



**DEPARTMENT OF WORKFORCES SERVICES
ISSUANCE NUMBER PY 14-03**

Artee Williams, Director

August 19, 2014

TO: ADWS Staff, Local Workforce Investment Areas/Service Providers.

SUBJECT: WIA Cash Request- Supporting Documentation Policy

1. **Purpose:** To distribute Arkansas Department of Workforce Services policy and general guidance for supporting documentation for cash requests.
2. **General Information:** The U.S. Department of Labor requires that grantees of Federal Awards continuously monitor sub-recipients. For this reason, ADWS has had in place a standard process of periodically requesting supporting documentation for cash requests made in the AWIS system.

The attached policy provides information regarding such cash requests and provides guidance on what is considered adequate documentation when requesting funds. Due to the wide scope of this topic, references are made to ADWS Issuance PY 05-15 "Arkansas Workforce Investment Act Title I-B Program and Financial Monitoring Instrument with Monitoring and Oversight Procedures" as well as several other sources of information that establish guidelines in this area.

3. **Inquiries:** Kris Jones (501) 683-5358 or kris.jones@arkansas.gov
4. **Attachments:** Local Workforce Investment Area and Other WIA Subrecipients- WIA Request for Funds and Supporting Documentation Policy
5. **Expiration Date:** Ongoing

**ARKANSAS DEPARTMENT OF
WORKFORCE SERVICES**

**LOCAL WORKFORCE INVESTMENT
AREAS AND OTHER WIA
SUBRECIPIENTS-
WIA REQUEST FOR FUNDS
AND
SUPPORTING DOCUMENTATION
POLICY**

Note: This policy is intended for Workforce Investment Act funding. Please refer to individual grant special clauses and conditions for specific instructions on financial issues.

FINANCIAL PROCEDURES

PURPOSE:

The purpose of this policy is to implement procedures requiring the Local Workforce Investment Areas/Service Providers to submit the Request for Payment and supporting documentation to DWS, Office of Financial Management as requested and deemed necessary.

REQUEST FOR MONEY ADVANCES

Requests for WIA advance payments must be made to the Department of Workforce Services (DWS) on the Arkansas Workforce Information System (AWIS) by 12:00 p. m. (noon) on Mondays or Thursdays. The cash advance will be received four (4) working days after the order date. Example: if cash is ordered on Monday, it will be received four (4) working days after or the following Friday. If cash is ordered on Thursday, it will be received four (4) days after or the following Wednesday. Holiday schedules will be provided by DWS.

Acceptable supporting documentation, (to include actual invoices, copies of check payments, travel reimbursement forms, timesheets, check registers, payroll registers, agendas for conferences/meetings, etc.) must be maintained for each Request for Money Advance. This documentation should designate the program from which funds were requested, ie. Regular Adult, ARRA Adult, etc.

Payments &/or entries should be traceable through books of account and to source documentation. **Payments must be for allowable transactions and be charged to appropriate program year, title and category.**

DWS Financial Management Department will request supportive documentation for the Request for Payment randomly for any particular date; the purpose of which will be to determine the allowability of expenditures for which the funds were ordered. It is a requirement that this information be documented and submitted to DWS within one week after the requested funds are received.

- **Supporting documentation may be sent in electronic form, or by mail if sending the documentation electronically is unreasonable.**
- **If any discrepancies are found, the LWIA will be contacted for corrected documents.**

Funds are requested in advance of payment for expenditures. The amount of funds requested will sometimes be based upon estimated expenditures, especially for payroll costs. If the funds requested, based upon estimated expenditures, are in excess of amounts paid for actual expenditures a reconciliation must be provided that details the amount of excess funds and details how the LWIA plans to return the excess funds (via check or by adjusting the next order for funds if the funds order is made immediately).

Refer to Cash Management Improvement Act of 1990 (CMIA) 31 CFR Part 205, Section 205.12 (b)(4) Three Day Drawdown Rule below:

(4) Cash advance (pre-issuance or post-issuance) funding means that a Federal Program Agency transfers the actual amount of Federal funds to a State that will be paid out by the State, in a lump sum, not more than three business days prior to the day the State issues checks or initiates EFT payments.

