

877—12.13(7B,PL97-300,PL102-367) Financial management. Each JTPA grantee must provide fiscal controls and accounting procedures sufficient to prepare required reports, demonstrate compliance with matching requirements, and trace funds to ensure compliance with the Act, state and federal regulations, and general grant agreement provisions.

12.13(1) A financial management system must include:

- a.* Adequate administrative and internal controls to safeguard funds;
- b.* Procedures to ensure that expenditures are planned, controlled, recorded, and reported against the following: training, participant support, and administrative cost categories; the total of each Title or program; and adult and youth for Title IIA and 6 percent funds;
- c.* Procedures to ensure that expenditures are reported by the following: each funding source listed in the budget summary; program year; cost category; and adult and youth for Title IIA and 6 percent funds;
- d.* Financial records that accurately and properly reflect program costs by allowable cost categories;
- e.* Procedures to ensure timely and accurate reporting;
- f.* Procedures to ensure compliance with cost provisions of the Act, state and federal regulations, and grant agreement general provisions;
- g.* Procedures to determine that costs incurred are necessary, reasonable, and allocable to the program;
- h.* Procedures for determining allowable costs;
- i.* Procedures that ensure that cash on hand is kept to a minimum;
- j.* Procedures to identify program income including controls to ensure the proper reporting, use, and accountability of those funds;
- k.* Procedures for determining allowable match including documenting and reporting match;
- l.* Information needed to evaluate the effectiveness of the program; and
- m.* Procedures for maintaining time and attendance records.

12.13(2) An accounting system must use generally accepted accounting principles to control and account for JTPA funds to ensure JTPA moneys are used in accordance with the Act, state and federal regulations, and grant agreement provisions. An accounting system must include procedures for:

- a.* Coding of expenses to the following: grants; total of each Title and program; cost categories within each Title and program; and adult and youth for Title IIA and 6 percent funds;
- b.* Reviewing, editing, and approving expenditures for accuracy, allowability and allocability;
- c.* Reconciling books of account with bank statements;
- d.* Posting transactions to books of account;
- e.* Preparing trial balances;
- f.* Preparing financial reports by grant, funding source as listed in the budget summary, program year, cost category, and adult and youth for Title IIA and 6 percent funds;
- g.* Maintaining a petty cash system if one is used;
- h.* Maintaining a cash receipt and disbursement system;
- i.* Distributing joint costs;
- j.* Safeguarding unsigned and signed checks; and
- k.* Maintaining a payroll system.

12.13(3) Program income. Any JTPA program income generated must be reported monthly to the department. Each grantee will be notified regarding action that must be taken with income generated.

12.13(4) Administrative cost pool. Administrative funds received under all JTPA titles may be used to form an administrative cost pool. However, the actual reporting of administrative costs must be by title or program. A cost allocation plan may be used to distribute the joint costs to titles and programs for reporting purposes. The plan must be in place prior to the pooling of administrative costs.

12.13(5) Bonding. An individual who is authorized to act on behalf of a grantee for the purpose of receiving or depositing JTPA funds into program accounts or issuing financial documents, checks, or other instruments of payment for program costs must be covered, at a minimum, by a fidelity bond equal

to the lower of \$100,000 or the highest advance or reimbursement received through check or drawdown during the term of a grant agreement.

12.13(6) Indirect cost rates. Indirect costs may be charged to a JTPA grant if the grantee has an approved indirect cost agreement with a federal cognizant agency and the agreement covers the term of the grant. Up to 10 percent of salaries and fringe benefits, excluding participant salaries and fringe benefits, or the approved rate, whichever is less, may be charged to a JTPA grant.

12.13(7) Time and attendance records. Time and attendance records must be maintained for any individuals who receive any part of their wage from JTPA funds, including participants, and for all participants who receive tryout employment compensation, needs-based payments, or support service payments which are made directly to the participant. Time coding or allocation plans must be used for all personnel receiving payment from more than one fund or JTPA Title or program.

12.13(8) Matching. The state education coordination and grants program (8 percent) and the Title III employment and training assistance for dislocated workers require matching funds be identified by a total amount equal to the amount provided pursuant to Sections 123(b) and 304 of the Act. Local grantees and contractors must assist the state in meeting these matching requirements. The Title III match must be made from nonfederal sources, whereas the 8 percent match may use both nonfederal and federal (non-JTPA) fund sources.

Matching requirements may be satisfied by cash contributions or by in-kind contributions identified and are used to provide services to JTPA participants. In-kind matching contributions for the state education coordination and grants program may be used in support of participants enrolled in the 8 percent program only. In-kind matching for the Title III program must be linked to participants enrolled in Title III.

12.13(9) Close-out. Each grantee must complete and submit the following documents as provided by the department within 45 days of the end date of the grant agreement:

- a. A grantee/contractor submittal of close-out documents form;
- b. A request for reimbursement form;
- c. A periodic financial status report form;
- d. A grantee/contractor release form; and
- e. An inventory of JTPA-related property.

12.13(10) Monitoring. These monitoring requirements are intended to promote effective use of public funds and to provide procedures to ensure the objectives of the program are met.

a. The grantee must perform financial and program compliance monitoring at reasonable intervals.
b. The monitoring system must be designed to determine if the program and financial operations comply with all applicable laws and regulations. The monitoring system must include provisions for checking:

- (1) Financial management;
- (2) Participant eligibility determination;
- (3) Program and plan compliance;
- (4) Equal opportunity compliance; and
- (5) Participant files.

c. A monitoring report on each entity must be prepared and maintained along with documentation of corrective action.