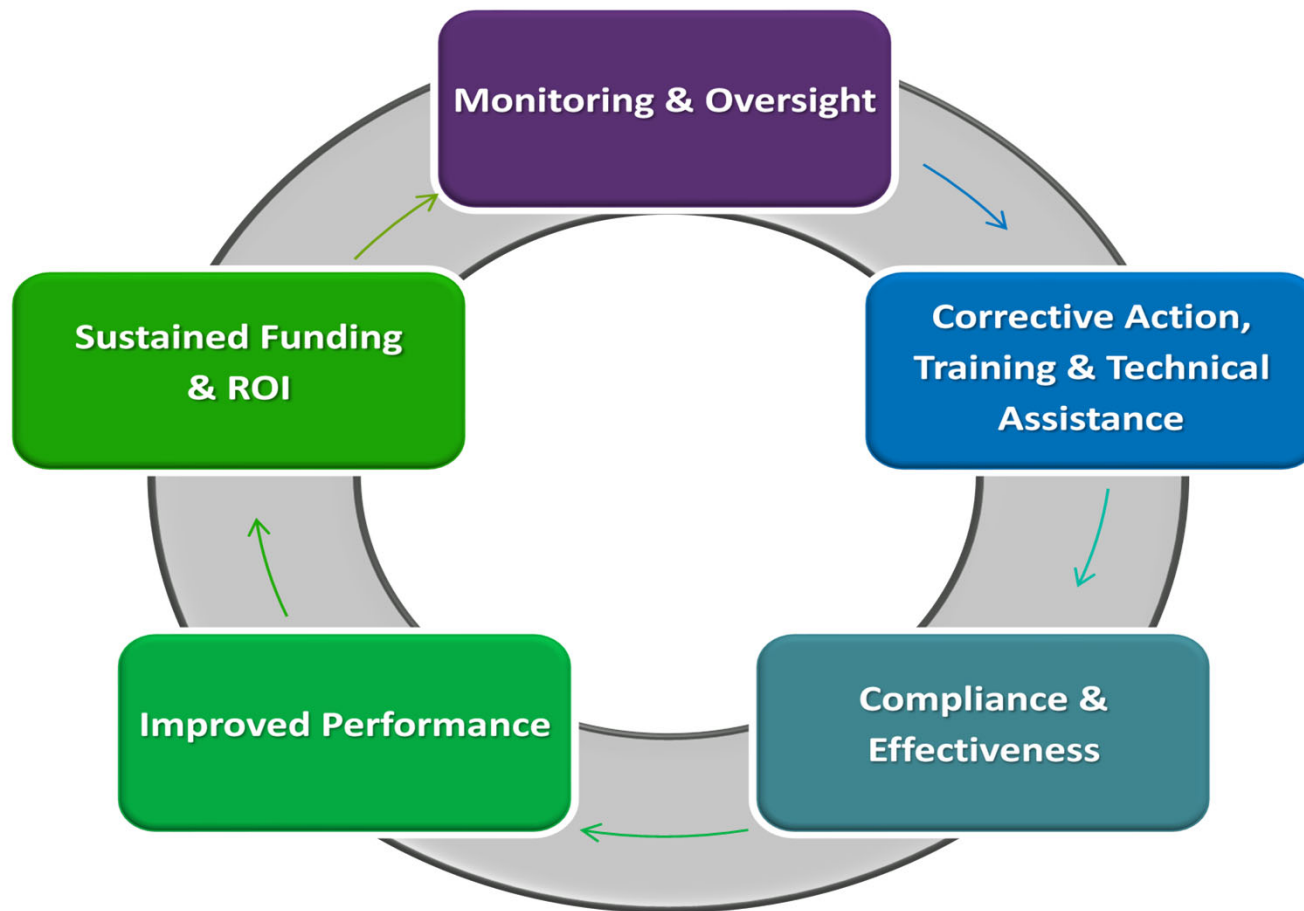
## What Monitoring Is:

- ✓ Required by Regulations and Policy
- ✓ Routine
- ✓ Opportunity for DEED to identify technical assistance needs of grantees