SELECTED ITEMS OF COST

The items that follow are items of cost that have been problematic. The specific rules to document using Federal funds to pay these types of costs will be discussed. This guidance is in addition to that provided in ADWS Issuance PY 05-15 “Arkansas Workforce Investment Act Title I-B Program and Financial Monitoring Instrument with Monitoring and Oversight Procedures”.

1. PERSONNEL COSTS

Payroll shall be based on time and attendance reports. Payroll entries should be traceable to staff timesheets. Cumulative leave records must agree with timesheets. Timesheets should reflect hours worked on which particular WIA/Grant. Timesheets/time studies will be certified by management for accuracy.

Refer TO OMB CIRCULAR A-122 ATTACHMENT B (m)(2):(b),(c),(d)(3) and (d)(4):

(b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

(c) The reports must be signed by the individual employee, or by a responsible supervisory official having firsthand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

(d) The reports must be prepared at least monthly and must coincide with one or more pay periods.

(3) Charges for the salaries and wages of nonprofessional employees, in addition to the supporting documentation described in subparagraphs above and must also be supported by records indicating the total number of hours worked each day maintained in conformance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516). For this purpose, the term “nonprofessional employee” shall have the same meaning as “nonexempt employee,” under FLSA.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement from awarding agencies.

2. TRAVEL

IN GENERAL

An itemized travel form must be completed with all necessary receipts, airline ticket stubs, hotel invoice and cost of meals while on approved travel. The purpose of the travel must be clearly shown. All documentation and travel reimbursement forms must be submitted with necessary approved signatures.

DAY TRAVEL

Travel within the State may only include mileage and incidental cost reimbursement. Meals cannot be reimbursed with Federal funds for travel without an overnight stay. An exception to the requirement regarding meals is provided when travel during the course of a day exceeds 12 hours and is

authorized in advance. Acceptable documentation should state the purpose of the travel, show the to/from destination point of travel and include necessary approval signatures.

OVERNIGHT TRAVEL

Overnight travel must have acceptable documentation, such as a travel reimbursement form, showing the to and from destination point of travel, transportation (airfare or mileage), hotel expense, expense for meals, cab or rental car, and the purpose of the travel. Receipts for all expenses other than mileage and meals must be included. Meals can be paid up to the Federal per diem rate as designated. This travel form also requires approved signatures.

Refer to the Attachment 1, ETA Financial Management Bulletin R4FMB 01-10 and Attachment 2, Food and Beverages, provisions 3 and 11, for additional information regarding the allowability of meals.

TRAVEL REGULATIONS

A: OMB Circular A-122 Attachment A (2) (g) requires that costs be adequately documented.

ACA 19-4-904 provides that the reimbursement for meals is allowed only in connection with overnight travel whether in state or out of state unless “special authorizations”, under ACA 19-4-903, are authorized by the agency head or travel administrator.

ACA 19-4-904 provides that reimbursement for transportation must be supported by an original vendor document describing the travel and indicating the cost.

3. MEETINGS/CONFERENCES:

Costs of hosting meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable subject to adequate documentation. These costs include providing meals for participants, rental of facilities, speaker’s fees, and other items incidental to such meetings or conferences. Meals provided for participants of meetings or conferences are only allowable when; (1) the meals are incidental to the meeting, (2) attendance at meals is necessary for full participation in the business of the

meeting, and (3) individuals are not free to take meals elsewhere without being absent from essential formal discussions, lectures, or speeches concerning the purpose of the meeting.

Meals or other types of refreshments for “working lunches” or other meetings involving only the entities’ staff cannot be paid for with Federal funds. Meals for meetings that take place near normal meal times that involve external participants are only allowable if documentation clearly justifies the purpose of having the meeting at a meal time rather than during normal business hours.

Allowable costs must be documented for meetings and/or conferences with purpose, agenda, roster, narrative justification, actual receipts, and the allocated portion of funds used must be categorized, (ARRA Adult, Regular WIA Adult, and etc.).

