

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: WIA CLOSEOUT HANDBOOK

SUBJECT MATTER HIGHLIGHTS:

PLEASE NOTE

Please review and comment on the attached draft directive.

This draft directive will supersede Directive WSD09-12, dated March 3, 2010. The revisions to this directive are focused on updating the procedures to reflect the new CalJOBSSM system.

Also updated are the FMU contacts as well as Closeout Attachments 1, 3, and 4 in the closeout handbook. Changes to the Attachments were made to imitate the actual reports in CalJOBSSM. All changes are highlighted in yellow.

COMMENTS DUE

April 28, 2015

Comments can be submitted through one of the following ways:

Fax	CO WSD , Attention: Michael Garcia at 916-654-9119
E-Mail	Michael.Garcia@edd.ca.gov (Include "draft comments" in the subject line)
Mail	CO WSD / P.O. Box 826880 / MIC 69 / Sacramento, CA 94280-0001

All comments received by the end of the comment period will be considered before the final directive is issued. The Workforce Services Branch does not respond individually to each comment received. However, a summary of comments will be released with the final directive. **Comments received after the specified due date will not be considered.**

If you have any questions, contact the Workforce Services Division at 916-654-8060.

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: WIA CLOSEOUT HANDBOOK

EXECUTIVE SUMMARY

Purpose

All closeout of Workforce Investment Act (WIA) program activities should conform to the following guidance, and the guidance in the attached closeout handbook. Also included is guidance for the reporting of leveraged resources.

Scope

This closeout directive applies to Local Workforce Investment Areas (LWIA), and Subgrantees in receipt of WIA grant funds from the state, and are hereafter referred to as **subrecipients**. This directive also applies to any organization funded by the **subrecipient**, hereafter referred to as **subrecipient contractors**.

Effective Date

This directive is effective on date of issue.

REFERENCES

- Title 20 *Code of Federal Regulations* (CFR) WIA Final Rule Section 667.300(d), "Reporting Requirements"
- Title 29 CFR Part 95, "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"
- Title 29 CFR Part 97, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"
- Training and Employment Guidance Letter (TEGL) 17-05, dated February 17, 2006.
- ETA 9130 Federal Financial Quarterly Report Instructions.

STATE-IMPOSED REQUIREMENTS

This directive contains state-imposed requirements. These requirements are indicated by ***bold, italic*** type.

FILING INSTRUCTIONS

This directive supersedes Directive **WIAD09-12**, dated **March 3, 2010**. Retain this directive until further notice.

BACKGROUND

Title 20 CFR Section 667.300(d) states that a final financial report is required after the expiration of a funding period or the termination of grant support.

CLOSEOUT SUBMITTAL REQUIREMENTS

Subrecipients must submit closeout documents to the state. These documents must be received by the state within 60 calendar days if ANY of the following occur:

- A subgrant agreement or interagency agreement has reached the term end date of the agreement.
- Formula funds (LWIAs only) are at the end of the two-year term of the funds.
- Any line item within a subgrant agreement or interagency agreement is fully spent and the term has ended.
- Any line item within a subgrant agreement or interagency agreement is fully spent and the term has NOT ended.
- Any line item within a subgrant agreement or interagency agreement has reached the term end date and the funds are NOT fully spent.

Instructions and report forms necessary to complete a closeout package are provided in the WIA Closeout Handbook. The link to the handbook is shown at the end of this directive.

CLOSEOUT TIMEFRAMES

The following are actions subrecipients should take in preparing to file closeout documents. All timeframes listed are considered to be approximate. As a special caution to non-LWIAs or any entity that will not have continuing WIA funding, please note, as stated below, that no WIA expenditures can take place against the closing line item/subgrant agreement after the term end date. Prepaying for any required records storage or audits is suggested. All closeout work that takes place after the term end date must be funded by other sources.

Do the following three months prior to the term end date:

- Update cash disbursements and expenditure reports in the **CaJOBSSM** system as necessary.
- Program income earned should be fully expended.

Do the following one month prior to the term end date:

- Identify all unliquidated obligations and work toward finalizing the cost prior to the term end date, since no unliquidated obligations can be shown on a closeout report.
- Gather the necessary closeout documents as described in this directive.
- Inform staff of the line item, subgrant agreement, interagency agreement, or project is closing and no staff time can be charged after the term end date.
- Notify any subrecipient contractors that all final invoices must be submitted by a specific date, and that failure to do so will result in non-payment for goods or services rendered.