## What Monitoring is Not:

- X An Audit
- X A direct result of wrong-doing (your organization isn't selected because your organization is "in trouble")

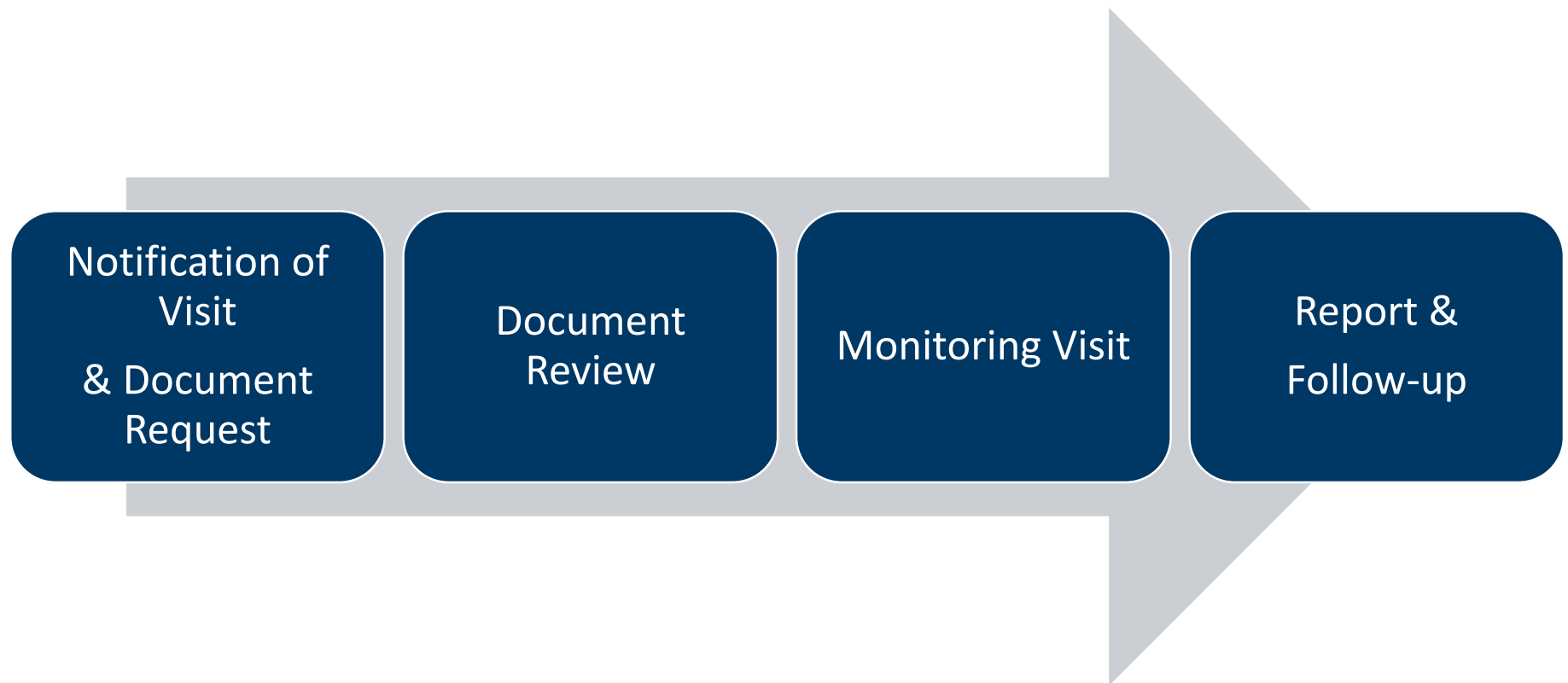
# Monitoring Drives Continuous Improvement





# What to Expect During a Monitoring Visit

# Cycle of a Monitoring Visit



# Notification of Visit & Document Request

## Monitor will:

- Notify grantee of pending monitoring visit.
- Include a list of fiscal and program documents needed from the grantee.
- Provide list of participant #'s that will be reviewed within WF1.
- Indicate a deadline (typically will provide approximately 20-30 days).