Refer to the reference from “The Redbook” and OMB Circular A-122 listed below:

REFERENCE FROM “THE REDBOOK”

Principles of Federal Appropriations Law commonly referred to as “The Redbook”, define entertainment, in part, as “food and drink, either as formal meals or as snacks or refreshments; receptions, banquets, and the like....” “The Redbook” also provides that meals may be paid for with appropriated funds when

(1) meals are incidental to the meeting;

(2) attendance at meals is necessary to full participation in the business of the meeting; and

(3) individuals are not free to take meals elsewhere without being absent from essential formal discussions, lectures, or speeches concerning the purpose of the meeting.

REFERENCES: OMB CIRCULAR A-122

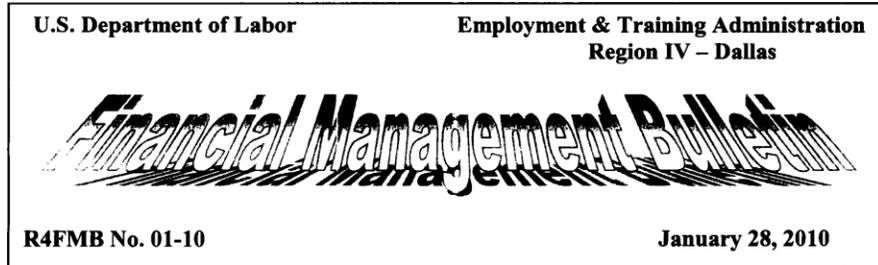
A: OMB Circular A-122 Attachment B (14) states that “Costs of entertainment, including amusement, diversion, and social activities and any costs associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation and gratuities) are unallowable”.

Refer to the Attachment 1, ETA Financial Management Bulletin R4FMB 01-10 and Attachment 2, Food and Beverages, provisions 3 and 11, for additional information regarding the allowability of meals.

4. LWIA'S SERVICE PROVIDERS:

The LWIA must ensure that all of its service providers adhere to preparing supporting documentation etc., as outlined in this policy.

ATTACHMENT 1



TO: Region IV Financial Directors

SUBJECT: Use of Grant Funds to Pay for the Cost of Meals, Food, Coffee or other Refreshments for Employee Consumption.

AFFECTED PROGRAM/GRANTEE: All Employment and Training Administration Programs and Grantees

PURPOSE: To provide guidance to Financial Directors on the prohibition of using ETA funds to provide meals, food and refreshments for employees.

BACKGROUND: None.

MESSAGE: The use of ETA grant funds to pay for meals, food, coffee or other refreshments (hereafter referred to as “meals”) **consumed by employees is prohibited except as described below.**

- When an employee is in a travel status, the cost of meals is limited to such costs that are allowable by the grantee’s official travel policies or, in the absence of an official travel policy on the issue, the Federal Travel Regulations (FTRs) apply. The FTRs provide for a per diem system and an actual expense system, to underwrite the cost of meals **consumed by employees when in a travel status**. The FTRs permits such payments only when an employee is in travel status overnight. An exception to the overnight requirement is provided when travel during the course of a day exceeds 12 hours and is authorized in advance.

The Federal cost principles provide that, “Such [travel] costs may be charged on an actual cost basis, on a per diem ... basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in the [institution’s] non-federally sponsored activities” (OMB Circular A-21, Para. J, Item 53; OMB Circular A-87, Attachment B, Item 43; and OMB Circular A-122, Attachment B, Item 51).

- The OMB Circulars allow for the costs of meals incidental to the cost of meetings and conferences where the primary purpose is the dissemination of technical information (OMB Circular A-21, Para. J, Item 32; OMB Circular A-87, Attachment B, Item 27; and OMB Circular A-122, Item 29). These costs are allowable when the grantee incurs such costs in the process of conducting meetings or conferences with external customers and other professional colleagues outside of the entity’s organization. Therefore, if employees are participating in an allowable activity then the incidental costs for the meals and refreshments they consume may be allowable. However, charging costs for meals while engaging in day-to-day business or staff training with employees of that organization does not fall within this criterion. Also, the cost of a “working

lunch” with external customers and other colleagues is only considered “reasonable and necessary” when there is adequate documentation on the necessity of having the meeting during a meal time instead of during normal business hours. Documentation should specify what ETA-related subjects were discussed, and include a list of participants and dated itemized meal cost receipts.