Do the following when the term end date occurs:

- Draw down cash to cover all expenses that occurred up to the term end of the line item/subgrant agreement.
- NO costs of any kind can occur and will not be allowed after the term end date.
- Pay all accruals prior to submitting the closeout package. Closeout packages will not be processed until all accrued expenditures are paid.

In the 60 calendar days between the term end date and the date the closeout submittal is due, the following steps must occur:

- Complete payments to all subrecipient contractors for any accruals, since final invoices should have been received.
- Prepare and enter closeout reports in the CalJOBSSM system.
- Complete, sign and mail all necessary closeout forms to the address provided below:

Attention: WIA Closeout Desk
Financial Management Unit, MIC 69
Central Office Workforce Services Division
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

- Complete and mail the End of Project Report to the address provided below:

Attn: (Your Project Manager's Name)
Project Management Unit, MIC 50
Central Office Workforce Services Division
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

- Return any unexpended cash to the state at the address below. All returned funds must be documented with the name of the entity, Year of Appropriation (YOA), subgrant agreement number, funding stream, grant code and any other identifying factors to allow the funds to be returned to the appropriate account.

Attn: Cash Control Unit
 Fiscal Programs Division, MIC 70
 Employment Development Department
 P.O. Box 826217
 Sacramento, CA 94230-6217

POLICY AND PROCEDURES

The WIA Closeout Handbook contains closeout forms and instructions. All subrecipients are responsible for ensuring compliance with the requirements of the handbook. It is also the responsibility of each subrecipient to issue closeout instructions to each of their subrecipient contractors, providing sufficient time to conduct an orderly closeout of the line item, subgrant agreement or project. All subrecipients are to use the following matrix to determine which forms are to be completed when closing out a line item/subgrant agreement:

Documents Required → Type of Closeout ↓	Summary of Expenditures	Status Of Cash	Sub-recipient Release	Assignment of Refunds, etc.	Tax Cert.	Property Cert.	End of Project Report
Subgrant or Interagency Agreement closeout	YES	YES	YES	YES	YES	YES/NO*	YES**
Line Item ONLY closeout	YES	YES	NO	NO	NO	NO	YES**

* A LWIA would submit the property certification form only when the WIA program ends or when otherwise notified by the state. Any other subrecipient that will not receive additional WIA funds from the state must complete the property certification form when their program ends. The above WIA closeout documents are available in the closeout handbook.

** Complete the “End of Project Report” if the project has ended. This requirement is for all WIA 15 Percent Special Projects and 25 Percent Additional Assistance projects.

Closing Formula Funds

The WIA formula funds are allocated during each program year only to the LWIAs with a specific term ending date. In many cases, the subgrant agreement may contain other funds that extend beyond the term ending date of the formula funds. Therefore, the formula funds must be closed out even though the subgrant agreement term may go beyond the formula funds ending date. Formula funds that fall into this category will

have grant codes: 200, 201, 202, 203, 204, 299, 301, 302, 303, 304, 499, 500, 501, 502, 503, and 504.

For example, formula funds allocated for the program year beginning July 1, 2012, must be spent by June 30, 2014. Any formula funds not spent by June 30, 2014, must be returned to the state. Based on this example, closeout expenditure reports would be due by August 20, 2014.

Cash Draws

All subrecipients must closely monitor their cash draws to ensure the total funds drawn align with total expenditures. **All cash must be drawn to meet the expenditures incurred when a closeout package is submitted.**

Disposition of Supplies (for subrecipients required to file a property certification)

Supplies are defined as items with a useful life of one year or less and a unit acquisition cost of less than \$5,000. Supplies can include computers (unless the price exceeds the \$5,000 per unit cost), telephones, calculators, furniture, copy machines, fax machines and other supplies such as pens, paper, etc. When reporting supplies on the WIA Closeout Inventory worksheet (worksheet is included in the closeout handbook), all similar supplies should be grouped together by category for inventory and fair market value purposes (e.g., computers, furniture, etc.).