## Grantee will send:

- A Completed Monitoring Guide.
- Detailed General Ledger from the start of the grant.
- Program policies (as needed per request).
- Other items upon request.

## Monitor will review (but not limited to):

- Grantee's financial audit reports
- Completed program and fiscal monitoring guides
- Progress reports
- Risk assessments
- Cash balances
- Workplan
- Workforce One (WF1) program reports
- Program performance outcomes
- Financial Status Reports (FSRs)/Reimbursement Requests (RPRs)





# During the Monitoring Visit (On-site or Virtual)



## **Items discussed during a visit:**

- Statutory compliance & policies and procedures
- Summary of items reviewed
- Fiscal documentation and reporting
- Program performance goals/outcomes
- Grantee challenges and questions
- Areas of concern and findings that require action
- Recommendations and/or technical assistance (when appropriate)

# Monitoring Report & Follow-up

## **The Monitoring Report will include:**

- Summary of Visit
- Performance Outcomes
- Results of the Financial Reconciliation
- Any Areas of Concern
- Any Corrective Actions (when applicable)
  - The corrective action plan, shall include the action(s) the grantee will take to correct the problem and the finding will be resolved.



# General Timelines & Next Steps

# General Timelines & Next Steps

Estimated Timeframe	Activities
20-30 Days (approximately) Prior to Monitoring Visit	<ul style="list-style-type: none"> <li>• Notification of Monitoring Sent to Grantee</li> <li>• Monitoring Guide Sent</li> <li>• Documentation Request</li> <li>• Grantee Uploads Participant Documentation into WF1 (if requested)</li> </ul>
Monitor Reviews Documents	<ul style="list-style-type: none"> <li>• Grantee sends additional documents (as needed)</li> </ul>
7 Days Prior to Monitoring Visit (On-site or Virtual)	<ul style="list-style-type: none"> <li>• Monitor will work with each grantee to schedule a suitable date and time for the monitoring entrance and exit meetings.</li> <li>• Agenda and/or MS Teams meeting invite is sent.</li> </ul>
45 Days (approximately) Post Monitoring Visit	<ul style="list-style-type: none"> <li>• Monitoring Report Sent to Grantee</li> </ul>
30 Days from the issuance of the Monitoring Report (Only required if corrective actions are issued to the grantee).	<ul style="list-style-type: none"> <li>• Grantee provides a response addressing each corrective action noted in the monitoring report.</li> </ul>



# Questions

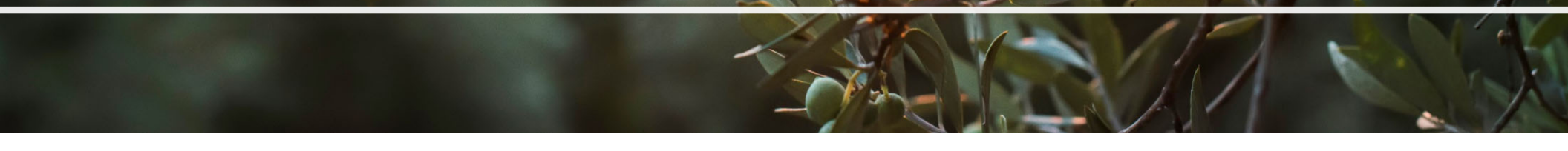


Thank You!





## **Wrap Up**



# Additional Information

- **ACP Webpage** – much of what is covered in today’s training is referenced in the guides and resources on our webpage.
- **30, 60, 90 Day Check-ins with your Grant Coordinator** - Coordinator will set up individual meetings with Grantees.
- **ACP Competitive Onboarding Virtual Session** - recording and PowerPoint will be posted to the ACP webpage.
- **Grant Coordinators Technical Assistance** - Coordinators are available to assist with questions, however, please check the resources on the website before contacting your coordinator. Coordinators may not be able to respond to every inquiry immediately.





**Thank you for your participation today!**

DEED Office of Adult Career Pathways