Grantees should have a written policy established that is consistent with this guidance. The lack of appropriate policies, procedures and systems could result in findings and disallowed costs.

Available Resources and Assistance:

Federal Travel Regulations 41 CFR 301-11
OMB Circular A-87, Attachment B, Items 3, 14, 20, 27 and 43
OMB Circular A-122, Attachment B, Items 3,14,19,29 and 51
OMB Circular A-21, Paragraph J, Items 3, 17, 22, 32 and 53

CONTACT INFORMATION: You may contact your Federal Project Officer or Regional Financial Management staff on more specific questions and/or issues. If you are unsure of who to contact, please send your inquiries to the Attention of Greg Goodwin, Financial Supervisor at **ETA-DAL-FPM@dol.gov**. When submitting inquiries please provide the following information:

- Your name and phone number
- Name of the Grant(s) and Grant Number(s)
- Location (City and State)

GREG GOODWIN

Regional Grant Officer/Financial Services Supervisor
Division of Financial, Management and Administrative Services

ATTACHMENT 2

Food and Beverages

Food and/or beverage expenses provided by recipients are allowable subject to conditions stated below:

- Food and/or beverages are provided to participants at training sessions, meetings, or conferences that are allowable activities under particular grant program guidelines.
- Expenses incurred for food and/or beverages and provided at training sessions, meetings, or conferences must satisfy the following three tests:

Test 1 – The cost of the food and/or beverages provided is considered to be reasonable.

Test 2 – The food and/or beverages provided are incidental to a work-related event.

Test 3 – The food and/or beverages provided are not related directly to amusement and/or social events. (Any event where alcohol is being served is considered a social event and, therefore, costs associated with that event are not allowable).

NOTE: The presence of Federal employees does not prevent the recipient from providing food and beverages under the three tests. To determine whether costs associated with food and/or beverages are allowable, the recipient or sub-recipient providing the food and/or beverages must consider:

1. To whom the food and/or beverages will be provided:
 - A. Under what conditions the food and/or beverages will be provided; and
 - B. That the appropriate three tests have been satisfied.

For example:

Example 1. A recipient-sponsored event is held at the L’Enfant Plaza Hotel to discuss **policy topics**. The event includes a working lunch with a speaker and breaks at which food and beverages are offered. Federal agency employees, as well as employees of the recipient and non-agency persons, are invited. The scenario meets all components of the three tests; therefore, food and beverages may be provided with grant funds.

Example 2. A recipient offers a “hospitality suite” the night before its conference at the L’Enfant Plaza Hotel. Federal agency employees, as well as employees of the recipient and non-agency persons, are invited. This scenario fails the three tests because food and beverages must not be directly related to amusement or social events. Although the conference is work related, the hospitality suite is purely a “social event.” Therefore, food and beverages **may not** be provided with grant funds.

Eleven provisions for food and beverages under grant funds

1. Provide an external or non-staff speaker at lunch or dinner
2. Support the event with a formal agenda or minutes of the meeting
- 3. The event must be mandatory for participants**
4. Do not pay for bar charges using registration fees (i.e., program income)
5. Do not make alcohol available at the event
6. Provide appropriate break foods
7. Surrounding events must provide several hours of substantive information
8. Do not end events with meal and /or break
9. Costs must be reasonable
10. As a participant, reduce per diem appropriately
- 11. A Sign – In Sheet to support attendance. Making a list of names for participants will not be accepted as documentation of attendance**

NOTE: Examples are not deemed substantive information.

Available Resources and Assistance

Federal Travel Regulations 41 CFR 301-11

OMB Circular A-87, ATT. B, Items 3, 14, 20, 27 and 43. Relocated to CFR, Part 225.

OMB Circular A-122, ATT. B, Items 3, 14, 19, 29 and 51. Relocated to 2CFR, Part 230.

OMB Circular A-21, Paragraph J, Items 3, 17, 22, 32, and 53. Relocated to 2CFR, Part 220.