If an aggregate inventory of unused supplies (see definition of “unused supplies” in the handbook) exists upon termination of the program or upon completion of the project that is \$5,000 or more in total aggregate “fair market” value (refer to the Calculation of “Fair Market” Value section of this directive) and the subrecipient can use the supplies for another federal program, they may retain the supplies for that program. If the subrecipient cannot use the supplies for another federal program, they may retain the supplies for use on nonfederally sponsored activities or sell them. However, in either situation, compensation for the WIA federal funds’ share must be returned to the state. The amount of compensation is computed by applying the percentage of WIA federal funds used to purchase these items to the current “fair market” value of the supplies. If only WIA federal funds were used, then use 100 percent for the calculation. The subrecipients may deduct and retain from the WIA share \$500 or 10 percent of the proceeds of the sale, whichever is less, for the subrecipient’s selling and handling expenses. The balance of funds must be submitted within 30 days to the address provided below. The name of the entity, subgrant number, year of appropriation, and the funding stream must be provided when submitting the funds.

Funds received from the sale of supplies must be sent to this address:

Attn: Cash Control Unit
Fiscal Programs Division, MIC 70
Employment Development Department
P.O. Box 826217
Sacramento, CA 94230-6217

If the subrecipient has no further use of the supplies and wishes to dispose of the supplies (other than selling the supplies) they must request disposition instructions from the state. If the inventory of unused supplies is less than \$5,000 in aggregate, the subrecipient may retain the supplies with no further obligation.

Disposition of Equipment (Governmental Agencies required to file a property certification)

For equipment with a per unit fair market value (refer to the Calculation of “Fair Market” Value section of this directive) of \$5,000 or more, subrecipients of WIA funds must take the following steps (Title 29 CFR Part 97.32):

- The subrecipient may use the equipment in the program or project for which it was acquired as long as it is needed, whether or not the program or project continues to be supported by federal funds.
- If the equipment is no longer needed by the original program/project, the equipment may be used in other activities currently or previously supported by a federal agency. Priority should be given to federal programs funded by the Employment Training Administration of the Department of Labor (DOL).
- If the equipment is no longer needed by the program/project or for other activities currently or previously supported by a federal agency, the subrecipient may retain or sell the equipment and reimburse the state for the WIA federal funds’ share of the equipment. The compensation is determined by multiplying the current “fair market” value or proceeds from the sale by the WIA federal funds’ percentage share. If only WIA federal funds were used, then use 100 percent for the calculation. Actual and reasonable selling and handling expenses (\$500 or 10 percent of the proceeds of the sale, whichever is less) may be deducted from the proceeds of the sale. The balance of funds must be submitted within 30 days to the address provided below.
- The name of the entity, subgrant number, year of appropriation, and funding stream must be provided when submitting the funds.

Attn: Cash Control Unit
Fiscal Programs Division, MIC 70
Employment Development Department
P.O. Box 826217
Sacramento, CA 94230-6217

- If the subrecipient has no further use for the equipment and wishes to dispose of the equipment (other than selling the equipment), they must request disposition instructions from the state.

For equipment with a “fair market” value of less than \$5,000 (per unit), subrecipients may retain, sell or dispose of the equipment and nothing needs to be reported to the state. **The one exception is the disposition of a vehicle. For disposition of a vehicle, refer to the Property-Prior Approval Purchasing, Inventory and Disposal**

directive. A disposition record must be kept for any transaction in accordance with WIA record retention requirements.

Disposition of Equipment (Community Based Organizations, Institutions of Higher Education, Hospitals, other Nonprofit and Commercial Entities required to file a property certification)

For equipment with a per unit “fair market” value (refer to the Calculation of “Fair Market” Value section of this directive) of \$5,000 or more, subrecipients of WIA funds must take the following steps (Title 29 CFR Part 95.34):

- The subrecipient may use the equipment in the program or project for which it was acquired as long as needed, whether or not the program or project continues to be supported by federal funds.
- If the equipment is no longer needed by the original program/project, the subrecipient shall use the equipment in connection with its other federally sponsored activities. Priority should be given to activities sponsored by the Employment Training Administration of the DOL. Next priority should be to activities sponsored by other federal awarding agencies.
- If the equipment is no longer needed by the program/project or used in connection with other federally sponsored activities, the subrecipient may retain the equipment for other uses provided compensation is made to the state. The compensation is determined by multiplying the current “fair market” value or proceeds from the sale by the WIA federal funds’ percentage share. If only WIA federal funds were used then use 100 percent for the calculation. Subrecipients are permitted to deduct actual reasonable selling and handling expenses (\$500 or 10 percent of the proceeds of the sale, whichever is less) from the proceeds of the sale. The balance of funds must be submitted within 30 days to the address provided below.
- The name of the entity, subgrant number, year of appropriation, and funding stream must be provided when submitting the funds.

Attn: Cash Control Unit
Fiscal Programs Division, MIC 70
Employment Development Department
P.O. Box 826217
Sacramento, CA 94230-6217

- If the subrecipient has no further use for the equipment and wishes to dispose of the equipment (other than selling the equipment), they must request disposition instructions from the state.

For equipment with a “fair market” value of less than \$5,000 (per unit), subrecipients may retain, sell or dispose of the equipment and nothing needs to be reported to the state. **The one exception is the disposition of a vehicle. For disposition of a**

vehicle, refer to the Property-Prior Approval Purchasing, Inventory and Disposal directive. A disposition record must be kept for any transaction in accordance with WIA record retention requirements.

Calculation of "Fair Market" Value

The selling price of an item that is sold through auction, advertisement, or a dealer is the "fair market" value of the item regardless of any prior estimates. An item that is not sold but retained by the entity has a "fair market" value based on similar items that are offered for sale, using the selling price if known. Methods for determining fair market value include, but are not limited to, the following:

- Auctions
- Classified advertisements for similar used items
- Dealers
- Licensed appraisers

For automobiles, trucks, and vans, the standard authority on the value of used vehicles is the Kelley Blue Book. Depreciated value is not "fair market" value, nor a determining factor in establishing the "fair market" value.

Equipment Records

Subrecipients and subrecipient contractors must maintain accurate records of all equipment (per unit cost of \$5,000 or more) purchased with federal funds. This equipment must have an identification tag or mark permanently attached showing that it was purchased with WIA federal funds. A physical inventory of the equipment must be taken and the results reconciled with the equipment records at least once every two years.

The equipment records shall include the following information:

- A description of the equipment.
- Manufacturer's serial number, model number, Federal Stock number, national stock number, or other identification number.
- Source of the equipment, including the award number.
- Whether title vests in the recipient or the federal government.
- Acquisition date (or date received, if the equipment was furnished by the federal government).
- Per unit acquisition cost.
- Records showing maintenance procedures to keep the equipment in good operating order.

- Location and condition of the equipment and the date the information was reported.
- Disposition date, sale price, loss, theft, etc.

Records Retention

All equipment records must be retained for three years after the date of acquisition, through final disposition and then maintained for three years beyond that point. Program income transaction records are retained from the end of the subrecipient's fiscal year in which the income is earned. Subrecipients must retain all records of each WIA allocation for a period of three years from the date of their last expenditure report submitted to the Workforce Services Division. If any litigation, claim, or audit is started before the expiration of the three-year period, ALL records must be retained until all findings have been resolved and final action taken. Refer to the appropriate CFR-either 29 CFR 97.42 or 29 CFR 95.53.

Disposition of Disallowed Costs

When the resolution process (such as the Initial and Final Determination process) results in a determination by the state that identifies the disallowance of expenditures for WIA funds not expended in accordance with the WIA, a debt is established. The state is expected to collect that debt. Disallowed costs from WIA funds must be repaid from nonfederal cash as a lump sum or as installments; stand-in costs may be also used to offset disallowed costs.

Employment Development Department Financial Management Unit Contacts

<u>Name</u>	<u>Title</u>	<u>Telephone</u>	<u>E-mail</u>	<u>Fax</u>
Julie Martin	Analyst	916-653-5294	Julie.Martin@edd.ca.gov	916-654-9119
Carol Keane	Analyst	916-657-3545	Carol.Keane@edd.ca.gov	916-654-9119
Wai Tin Wong	Analyst	916-653-8213	WaiTin.Wong@edd.ca.gov	916-654-9119
Michael Garcia	Analyst	916-654-8060	Michael.Garcia@edd.ca.gov	916-654-9119
Kirstin Cordova	Analyst	916-653-0521	Kirstin.Cordova@edd.ca.gov	916-654-9119
Viviana Neet	Manager	916-653-9150	Viviana.Neet@edd.ca.gov	916-654-9119

ACTION

Bring this directive to the attention of the appropriate staff.

INQUIRIES

Please forward questions about this directive to **Michael Garcia** at 916-654-8060.

/S/ **JOSÉ LUIS MÁRQUEZ**, Chief
Central Office Workforce Services Division

Attachment is available on the Internet:

[WIA Closeout Handbook](#)

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